RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2015/16

COMMITTEE:

AUDIT COMMITTEE

29th June 2015

Item No. 7
Assessing the performance of Internal Audit - Options

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Marc Crumbie (Operational Audit Manager)

(01443) 680779

1.   PURPOSE OF THE REPORT

1.1   To provide Audit Committee with suggestions for the format and extent of information they may wish to receive during the 2015/16 Municipal Year, to assist in the effective scrutiny of Internal Audit's performance.

2.   RECOMMENDATIONS

It is recommended that Members:

2.1   Consider the options provided within this report in order to:
  - Identify preferred options from Appendix 1 and/or:
  - Suggest alternative formats.

2.2   Once discussed, approve a format that Audit Committee wish to receive during the 2015/16 Municipal Year.

3.   BACKGROUND

3.1   In respect of monitoring the performance of Internal Audit, Audit Committee's Terms of Reference define Member's responsibilities as follows:
  (E)   To receive reports on the performance of the Internal Audit Service throughout the year particularly in relation to matters of financial probity and corporate governance

  (F)   Oversee the Authority's audit arrangements (both internal and external)

3.2   To assist Committee in discharging these responsibilities, Members have

traditionally received information in the form of summarised performance indicators for the financial year in question, as follows:

Audit PI No.	Performance Indicators
Aud. 1	% Planned Audits Completed to report Stage.
Aud. 2	% Audits completed within Planned time
Aud. 3	No. of working days from completion of fieldwork to issue of draft report
Aud. 4	Average Management Response times (working days)
Aud. 5	No. of working days from receipt of management response to issue of final report
Aud. 6	Average % level of Client Satisfaction
Aud. 7	% Audit Recommendations Accepted
Aud. 8	% Audit Recommendations Implemented

In addition to the performance indicators, Audit Committee has also received a copy of the audit plan for the year which shows the status of each audit review (i.e. Planned, In Progress, Fieldwork Complete, Draft Report Issued and Final Report Issued).

3.3 During the 2014/15 Municipal Year, Audit Committee increasingly sought more detailed, qualitative information about audit reviews.

3.4 Appendix 1 provides options for Audit Committee to consider in respect of the information they may wish to be provided with during 2015/16.

3.5 For the purposes of the options appraisal, the existing suite of performance indicators have been categorised into three defined areas, as follows:

Category	Audit PI No.	Performance Indicators
Monitoring the Audit Plan	Aud. 1	% Planned Audits Completed to report Stage.
Monitoring Performance	Aud. 2	% Audits completed within Planned time
	Aud. 3	No. of working days from completion of fieldwork to issue of draft report
	Aud. 4	Average Management Response times (working days)
	Aud. 5	No. of working days from receipt of management response to issue of final report
	Aud. 6	Average % level of Client Satisfaction
Monitoring the status of recommendations	Aud. 7	% Audit Recommendations Accepted
	Aud. 8	% Audit Recommendations Implemented

4.   SUMMARY

4.1   Monitoring the performance of Internal Audit is a key responsibility for Audit Committee. This is the first meeting of Audit Committee during the 2015/16 Municipal Year and therefore provides a timely opportunity to consider and determine information requirements moving forward.

****

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

29th June 2015

Report of the Group Director, Corporate & Frontline Services
Author: Marc Crumbie (Operational Audit Manager).

Item   **File Ref:**

7.   Assessing the performance of Internal Audit - Options   IA / MC

      Contact Officer: Marc Crumbie
                          Operational Audit Manager
                          Bronwydd House
                          Porth
                          CF39 9DL
                          Tel. No. (01443) 680779

<u>Appendix 1</u>
Options to assess the performance of Internal Audit, broken down into the three categories of:
- **Monitoring the Audit Plan**

- **Monitoring Performance**

- **Monitoring the status of recommendations**

Monitoring the Audit Plan:

<u>One suggested Option</u>:

The suggested format:

- Retain the 'headline' PI - % of the audit plan completed to draft report stage.
- Provide information in respect of when the audit is scheduled to commence.
- Provide the 'status' of each audit.

