



Audit and Procurement Committee

Time and Date

4.00 pm on Monday, 21st October, 2013

Place

Committee Room 3 - Council House

1. Apologies

To receive apologies from Committee Members unable to attend the meeting and, where appropriate, note attendance of nominated substitutes.

2. Declarations of Interest

To invite Members of the Committee to declare any interest in any of the items on this Agenda.

Public Business

3. Minutes of Previous Meeting (Pages 3 - 6)

To approve the draft minutes of the Audit and Procurement Committee held on 23 September 2013.

4. Outstanding Issues and Work Programme 2013/14 (Pages 7 - 12)

Report from the Executive Director, Resources.

5. Jeep reports (Pages 13 - 18)

Report from the Executive Director, Resources:

5 (a) Annual Leave Purchase

5 (b) Banked Recruitment

5 (c) Expenses Receipts

6. Transformation Programme Financial Savings (Pages 19 - 24)

Report from the Executive Director, Resources.

Internal Audit

7. Half Year Internal Audit Progress Report (Pages 25 - 36)

Report from the Executive Director, Resources.

8. **Internal Audit Recommendation Tracking Report** (Pages 37 - 46)

Report from the Executive Director, Resources.

9. **Any other items of public business which the Chair decides to take as matters of urgency because of the special circumstances involved.**

Private Business

10. **Procurement Progress Report** (Pages 47 - 48)

Report from the Executive Director, Resources.

Chris West, Executive Director, Resources, Council House Coventry

Friday, 11 October 2013

Note: The person to contact about the agenda and documents for this meeting is Hugh Peacocke

Membership: Councillors S Bains (Deputy Chair), D Gannon, L Harvard, R Sandy, T Sawdon, B Singh and H Sweet (Chair)

By invitation Councillors

Please note: a hearing loop is available in the committee rooms

**If you require a British Sign Language interpreter for this meeting
OR if you would like this information in another format or
language please contact us.**

Hugh Peacocke

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Agenda Item 3

Coventry City Council

Minutes of the meeting of the Audit and Procurement Committee held at

4.00 pm. on 23 September 2013

Present:

Committee Members: Councillor Sweet (Chair)
Councillor Bains (Deputy Chair)
Councillor Harvard
Councillor Sandy
Councillor Sawdon
Councillor Thay (Substitute for Councillor B Singh)

Employees (by Directorate):

Resources: P Baggott, M. Burns, P Jennings, S Mangan
H. Peacocke

External Auditors:
(Grant Thornton)

J Gregory, P Harvey, T Parks

Public business

42 Apologies

Councillor B. Singh

43. Declarations of Interest

There were no declarations of interest.

44. Minutes of previous meetings of the Audit and Procurement Committee

The Minutes of the Audit and Procurement Committee held on 5 August and 19 August 2013 were agreed and signed as a true record.

Matters arising: the Committee considered the recommendation for Paperless meetings approved on 19 August 2013 and discussed whether to trial this for the next Committee meeting. Members agreed that if no papers were issued that each member should be given an i-pad in order to electronically access papers for meetings.

45. Exclusion of the Press and Public

RESOLVED to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the private reports at items 11 and 12 on the agenda on the grounds that:

- item 11 involved the likely disclosure of information defined in Paragraphs 1, 2, 3 and 5 of Schedule 12A of the Act as it contained information relating to any individual, information likely to reveal the identity of an individual, information relating to the financial or business affairs of any particular person (including the authority holding that information), and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings and

- item 12 involved the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act as it contained information relating to the financial or business affairs of any particular person (including the authority holding that information) and that in all circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

46. **Outstanding Issues and Work Programme 2013/14**

The Committee considered the report of the Executive Director, Resources on outstanding issues and the Work Programme 2013/14.

It was noted that items 8 and 9 were on the agenda for this meeting. It was agreed to reschedule the October meeting to 21 October (because of a Labour Group seminar). The Committee considered the work programme for the November, December and January meetings and agreed to allocate some of the December items to November, the remainder to January and cancel the December meeting.

RESOLVED that the outstanding issues and The Work Programme (2013-14), as amended, by agreed by the Committee.

47. **Audit Findings Report, 2012/13**

The Council's external Auditors, Grant Thornton presented their Audit Findings Report for the financial year 2012/13.

The key messages arising from the audit of the Council's financial statements were:

- there are no unadjusted misstatements. All adjustments identified during the audit have been made within the final set of financial statements.
- the audit did not identify any material misstatements.
- the draft accounts were of good quality and an improvement on previous years
- there has been a significant reduction in the number of audit adjustments required.

The Committee considered the findings from the external auditors and congratulated Finance staff on the Report received.

RESOLVED that the Committee approve the Audit Findings Report 2012-13 as presented by the Council's external auditors.

48. **Statement of Accounts 2012/13**

This report was presented alongside the External Auditor's Audit Findings Report which detailed the key changes to the draft Statement of Accounts considered by the Audit and Procurement Committee in July. The changes had been agreed between Grant Thornton and the Executive Director of Resources.

The meeting noted that the Council had delegated authority for approval of the Statement of Accounts, including the Annual Governance Statement to the Audit & Procurement Committee. The Committee considered the audited 2012/13 Statement of Accounts and Annual Governance Statement, incorporating any agreed changes to the draft accounts which came before them in July.

The Committee also considered the letter of representation from the Executive Director, Resources, to the Council's external auditors, giving his assurance regarding the Statement of Accounts and the Annual Governance Statement.

RESOLVED that the Audit & Procurement Committee approve the final 2012/13 Statement of Accounts, the Letter of Representation to the Council's auditors and the Annual Governance Statement.

49. **Revenue Monitoring Report and Corporate Capital Monitoring and Treasury Management Report 2012/13**

The Committee considered the report from the Executive Director, Resources, on the first quarter forecast outturn position for revenue and capital expenditure and the Council's treasury management activity in the first quarter of 2013/14.

The forecast for 2013/14 was a revenue overspend of £4m. This compared to a forecast balanced revenue position at the same point in 2012/13 and an outturn underspend in 2012/13 of £3.5m. The Committee noted the actions agreed by Cabinet on 3 September to bring this position into balance.

Capital spending in 2013/14 was projected to be £77.9m, a net increase of £14.1m compared to the £63.8m February Budget Setting figure. This increase comprised £8.4m expenditure rescheduled from 2012/13, £11.3m new spending approvals, £5.5m rescheduling of expenditure into 2013/14 and a small underspend of £0.1m.

RESOLVED that the 2012/2013 Quarter 1 Revenue, Capital Monitoring and Treasury Management position be noted.

50. **Annual Audit Letter Update (Audit 2011/12)**

The Committee considered the report from the Executive Director, Resources, which identified the progress made and the current position with regard to the 4 issues raised in the 2011/12 Annual Audit Letter reported to the then Audit Committee on 31st October 2012 and considered further by the Committee on 10th April 2013. The external auditors confirmed that they were satisfied with the progress being made on these matters.

RESOLVED that the Audit and Procurement Committee agrees that the progress made and current position represent an appropriate response to the issues raised.

