

Audit and Governance Committee

21 December 2009

Report of the Assistant Director of Resources (Customer Service and Governance)

Follow Up of Audit Recommendations

Summary

1. This report sets out the progress made by departments in implementing those agreed audit recommendations which were due to have been implemented by 31 October 2009.

Background

2. In June 2006, the Audit and Governance Committee approved the process to be followed in reviewing and reporting on progress made by service departments in implementing agreed internal audit recommendations. In accordance with this process, reports are brought to this Committee every six months summarising the progress which has been made by management, together with details of any outstanding recommendations that require referral to the Committee for further action. This report is based on follow up work undertaken by Veritau. All recommendations are reviewed once their agreed implementation date has passed. The review is carried out using a combination of questionnaires completed by departments, risk assessments, and by further detailed examination by Internal Audit where appropriate.
3. At the Audit and Governance Committee meeting on 31 March 2009, it was also agreed that Internal Audit would review the progress made by management to implement recommendations raised by the external auditor. The results of this review would be included as part of this regular follow up report.

Consultation

4. Details of the findings of follow up work have been discussed with the relevant service managers and chief officers.

Follow Up of Internal Audit Recommendations

5. A total of 157 recommendations were followed up as part of this review. A summary of the priority of these recommendations is included in figure 1, below.

Figure 1: Recommendations followed up as part of the current review

Priority of Recommendations	No. of Recommendations Followed Up
1 (High)	16
2 (Medium)	37
3 (Low)	104
Total	157

6. Figure 2 below provides an analysis of the recommendations which have been followed up, by Directorate.

Figure 2: Recommendations followed up by Directorate

Priority of Recommendations	No. of Recommendations Followed Up by Directorate					
	Chief Executives	City Strategy	HASS	LCCS	Resources	Neighbourhood Services
1 (High)	0	8	7	0	0	1
2 (Medium)	0	9	14	12	2	0
3 (Low)	0	7	6	89	2	0
Total	0	24	27	101	4	1

7. Of the 157 recommendations, 11 (7%) had been superseded (for example by business developments or because of the cessation of service). Of the remaining recommendations, 133 (84.7%) had been satisfactorily implemented.
8. In one case (0.6%), the recommendation had not been implemented fully. This issue is being followed up as part of the current audit of the service area.
9. In a further 12 cases (7.6%), the recommendation had not been implemented. In each case an explanation for the delay in implementing the recommendation was sought. The reasons given by management for the delays were considered to be satisfactory for all the outstanding recommendations (e.g. unexpected difficulties being encountered or implementation being dependent on new systems). Revised implementation deadlines have now been agreed in each case. These will be followed up again after the revised deadline, and if necessary will proceed to the approved escalation procedure.

Follow Up of Audit Commission Recommendations

Grant Claim Certification report

10. The Audit Commission report on Grant Claim Certification was presented to this Committee on 21 September 2009. Members raised concerns about the delays in the submission of the Sure Start grant claim, the poor quality of some working papers and sought assurance that the recommendations agreed in the action plan had now been implemented by management.

11. In response to this request, the following response was provided to Internal Audit by the council's Technical Finance Manager:

The delays in the submission of the Sure Start grant claim has been due to the lack of clarity regarding the submission dates for the Sure Start grant over the last few years, with differing deadlines being circulated by both the DCSF and the AC at various times. LCCS have worked to the deadlines within the Memorandum of Grant as confirmed by the DCSF. The due date for submission of the claim in 2006/07 was 31 July and in 2007/08 was 30 June (not 31 May). Therefore the 2006/07 claim was actually 26 days early (not 35 days late as stated by the Audit Commission) and the 2007/08 claim 82 days late (not 112). For 2008/09, the submission date was brought forward to 31 May but LCCS were not aware of this in sufficient time and the claim was submitted on 22 June (22 days late but earlier than the previous year's deadline). The delay in previous years was as a result of the tight time constraints during this period as a result of the work required for Closure of Accounts, the very complex nature of the grant claim itself and the range of services involved in the claim (including several CYC services, children's centres and schools).

Members may wish to note that the additional work undertaken in 2007/08, that delayed the submission of the claim, ultimately enabled an additional £60k of expenditure to be claimed by the council that would otherwise have had to be foregone. The timing of the 2007/08 Audit Commission report which has highlighted this issue will be taken on board by LCCS who will ensure that the standard of the working papers and the timeliness of the return will be in the required parameters for the completion of the 2009/10 claim in May 2010.

The recommendations of the Audit Commission report for 2007/08 grant claims was passed to Finance Managers when it was produced in June 2009. However, due to the timing of the report, 6 out of the 10 grant claims for 2008/09 had already been received by the Audit Commission before the report was available. Out of the 10 grant claims to be audited in 2008/09 8 were received by the audit commission on time, the sure start grant claim (as mentioned above) was 22 days delayed and NNDR grant claim 6 days.

Finance Managers have confirmed that they are in agreement to the recommendations the Audit Commission have made in Appendix 5 of their report and will take these on board for 2009/10 completion. In addition Appendix 4 - the pre-audit working paper checklist - has been highlighted to Finance Managers for best practice use to ensure the quality of working papers is adhered to by all personnel completing grant claim forms. In future all grant claims will be sent to Corporate Finance to ensure returns are sent to the Audit Commission in a timely manner.

12. There were no other specific recommendations made by the external auditor which required follow up during the period under review.

Conclusions

13. The follow up testing undertaken by Internal Audit confirms that in general, good progress has been made by directorates to rectify the weaknesses in control identified in previous audit reports. There are still some areas where work is required to address the recommendations made. This is an ongoing process and therefore progress in implementing these recommendations will be monitored, and reported as required through the escalation procedure. There are no specific issues that need to be brought to the attention of the Audit and Governance Committee at this time.

Options

14. Not relevant for the purpose of the report.

Analysis

15. Not relevant for the purpose of the report.

Corporate Priorities

16. This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do. In doing so it contributes to the corporate objective of making the council an Effective Organisation.

Implications

17. The implications are:
 - **Financial** – there are no financial implications to this report.
 - **Human Resources (HR)** – there are no HR implications to this report.
 - **Equalities** – there are no equalities implications to this report.
 - **Legal** – there are no legal implications to this report.
 - **Crime and Disorder** – there are no crime and disorder implications to this report.
 - **Information Technology (IT)** – there are no IT implications to this report.
 - **Property** – there are no property implications to this report.

Risk Management

18. The council will fail to properly comply with the CIPFA Code of Practice for Internal Audit in Local Government if it fails to follow up on audit recommendations and report progress to the appropriate officers and

Members. This in turn would adversely impact on the council's Use of Resources assessment score.

Recommendations

19. Members of the Audit and Governance Committee are asked to:

- consider the progress made by management in implementing agreed internal audit recommendations as reported above (paragraphs 5 – 9).

Reason

To enable Members to fulfil their role in assessing the adequacy of the council's internal control environment.

- consider the progress made by management in implementing recommendations arising from Audit Commission reports received in the period (see paragraphs 10 - 12).

Reason

To enable Members to fulfil their role in assessing the adequacy of the council's internal control environment.

Contact Details

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Report Approved

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Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers:

None

Annexes

None