KEY
PLANNED FOR QTR 1
PLANNED FOR QTR 2
PLANNED FOR QTR 3
PLANNED FOR QTR 4

INTERNAL AUDIT PLAN 2015/16

	RISK	TYPE OF WORK	STATUS	QTR 1	QTR 2	QTR 3	QTR 4
WHOLE AUTHORITY ARRANGEMENTS							
PERFORMANCE INDICATORS	HIGH	ASSURANCE	IN PROGRESS	X			
CHIEF EXECUTIVE							
CABINET OFFICE & PUBLIC RELATIONS							
THEATRES	MEDIUM	ASSURANCE	PLANNED		X		
HERITAGE SERVICE	MEDIUM	ASSURANCE	PLANNED		X		
HUMAN RESOURCES							
MANAGEMENT OF SICKNESS ABSENCE	HIGH	ASSURANCE	IN PROGRESS	X			
LEGAL AND DEMOCRATIC SERVICES							
ELECTORAL REGISTRATION SERVICES	MEDIUM	ASSURANCE	PLANNED		X		
REGENERATION & PLANNING							

Service	Priority	Type	Status	Green	Orange	Blue	Red
VIBRANT & VIABLE PLACES	HIGH	ASSURANCE	PLANNED		X		
COMMUNITY & CHILDREN'S SERVICES							
ADULT LOCALITY SERVICES & SHORT TERM INTERVENTION							
MASH - ADULTS SERVICES	HIGH	ASSURANCE	PLANNED			X	
DIRECT PAYMENTS	HIGH	ASSURANCE	PLANNED		X		
INDEPENDENT RESIDENTIAL ESTABLISHMENTS	MEDIUM	ASSURANCE	PLANNED		X		
MENTAL HEALTH SERVICES	MEDIUM	ASSURANCE	PLANNED		X		
CHILDREN'S SERVICES							
CHILDREN'S SERVICES - REVISED OPERATING MODEL	HIGH	ASSURANCE	PLANNED				X
MASH - CHILDREN'S SERVICES	HIGH	ASSURANCE	PLANNED				X
PREVENTION SERVICES	HIGH	ASSURANCE	PLANNED		X		
DIRECT SERVICES, BUSINESS & HOUSING							
COMMUNITIES FIRST	HIGH	ASSURANCE	PLANNED		X		
HOMELESSNESS - COMMUNITY HOUSING REGISTER	HIGH	ASSURANCE	PLANNED				X
RESIDENTIAL CARE	MEDIUM	ASSURANCE	IN PROGRESS	X			
COMMUNITY EQUIPMENT SERVICE	MEDIUM	ASSURANCE	IN PROGRESS	X			
PUBLIC HEALTH AND PROTECTION							
LLWYDCOED CREMATORIUM	LOW	ASSURANCE	PLANNED		X		
CRIMINAL REMEDY ORDERS	HIGH	ASSURANCE	PLANNED			X	
SUBSTANCE MISUSE	HIGH	ASSURANCE	PLANNED			X	
SEXUAL ABUSE & DOMESTIC VIOLENCE	HIGH	ASSURANCE	PLANNED				X
LEISURE ESTABLISHMENT SYSTEMS REVIEW	MEDIUM	ASSURANCE	PLANNED		X		
REGISTRATION SERVICES	MEDIUM	ASSURANCE	PLANNED			X	
CORPORATE & FRONTLINE SERVICES							
CORPORATE ESTATES							

ENERGY MANAGEMENT	**HIGH**	**ASSURANCE**	**PLANNED**		X		
BUILDING MAINTENANCE	**HIGH**	**ASSURANCE**	**PLANNED**		X		
CUSTOMER CARE & IT							
DISPOSAL OF I.T ASSETS	**HIGH**	**ASSURANCE**	**PLANNED**		X		
FINANCIAL SERVICES							
BUDGETARY CONTROL	**HIGH**	**ASSURANCE**	**IN PROGRESS**	X			
GENERAL LEDGER & ACCOUNTING	**LOW**	**ASSURANCE**	**PLANNED**			X	
TAXATION	**HIGH**	**ASSURANCE**	**PLANNED**			X	
CAPITAL ACCOUNTING & ASSET REGISTER	**HIGH**	**ASSURANCE**	**PLANNED**			X	
ADMINISTRATION OF TRUST FUNDS	**LOW**	**ASSURANCE**	**PLANNED**			X	
TREASURY MANAGEMENT	**MEDIUM**	**ASSURANCE**	**PLANNED**			X	
PAYROLL	**HIGH**	**ASSURANCE**	**PLANNED**			X	
CREDITORS	**HIGH**	**ASSURANCE**	**PLANNED**			X	
PENSIONS	**MEDIUM**	**ASSURANCE**	**PLANNED**			X	
INCOME, DEBTORS & DEBT RECOVERY	**HIGH**	**ASSURANCE**	**PLANNED**			X	
HOUSING BENEFITS	**HIGH**	**ASSURANCE**	**PLANNED**			X	
COUNCIL TAX	**HIGH**	**ASSURANCE**	**PLANNED**			X	
NDR	**HIGH**	**ASSURANCE**	**PLANNED**			X	
SMALL GRANT CLAIMS							
SMALL GRANT CLAIMS	**LOW**	**ASSURANCE**	**IN PROGRESS**	X	X	X	X
HIGHWAYS & STREETCARE							
FLEET MANAGEMENT & MAINTENANCE	**HIGH**	**ASSURANCE**	**IN PROGRESS**	X			
HIGHWAYS MAINTENANCE	**HIGH**	**ASSURANCE**	**PLANNED**		X		
RECYCLING - AWARENESS & ENFORCEMENT	**HIGH**	**ASSURANCE**	**PLANNED**		X		
WASTE MANAGEMENT	**HIGH**	**ASSURANCE**	**PLANNED**				X