51. **RIPA (Regulation of Investigatory Powers Act) Annual Report**

The Committee considered the report of the Executive Director, Resources, to the Cabinet Member (Community Safety & Equalities), on the Council's compliance with the Regulation of Investigatory Powers Act 2000, as per sections 10.3 of the current Covert Surveillance & Covert Human Intelligence Sources Policy. The report also contained a revised policy, to take into account changes as a result of the amendments to the Regulation of Investigatory Powers Act as a result of the Protection of Freedoms Act 2012.

RESOLVED that the Audit & Procurement Committee notes the RIPA (Regulation of Investigatory Powers Act) Annual Report as presented.

52. **Any other items of public business which the Chair decides to take as matters of urgency because of the special circumstances involved**

None.

Private Business

53. Confirmation of the minutes of the meeting held on 24 July 2013.

The minutes were confirmed as a true record of the proceedings of the meeting and signed by the Chair. The Chair reported that the Cabinet Member for Strategic Finance and Resources had approved the Committee's recommendations in this matter.

54. Procurement – Monthly Progress Report

The Committee received a Briefing Note from the Executive Director, Resources on procurement matters. It was noted that the procurements savings to date were ahead of target.

RESOLVED that the Committee approve the September monthly progress report on procurement.

(The Meeting closed at 4.52 pm)

Signed: _____
Chair.

Date: _____



Public Report

Audit and Procurement Committee

21 October 2013

Director Approving Submission of the report:

Executive Director, Resources.

Ward(s) affected:

None

Title:

Work Programme 2013/14 and Outstanding Issues at 21 October 2013

Is this a key decision?

No

Executive Summary:

This report sets out the Outstanding issues for the Audit and Procurement Committee and the Committee's Work Programme for the rest of the Municipal Year.

Recommendations:

That the Audit and Procurement Committee notes the outstanding issues and approves the Committee's Work Programme.

List of Appendices included

1. Outstanding issues for the Audit and Procurement Committee at 21 October 2013
2. Work Programme 2013/14 for the Audit and Procurement Committee

Other useful background papers:

Audit Committee Minutes

Has it or will it be considered by Scrutiny?

No

Has it, or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report author(s): Hugh Peacocke

Name and job title: Governance Services Manager

Directorate: Resources

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Names of approvers: (officers and members)				

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www.coventry.gov.uk/meetings

Coventry City Council
 Audit and Procurement Committee Workplan 2013-14

Stakeholder	Report	03/06/13	08/07/13	05/08/13	19/08/13	23/09/13	21/10/13	04/11/13	06/01/14	03/02/14	03/03/14	07/04/13	12/05/14
Internal Audit	Internal Audit Annual Report 2012-13												
	Quarterly Internal Audit Progress Reports 2013-14												
	Internal Audit Recommendation Tracking Report												
	Annual Audit Plan 2014-15												
Risk Management	Corporate Risk Register Update												
	Corporate Risk - Nuckle Update												
	Corporate Risk - Safeguarding Awareness Update												
Fraud	Fraud Annual Report 2012-13												
	Half Yearly Fraud Update 2013-14												
External Audit (Grant Thornton)	Informing the Audit Risk Assessment												
	Annual Governance Report												
	Annual Audit Letter												
	Grant Certification Work												
	Annual Audit Plan												
Accountancy	Statement of Accounts 2012-13												
	Revenue and Capital Out-Turn 2012-13												
	Revenue Monitoring Report and Corporate Capital Monitoring and Treasury Management Report 2012-13												
	Annual Audit Letter Update												
	Transformation Programme Financial Savings												
Procurement	Progress Report												
	Post and Fastprint												
	JEEP Update												
Others	Annual Governance Statement 2012-13												
	Review of the Effectiveness of the System of Internal Audit 2012-13												
	Annual Audit Committee Report 2012-13												
	Council Tax Discounts / Exemptions Update												
	RIPA Annual Report												
	Covert Monitoring of Employees Policy Statement												
	Arena Coventry Limited Update												
Training													

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	Subject	Date	Responsible Officer(s)
1	<p>Network Security</p> <p>The Committee agreed to receive a further report following the follow up audit.</p> <p>(Minute 35/12 of the Audit Committee refers)</p>	November 2013	Steve Mangan
2	<p>Corporate Risk Register Update – Safeguarding Awareness</p> <p>The Committee requested an update report on the current position in respect of the safeguarding Awareness, in light of concerns on lack of progress.</p> <p>(Minute 59/12 of the Audit Committee refers)</p>	December 2013	Steve Mangan
3	<p>Council Tax Exemptions and Discounts</p> <p>The Committee requested internal audit to continue to review this matter and report back in January 2014, prior to the next billing year, from March 2014.</p> <p>(Minute 27/13 refers)</p>	January 2014	Janice Evans / Steve Mangan
4	<p>Arena Risk Update</p> <p>The Committee requested a further update on the management of the Arena Coventry Limited / Coventry City Football club corporate risk.</p> <p>(Minute 60/12 of the Audit Committee refers)</p>	November 2013	Barry Hastie

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Briefing note

To: Audit and Procurement Committee

Date: 21 October 2013

Subject: JEEP Suggestion – Holiday Purchase Scheme

1 Purpose of the Note

To provide information relating to the possible introduction of a Holiday Purchase Scheme

2 Recommendations

The Audit & Procurement Committee are asked to:

- Consider in principle whether or not to recommend that the Cabinet Member for Strategic Finance and Resources considers the introduction of a holiday purchase scheme
- Consider whether or not to recommend that the Cabinet Member for Strategic Finance and Resources considers the detailed development of a holiday purchase scheme

3 Information/Background

Explanation of Holiday purchase

A holiday purchase scheme allows employees to buy additional annual leave and pay for it through deductions from salary over the year.

Employees can purchase up to a defined number of additional days leave at a certain point/s in the year dependent upon service needs.

Possible Benefits of a Scheme

Financial

If operated as a salary sacrifice scheme, employees and the Council pay reduced NI contributions as the deduction is taken at source before tax and NI deductions are made. However, the main financial benefit for the organisation is the saving on salaries.

In 2012/13 Nottingham City Council achieved savings of c£449k through a similar scheme. To date, in 2013/14 savings of £368k have been achieved.

Assuming 5% of employees (c264) choose to purchase an additional 5 days annual leave in a single year and taking into account estimated NI savings, it is estimated the Council could make savings of c£130K; 10% (c529) would make c£260k savings.

Non - Financial

The non-financial benefits of such a scheme for the Council and employees are that it extends flexible working options and the range of benefits available to employees.

Operational considerations and impacts

However, alongside any benefits there are a number of managerial concerns about the introduction of such a scheme:

- There are a number of frontline services where backfill would be required for such absences (social workers, care assistants, refuse collectors, etc.) either through use of agency or casual workers. This may mean additional costs, not savings. Nottingham has indicated that whilst they do not allow backfilling, this is causing service delivery problems for them.
- Annual leave entitlement is already very generous. In the case of an employee on flexi time, as well as 27 days leave entitlement p.a. (32 after 5 years), 9 bank holidays, and the ability to build up an additional 18 days p.a. via the flexi scheme, such an employee already has access to 54 days leave p.a. (59 days after 5 years).
- In recent years many services have been reviewed and now have reduced staffing levels. This means there is limited capacity to allow additional leave to be approved.
- In some employee groups – e.g. those on term time only contracts and Teachers terms and conditions - it would be very difficult to grant additional annual leave.

