

## CITY OF PLYMOUTH

**Subject:** Internal Audit – Follow-Up Work  
**Committee:** Audit Committee  
**Date:** 27 September 2012  
**Cabinet Member:** Cllr Lowry  
**CMT Member:** Director for Corporate Services  
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**Ref:** AUD/MG  
**Key Decision:** No  
**Part:** I

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### **Executive Summary:**

At the June Audit committee members were provided with the Annual Internal Audit report for the Council for 2011/12. Appendix 2 of this report provided a summary of the audits undertaken during 2011/12, along with our assurance opinion.

Members discussed the report and requested a detailed report to a future meeting updating the Committee on the “improvements required” areas highlighted. To provide the assurance that Members required, Devon Audit Partnership have undertaken follow up audit reviews, wherever possible, or discussed progress with relevant officers and the results from this process are contained in this report

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### **Corporate Plan 2012-2015:**

The work of the Section assists the Authority in maintaining high standards of public accountability and probity in the use of public funds. The Section has a role in promoting high standards of service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council’s statutory obligations. In addition, the delivery of the Internal Audit plan assists all directorates in meeting their Corporate Improvement Priorities and achieving the shared priorities for the City and the Council.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

None

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### **Other Implications: e.g. Child Poverty, Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.**

The work of the Audit Service is an intrinsic element of the Council’s overall corporate governance, risk management and internal control framework.

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### **Recommendations & Reasons for recommended action:**

It is recommended that:-

- 1) the report be noted



## **1. INTRODUCTION**

- 1.1 At the June Audit Committee, Members were provided with the Annual Internal Audit report for the Council. Appendix 2 of that report provided a summary of the audits undertaken during 2011/12, along with our assurance opinion. Where a “high” or “good” standard of audit opinion was provided we confirmed that, overall, sound controls were in place to mitigate exposure to risks identified. Where an opinion of “improvements required” was provided, this indicated issues had been identified during the audit process that required attention. It should be noted that we did not give an opinion of “Fundamental Weaknesses Identified” for any of the audits we undertook and reported on.
- 1.2 Members discussed the report and requested a report to a future meeting updating the Committee with progress on implementing action plans where the overall audit opinion was “improvements required” as shown in Appendix 2 to the report. With any audits with an opinion of “Fundamental Weaknesses Identified”, progress on implementing action plans would automatically be reported to Members.
- 1.3 To provide the assurance that Members required, Devon Audit Partnership have undertaken follow up audit reviews, wherever possible, or discussed progress with relevant officers and the results from this process are contained in this report.

## **2. PROCESS**

- 2.1 For each service area where an audit opinion of “improvements required” was provided at the end of 2011/12 we completed a follow up review where appropriate. The follow up review was undertaken to provide assurance to management and those charged with governance, that the agreed actions identified at our initial audit visit had been implemented, or suitable progress is being made to address the areas of concern.

## **3 FINDINGS**

- 3.1 Overall we can report that managers are making good progress in responding to the issues raised, as reflected in the generally positive direction of travel demonstrated in Appendix 1. However in terms of actioning the audit recommendations, progress is more limited.
- 3.2 It should be noted that in a number of instances the due date for the recommendation has not yet been reached; the agreed date takes into account service priorities and, in some cases, the need to make changes to processes that can take time to achieve. As a consequence not all recommendations have been completed, but this is as expected.
- 3.3 In some instances we were unable to obtain a full response from the service area due to employees taking their annual leave entitlement; we will ensure that once staff have returned from the holiday period that we complete the follow up process, and confirm that the service area is on track to implement agreed recommendations. Any areas where issues or concerns are noted will be flagged to senior management for further consideration and resolution
- 3.4 During our initial audit work we have made reference to areas where risk exists; however in some cases it is either not economically appropriate to address this risk, or technical solutions are not yet available. In such cases management agree to accept this risk, and use other monitoring arrangements to ensure that the risk is kept to a minimum. In such cases we are unable to provide an improved audit opinion, although we fully recognise that the risk is identified, managed and management will resolve the issue as and when opportunities arise.

