

## **Internal Audit Follow Up Report**

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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. The report also includes details of revisions to the escalation process.

### **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 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 29 February 2012.

### **Consultation**

4. 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

5. A total of 140 actions have been followed up since the last report to this committee in September 2011. 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	2
2	22
3	116
<b>Total</b>	<b>140</b>

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

6. 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	1	0	1
2 (Medium)	0	6	3	4	9
3 (Low)	0	8	26	59	23
<b>Total</b>	<b>0</b>	<b>14</b>	<b>30</b>	<b>63</b>	<b>33</b>

7. Of the 140 agreed actions 82 (59%) had been satisfactorily implemented and 13 (9%) were no longer needed<sup>1</sup>.
8. In a further 43 cases (31%) 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). The majority of these actions (39) are progressing satisfactorily and the remaining four are being explored further to establish whether any further audit involvement is needed. Figure 3 below show the priority of these actions.

*Figure 3: priorities of actions with revised implementation dates*

Priority of actions	Number of actions with a revised implementation date
1 (High)	2

<sup>1</sup> For example because of other changes to procedures or because the service has ended or changed significantly.

2 (Medium)	7
3 (Low)	34
<b>Total</b>	<b>43</b>

9. In two cases (1%) action has not been taken to address the issue raised and the issues have been escalated to senior managers. One of these issues has been outstanding since the last report to this committee in September 2011. However, based on discussions with officers it is anticipated that this will be resolved within the next couple of months, without further escalation. The second action has only recently been escalated.
10. There are 48 actions where a final report has been issued but the completion date for the action has not yet passed and therefore no follow up has yet been carried out.

### **Conclusions**

11. The follow up work undertaken shows that overall good progress continues to be made in implementing actions agreed as a result of audit work. As noted in the last report the proportion of actions with a revised implementation date remains relatively high compared to previous years. However, these continue to be monitored and in most cases progress is being made.

### **Review of Procedures**

12. The internal audit service has recently reviewed the procedures it follows when following up and escalating agreed actions. The previous process involved a relatively large number of formalised steps for example escalation through assistant director, director, section 151 officer and/or chief executive before raising issues at Audit and Governance Committee. In practice this was unwieldy and inflexible and led to few actions being escalated beyond director level. A new procedure has been developed and is summarised in Annex 1 for members to note. The new process is simpler, and includes the involvement of the Officer Governance Group, who will support the escalation process. The procedure has been agreed with the Assistant Director, Financial Services as client officer for internal audit.

### **Options**

13. Not relevant for the purpose of the report.

## **Analysis**

14. Not relevant for the purpose of the report.

## **Council Plan**

15. The work of internal audit, counter fraud, and information governance supports overall aims and priorities by promoting probity, integrity and accountability and by helping to make the council a more effective organisation.

## **Implications**

16. 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**

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 audit recommendations 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 as reported above (paragraphs 5 – 11)
  - note the changes made to the escalation procedure in agreement with the Assistant Director, Financial Services (paragraph 12 and annex 1).

Reason

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

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**Report  
Approved**



**Date** 20 March  
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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**

Annex 1 - Revised Escalation Procedure