Sue Iannantuoni
Resources Directorate
Tel ext. 2125



To: Audit and Procurement Committee

Date: 21 October 2013

Subject: JEEP Suggestion – Banked Recruitment

1 Purpose of the Note

To provide information relating to employee suggestions (extract below) relating to the creation of talent pools/staffing banks:

As a council we could do more to cut costs paid to agency staff and build up a pool of our own bank staff similar to other organisations do i.e. NHS, University's, College. This could cover short, long term or occasional basis to work occasional shifts supporting the team during busy periods, holidays and sickness – this could be as little as covering an hour's work as we are still spending far too much on agency staff.

2 Information/Background

A talent bank of administrative support employees is already in operation. This speeds up recruitment into admin posts dramatically and also helps to reduce agency worker costs.

Such an approach has now been approved for other service areas such as cleaning and catering; gardeners; refuse workers and street cleansing and will be extended to other areas if proved successful.

This mechanism will also provide support for the long term unemployed who can be considered for these jobs, in the first instance by use of agencies such as Job Centre Plus; Remploy and The Job Shop and by giving unemployed people access to open days, selection days or possibly 'work tasters' to equip them to apply for such roles. Where permanent jobs of these types become available they are recruited to, in the first instance, from this pool of people having been pre-selected and possibly already working/worked for us

3 Recommendations

The Audit & Procurement Committee are asked to:

- Note the current talent bank arrangements for admin posts.
- Recommend that work continues on the talent bank arrangements for other service areas mentioned above.

Sue Iannantuoni
Resources Directorate
Tel ext. 2125

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To: Audit and Procurement Committee

Date: 21 October 2013

Subject: JEEP Suggestion – Expenses Receipts

1 Purpose of the Note

To provide information relating to employee suggestions (extract below) relating to the handling of expenses receipts:

After spending time photocopying fuel receipts, car park receipts and putting them in separate envelopes, filling in the front of envelopes and taking them to the post area I think the process of making claims through Resourcelink could be streamlined. I understand that each claim uses 2 envelopes - each envelope costs 25p. These are collected from Council offices, driven c4 miles to Lythalls Lane, re-opened and envelopes disposed of. Reducing this vehicle use would help the Council's carbon savings and improve air quality. I question why receipts cannot be scanned and attached directly to RLink which would be more efficient, save officer time, envelope cost, waste envelope disposal cost, fuel, etc., HMRC accept electronic receipts for tax purposes so you don't need the paper ones. If you couldn't use RLink to attach receipts, could you use a local cycle delivery company instead of vans? This could also help carbon savings/improve air quality. Lythalls Lane is an area of high deprivation/health inequalities and air quality standards are exceeded.

2 Information/Background

The situation is that employees are already able to scan and e-mail their receipts and have been able to do this for some time.

The relevant email address is on the global list at expensereceipts@coventry.gov.uk.

The HR Service will now remind staff that they can scan receipts and e-mail them to our payroll team. They do not have to post them.

3 Recommendations

The Audit & Procurement Committee are asked to:

- Note the current arrangements whereby expenses receipts are scanned/emailed
- Note that employees will be reminded that they do not have to post hard copies of their expenses receipts to the payroll team.

Sue Iannantuoni
Resources Directorate
Tel ext. 2125

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Briefing Note

Report to
Audit Committee

21 October 2013

Report of
Executive Director Resources

Transformation Programme – Financial Savings 2013-14

1 Purpose of the Report

1.1 The purpose of this report is to provide the Audit Committee with an update on the financial savings anticipated from the Council's Transformation Programme in 2013-14.

1.2 Recommendations

The Audit Committee is asked to:

- a) note the forecast financial savings,
- b) consider whether there are any issues which it wants to refer to the Cabinet Member (Strategic Finance and Resources) or the Finance and Corporate Services Scrutiny Board.

2 Background

2.1 The abc Programme - A Better Council for A Bolder Coventry – was launched in June 2009. The overall objectives of the Transformation Programme are to:

- a) achieve better value for money, measured by reductions in the costs of delivering services
- b) provide better and consistent customer services, measured by a reduction in avoidable contacts
- c) develop and deliver real culture change across every level of the organisation, to equip the Council for the challenges ahead, and
- d) invest in new technologies where appropriate to support service delivery.

- 2.2 Over the first 3 years of the programme, a series of reviews has focused on improving the Council's services and reducing costs. By the end of 2012/13, the programme had delivered £18.9m savings against budgeted savings of £19.2m. By 2015/16 the budgeted savings are £72.0m.
- 2.3 Annual Progress Reports are presented to Cabinet and Scrutiny. Additional reports are presented to Scrutiny Co-ordination Committee and Scrutiny Boards as appropriate. These reports provide progress on project delivery and forecast fees and savings. In addition, the Transformation Programme Delivery Board receives regular progress reports on project performance based on the information from work with project managers.
- 2.4 Cabinet (18 June 2013) and Finance and Corporate Services Scrutiny Board (29 July 2013) received a detailed progress report on the programme of reviews, including the financial position as at the end of the 2012/13 financial year. This paper provides Audit Committee with a forecast for the current 2013/14 financial year.

3 abc Savings expected in 2013-14

- 3.1 The programme of reviews has a target to deliver budgeted savings of £36.052m during the 2013/14 financial year. The current forecast is that £31.862m of savings will be achieved, a variance of -£4.190m.
- 3.2 The attached appendix identifies the savings expected from abc reviews in the 2013-14 financial year and outlines where challenges are being addressed. It should be noted that any variances between budget and current forecast are being managed by Directorates and reported as part of their quarterly revenue budgetary control reports.

Adrian West
Transformation Programme Office

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APPENDIX 1

Reviews Completed (Targets Achieved £000)		
	2013/2014	
	Target	Forecast
A08 Personalisation	-2,700	-2,700
A12 Grounds Maintenance and Street Cleansing	-470	-470
A19a Operational Property	-290	-290
A19b Facilities Management	-400	-400
A23 Paper	-660	-660
A25 Customer Management/Front Office	0	0
A30 Public safety	-300	-300
A33 Housing	-400	-400
A39 Income Generation	-443	-443
A41 Insurance and Risk	-100	-100
A 48 Statutory/Non-Statutory	-100	-100
TOTAL	-5,863	-5,863

Reviews Completed (Target remains Partially Unachieved)

