



Coventry City Council

# Public report

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**Report to**

Audit and Procurement Committee

17<sup>th</sup> March 2025

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership – Councillor G Duggins

**Director approving submission of the report:**

Director of Finance and Resources (Section 151 Officer)

**Ward(s) affected:**

City-wide

**Title:**

Internal Audit Recommendation Tracking Report

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**Is this a key decision?**

No

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**Executive summary:**

The purpose of this report is to provide the Audit and Procurement Committee with an update on the progress made in implementing internal audit recommendations since January 2024.

**Recommendations:**

The Audit and Procurement Committee is recommended to note the progress made in implementing audit recommendations and confirm its satisfaction with this and the proposed action by the Chief Internal Auditor 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

**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. Chief Internal Auditor) 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 As reflected within its terms of reference, the Audit and Procurement Committee is required to receive reports on Internal Audit’s follow up process. This report provides an update as to progress in respect of the agreed management actions which have been followed up during the period January 2024 to January 2025.

**2. Options considered and recommended proposal**

- 2.1 **Follow Up Procedure** - Given the number of audits that the Internal Audit Service completes every 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 an efficient and proportionate way. 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 this will take place.

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

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

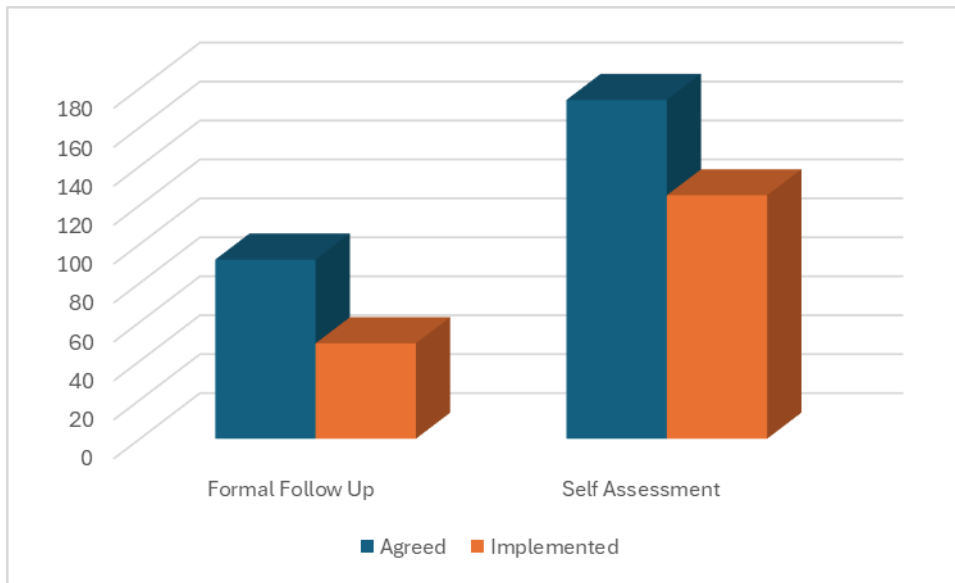
- 2.2 These considerations are expanded upon below:

- **Annual Audits:** Where audits are undertaken on an annual basis, a formal follow up review is undertaken as part of the next audit. This involves Internal Audit assessing progress through audit testing to ensure that agreed actions have been implemented and are working effectively.
- **Level of Assurance:** Any audit which receives 'no' or 'limited' assurance 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.

- **Self-Assessment 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.

2.3 Overall, it is believed 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 delivering the Annual Audit Plan.

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.



Of the 266 actions followed up, 65% 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 – 53% implementation rate.
- Self-assessment follow up method – 72% implementation rate.

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

- Formal follow up – The implementation rate of 53% has continued to improve over the last two years, and additional actions are ongoing to support the continued progress in this area (see below.)
- Self- assessment – The rate of implementation continues to be higher than the formal follow-up method, which potentially calls into question the reliability of the self-assessment method. Steps are being taken to address this, with clarity being sought where managers do not provide sufficient information to support their assessment.

During 2024-25, the Chief Internal Auditor attended Leadership Board to discuss the importance of implementing agreed audit recommendations and the follow up process. As a result, trackers have now been put in place for each Director so they can monitor progress independently and a further update will be provided to Leadership Board in the near future.

