



Coventry City Council

# Public report

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**Report to**

Audit and Procurement Committee

27th November 2023

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership – Councillor G Duggins

**Director approving submission of the report:**

Chief Operating Officer (S151 Officer)

**Ward(s) affected:**

City Wide

**Title:**

Internal Audit Plan 2023-24 – Half Year Progress Report

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**Is this a key decision?**

No – this is a monitoring report

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**Executive summary:**

The purpose of this report is to provide the Audit and Procurement Committee with an update on the internal audit activity for the period April to September 2023, against the Internal Audit Plan for 2023-24.

**Recommendations:**

Audit and Procurement Committee is recommended to:

- 1) Note the performance as at quarter two against the Internal Audit Plan for 2023-24.
- 2) Consider the summary findings of the key audit reviews (attached at Appendix Two to the report).

**List of Appendices included:**

Appendix One - Audit Reviews Completed between April and September 2023

Appendix Two - Summary Findings from Key Audit Reports

**Background papers:**

None

**Other useful documents:**

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 2023-24 – Half Year Progress Report

**1. Context (or background)**

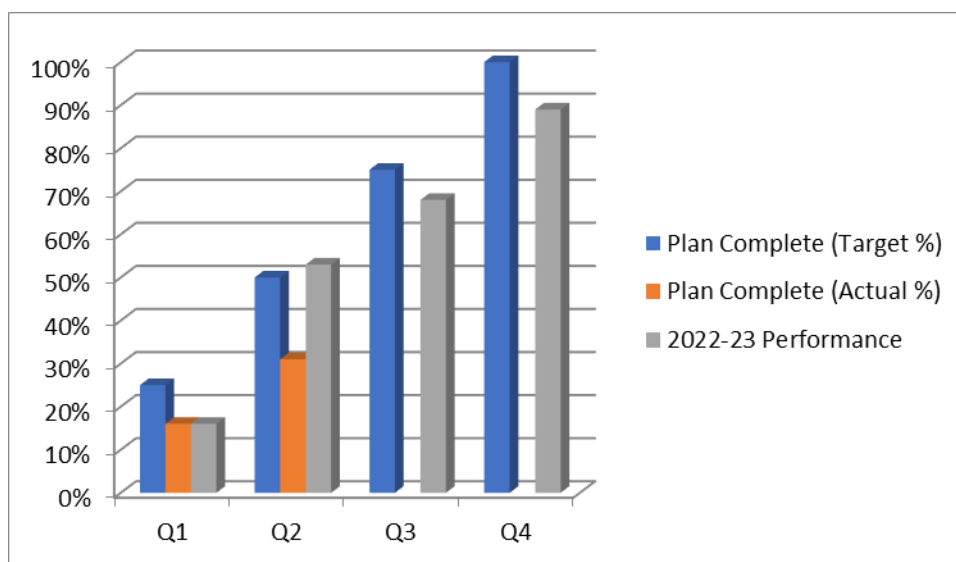
1.1 This report is the first monitoring report for 2023-24, which is presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

**2. Options considered and recommended proposal**

**2.1 Delivering the Audit Plan**

The key target facing the Internal Audit Service is to complete 90% of its work plan by the 31<sup>st</sup> March 2024. The chart below provides analysis of progress against planned work for the period April to September 2023.

**Chart One: Progress against delivery of Internal Audit Plan 2023-24**



As at the end of September 2023, the Service has completed 31% of the Audit Plan against a benchmark of 50% (which reflects delivery of 100% of the Plan.) It is recognised that performance is below expectation, although the quarterly targets do not take account of the varying length of audits and as such performance will vary across the year. It is also apparent that performance has been impacted by on-going unplanned absence in the Service. The Internal Audit Plan for 2023-24 was presented to the Audit and Procurement Committee at its meeting on the 24<sup>th</sup> July 2023. In this report, it was explained to the Committee that the level of assessed resources on which the Plan is based may be subject to some adjustment during the course of the year due to this unplanned absence. Whilst this was factored into the planning process as far as possible, as the absence has continued, it is now apparent that this will require some changes to the Audit Plan. Work is currently on-going to assess the impact and make appropriate revisions to the Plan. The details of this will be reported to the Audit and Procurement Committee in the next monitoring report, but in general terms, it is likely that some reviews will need to be rescheduled into the 2024-25 programme of work.

