

## **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.

### **Background**

- 2 Where weaknesses in systems are identified, internal audit discuss and agree a set of actions to address the issues, with the responsible managers. The agreed actions include target dates. 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 31 July 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 134 actions have been followed up since the last report to this committee in April 2012. 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	4
2	23
3	107
<b>Total</b>	<b>134</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				
	OCE	CES	CANS	ACE	CBSS
1	0	0	1	1	2
2	0	4	7	9	3
3	0	16	19	50	22
<b>Total</b>	<b>0</b>	<b>20</b>	<b>27</b>	<b>60</b>	<b>27</b>

- 7 Of the 134 agreed actions, 100 (74.6%) had been satisfactorily implemented and 16 (11.9%) were no longer needed<sup>1</sup>.
- 8 In a further 17 cases (12.7%) 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>1</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*

<b>Priority of actions</b>	<b>Number of actions with a revised implementation date</b>
1	2
2	5
3	10
<b>Total</b>	<b>17</b>

- 9 One issue (0.7%) has been escalated to the relevant Assistant Director and while discussions are ongoing, no action has yet been taken. This will be monitored and escalated further if appropriate. There are no other specific concerns that need to be brought to the attention of the Audit and Governance Committee at this time.
- 10 There are a further 47 actions where a final audit report has been issued but where the actions are not yet due for follow up.

### **Conclusions**

- 11 The follow up testing undertaken confirms that in general good progress is being made by council departments to implement actions agreed as a result of internal audit work. This is an ongoing process and progress in implementing agreed actions will continue to be monitored and reported as required through the escalation procedure.
- 12 It was noted in follow up reports last year that there had been an increase in the percentage of actions where revised implementation dates were agreed – from an average of around 15% to over 30% in September 2011 and April 2012. While the reasons for the increase were not clear, it is encouraging to note that the figure has now reverted to historic levels (paragraph 8 – 12.7%). This suggests more actions are being implemented within the timescales originally agreed. Future trends will continue to be monitored.

### **Options**

- 13 Not relevant for the purpose of the report.

### **Analysis**

- 14 Not relevant for the purpose of the report.

## **Corporate Plan**

- 15 The work of internal audit contributes to the council's aims by helping to promote good governance and contributing to overall efficiency and effectiveness.

## **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 – 12)

### 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

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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