

Internal Audit Report Follow-Up Work Plymouth City Council

September 2013

Auditing for achievement

PLYMOUTH CITY COUNCIL

Subject: Internal Audit – Follow-Up Work

Committee: Audit Committee

Date: 19 September 2013

Cabinet Member: Councillor Lowry

CMT Member: Malcolm Coe (Assistant Director FETA)

Author: Robert Hutchins, Head of Devon Audit Partnership

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Ref:

Key Decision: No

Part:

Purpose of the report:

This report is to provide assurance to Members of the Audit Committee that where an audit has been undertaken and that an opinion of "Improvements Required" or less has been provided, 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. It should be noted that we did not give an opinion of "Fundamental Weaknesses Identified" for any of the audits we undertook in 2012/13 to date and reported on.

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service 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.

The delivery of the Internal Audit Plan assists all directorates in delivering outcomes from the Corporate Plan:-

- Pioneering Plymouth by ensuring that resources are used wisely and that services delivered meet or exceed customer expectations;
- Confident Plymouth the Government and other agencies have confidence in the Council and partners.

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

None

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.

Equali	ty and	Dive	rsity:
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Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

It is recommended that:-

I. The report be noted.

Alternative options considered and rejected:

None, as failute to maintain an adequate and effective system of internal audit would contravene the Accounts and Audit Regulations 2003, 2006 and 2011.

Published work / information:

Internal Audit Annual Report 2012/13

Background papers:

None

Sign off:

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Origii	Originating SMT Member												
Has t	Has the Cabinet Member(s) agreed the content of the report? Yes												

I. INTRODUCTION

- 1.1 At the June 2013 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 2012/13, 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 2012/13 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 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 I of this report sets out the audits at the end of 2012/13 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 23 August 2013

Audit Area	Audit Assurance Opinion as at 31 March 2013	Updated Audit Assurance Opinion as at 24 Aug 2013	Direction of Travel	Commentary
Material Systems				
Housing Benefits 2012/13	Improvements Required	N/A		Whilst the audit report was only finalised relatively recently and the recommendations will take further time to implement there is a significant and sustained improvement in processing times for April to July. Processing times for new claims averaged 21 days last year but for July have reduced to 11.40 days against a target of 12 days. Processing times for changes in claimants' details averaged 26.08 days in 2012/13 but for July, they have reduced to 8.22 days against a target of 9 days. Follow-up work to check progress made in implementing these recommendations will be carried out later in the year.
'Carefirst' Creditors 2012/13	Improvements Required	N/A	N/A	The audit report was only finalised relatively recently and more follow-up work will be carried out later in the year to assess the progress made by management in addressing the issues raised and implementing the agreed recommended action.



Access Controls to Key Systems 2012/13	Improvements Required	N/A	N/A	The action plan for this report was only recently finalised and recruitment to the new ICT structure is in progress at the time of writing this report. The new structure brings together the different business systems support teams into the ICT Department and once in place the service will be in a better position to address the recommendations made. Some recommendations will be captured as part of the scope of the "Self Service" project and will improve the customer experience and automate some requests to make them quicker.
				It should be noted that the review did prove a satisfactory level of assurance relating to the control of systems access but the recommendations once implemented will further strengthen the system and provide a more consistent approach. Follow-up work to check progress made in implementing these recommendations will be carried out later in the year.

ICT

Partnership Working (ICT Systems) 2010/11	Improvements Required	Good Standard	The relative success of the recent Windsor House colocation project with New Devon CCG (Western Locality) provides evidence of how ICT has made considerable improvements in managing the ICT aspects of partnering arrangements. Whilst difficulties have arisen during the course of the project, all technical and contractual aspects have been recognised and appropriately managed. The
			purchase of rogue business solutions by individual business areas remains a concern, although this is a corporate issue and any such potential purchases should be identified by



			Strategic Procurement and referred to ICT before any commitment is made.
Service Level Management 2011/12	Improvements Required	Improvements Required	The ICT department has already made significant progress with the implementation of internationally recognised ITIL standards and procedures. This is an on-going process of continual service improvement and it is acknowledged that there is still further work to be done before Service Catalogue Management and Supplier Management functions are fully effective and there needs to be adequate resources available to complete and maintain these. This is an ICT priority and the inclusion of Service Level Manager and Supplier Manager posts in the new ICT structure will strengthen and underpin the progress that has already been made.
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. A formal review of this area is currently being undertaken and will include other aspects of ICT Service Delivery. Initial findings reveal that ICT continue to make progress. The new ICT Structure should assist in making operational improvements across all service areas, so long as a more commercial and customer focussed approach is adopted.



Capacity and Availability 2011/12	Improvements Required	Improvements Required	Î	The majority of recommendations relate to issues that will be addressed as part of the New Data Centre and ICT Monitoring Tools projects. Due to the delays in the delivery of the new data centre, the majority of the issues remain. However, progress has been made in the identification of monitoring tools. Note that risks associated in this area are being mitigated to an adequate level, but this is as part of the programme of on-going service improvements which are measured against best practice.
ICT Service Strategy 2012/13	Improvements Required	Improvements Required		The original report highlighted the fact that significant progress has already been made in implementing high quality standards and procedures throughout the ICT department. The overall audit opinion of "Improvements Required" was merely a reflection of where the ICT department is on the long journey of continual improvement upon which it has embarked. i.e. Once all of the planned changes are fully embedded, its practices and procedures should be of the highest standard but there is still some way to go. The new structure of the department is better aligned to satisfy customer requirements and meet the needs of the Transformation Programme. It underpins the many improvements that have already been carried out and is designed to improve the existing ITIL model and strengthen the ICT Management Team. Work is progressing on all of the key areas associated with service strategy planning and developments such as the new Data Centre and the introduction of Microsoft Windows 7 and Lync, provide a solid foundation for moving forward with the Transformation Programme.



				The cornerstones of sound ICT service strategy planning are now in place but require further work and refinement in order to make them fully effective.
Corporate Services				
Business Continuity 2012/13	Improvements Required	Improvements Required	Î	This report was issued in January 2013 and although the target dates for completing some of the agreed courses of action have not yet been reached, good progress has already been made in implementing a number of the recommendations. Once the ICT BC Plan has been approved by the BC Strategy Group and the remaining recommendations have been implemented, it should be possible to amend the overall audit opinion from 'Improvements Required' to 'Good Standard'.
Use of Purchasing Cards 2012/13	Improvements Required	N/A	N/A	The audit report has only recently been finalised but the use of purchasing cards is being reviewed as part of the Procure to Pay Project and the project team will use the findings from this report to further inform the work stream.
People				
CareFirst Fostering 2011/12	Improvements Required	Good Standard		The recent follow-up review found that there has been satisfactory progress taken against the agreed recommendations and the assurance opinion has moved to "good standard".