- 3.5 Appendix 1 of this report sets out the audits at the end of 2011/12 which were identified as “improvements required”. The appendix shows the current (updated) assurance opinion following our follow up work, and a “direction of travel”. We have also provided a commentary on progress being made.



#### **4 CONCLUSION**

- 4.1 Overall we note that at present only limited progress has been made by management against the agreed recommendations although it is clearly demonstrable that they are taking steps to respond to the issues raised. As stated above, this is due to a number of factors, including the timing of the report, the short length of time since actions were agreed and the length of time some recommendations are likely to take to implement. It is important; however, that management continue to address the weaknesses identified to ensure that the assets and reputation of the Council remain protected.
- 4.2 We would like to acknowledge and offer our thanks to all those who have assisted with this process. We understand that the work was undertaken at a traditionally difficult time for management (due to the summer holiday season) and their help in providing the information for this review is appreciated.




### Table to show updated Audit Assurance Opinion after completion of follow up work to 24 August 2012

Audit Area	Audit Assurance Opinion as at 31 May 2012	Updated Audit Assurance Opinion as at 24 Aug 2012	Direction of Travel	Commentary
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#### **Material Systems**

Housing Benefits 2011/12	Improvements Required	Improvements Required		Whilst a formal follow up has not been undertaken, the Revenues and Benefits Service maintain an ongoing dialogue with Devon Audit Partnership and keep us informed of their actions. This has included preparing a business case to enable risk based verification software to be purchased which will enable greater activity to be targeted towards those cases deemed to be at highest risk of fraud and / or error. Once implemented, this will address key recommendations.
ICT Helpdesk Access Controls 2011/12	Improvements Required	N/A	N/A	Some recommendations had already been implemented by the time that the action plan was formally agreed. However, whilst all of the other recommendations have also been agreed, they will take longer to implement, with target dates for implementation ranging from October through to January 2013. Follow-up work to check progress made in implementing these recommendations will be carried out later in the year.
Council Tax 2011/12	Improvements Required	Improvements Required		The action plan was not agreed until July but already positive action has been taken towards implementing the recommendations. A draft write-off process has been developed in this intervening period and once it has been finalised and approved, the assurance opinion will move to 'good standard'.


## ICT

Partnership Working (ICT Systems) 2010/11	Improvements Required	Improvements Required		Positive action has been taken to address the issues raised in the original report. During 2011/12, Internal Audit developed a toolkit for use by business areas when considering IT solutions or looking to work with partner organisations. This work reflects the direction of travel shown.
Capacity and Availability	Improvements Required	N/A	N/A	The related audit report is still in draft, with recommendations and management responses currently being discussed. It has therefore not been possible to follow up the recommendations made at this time.
Service Level Management	Improvements Required	Improvements Required		The audit report was only finalised relatively recently and the majority of recommendations will take time to implement and therefore target dates for implementation are not yet due. In addition, some rely on resources being made available. Although recommendations have not been actioned, the direction of travel reflects the good progress made by management in the limited time since the report was issued, as identified during our on-going discussions with ICT officers.
Programme Management	Improvements Required	Improvements Required		This strategic review made a number of recommendations that will take time to implement. Despite many challenges placed on ICT to deliver new business solutions, with limited resources, progress has been made and will contribute to improved service delivery.


### Corporate Services

Payment to Consultants & Advisors	Improvements Required	N/A	N/A	The related audit report has just been finalised and the action plan agreed. A follow-up review will be carried out at a later date.
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### Place

Plymouth Market	Improvements Required	Improvements Required		Good progress has been made towards implementing the action plan and this is reflected in the direction of travel. For those recommendations which remain work in progress, Devon Audit Partnership will continue to monitor the situation, providing advice and guidance to the service as necessary.
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### People

CareFirst Fostering	Improvements Required	Improvements Required		Some recommendations have been actioned but, as the audit report was only finalised recently, the majority of recommendations have yet to be actioned and the target dates for implementation are not yet due. This is reflected in the direction of travel.
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