

Wolverhampton City Council

**OPEN INFORMATION ITEM**

Audit Committee

Date **6 July 2012**

Originating Service Group(s)

**DELIVERY**

Contact Officer(s)/

**P FARROW**

**R MORGAN**

Telephone Number(s)

**4460**

**5612**

Title/Subject Matter

**PWC REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT –  
PROGRESS REPORT**

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**SUMMARY**

That the updated Action Plan be received and noted with regard to the 2010 PWC Review of the Effectiveness of Internal Audit.

## **1. PURPOSE AND BACKGROUND**

- 1.1 Members will recall that the Council's external auditor, PwC was commissioned to undertake a review of the effectiveness of the internal audit function and the role of the Audit Committee in late 2010.

## **2. DETAILS**

- 2.1 A summary of the findings was subsequently presented to members of Corporate Management Team (now Strategic Executive Board) and the Audit Committee in April 2011 when it was agreed that regular progress reports would be provided to demonstrate that actions were being taken to address recommendations where considered appropriate.
- 2.3 This is the latest progress report produced since receipt of the original report from PwC and the outline Action Plan has been updated to show progress made, as detailed in Appendix A. As most recommendations have now been implemented, it is considered that this will be the last such report presented to the Committee.

## **3. FINANCIAL IMPLICATIONS**

- 3.1 There are no direct financial implications arising from this report as Members are requested to note the updated action plan. Any additional costs or opportunities for achieving savings arising over the action plan timeframe will be the subject of future reports to Members. [GE/29052012/R]

## **4. LEGAL IMPLICATIONS**

- 4.1 There are no direct legal implications arising from this report. [MW/29052012/R]

## **5. EQUAL OPPORTUNITIES IMPLICATIONS**

- 5.1 There are no direct equal opportunities implications arising from this report.

## **6. ENVIRONMENTAL IMPLICATIONS**

- 6.1 There are no direct environmental implications arising from this report.

## **7. SCHEDULE OF BACKGROUND PAPERS**

- 7.1 PwC Review of Effectiveness of Internal Audit Report

**PwC Review – Internal Audit Effectiveness: Action Plan – Progress to 30 June 2012**

Ref	Recommendation	Priority	Update	Timescale
1	Address inefficiencies in the audit plan	High	The 2012/13 Corporate Assurance Plan included a rigorous and challenging review of the audit universe and included a new risk based assessment of assurance needs model.	Completed
2	Create a more risk focussed internal audit plan	High	As above.	Completed
3	Provide pro-active fraud awareness training	Medium	<p>An e-learning package is being introduced and a series of raising fraud awareness seminars are being organised.</p> <p>A Counter Fraud Unit has been established within Audit Services, with a dedicated resource. This role includes:</p> <ul style="list-style-type: none"> <li>• hosting the above (seminars and e-learning)</li> <li>• running fraud surgeries</li> <li>• maintaining a fraud risk register</li> <li>• targeted pro-active fraud testing</li> <li>• leading on fraud investigations</li> <li>• publishing regular anti-fraud newsletters</li> <li>• ongoing review of all policies and procedures</li> <li>• reporting to Audit Committee</li> <li>• self assess against latest NFA/Audit Commission/CIPFA guidance</li> <li>• lead on NFI</li> <li>• engage in data matching with neighbouring LA's</li> </ul>	Completed
4	Create investigative specialism within the audit team	Medium	As above, also the lead officer in the Counter Fraud Unit is attending fraud related training events wherever possible and is to study for CIPFA's CIPQ investigator qualification.	Completed

5	Consideration of open plan environment	Low	A separate area has been screened off within the open plan environment for use solely by Internal Audit staff and investigations/fraud files are stored in a secure location.	Completed
6	Consideration of paid accounts process	High	The paid accounts process has been absorbed into the wider transparency agenda, and new terms of reference for the Sub-Committee were approved by the Audit Committee in March 2012.	Completed
7	Introduction of timescales for audit reporting	Low	A new style audit report has been developed and a target of issuing draft reports within two weeks of the completion of fieldwork introduced.	Completed
8	Increase service involvement in clearing reports	High	Stronger engagement with service areas is at the fore of the new planning, scoping and reporting processes that has been introduced.	Completed
9	Introduction of automated audit software and consideration of further specialisms	Medium	A new (and streamlined) approach to undertaking audit reviews has been introduced with much of this is being taken from the recent systems thinking intervention and redesign. Discussions are ongoing with a neighbouring authority with a view to developing increased automation. All staff are going through a development process and an analysis of any training gaps is being identified. Greater use of regular audit and related, publications is also being encouraged.	Completed
10	Introduction of KPIs and a robust quality assurance framework	Medium	A range of audit and assurance effectiveness measures was agreed by the Audit Committee in April 2012. The quality assurance framework is in the final stages of redesign following the systems thinking intervention.	Completed
11	Improve compliance with CIPFA Code of Internal Audit	Medium	The service has been self-assessed against the self assessment checklist in the CIPFA Code of Internal Audit and an action plan developed in order to tackle the gaps identified.	Completed
12	Introduction of a new Audit Charter	High	This was incorporated into a new Terms of Reference for Internal Audit.	Completed
13	Consideration of Audit Committee preparation and practice	High	A timetable of pre-meetings has been prepared and is being followed.  See also No.6 above.	Completed

14	Provision of Member training	Medium	An Audit Committee Skills Audit exercise will be undertaken, and a training plan developed to address any gaps. Training was also provided in May 2012 and a further session is arranged for July 2012.	Scheduled for July 2012
15	Introduction of CIPFA compliant Audit Committee role and remit	High	The Audit Committee Terms of Reference and delegations have been amended in line with CIPFA guidance.	Completed
16	Consideration of independent membership of Audit Committee	High	This issue was discussed at the Audit Committee meeting in March 2012.	Completed