

Audit and Governance Committee

29 September 2010

Report of the Assistant Director of Customer and Business Support Services
(Customer Service & Governance)

Follow Up of Internal Audit Agreed Actions

Summary

1. This report sets out the progress made by departments in implementing those actions agreed with internal audit which were due to have been implemented by 1 August 2010. It also includes a summary of follow up of external audit recommendations.

Background

2. Internal audit follow up reports are brought to the committee twice a year, setting out the progress made by service departments in implementing agreed internal and external audit actions and recommendations together with details of outstanding issues that require referral to the committee for further action. This report is based on follow up work by the internal audit service. All agreed actions are reviewed once their implementation date has passed. The review is carried out using a combination of questionnaires completed by departments, risk assessment, and by further detailed examination by internal audit where appropriate. The last report was brought to this committee in April 2010.

Consultation

3. Details of the findings of follow up work have been discussed with the relevant service managers.

Follow up of internal audit agreed actions

4. A total of 172 actions were followed up as part of this review. A summary of the priority of these actions is included in figure 1, below.

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

Priority of actions	No. of actions followed up
1 (High)	5
2	53
3 (Low)	114
Total	172

5. Figure 2 below provides an analysis of the actions which have been followed up, by directorate. Most of the actions followed up were from reports issued under the previous directorate structure. The actions have been mapped to the relevant directorate in the new structure, which will be used for all future reports.

Figure 2: Actions followed up by directorate

Priority of actions	Number of actions followed up by directorate				
	Chief Executives	City Strategy	CANs	ACE	CBSS
1 (High)	0	1	4	0	0
2 (Medium)	5	12	19	10	7
3 (Low)	9	15	11	58	21
Total	14	28	34	68	28

6. Of the 172 recommendations, 13 (8% of total) had been superseded (for example by business developments or because of cessation of service). Of the remaining recommendations, 127 (74% of total) had been satisfactorily implemented.
7. In a further 32 cases (18% of total) the recommendation had not been implemented. In these cases an explanation for delays in implementing the action was received (e.g. unexpected difficulties or dependent on new systems being implemented). Following this, revised implementation deadlines have been agreed in each case. These will be followed up again after the revised deadline, and if necessary will be escalated in accordance with the approved policy.
8. Figure 3 below provides an analysis, by priority, of the recommendations which had not been implemented by the agreed date.

Figure 3: Recommendations by priority, with revised implementation dates

Priority of Recommendations	No. of Recommendations With revised implementation dates
1 (High)	1
2 (Medium)	10
3 (Low)	21
Total	32

Follow Up of Audit Commission Recommendations

9. Progress in implementing the recommendations made in the Audit Commission's 2009/10 audit of Asset Management were followed up during this period. The Head of Asset and Property Management advised that significant work had been undertaken. A five year corporate asset management plan is in the final stages of development and will be presented to the Executive for comment and approval in November 2010. This will encompass many of the recommendations (e.g. the development of PIs), although decisions may be required about some issues as additional resources are likely to be needed to implement some of the recommendations in full.

10. It has been confirmed that all grant claims due to be audited by the Audit Commission were submitted on time for 2009/10. The corporate finance team has also confirmed that procedures have been put in place to issue reminders to the relevant accounting staff when claims are due, and for review and quality spot checks of claims.
11. Financial Planning: The budget process planning framework presented to the Executive in July 2010 addressed a number of the issues raised by the Audit Commission in relation to consultation, planning and decision timetables. The 2010/16 financial strategy paper presented to the Executive in February 2010 was also a key document in addressing concerns raised about the clarity of links with corporate priorities and the results of the budget consultation. Overall, much has been done to implement the recommendations and other work is planned or ongoing to continue to embed improvements in future years, including the production of a budget manual for the 2011/12 budget planning process.

Conclusions

12. 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 audit reports. Although there are still some areas where work is required to address the issues identified. This is an ongoing process and progress in implementing agreed actions 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

13. Not relevant for the purpose of the report.

Analysis

14. Not relevant for the purpose of the report.

Corporate Priorities

15. This report contributes to the Council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do. It also contributes to all the improving organisation effectiveness priorities.

Implications

16. 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

17. 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 control weaknesses identified in audit reports and report progress to the appropriate officers and members.

Recommendations

18. Members of the Audit and Governance Committee are asked to:
- consider the progress made in implementing internal audit agreed actions (paragraphs 4 – 8) and external audit recommendations (paragraphs 9-11).

Reason

To enable members to fulfil their role in providing independent assurance on the council's control environment.

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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