

### **AC31. Internal Audit Progress Report**

The committee considered a report by the Internal Audit Manager setting out progress in completing the 2016/17 Internal Audit plan.

The original plan, as agreed by the committee on 18 April 2016 (ref AC4), comprised of 21 assignments. A further 5 assignments had been subsequently added to the work plan for 2016/17. Final reports had been issued in respect of 10 assignments.

The report also set out the Internal Audit team's performance, measured against 5 key performance indicators, together with the comparative performance figures for the previous year.

In regard to Internal Audit recommendations, 16 remained outstanding although since the report had been published, a further 2 had been actioned.

In response to a question on the outstanding recommendations, the Internal Audit Manager confirmed that the target was 90% of recommendations accepted. He explained the process by which the final recommendations are agreed, and described the dialogue with Services following an audit.

The committee considered the summary of key findings from assignments which had not previously been reported:-

- Redundancy and Severance – following a question on the findings, the Internal Audit Manager gave detail on the delays identified in amending/deleting posts.
- Building Security – the committee discussed the “no assurance” given to this review. The Internal Audit Manager explained the background to the audit, the actions taken by Services following the review, and the reasons why some of the recommendations had not been implemented immediately.

The Head of Planning and Resources, as an example, summarised the response by Children's Services.

- Refuse Collection – following questions on the audit and the service provisions, the Internal Audit Manager explained that the audit had been a high level review, and the Audit team would look at service issues within the context of future Internal Audit plans.
- Social Work Intermediary Accounts – members sought an update on the arrangements for auditing the Integration Joint Board. The Internal Audit Manager confirmed that the Chief Internal Auditor of Fife, Tayside, and Forth Valley NHS Internal audit consortium would undertake this role for 3 years, drawing on Internal Audit resource from his, and from Falkirk Council's Internal Audit team. The findings of audits of the Integration Joint Board would be reported to the Integration Joint Board and then to the Audit Committee.

- LEADER funding – in response to a question, the Director of Development Services confirmed that while funding was in place for the LEADER programme until 2020, the period leading up to this, and thereafter, could see significant disruption. She confirmed that a report on the impact of BREXIT was being prepared for members. In regard to refuse collection targets, she confirmed that the targets set by the Scottish Government were more challenging than those set by the EU.

Members then questioned the Internal Audit Manager on the progress made in completing the audit programme. The Internal Audit Manager confirmed that he expected the target of 85% of the main audit programme completed would be met. He explained the process for programming the work plan and the background work which was carried out prior to an audit. In regard to those which had not yet started, he explained that it was likely that the audit of the Code of Corporate Governance would be deferred until after the Local Government Elections in May 2017. The External Auditor also confirmed that Corporate Governance would also be reviewed as part of the External Audit work plan. The Internal Audit Manager also confirmed that work had begun to scope the review of the procurement of Services from external providers of social work services.

The committee then considered those recommendations which remained outstanding. As context, the Internal Audit Manager explained that the 16, now 14, represented a very small proportion of the overall number of recommendations made and that, in all cases, work had been done to begin and address each recommendation.

## **Decision**

**The Committee noted progress being made with completing the 2016/17 Internal Audit Plan and with other workstreams.**