Review	Savings Targets (£000)			Explanation of Variance
	2013/2014			
	Target	Forecast	Variance	
A14 Commercial Waste	-420	-230	-190	It is expected that this stretch target will not be achieved in full, although additional contracts were won in 2012/13 resulting in an increased turnover of 5% over the previous year. However, the market is still extremely competitive resulting in a tightening of margins; this means that the financial benefit of each additional contract is not as profitable. The state of the market means it would be over optimistic to forecast achievement of the whole 2013/14 target, however, management of the service has recently changed and all endeavours are being made to optimise the financial position. The service continues to expand to contribute significant income to the Council's bottom line.
A17 Corporate Transport	-400	-325	-75	The target savings increased in 2012/13 from £300k to £400k. One off cost reductions and income generation initiatives enabled the target to be delivered in full last year and this approach will be taken again this year. However, the review still needs to identify on-going savings to achieve the targets permanently.
A47 Sustainability and Low carbon	-298	-273	-25	2013/14 savings are slightly below target but will be offset by one off cost reductions. Measures are in place to ensure that the full year savings are achieved from 2014/15.
TOTAL	-1,118	-828	-290	

Ongoing Reviews (new reviews or targets increase from 2013/14)

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Review	Savings Targets (£000)			Explanation of Variance
	2013/2014			
	Target	Forecast	Variance	
A09 Admin and Business Support	-2,600	-2,600	0	
A13 Money Matters	-2,370	-2,370	0	
A18 Catering	-1,259	-1,259	0	
A24 i-Cov	-5,000	-5,000	0	
A31 Daycare Services	-1,000	-1,000	0	
A35 Management Restructure	-2,000	-2,000	0	
A40 Commissioning Services	-2,450	-2,450	0	
A45 CLYP Programme	-2,000	1,300	-3,300	The recommendations of the Fundamental Service Review (FSR) have been fully delivered. The target activity changes, however, have not been achieved. Numbers of Looked After Children (LAC) have increased since the FSR, and are showing no signs of reducing, and numbers of externally purchased fostering placements continue to be higher than target as a result of increased LAC, and a lower than planned number of internal fostering placements. There is a net overspend of £3.3m, which is a combination of non-delivery of the savings target and additional activity pressures. This is being reported through the budgetary control process. Action continues to be taken to address the financial challenges and the forecast will be reviewed and refined throughout the financial year.
A46 CCTV	-250	-191	-59	The additional £50k savings target for 2013/14 is dependent on further post-implementation benefits following the fundamental service review arising from additional income and cost optimisation from reduction in cameras.
A50 Transforming Public Health	-500	-513	13	The review is currently forecasting over achievement of this year's target due to early delivery of initiatives.
A53 Cultural Trusts	-392	-392	0	
A54 Strategic Review of Community Services	-3,000	-3,267	267	The review is currently forecasting over achievement of this year's target due to early delivery of initiatives.
A55 Review of Special Educational Needs, Disability and Transitions	-500	-500	0	
A56 CLYP Statutory Functions Review	-500	-500	0	
A58 Strategic Regeneration and Business Rate Growth	0	0	0	
A60 Strategic Asset and Property	-500	-500	0	
A61 Commercialisation/Income Maximisation	-550	-870	320	The review is currently forecasting over achievement of this year's target due to identification of one off opportunities.

A64 Reduce Demand for Council Services	-500	0	-500	Demand reduction is a key part of several reviews and a corporate approach needs to be developed across the programme and as part of Project Kickstart in order to deliver any additional savings. However, at this stage of the year, plans are not yet in place to deliver the 2013/14 savings target.
Early Intervention Grant	-2,500	-1,800	-700	The Directorate planned to deliver £1.6m in 2013/14 towards the grant reduction £2.5.m with the remainder to be managed on a one off basis from within the bottom line. There are currently plans in place to deliver a total of £2.0m in 2014/15, Delivery of the remaining will form part of the budget setting discussions and process.
Headcount Reduction Strategy	-500	-500	0	
A65 Neighbourhood Services	-700	-759	59	The review is currently forecasting over achievement of this year's target due to early delivery of initiatives.
TOTAL	-29,071	-25,171	-3,900	
TOTAL Savings	-36,052	-31,862	-4,190	

(The A45 CLYP Fundamental Service Review savings target reflects the budget reduction only.)

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Coventry City Council

Public report

Report to

Audit and Procurement Committee

21st October 2013

Name of Cabinet Member:

Cabinet Member (Strategic Finance & Resources) – Councillor Gannon

Director approving submission of the report:

Executive Director, Resources

Ward(s) affected:

City Wide

Title:

Internal Audit Plan 2013-14 – Half Yearly Progress Report

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with an update on the Council's Internal Audit Service activity for the period April to September 2013, against the agreed Internal Audit Plan for 2013-14.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the performance as at quarter two against the Internal Audit Plan for 2013-14.
2. Consider the summary findings of the key audit reviews (attached at Appendix Two), and to decide whether the agreed focus of improvements identified and the timescales agreed for implementation for each review is appropriate.

List of Appendices included:

Appendix One - Audit Reviews Completed between April and September 2013

Appendix Two - Summary Findings from Key Audit Reports

Other useful background papers:

None

Has it or will it be considered by scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

Report title:

Internal Audit Plan 2013-14 – Half Yearly Progress Report

1. Context (or background)

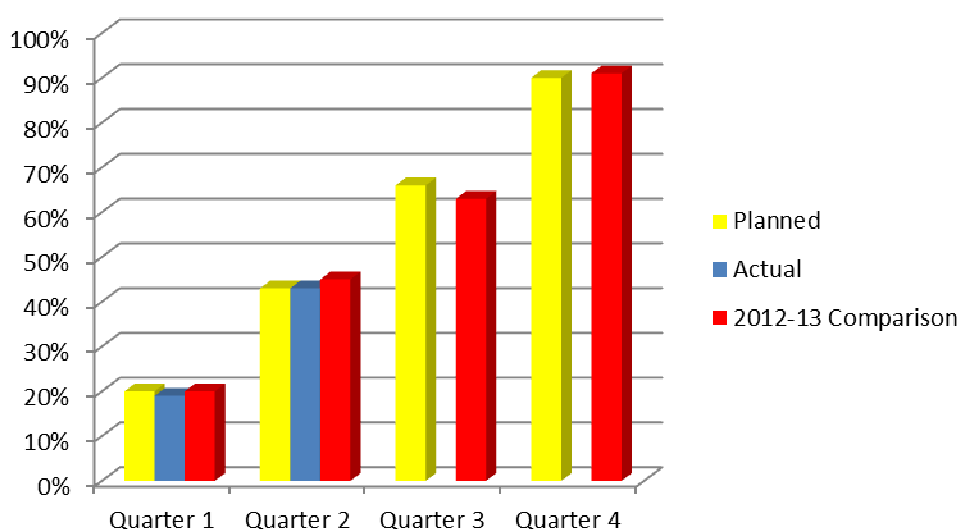
1.1 At its meeting on the 10th April 2013, the previous Audit Committee approved the Council's Internal Audit Plan for 2013-14. This report is the first monitoring report for 2013-14, which is presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

2. Options considered and recommended proposal

2.1 Delivering the Audit Plan

The key target facing the Internal Audit and Risk Service is to complete 90% of its work plan by the 31st March 2014. The chart below provides analysis of progress against planned work for the period April to September 2013.