It should be noted that whilst the Annual Audit Plan is agreed at the start of the financial year, it may always be subject to change as a result of emerging risks, requests from service areas to reschedule work, and any exceptions. It is important that the Internal Audit Service retains a flexible approach in order to ensure it can respond to issues on a timely basis and add value. Any significant changes to the Plan are reported to the Audit and Procurement Committee.

## 2.2 Other Key Performance Indicators (KPIs)

In addition to the delivery of the Audit Plan, the Internal Audit Service has a number of other KPI's which underpin its delivery. The table below shows a summary of the performance for 2023-24 to date against these five KPIs, with comparative figures for the financial year 2022-23. There is one indicator (i.e. audit delivered within budget days) where the Service's current performance is below expectations. Whilst performing work in a timely way is clearly important to achieving the overall Audit Plan for the year, this must be balanced with ensuring the quality of work undertaken. Ongoing monitoring of internal audit work and identifying opportunities for improvement remains a key focus for management, in line with the Public Sector Internal Audit Standards.

**Table One: Internal Audit Key Performance Indicators 2023-24**

<b>Performance Measure</b>	<b>Target</b>	<b>Performance Q2 2023/24</b>	<b>Performance 2022/23</b>
<b>Planned Days Delivered</b>	100%	46%	96%
<b>% of work time spent on audit work</b>	90%	91%	91%
<b>Draft Report to Deadline</b> (Draft issued within two weeks of deadline)	80%	86%	60%
<b>Final Report to Deadline</b> (Final issued within two weeks of deadline)	80%	100%	92%
<b>Audit Delivered within Budget Days</b> (Where budget days have not been exceeded by more than 50%)	80%	61%	76%

## 2.3 Audits Completed to Date

Attached at Appendix One is a list of the audits finalised between April and September 2023, along with the level of assurance provided.

As at the 30<sup>th</sup> September 2023, the following audits were in progress:

- **Audits at Draft Report Stage** – Transparency code
- **Audits On-going** – Enabling attendance, Annual Governance Statement, Sports asset maintenance, IR35, CareDirector post upgrade assurance, IT storeroom physical security, Pot Hole Pro stage 2 health check, Implementation of new IT systems, EDI in pay decisions, End user computing.

Details of a 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 timescales 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 Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer**

#### **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**

Reporting on progress in regards to the delivery of the Annual Audit Plan ensures that the Council meets its statutory obligations in respect of maintaining an internal audit function and represents good governance.

### **6. Other implications**

#### **6.1 How will this contribute to achievement of the One Coventry Plan? (<https://www.coventry.gov.uk/onecoventryplan>)**

Internal Auditing is defined in the Public Sector Internal Audit Standards as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes". 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 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. Delays in the delivery of individual audits could occur at the request of the customer, which could impact on the delivery of the plan. This risk is managed through on-going communication with customers to agree timing and identify issues at any early stage to allow for remedial action to be taken.
- Wider Council perspective - The key risk is that actions agreed in audit reports 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 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) climate change and the environment

No impact

## 6.6 Implications for partner organisations?

None

**Report author:**

**Name and job title:**

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**Service Area:**

Finance

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Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Service Area</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Michelle Salmon	Governance Services Officer	Law and Governance	8/11/2023	9/11/2023
Tina Pinks	Finance Manager Corporate Finance	Finance	8/11/2023	15/11/2023
<b>Names of approvers: (officers and members)</b>				
Phil Helm	Head of Finance	Finance	16/11/2023	17/11/2023
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	8/11/2023	10/11/2023
Councillor R Lakha	Chair of Audit and Procurement Committee	-	8/11/2023	10/11/2023

This report is published on the council's website: [www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)

## Appendix One – Audit Reviews Completed between April and September 2023

Audit Area	Audit Title	Assurance
<b>2022-23 B/Fwd</b>	Climate Change risk assessment	Fact finding
	Compliance with pre-employment checks	Limited
	Payroll 22-23	Significant
	Business Rates	Moderate
	Formal Follow up – Information Governance Risk Management	Moderate
<b>Regularity</b>	Growth Hub core grant	Verification
	Family Hubs and Start for Life grant	Verification
	Turnaround Programme grant	Verification
	Changing Places capital grant	Verification
	Homelessness grants	Verification
	Teachers Pension Statements	Verification
	Energy Bill Support Scheme – post payment assurance	Verification
	John Gulson Primary School	Reasonable <sup>1</sup>
	Holyfast Primary School	Reasonable
	Disabled Facility grant	Verification
	Bus Subsidy grant	Verification
	Homes Upgrade grant	Verification
	Innovate UK MACAM grant	Verification

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<sup>1</sup> From 2023-24 the term moderate assurance has been revised to reasonable assurance.



