

WILTSHIRE COUNCIL

AUDIT COMMITTEE

24 January 2017

INTERNAL AUDIT – Third Quarter Update (16/17) REPORT

Purpose of the Report

1. This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section for the third quarter of 2016/17. In particular, it provides a summary of:
 - the outcomes of audits completed for the year 2015/16 and Quarter 1 - 3 for 2016/17;
 - the results and outcomes of follow-up reviews carried out during this period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year; and
 - an update on the delivery of the 2016/17 Internal Audit Plan, including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits.

Executive Summary

2. Overall 28 audits have been completed so far for 2016/17, with a further 5 at draft/discussion document stage.
3. Recognising the need to align more closely internal audit effort with corporate risk areas, the 2015-16 Internal Audit Plan included combined assurance assignments (i.e. Healthy Organisation) for the first time. This approach required a more collaborative approach with officers to identify existing assurance arrangements (i.e. the three lines of defence).

SWAP completed the Corporate Healthy Organisation Review in April 2016 and has completed further pilot work in the following areas: Public Health; Highways; Children's Safeguarding; Economic Development and Adult Care.

4. In total, 9 audits were carried forward from the 2015/16 to 2016/17. Of these, 8 are now complete with 1 still at draft stage.
5. For the 2016/17 Internal Audit Plan, 20 have been completed, 5 are at draft or discussion document stage, and 15 are in progress.
6. From this work no potential very high significant 'corporate' risks have so far been identified.

7. Overall, during the 2016/17 financial year, 335 recommendations have been made by Internal Audit that includes both Council Services and Schools. These are summarised in the following table categorised under priority ratings.

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	HO	Totals
2016/17	0	34	207	18	0	76	335
%	0%	10%	62%	5%	0%	23%	100%

8. A full analysis of the audits grouped by current status (completed/final, draft/discussion, in progress and completed) is shown at Appendix B. This also shows an aged analysis of recommendations outstanding (actions not implemented) at 31st December 2016.
9. Overall the performance of SWAP for 2016/17, is considered to be on target with the agreed partnership performance measures.

Healthy Organisation Update

10. At the October meeting of Audit Committee an updated Improvement Plan was provided together with further updates regarding Healthy Organisation reviews carried out at service level. It was agreed that SWAP would provide an update to the overall “health” of the organisation at the January meeting. Having considered further and after discussions it has now been agreed that a more sensible approach is to report to the April meeting.
11. The reasons for deferring to April are:
- It is very important that SWAP review the overall “health” at the most appropriate time so that this does not under sell some of the improvements that have been made. To this end, many of the agreed implementation targets are December 2016 and January 2017. We need to ensure we report the very latest position to provide Members an accurate view of the Council’s continuous improvement. Reporting in April would allow this;
 - We have agreed that the Annual Internal Audit Plan for the Council needs to link very closely to the Healthy Organisation project and outcomes. It needs to demonstrate where Internal Audit will undertake further work and where management will take responsibility; and
 - By reporting in April, this will allow Internal Audit to follow-up on agreed actions for the four service reviews. The implementation of all agreed actions within agreed improvement plans all contribute towards the overall “health” of the organisation.
12. SWAP do however believe, prior to the full assessment that actions are being implemented, improvements after being made and that SWAP are looking forward to reporting very positively in April 2017.

Proposal

13. Members are asked to note the findings from IA audits to date.

Reasons for Proposals

14. To ensure an effective IA function and strong control environment.

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Unpublished documents relied upon in the preparation of this Report: None.

Appendices: A – Report of Internal Audit activity quarter 3 update – 2016/17
B – Schedule of Planned Audits 2016/17
C – Schedule of potential significant risks from Internal Audit work
D – Schedule of key points relating to “Partial Assurance” reviews
E – Outstanding Audit Recommendations – Council Services
F – Outstanding Audit Recommendations – Schools
G – Audit Recommendations Not Agreed