Chart One: Performance of Internal Audit 2013-14



In the first half of 2013-14, the Service performance is slightly below expectations in that we have delivered 43% of our Audit Plan against a target of 45%. To provide context, the Service is also involved in a number of ad-hoc pieces of work not reflected in the performance highlighted, including:

- Representation on various project / boards including:
 - Procurement Board
 - Money Matters Steering Group
 - Welfare Reform Co-ordination Group
 - Direct Payments Steering Group
 - Care Director Project Board
- In support of the planned implementation of the Council's new financial system, the team is working with specific areas in ensuring that, from an audit perspective, expected control requirements are built into the system before it goes live.

- The Internal Audit and Risk Manager is leading on the business continuity and information governance workstream of the Kickstart Project. His primary role, with the support from the wider team is to advise departments on document retention and disposal requirements, with the aim of rationalising both paper usage and storage requirements ahead of the move to the Council's new office at Friargate in 2016.

2.2 Other Key Performance Indicators (KPIs)

The table below shows a summary of the performance of Internal Audit for 2013-14 to date against five KPIs, with comparative figures for 2012-13.

Performance Measure	Target	Performance Q2 2013-14	Performance 2012-13
Planned Days Delivered (Pro rota against agreed plan)	100%	98%	100%
Productive Time of Team (% of work time spent on audit work)	90%	89%	87%
Draft Report to Deadline (Draft issued in line with date agreed)	80%	72%	73%
Final Report to Deadline (Final issued within 4 weeks of draft)	80%	88%	92%
Audit Delivered within Budget Days	80%	70%	72%

There are two indicators where performance is currently significantly behind the target, namely draft report to deadline and audit delivered within budget days. Management will continue to focus on these areas as part the ongoing drive on efficiency within the Service, whilst ensuring this does not impact on the quality of work produced.

2.3 Audits Completed to Date

Attached at Appendix One is a list of the audits finalised between April and September 2013, along with the level of assurance provided.

The following audits are currently in progress:

- **Audits at Draft Report Stage** – Route 21, Discretionary Housing Payments.
- **Audits Ongoing** – Primary schools (Parkgate, Hollyfast, Limbrick Wood, Ravensdale, John Gulson and Willenhall Community), as well as Data Protection, Public Health, Heritage Assets, Local Enterprise Partnership, Hospitality Registers, Senior Officer Expenses, Project Risk Management and Libraries Cash Collection.

Details of a small selection of key reviews completed in this period are provided at Appendix Two. In all cases, the relevant managers have agreed to address the issues raised in line with the timescale stated. These reviews will be followed up in due course and the outcomes reported to the Audit and Procurement Committee.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 There is no implementation timetable as this is a monitoring report.

5. Comments from the Executive Director Resources

5.1 Financial Implications

There are no specific financial implications associated with this report. Internal audit work has clear and direct effects, through the recommendations made, to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

5.2 Legal implications

There are no legal implications associated with this report.

6. Other implications

6.1 **How will this contribute to achievement of the council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?**

Internal Audit is defined as "an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources". As such the work of Internal Audit is directly linked to the Council's key objectives / priorities with specific focus agreed on an annual basis, and reflected in the annual Internal Audit Plan.

6.2 **How is risk being managed?**

In terms of risk management, there are two focuses:

- Internal Audit and Risk Service perspective - The main risks facing the Service are that the planned programme of audits is not completed, and that the quality of audit reviews fails to meet customer expectations. Both these risks are managed through defined processes (i.e. planning and quality assurance) within the Service, with the outcomes included in reports to the Audit and Procurement Committee.
- Wider Council perspective - The key risk that exists is that actions agreed in individual audits to improve the control environment, and assist the Council in achieving its objectives are not implemented. To mitigate this risk, a defined process exists within

the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit and Procurement Committee. Where progress has not been made, further action is agreed and overseen by the Audit and Procurement Committee to ensure prompt action is taken.

6.2 What is the impact on the organisation?

None

6.4 Equalities / EIA

None

6.5 Implications for (or impact on) the environment

No impact

6.6 Implications for partner organisations?

None

Report author(s):

Name and job title:

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Resources

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Enquiries should be directed to the above person.

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Legal: Andrew Burton	Solicitor	Resources	02/10/2013	02/10/2013

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Appendix One – Audit Reviews Completed between April and September 2013

Audit Area	Audit Title	Assurance	
2012-13 b/fwd	Major Project – Street Lighting PFI	Moderate	
	ICT – Systems Back Up, Recovery and Data Centre	Limited	
	ICT – Firewall and Patch Management	Significant	
	Care Director – Income	Significant	
	Care Director – Expenditure*	Moderate	
	Risk Management Annual Review	Moderate	
	Procurement Review – Highways	Fact Finding	
	Payroll – Ad-hoc Payments	Compliance	
	Schools	All Saints	Significant
		Gosford Park	Significant
Allesley Primary		Moderate	
Coundon Primary		Significant	
Richard Lee		Significant	
Joseph Cash		Significant	
St Gregory		Significant	
Eastern Green		Significant	
St Andrews		Significant	
Holbrooks		Significant	
	Howes	Moderate	
Corporate Risk Key Priorities	Safeguarding Adults	Moderate	
	ICT – Server Virtualisation	Significant	
	Procurement Review – City Centre and Development Services	Fact Finding	
Finance Systems	Business Rates	Moderate	
	CNR	Significant	
Regularity	Trouble Families Programme Grant	Validation	
	Section 256 Funding Return	Validation	
	Local Government Pension Scheme Return	Validation	
	Teachers' Pension Scheme Return	Validation	
	Carbon Reduction Commitment Return	Validation	
	National Transportation Safety Board Grant	Validation	
	Annual Governance Statement*	Not Applicable	
	Review of the System of Internal Audit*	Not Applicable	
	Officer Declaration of Interest Annual Exercise	Not Applicable	
Contingency	IT Project Change Control Procedure	Fact Finding	
	Maurice Edelman House	Significant	
Follow Up	Network Security	Limited	
	Stanton Bridge Primary	Moderate	
	Reed Recruitment Agency - Contract Monitoring*	Significant	
	Complaints*	Significant	
	Housing Benefits Overpayments*	Moderate	
	Elm Bank Financial Procedures	Significant	
	Coundon Centre Financial Procedures	Moderate	

* Key findings of reviews already considered by the Audit and Procurement Committee in July / August 2013

Appendix Two – Summary Findings from Key Audit Reports Completed between April and September 2013