EDUCATION & LIFELONG LEARNING							
ACCESS & ENGAGEMENT & INCLUSION							
ATTENDANCE	HIGH	ASSURANCE	PLANNED		X		
SCHOOLS & COMMUNITY							
DATA MANAGEMENT	HIGH	ASSURANCE	IN PROGRESS	X			
POST 16 CERTIFICATION	HIGH	ASSURANCE	PLANNED				X
DCELLS	HIGH	ASSURANCE	PLANNED			X	
EMPLOYMENT STATUS	HIGH	ASSURANCE	IN PROGRESS	X			
SAFEGUARDING - DBS CHECKS IN SCHOOLS	HIGH	ASSURANCE	PLANNED				X
FRAMEWORK FOR EXCELLENCE IN TEACHING	HIGH	ASSURANCE	PLANNED				X
EDUCATION OTHER THAN AT SCHOOLS	HIGH	ASSURANCE	IN PROGRESS	X			
PRIMARY SCHOOL							
ALAW PRIMARY SCHOOL	MEDIUM	ASSURANCE	PLANNED			X	
CILFYNYDD PRIMARY	MEDIUM	ASSURANCE	PLANNED			X	
COEDPENMAEN PRIMARY	MEDIUM	ASSURANCE	PLANNED			X	
CRAIG YR HESG PRIMARY	MEDIUM	ASSURANCE	IN PROGRESS	X			
CWMAMAN INFANTS	MEDIUM	ASSURANCE	PLANNED			X	
CYMMER JUNIOR	MEDIUM	ASSURANCE	PLANNED			X	
DOLAU PRIMARY	MEDIUM	ASSURANCE	IN PROGRESS	X			
FFYNON TAF PRIMARY	MEDIUM	ASSURANCE	PLANNED			X	
LLANHARAN PRIMARY	MEDIUM	ASSURANCE	IN PROGRESS	X			
MAERDY COMMUNITY PRIMARY	MEDIUM	ASSURANCE	IN PROGRESS	X			
MAES Y COED PRIMARY	MEDIUM	ASSURANCE	IN PROGRESS	X			
MAES Y BRYN PRIMARY	MEDIUM	ASSURANCE	IN PROGRESS	X			
PENDERYN COMMUNITY PRIMARY	MEDIUM	ASSURANCE	IN PROGRESS	X			

				Green	Amber	Blue	Red
PENGEULAN PRIMARY	**MEDIUM**	**ASSURANCE**	**IN PROGRESS**	**X**			
PENYGRAIG INFANTS	**MEDIUM**	**ASSURANCE**	**IN PROGRESS**	**X**			
PENYGRAIG JUNIOR	**MEDIUM**	**ASSURANCE**	**IN PROGRESS**	**X**			
PENYRENGLYN COMMUNITY PRIMARY	**MEDIUM**	**ASSURANCE**	**IN PROGRESS**	**X**			
PONTYCLUN PRIMARY	**MEDIUM**	**ASSURANCE**	**IN PROGRESS**	**X**			
ST MARGARETS CATHOLIC PRIMARY	**MEDIUM**	**ASSURANCE**	**PLANNED**			**X**	
TYLORSTOWN PRIMARY	**MEDIUM**	**ASSURANCE**	**IN PROGRESS**	**X**			
YNYSWEN INFANTS	**MEDIUM**	**ASSURANCE**	**PLANNED**			**X**	
YGG BODRINGALLT	**MEDIUM**	**ASSURANCE**	**IN PROGRESS**	**X**			
YGG EVAN JAMES	**MEDIUM**	**ASSURANCE**	**PLANNED**			**X**	
YGG LLYN Y FORWYN	**MEDIUM**	**ASSURANCE**	**PLANNED**			**X**	
YGG TONYREFAIL	**MEDIUM**	**ASSURANCE**	**IN PROGRESS**	**X**			
YGG YNYSWEN	**MEDIUM**	**ASSURANCE**	**PLANNED**			**X**	
YSGOL YR EOS	**MEDIUM**	**ASSURANCE**	**PLANNED**			**X**	
CEFN PRIMARY	**MEDIUM**	**ASSURANCE**	**PLANNED**			**X**	
LLANTRISANT PRIMARY	**MEDIUM**	**ASSURANCE**	**PLANNED**			**X**	
YNYSHIR PRIMARY	**MEDIUM**	**ASSURANCE**	**IN PROGRESS**	**X**			
YGG LLWYNCELYN	**MEDIUM**	**ASSURANCE**	**PLANNED**			**X**	
YGG PONT SION NORTON	**MEDIUM**	**ASSURANCE**	**PLANNED**			**X**	
COMPREHENSIVE SCHOOLS							
MOUNTAIN ASH COMPREHENSIVE	**HIGH**	**ASSURANCE**	**PLANNED**				**X**
TREORCHY COMPREHENSIVE	**HIGH**	**ASSURANCE**	**PLANNED**				**X**
TONYPANDY COMMUNITY COLLEGE	**HIGH**	**ASSURANCE**	**PLANNED**				**X**
YSGOL GYFUN Y CYMER	**HIGH**	**ASSURANCE**	**PLANNED**				**X**
PONTYPRIDD HIGH SCHOOL	**HIGH**	**ASSURANCE**	**PLANNED**				**X**