**Appendix Two – Summary Findings from Key Audit Reports Completed between April and September 2023**

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p><b>Compliance with pre-employment checks</b></p> <p><b>April 2024</b></p> <p><b>Recruitment &amp; Resourcing Business Partner / Resourcing Compliance Lead</b></p>	<p><b>Overall Objective:</b> To ensure that the Council undertakes all required pre-employment checks for posts effectively and efficiently to support delivery of the People Plan and comply with legal requirements.</p> <p><b>Key controls assessed:</b></p> <ul style="list-style-type: none"> <li>- Appropriate procedures and guidance is in place to support compliance with pre-employment checks, including ensuring all legal requirements are met.</li> <li>- Roles and responsibilities of managers and the Resourcing Team are clearly defined and understood, with appropriate demarcation of roles.</li> <li>- Arrangements are in place to determine what pre-employment checks are required for a post as part of the recruitment process.</li> <li>- Appropriate records are kept to evidence that pre-employment checks have been undertaken on a timely basis.</li> <li>- Arrangements are in place to ensure follow-up checks for employees with time limited permission to work in the UK are undertaken and rules around UK visa sponsorship are complied with.</li> <li>- Mechanisms are in place to ensure that the results of pre-employment checks are used appropriately to inform recruitment decisions.</li> </ul> <p><b>Opinion:</b> Limited Assurance</p> <p>Whilst recognising that the transactional nature of undertaking pre-employment checks carries an inherent risk of error, the testing undertaken identified instances of non-compliance across all of the areas we reviewed. In addition, the review highlighted weaknesses in control arrangements to ensure that robust systems are in place, resulting in significant risk that the Council will breach legislation and could make inappropriate recruitment decisions. We acknowledge that further resources have been put in place over the last year and there has been ongoing activity to create and implement procedures to standardise team working practices. However, it is clear that further work is still required to strengthen arrangements.</p> <p><b>Agreed Actions - risk level high (H) or medium (M):</b></p> <ul style="list-style-type: none"> <li>• Update the Inclusive Recruitment and Selection Policy in respect of schools and strengthen arrangements in respect of pre-employment for school-based employees. (M)</li> </ul>

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
	<ul style="list-style-type: none"> <li>• Update the Inclusive Recruitment and Selection Policy to ensure that all links are up to date and work and requirements for the use of the Right to Work coversheet are defined. (M)</li> <li>• Update guidance on the intranet to include details of all relevant pre-employment checks and introduce a periodic review process to ensure all links within the Policy and Recruitment Guide are up to date and work correctly. (M)</li> <li>• Develop appropriate team guidance covering the role of the Recruitment Administrator, review of the Managers Starter Form, completion of the Recruitment Checklist and reference risk assessments. (M)</li> <li>• Ensure that on-going work to train managers in the use of Tribepad is completed. (M)</li> <li>• Update the Managers Starter Form to include questions about continuous service, lone working and driving checks. (M)</li> <li>• Take action to reset standards in respect of the completion of recruitment checklists. (M)</li> <li>• Ensure that right to work checks are conducted in accordance with legislation and internal policy requirements. (H)</li> <li>• Update the Inclusive Recruitment and Selection Policy / Recruitment Guidance to provide clarity on the requirements for medical clearance for transfers and additional posts. (M)</li> <li>• Ensure that DBS checks are undertaken for all applicable posts and a record of the check, including whether the result is satisfactory is retained. (H)</li> <li>• Ensure that references are transferred from Tribepad to the employee's file in all instances and approval of references is obtained and retained for all posts. (M)</li> <li>• Ensure that evidence of qualifications and other registrations / checks are obtained and saved on the employee record. (M)</li> <li>• Ensure that salary matches are only approved in accordance with the Council's starting salary guidance. (H)</li> </ul>