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Risk Management</p> <p>March 2014</p> <p>Assistant Director – Special Projects Finance and Internal Audit and Risk Manager</p>	<p>Overall Objective: To ensure the Council has effective risk management arrangements in place.</p> <p>Opinion: Moderate Assurance Summary / Actions Identified:</p> <p>Our review has found evidence of robust challenge and open debate of corporate risk issues with officers of the Council's Management Board and the Internal Audit and Risk Manager. And while acknowledging that the five directorates are at different stages in embedding their own, local risk management practices, it was evident from the review that the self-service approach has led to the development of local procedures and has been the stimuli for directorate management teams where appropriate to take a fresh look at the risks faced. The review recognised the following areas of good practice:</p> <ul style="list-style-type: none"> • Corporate risks and the Corporate Risk Register are discussed and managed by officers of the Council's Management Board, with the Internal Audit and Risk Manager providing an appropriate level of challenge and input into corporate risk issues, as well as facilitating Audit and Procurement Committee and Cabinet oversight. • A concerted effort on the part of officers of directorate management teams to embrace the Council's ethos of manager self-service in respect of risk management, developing local procedures, reassessing risks, leading to a refresh of directorate risk registers. <p>The opinion provided reflects the fact that the Council's adoption of a self-service approach to risk management, with no dedicated central oversight of risk management across the Council, limits the level of assurance we can provide in this area. Further, with the potential reconfiguration of the Council's structure to three directorates reflecting the key themes of 'people, place and resources', the potential impact of this significant structural change may necessitate a re-assessment of the Council's current risk management arrangements. The review has highlighted the following areas where improvement can be made:</p> <ul style="list-style-type: none"> • For the Internal Audit and Risk Manager to attend, once a year, each directorate's management team meetings review of their risk register, providing an appropriate level of challenge and independent view of the directorate risk register. • To reiterate to directorate management teams the requirement that Cabinet Members receive half yearly updates on directorate risks that fall within their area of responsibility, clarifying the need for an audit trail of the risks discussed, to demonstrate the engagement of Cabinet Members in the management of directorate risks.

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Business Rates</p> <p>March 2014</p> <p>Assistant Director – Revenue and Benefits</p>	<p>Overall Objective: To ensure that the Council has robust systems in place to ensure it effectively identifies, calculates and collects all income due to be paid for business rates.</p> <p>Opinion: Moderate Assurance Summary / Actions Identified:</p> <p>The following areas of good practice were identified:</p> <ul style="list-style-type: none"> • Correct charges, based on the appropriate rateable value and liability date, are raised after processing the Valuation Office Agency schedules. • Account refunds are subject to appropriate oversight and control. • Management and monitoring of accounts sent to the bailiffs. <p>The assurance level provided reflects our view that the Council's current processes do not provide consistent or systematic on-going validation of the awarding of exemptions / reliefs, potentially resulting in a loss of income for the Council. While acknowledging the planned review of current working practices, the audit has identified the need for a complete reconsideration of the framework that supports the validation of the award of exemptions and reliefs to maximise the business rate revenue collected.</p> <p>This is reflected in the following key areas for improvement identified:</p> <ul style="list-style-type: none"> • To undertake a review of the verification processes for empty property exemptions and mandatory / discretionary charity reliefs, with the focus being the validation of information provided by the organisation / business in support of the application, and for the continued eligibility of the award. • To process the debt write-offs that are outstanding with the Enforcement Team and review the Council's approach to writing off multiple business rate debts to ensure transparency in the decision making process. • To ensure appropriate and timely recovery action is taken through prioritising and targeting accounts.

Audit Review / Actions Due / Responsible Officer(s)	Key Findings														
Network Security Follow up December 2013 Assistant Director - ICT	<p>Overall Objective: To provide assurance that agreed actions have been implemented to ensure that the Council now has effective systems in place to manage the risks associated with Network Security within the Council.</p> <p>Opinion: Limited Assurance Summary / Actions Identified:</p> <p>A summary of the progress made against the agreed actions is shown below:</p> <table border="1" data-bbox="562 555 1906 695"> <thead> <tr> <th data-bbox="562 555 790 624">Number of Actions</th> <th data-bbox="790 555 1037 624">High Risk Actions Agreed</th> <th data-bbox="1037 555 1319 624">High Risk Actions Implemented</th> <th data-bbox="1319 555 1563 624">Medium Risk Actions Agreed</th> <th data-bbox="1563 555 1906 624">Medium Risk Actions Implemented</th> </tr> </thead> <tbody> <tr> <td data-bbox="562 624 790 695">22</td> <td data-bbox="790 624 1037 695">7</td> <td data-bbox="1037 624 1319 695">4</td> <td data-bbox="1319 624 1563 695">15</td> <td data-bbox="1563 624 1906 695">10</td> </tr> </tbody> </table> <p>Key actions implemented since the last review include:</p> <ul data-bbox="562 802 2047 1038" style="list-style-type: none"> • Significant progress has been taken to limit access to the network. • A second data centre is in the process of being set up in Nuneaton and will be operational by October / November 2013. This will provide further resilience in the event of network failure. • The scope of penetration testing that is carried out on the Council's network has been extended to include external facing firewalls. • The solar winds project has been implemented which ensures that secure standard device configuration settings are maintained for all key network devices. <p>It should be noted that for six of the eight actions outstanding, there are, in our opinion, justifiable reasons for the limited progress to date. This include actions (a) which are being progressed as part of on-going projects connected to the network, namely the Active Directory and Network Modernisation projects, and / or (b) which require approval of a business case. In terms of the high risk actions not implemented, these are:</p> <ul data-bbox="562 1251 2047 1417" style="list-style-type: none"> • The need to make further changes to the Domain Accounts Policy including configuring intruder detection settings, renaming the built in "administrator" and "guest " accounts and removing powerful system privileges where not required. • The need to ensure that all firewalls are appropriately secure either through regular updating or by being replaced as part of the Network Modernisation project. 					Number of Actions	High Risk Actions Agreed	High Risk Actions Implemented	Medium Risk Actions Agreed	Medium Risk Actions Implemented	22	7	4	15	10
Number of Actions	High Risk Actions Agreed	High Risk Actions Implemented	Medium Risk Actions Agreed	Medium Risk Actions Implemented											
22	7	4	15	10											

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Systems Back Up, Recovery and Data Centre</p> <p>March 2014</p> <p>Assistant Director - ICT</p>	<p>Overall Objective: To ensure that effective arrangements are in place so that the Council can continue to provide services in the event of an unexpected disruption to normal system processing or loss / corruption to council data.</p> <p>Opinion: Limited Assurance Summary / Actions Identified:</p> <p>The review recognised the following good practice:</p> <ul style="list-style-type: none"> • The main system that is used to support the operation of the backups is CommVault. The backups are performed to tape. Data mirroring is also performed using tools such as NetApp Snap Mirror and Virtual Storage Console. These backups are performed to disk. • Each of the backup tools provides reporting on the success or failure of scheduled backups. The Infrastructure Operations Checklist spreadsheet is used to record the monitoring of backup outcomes. • The primary data centre is located within Council House. This is the Dark Machine Room ('DMR'). A secondary server room is located within a shared facility in Jackson Road ('JRD'). Both the data centre and server room were found to have effective controls in place to both restrict access and monitor the environment. <p>The following key areas for improvement identified:</p> <ul style="list-style-type: none"> • Whilst acknowledging back up arrangements are in place, these have been determined by ICT based on its knowledge of the systems in use. Recommended practice is that Business management, with support from ICT, should identify the Council's critical IT systems. These systems should be identified based on a formal risk assessment and with due consideration for the Council's business continuity priorities. • The Council's Backup and Media Handling Policy needs to be updated to reflect data backup and recovery requirements agreed and should be subject to approval and regular review. • In terms of operational practices, the ICT Service needs to (a) review the approach to recording and investigating backup errors and failures so that these are consistently applied, (b) ensure that all backups are stored in a location that is separate from production data and services, and (c) perform test restores of backups on a regular basis in line with agreed procedures. • To develop and implement disaster recovery arrangements for all critical IT systems. This should be supported by a recovery plan, along with procedural guidance that outlines restoration steps that need to be taken to restore systems and be subjected to testing on at least an annual basis.

