

Audit Update Report

Follow-Up of Audit Work

**Plymouth City Council
Audit Committee**

March 2013



Auditing for achievement

1. INTRODUCTION

- 1.1 At the June 2012 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.
- 3.2 It should be noted that in some 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 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 good progress has been made by management against the agreed recommendations although as stated above, some recommendations are likely to take time to implement.

Robert Hutchins
Head of Devon Audit Partnership
February 2013





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Table to show updated Audit Assurance Opinion after completion of follow up work to February 2013

Audit Area	Audit Assurance Opinion as at 31 May 2012	Updated Audit Assurance Opinion as at Feb 2013	Direction of Travel	Commentary
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Material Systems


Housing Benefits 2011/12	Improvements Required	Improvements Required		The 2012-13 Housing Benefits audit is now underway, however it has not yet been sufficiently progressed to enable the previous assurance opinion to be updated. From the limited work that has been undertaken, no significant issues have been identified, hence the direction of travel at this time, remains positive.
ICT Helpdesk Access Controls 2011/12	Improvements Required	N/A	N/A	The 2012-13 audit has recently commenced but it has not been sufficiently progressed to enable the previous assurance opinion to be updated. Some of the recommendations within the 2011-12 report have been implemented, but at this stage we have not yet confirmed whether all of the recommendations made have been implemented and whether or not they are working effectively. It is too early in the review to determine the direction of travel.
Council Tax 2011/12	Improvements Required	Improvements Required		The 2012-13 Council Tax audit has commenced but it has not yet been sufficiently progressed to enable the previous assurance opinion to be updated. From the limited work undertaken to date, no significant issues have been identified. We understand that a write-off process has been developed and the direction of travel remains positive.

ICT


Partnership Working (ICT Systems) 2010/11	Improvements Required	Improvements Required		<p>ICT are continuing to develop the Business Relations Manager role as well as continuing project management improvements. These collectively provide business areas with the necessary expertise to help them mitigate many of the risks associated with partnership working and hosted services. Furthermore, the toolkit developed by Internal Audit is to be further developed to provide additional help and guidance to business managers. Work undertaken by Internal Audit during 2013/14 will assess the effectiveness of these changes.</p>
Capacity and Availability 2012/13 (Component)	Improvements Required	Improvements Required		<p>In terms of the risks associated with this area controls are generally of a good standard. However, the audit measured against key principles and processes defined within the ITILv3 best practice framework on which PCC's ICT Service's improvement programme is based. Recommendations made are mainly around improvements to service design and integration of effective monitoring tools. The resultant action plan identifies that satisfactory progression will continue to be made over the coming months as part of planned service improvements and commissioning of the new data centre.</p>
Service Level Management	Improvements Required	Improvements Required		<p>Progress continues to be made in aligning ICT structures and processes to the needs of the Council. Work to introduce Service Design Packages with associated SLA's is continuing, but progress has suffered due to allocate resources to the large number of ICT projects and BAU. Internal Audit are to conduct work in this area during 2013/14.</p>
Programme Management (2011/12)	Improvements Required	Improvements Required		<p>This strategic review made a number of recommendations that were always going take time to bring about the necessary changes. Despite the continuing challenges placed on ICT to deliver new business solutions, with limited resources, progress continues to be made in most areas. Changes to some client facing activities and roles have</p>

				already been made and it is anticipated that the planned re-structure will deliver further improvements. A review of the area is planned during 2013/14.
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Corporate Services

Payment to Consultants & Advisors	Improvements Required	Good Standard		Significant progress has been made to further embed and strengthen controls for payments to individuals as part of corporate buying procedures. The system is now considered to be of a good standard. A recent visit by HMRC found no issues.
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Place

Plymouth Market	Improvements Required	Good Standard		The follow-up review has found the administrative systems to be operating to a Good Standard. A conflicts of interest policy has been developed and adopted and the service is currently working with Legal Services to review and updates market regulations.
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People

CareFirst Fostering	Improvements Required	Improvements Required		Some recommendations have been actioned and work is ongoing to implement those agreed. The follow up review is due to formally commence in March 2013 but the information seen to date indicates that improvements have already been made. If the evidence demonstrates this and the improvements are working effectively, the opinion will increase to Good Standard.
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