ABERDARE COMMUNITY SCHOOL - FOLLOW UP	HIGH	ASSURANCE	PLANNED				X
BRYNCELYNNOG COMPREHENSIVE	HIGH	ASSURANCE	PLANNED		X		
ST JOHN BAPTIST SCHOOL	HIGH	ASSURANCE	IN PROGRESS	X			
YG RHYDYWAUN	HIGH	ASSURANCE	IN PROGRESS	X			
NEWMAN RC SCHOOL	HIGH	ASSURANCE	PLANNED		X		
MAESGWYN SCHOOL	HIGH	ASSURANCE	IN PROGRESS	X			
CENTRAL SOUTH CONSORTIUM JOINT EDUCATION SERVICE							
PAYROLL	MEDIUM	ASSURANCE	PLANNED			X	
DEBTORS	MEDIUM	ASSURANCE	PLANNED			X	
CREDITORS	MEDIUM	ASSURANCE	PLANNED			X	
GENERAL LEDGER	LOW	ASSURANCE	PLANNED			X	
AMGEN							
PAYROLL	MEDIUM	ASSURANCE	PLANNED			X	
DEBTORS	MEDIUM	ASSURANCE	PLANNED			X	
CREDITORS	MEDIUM	ASSURANCE	PLANNED			X	
GENERAL LEDGER	LOW	ASSURANCE	PLANNED			X	
MANAGEMENT OF RECYCLATE	HIGH	ASSURANCE	PLANNED		X		

Monitoring the Performance of Internal Audit:

<u>Option 1</u>
Replace PIs Aud 2, 3, 4, 5 & 6 with information that provides a <u>summary</u> of performance for each audit review that has commenced.

AUDIT NAME	STATUS	Total Days Taken for Fieldwork	Total Days Between: End of Fieldwork to Issuing Draft Report	Timeliness of Management Response (Days)	Management response to issuing final report	Difference between Planned / Actual Days (+/-)
X	Final Report Issued (for example)	X Days	X Days	X Days	X Days	X Days

<u>Option 2</u>
Replace PIs Aud 2, 3, 4, 5 & 6 with information that provides <u>detailed</u> performance for each audit review that has commenced.

AUDIT NAME	STATUS	Fieldwork		Total Days Taken for Fieldwork	Date Draft Report Issued	End of Fieldwork to Issuing Draft Report	Date: Management Responses	Timeliness of Management Response	Date: Final Report	Management response to issuing final report	Planned Days	Actual Days	Difference between Planned / Actual Days
		Start	Finish										
X	Final report Issued (for example)	DATE	DATE	X Days	DATE	X Days	DATE	X Days	DATE	X Days	DATE	DATE	X Days

Monitoring the status of recommendations

One suggested Option:

Replace PIs Aud 7 & 8 with the following summary:

CHIEF EXECUTIVE

Number of HIGH Recs	STATUS		
	Implemented	Overdue / Outstanding	Target Date in the Future
5	5	0	0
Number of MEDIUM Recs	**STATUS**		
	Implemented	Overdue / Outstanding	Target Date in the Future
4	4	0	0
Number of LOW Recs	**STATUS**		
	Implemented	Overdue / Outstanding	Target Date in the Future
1	1	0	0

This gives audit committee a clear idea of where recommendations are not being implemented within the agreed timescales.

Note: If any audit recommendations have not been accepted by management then Audit Committee will receive 'exception reports'.