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Major Project – Street Lighting PFI</p> <p>March 2014</p> <p>Assistant Director – Planning, Transport and Highways / Group Highways Manager</p>	<p>Overall Objective: To provide assurance that the arrangements in place are being utilised to effectively manage the Street Lighting PFI contract and drive through expected benefits and achieve the best possible outcomes.</p> <p>Opinion: Moderate Assurance Summary / Actions Identified:</p> <p>The review recognised the following good practice:</p> <ul style="list-style-type: none"> • Governance mechanisms exist to facilitate issue resolution and support the development of a good working relationship between the Council and the provider. • The Core Investment Programme is currently 2,000 assets ahead of schedule and milestones are being achieved. • Reports on progress of the PFI contract are being presented to Members on an annual basis. <p>The following key areas for improvement identified:</p> <ul style="list-style-type: none"> • Ensure contingency plans are in place in respect of the ongoing role of the contract project manager. • To re-evaluate the PFI agreement on a regular basis to ensure opportunities to realign performance and service requirements are identified and continued project affordability is maintained. • Complete the development of an operational contract manual and comprehensive processes and procedures. • In conjunction with the provider, develop and manage a joint risk register for the PFI contract, which is consistent with corporate risk management arrangements.



Coventry City Council

Public report

Report to

Audit and Procurement Committee

21st October 2013

Name of Cabinet Member:

Cabinet Member (Strategic Finance & Resources) – Councillor Gannon

Director approving submission of the report:

Executive Director, Resources

Ward(s) affected:

City Wide

Title:

Internal Audit Recommendation Tracking Report

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with an update on the progress made in implementing audit recommendations since the last update in October 2012.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the current procedure for following up audit recommendations and to consider whether it believes that improvements are required to the current process.
2. Note the progress made in implementing audit recommendations and confirm its satisfaction with progress made and the proposed action by the Internal Audit and Risk Manager for audits where actions remain outstanding.

List of Appendices included:

Appendix One - Results of Formal Follow up Exercise

Appendix Two - Results of Self-Assessment Follow up Exercise

Other useful background papers:

None

Has it or will it be considered by scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

Report title:

Internal Audit Recommendation Tracking Report

1. Context (or background)

- 1.1 The Public Sector Internal Audit Standards requires that “the Chief Audit Executive (i.e. Internal Audit and Risk Manager) must establish a follow up process to monitor and ensure that management actions have been effectively implemented or that senior management have accepted the risk of not taking action”.
- 1.2 The report summarises the results of this work and is presented in order for the Audit and Procurement Committee to discharge its responsibility, as reflected in its terms of reference “to consider a report from the Head of Internal Audit regarding recommendations contained in Internal Audit reports that have not been implemented within agreed timescales”.

2. Options considered and recommended proposal

- 2.1 **Follow Up Procedure** – Given that the Service undertakes approximately 100 reviews a year, it is critical that it has a robust procedure in place for ensuring that it obtains appropriate assurance that audit recommendations have been implemented, but does so in a way that allows the Service to respond to new risks facing the Council. Where appropriate, Internal Audit defines within its audit reports the follow up process to those responsible for the system / area under review and a date is agreed of when a follow up will take place.

Currently, there are three key considerations that will determine the follow up procedure adopted, namely:

- 1) Whether the area audited is of such significance that it is subject to an annual review.
- 2) The level of assurance provided in the audit report.
- 3) A 'catch all' process for those reviews where neither of the points above apply, but a follow up review is necessary.

- 2.2 These considerations are expanded upon below.

- **Annual Audits:** These audits are generally included in the Audit Plan on an annual basis because of the nature of the systems, and the fact they are corporate wide and have been identified as key in delivering the Council's objectives (e.g. financial systems, corporate risks).
- **Level of Assurance:** Any audit which receives '*no*' or '*limited*' assurance (see definitions overleaf) is subject to a follow up review to assess improvements based on a timing agreed between Internal Audit and relevant management. In either of these circumstances, a formal follow up review will take place which involves Internal Audit assessing progress through audit testing to ensure that agreed actions have been implemented and are working effectively.

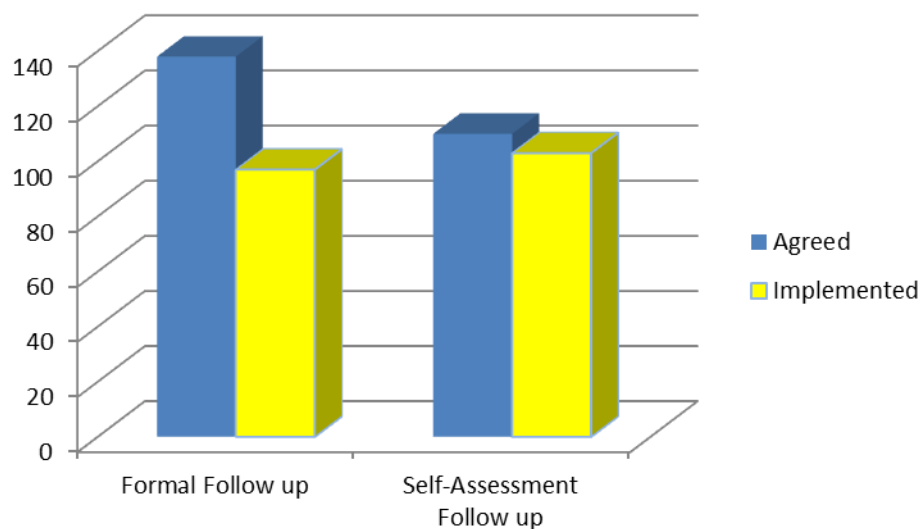
Assurance Opinion	Definition
Limited	There are weaknesses in the level of control for managing the significant inherent risks within the system. A number of control failings have been identified from the systems evaluation and testing. These failings show that the system is clearly at risk of not being able to meet its objectives and significant improvements are required to improve the adequacy and effectiveness of control.
No	There are major, fundamental weaknesses in the level of control for managing the significant inherent risks within the system. The weaknesses identified from the systems evaluation and testing are such that the system is open to substantial and significant error or abuse and is not capable of meeting its objectives.

- Catch All Process:** For all other audits, a process exists which is based on a self-assessment by relevant managers. This involves Internal Audit asking managers for an update on the action taken to implement audit recommendations. The response provided by managers is not subject to any independent validation by Internal Audit.

2.3 The follow up procedure was last reviewed in October 2012 and incorporated the views of the Audit Committee in place at the time. Overall, we still believe that the procedure achieves the right balance between ensuring action is taken in response to risks identified by Internal Audit and allowing the Service to focus on identification of new risks. This is particularly important given the reductions in the size of the audit team over the last few years which have resulted in an Audit Plan of 1,230 days for 2013-14.

2.4 **Results** - The results of the latest follow up exercise are attached at Appendix One and Two and are summarised in the graph below.