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
	<ul style="list-style-type: none"> <li>• Take steps to ensure that all outstanding right to work follow up checks are completed as soon as practicable and consider whether it is more appropriate to run Resourcelink reports on a monthly basis. (H)</li> <li>• Take action to develop documented procedures which detail the processes required to manage and evidence sponsorship applications and ensure other officers are trained in the process. Ensure that Home Office evidence is retained on file for all sponsored employees. (H)</li> <li>• Take action to remind staff of the requirement to complete the recruitment pre-employment spreadsheets on a daily basis and ensure that the spreadsheet is updated consistently when checks are not required. (M)</li> <li>• Ensure that all evidence from DBS panels is saved in a central repository. (M)</li> </ul>

Audit Review / Actions Due / Responsible Officer(s)	Key Findings								
<p><b>Formal follow up: Information Governance Information Risk Management</b></p> <p><b>January 2024</b></p> <p><b>Head of Governance</b></p> <p><b>A summary of progress made against the agreed actions is shown below:</b></p> <table border="1" data-bbox="129 742 533 885"> <tr> <td><b>Number of actions</b></td> <td><b>8</b></td> </tr> <tr> <td><b>Implemented</b></td> <td><b>5</b></td> </tr> <tr> <td><b>No Progress</b></td> <td><b>3</b></td> </tr> <tr> <td><b>On-going</b></td> <td><b>-</b></td> </tr> </table>	<b>Number of actions</b>	<b>8</b>	<b>Implemented</b>	<b>5</b>	<b>No Progress</b>	<b>3</b>	<b>On-going</b>	<b>-</b>	<p><b>Overall Objective:</b> To provide assurance that agreed actions have been implemented as planned and there are now effective systems in place to identify, evaluate, control and monitor information risks.</p> <p><b>Recommendations followed up:</b></p> <ul style="list-style-type: none"> <li>- Undertake a fundamental review of the Information Governance Handbook with a view to providing a more simplified and coherent structure. (H)</li> <li>- Clarify the roles and responsibilities of the Information Management Strategy Group in relation to information risk management and ensure that they are clearly and consistently defined in appropriate documentation.(H)</li> <li>- Ensure that meetings are resumed as soon as practical to do so and include appropriate consideration of matters relating to information risk management. (H)</li> <li>- Reallocate the Senior Information Risk Owner role to the Director of Law and Governance. (H)</li> <li>- Re-evaluate the overall approach to information risk management, with consideration given to Information Governance coordinating the production of the risk register using the range of sources available to them. (H)</li> <li>- Ensure that appropriate policies and procedures are updated to reflect any changes to the risk management approach. (H)</li> <li>- Re-introduce the programme of spot checks across service areas and utilise the findings to update the information risk register as appropriate. (M)</li> <li>- Consider how the information risk management process can be coherently linked to the Council’s directorate risk register processes. (H)</li> </ul> <p><b>Opinion:</b> Reasonable Assurance It is clear that a much more robust system has been put in place to ensure that information risks are effectively managed. This includes creation of a risk register, which is subject to regular review and update by the Information Management Strategy Group and a defined process for the escalation of significant risks. Notwithstanding this, the review highlighted a small number of actions which still need to be progressed in order for arrangements to be fully effective.</p> <p><b>Agreed Actions – risk level high (H) or medium (M):</b></p> <ul style="list-style-type: none"> <li>• Take action to complete the review / update of the Information Governance Handbook. (H)</li> <li>• Ensure that the Information Risk Management Policy (and any related procedures) are updated to reflect the changes in approach to information risk management. (H)</li> </ul>
<b>Number of actions</b>	<b>8</b>								
<b>Implemented</b>	<b>5</b>								
<b>No Progress</b>	<b>3</b>								
<b>On-going</b>	<b>-</b>								

<b>Audit Review / Actions Due / Responsible Officer(s)</b>	<b>Key Findings</b>
	<ul style="list-style-type: none"><li>• Take action to adopt the revised approach to monitor compliance with data protection requirements and identify service areas for specific review / intervention by Information Governance. (M)</li></ul>