

## **Audit and Governance Committee**

19 April 2011

Report of the Assistant Director, Financial Services

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## **Follow Up of Audit Recommendations & Agreed Actions**

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### **Summary**

1. This is the regular six monthly report to the committee setting out progress made by council departments in implementing:
  - actions agreed as part of internal audit work
  - recommendations made by the Audit Commission.

### **Background**

2. Where weaknesses in systems are found by internal audit the auditors discuss and agree a set of actions to address the problem with the responsible manager. The agreed actions include target dates for issues to be dealt with. The auditors carry out follow up work to check that the issue has been resolved, once these target dates are reached. The follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary. Where managers have not taken the action they agreed to, issues are escalated to more senior managers, and ultimately may be referred to the Audit and Governance Committee.
3. A summary of the findings from follow up work is presented to this committee twice a year. The current report covers agreed actions with target dates up to 28 February 2011.
4. The internal audit team also monitors the progress made by the council to implement any recommendations made by the Audit Commission, the council's external auditor. There were no outstanding Audit Commission recommendations requiring follow up by internal audit at the time of this report<sup>1</sup>.

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<sup>1</sup> Follow up is not undertaken where issues are to be followed up specifically by the Audit Commission, or where they will reviewing progress as part of upcoming or regular reviews.

## Consultation

- Details of the findings of follow up work are discussed with the relevant service managers and chief officers.

## Follow up of internal audit agreed actions

- A total of 244 actions have been followed up since the last report to this committee. 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*	Number of actions followed up
1	12
2	36
3	196
<b>Total</b>	<b>244</b>

*The priorities run from 1 (high risk issue) to 3 (lower risk)*

- Figure 2 below provides an analysis of the actions which have been followed up, by directorate.

*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	0	4	2	6
2 (Medium)	6	1	6	10	13
3 (Low)	18	1	34	98	45
<b>Total</b>	<b>24</b>	<b>2</b>	<b>44</b>	<b>110</b>	<b>64</b>

- Of the 244 agreed actions 193 (79.1%) had been satisfactorily implemented and 12 (4.9%) were no longer needed<sup>2</sup>.
- In a further 33 cases (13.5%) the action had not been implemented by the target date, but a revised date was agreed. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable (eg due to unexpected difficulties or where actions are dependent on new systems being implemented). These actions will be followed up after the revised target date and if necessary they will be raised with senior managers in accordance with the escalation procedure. Figure 3 below shows the priority of these actions.

<sup>2</sup> for example because of other changes to procedures or because the service has ended or changed significantly.

Figure 3: priorities of actions with revised implementation dates

Priority of actions	Number of actions with a revised implementation date
1 (High)	2
2 (Medium)	1
3 (Low)	30
<b>Total</b>	<b>33</b>

10. In six cases (2.5%) it was not possible to assess whether appropriate action had been taken due to the lack of any response from the responsible officer. These issues have now been escalated to a more senior manager.

## Conclusions

11. The follow up testing undertaken confirms that in general good progress has been made by council departments to rectify weaknesses in control identified through internal audit work, although there are areas where work is required to address outstanding issues. This is an ongoing process and progress in implementing agreed actions will continue to 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

12. Not relevant for the purpose of the report.

## Analysis

13. Not relevant for the purpose of the report.

## Corporate Priorities

14. 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

15. There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**

- **Information Technology (IT)**
- **Property**

## **Risk Management**

16. 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.

## **Recommendations**

17. Members of the Audit and Governance Committee are asked to:
- consider the progress made in implementing internal audit agreed actions as reported above (paragraphs 6 – 11)

### Reason

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

## **Contact Details**

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**Report Approved**

**Date** 6 April 2011

## **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