Chart One: Analysis of Actions Implemented by Follow Up Method



Of the 248 actions followed up, 81% have been implemented based on both the formal and self-assessment follow up method. When this is analysed by follow up method the results are:

- Formal follow up method – 70% implementation rate.
- Self-assessment follow up method – 94% implementation rate.

Whilst there is a clear difference in results between the follow up methods, this is due, in our opinion, to one of the following reasons:

- In terms of the formal follow up, the audit process is rigorous, consisting of an assessment of the implementation of the action and the outcome achieved.
- The types of actions followed up through the self-assessment process are likely to be more straightforward, less time consuming for management to implement, and tend to focus on compliance rather than control issues.

In terms of the specific results, the following points should be considered:

- Formal follow up – The implementation rate of 70% is around the average over the last three years, with previous rates being 77% in 2011 and 66% in 2012. It is difficult to reach any specific conclusions on the implementation rate, although the results at Appendix One do show that progress has been made in responding to audit concerns across the majority of audits followed up through this mechanism. It is also worth noting that some of the actions outstanding are dependant of IT system developments, which in our experience can be subject to delays. In these cases, the actions are being implemented, but the deadline date has had to be extended to reflect factors that have arisen since the original implementation date was agreed.
- Self-assessment – The implementation rate of 94% remains high but again is similar to the previous two years (i.e. 98% in 2011 and 90% in 2012). This does continue to question the value of asking managers to self-assess whether they have implemented audit recommendations. However, our view remains that without such a mechanism for following up recommendations in reviews where the conclusion is that the systems are generally working well, the value of the audit process would be diminished.

2.5 Proposed Way Forward for Dealing with Outstanding Actions - After the follow up is completed, the results are collated within Internal Audit. If progress is not consistent with expectations, audit management will determine the next course of action.

Based on the reasons for the lack of progress, the following courses of action are available:

- Revised implementation dates are agreed for outstanding actions.
- Concerns raised through the management structure to ensure senior managers are aware of both the lack of progress made and the risks still facing a service.
- As a last resort, to ask the Audit and Procurement Committee to intervene and seek prompt action from the relevant manager.

Our proposed actions for the audits where recommendations remain outstanding are:

- Where there is a formal audit is planned in 2013-14, the remaining actions will be considered as part of that review.
- Where there are only one or two actions outstanding, and we feel that the risks associated with the system / area reviewed are low, the outstanding actions will be followed up when the area is next reviewed.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 There is no implementation timetable as this is a monitoring report.

5. Comments from Executive Director Resources

5.1 Financial Implications

There are no specific financial implications associated with this report. Internal audit work has clear and direct effects, through the recommendations made, to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

5.2 Legal implications

There are no legal implications associated with this report.

6. Other implications

6.1 How will this contribute to achievement of the council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?

Internal Audit is defined as "an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources". As such the work of Internal Audit is directly linked to the Council's key objectives / priorities with specific focus agreed on an annual basis, and reflected in the annual Internal Audit Plan.

6.2 How is risk being managed?

In terms of risk management, there are two focuses:

- Internal Audit and Risk Service perspective – The main risks facing the Service are that the planned programme of audits is not completed, and that the quality of audit reviews fails to meet customer expectations. Both these risks are managed through defined processes (i.e. planning and quality assurance) within the Service with the outcomes included in reports to the Audit and Procurement Committee.
- Wider Council perspective - The key risk that exists is that actions agreed in individual audits to improve the control environment, and assist the Council in achieving its

objectives, are not implemented. To mitigate against this risk, a defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit and Procurement Committee. Where progress has not been made, further action is agreed and overseen by the Audit and Procurement Committee to ensure prompt action is taken.

6.3 What is the impact on the organisation?

None

6.4 Equalities / EIA

None

6.5 Implications for (or impact on) the environment

No impact

6.6 Implications for partner organisations?

None

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Name and job title:

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Resources

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Enquiries should be directed to the above person.

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Neelesh Sutaria	Human Resources Business Partner	Resources	02/10/2013	02/10/2013
Names of approvers: (officers and members)				
Finance: Lisa Commane	Assistant Director Special Projects Finance	Resources	02/10/2013	02/10/2013
Legal: Andrew Burton	Solicitor	Resources	02/10/2013	02/10/2013

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Appendix One – Results of Formal Follow up Exercise

Audit Review	High Risk Actions Agreed	High Risk Actions Implemented	Medium Risk Actions Agreed	Medium Risk Actions Implemented	Comments
CLYP Legal Costs			4	1	Follow up planned October 2013
Car Park Income	1	1	10	6	
Home Support Short Term Services	5	5	12	8	Reported to Audit Committee – Feb 13. Outstanding actions followed up through self-assessment at Appendix Two.
Payroll			1	0	Subject to annual audit review.
Income and Debtors	2	1			Subject to annual audit review.
Council Tax			3	2	Subject to annual audit review.
Purchasing Cards			4	3	
Creditor Payments			5	1	Reported to Audit and Procurement (A&P) Committee – Jul 13. Developments linked to new financial system.
Care Director (Expenditure)	4	3	5	3	Reported to A&P Committee – Aug 13. Subject to annual audit review.
Housing Benefits Overpayments	5	4	5	3	Reported to A&P Committee – Aug 13
Network Security	7	4	15	10	Reported to A&P Committee – Oct 13
Coundon Centre Financial Procedures			9	8	Reported to A&P Committee – Oct 13
Reed Recruitment Agency - Contract Monitoring	11	10	4	3	Reported to A&P Committee – Aug 13
Complaints	2	2	7	6	Reported to A&P Committee – Aug 13
Stanton Bridge	1	1	7	3	
Safeguarding Adults			4	3	
Elm Bank Financial Procedures			6	6	Reported to A&P Committee – Oct 13

Unless stated otherwise – any outstanding actions will now be followed up through self-assessment process

Appendix Two – Results of Self-Assessment Follow up Exercise

Audit Review	High Risk Actions Agreed	High Risk Actions Implemented	Medium Risk Actions Agreed	Medium Risk Actions Implemented	Comments
St Thomas More			4	4	
Cannon Park			1	1	
Cardinal Wiseman			3	3	
St Johns			2	2	
Whoberley Hall			5	5	
Cash Collection - Adult Education	1	1	6	6	
Spon Gate			3	3	
Southfields			4	4	
Barrs Hill			3	3	
John Shelton			5	5	
Keresley Grange			4	4	
Freedom of Information			5	5	
Longford Park			11	11	
St Patricks			5	5	
Sir Frank Whittle			1	1	
Follow up - Job Descriptions			1	1	
Castle Wood			6	6	
Tiverton			5	5	
Three Spires			3	3	
Capital Programme - Highways			2	2	
Gosford Park			1	1	
Southfields			4	3	
Whitley Depot – Archive Clearance			4	3	
Sacred Heart			5	4	
Data Quality	2	2	5	2	
St Mary's Guildhall			1	-	
Purchasing Cards			4	4	
Home Support Short Term Service Team			4	4	

Unless stated otherwise – Outstanding actions will be followed up in next review

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