- 2.6 **Proposed Way Forward for Dealing with Outstanding Actions** - After the follow up has been 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 highlighted within Appendices One and Two.

### 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 Director of Finance and Resources and the Director of Law and Governance**

#### 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 implementing audit recommendations ensures that the Council meets its statutory obligations in respect of maintaining an effective 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/strategies-plans-policies/one-coventry-plan>)

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 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 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 and Resources

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<b>Contributors:</b>				
Lara Knight	Governance Services Co-ordinator	Law and Governance	26/2/2025	27/2/2025
Tina Pinks	Finance Manager Corporate Finance	Finance and Resources	26/2/2025	28/2/2025
<b>Names of approvers for submission: (officers and members)</b>				
Barry Hastie	Director of Finance and Resources (Section 151 Officer)	-	26/2/2025	27/2/2025
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	26/2/2025	4/3/2025
Councillor R Lakha	Chair of Audit and Procurement Committee	-	26/2/2025	26/2/2025

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**Appendix One – Results of Formal Follow Up Exercise**

<b>Audit Review</b>	<b>High Risk Actions Agreed</b>	<b>High Risk Actions Implemented</b>	<b>Medium Risk Actions Agreed</b>	<b>Medium Risk Actions Implemented</b>	<b>Additional Comments</b>
Compliance with Pre-employment checks	6	4	13	6	
Enabling Attendance	4	3	4	2	
Resourcelink Self Service Delegated Authority	4	4	0	0	
Transparency Code	4	0	1	0	Subject to a further formal follow up
IR35 in Schools	4	3	1	0	Subject to a further formal follow up
IR35	6	3	2	2	
Accounts Receivable 23/24	0	0	2	1	
Payroll 23/24	0	0	2	2	
Council tax 23/24	0	0	5	3	
Business Rates 23/24	4	1	10	1	Staffing changes and resource issues have delayed progress. Lack of progress was highlighted in the audit opinion. Subject to an annual audit in 2024-25
Care Director 23/24	2	2	18	12	
<b>Total</b>	<b>34</b>	<b>20</b>	<b>58</b>	<b>29</b>	

Revised implementation dates have been agreed for all outstanding actions, and these will be followed up through a further formal follow up / the 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	Additional Comments
EDI in Recruitment	0	0	4	4	
Software Asset Management	0	0	4	3	
Mobile devices	0	0	4	0	
Repairs and Maintenance	4	1	0	0	
Storage Area Network	0	0	1	1	
Dol-y-Moch Recruitment	0	0	10	9	
Accounts Payable	1	1	4	3	
Information Governance Risk Management	2	2	1	1	
John Gulson Primary School	7	5	10	7	
Holyfast Primary School	7	7	10	9	
IT Equipment Physical Security Controls	2	2	8	3	
Statutory Compliance	6	2	1	0	
Budgetary Control	3	2	0	0	
Monitoring of Key IT Platforms	0	0	1	1	
Pothole Pro Health Check	0	0	2	2	
Limbrick Wood Primary School	3	3	6	6	
Whitmore Park Primary School	10	9	8	5	
Stoke Primary School	5	3	9	8	
Accounts Receivable	0	0	1	1	
End User Computing	0	0	5	1	
Off Contract Agency Spend	0	0	5	0	Staffing changes have delayed progress
Asset Management Patching and Configuration	0	0	1	1	

<b>Audit Review</b>	<b>High Risk Actions Agreed</b>	<b>High Risk Actions Implemented</b>	<b>Medium Risk Actions Agreed</b>	<b>Medium Risk Actions Implemented</b>	<b>Additional Comments</b>
Compliance with Working Together Standards	2	2	1	1	
Council Tax arrears	0	0	6	5	
Register Office	0	0	5	4	
Deprivation of Liberty Safeguards	2	1	2	0	
Allesley Primary School	0	0	4	3	
Risk Management	0	0	4	4	
IR35	3	3	0	0	
<b>Total</b>	<b>57</b>	<b>43</b>	<b>117</b>	<b>82</b>	

Revised implementation dates have been agreed for all outstanding actions, and these will be followed through a further self-assessment.