



Audit Committee Report

REPORT OF Chief Internal Auditor **DATE**
31st January 2013

SUBJECT Progress on High Opinion Audit Reports

SUMMARY The attached is the report of the Chief Internal Auditor providing an updated position on Audit Reports issued with a high opinion.

RECOMMENDATIONS Sheffield City Council Audit Committee to note the contents of the Report

FINANCIAL IMPLICATIONS No **PARAGRAPHS**
CLEARED BY S Gill

BACKGROUND PAPERS

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CATEGORY OF REPORT

Open

Statutory and Council Policy Checklist

Financial implications
YES /NO Cleared by: S Gill
Legal implications
YES /NO
Equality of Opportunity implications
YES /NO
Tackling Health Inequalities implications
YES /NO
Human rights implications
YES /NO
Environmental and Sustainability implications
YES /NO
Economic impact
YES /NO
Community safety implications
YES /NO
Human resources implications
YES /NO
Property implications
YES /NO
Area(s) affected
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council? YES/NO
Press release
YES /NO

REPORT TO SHEFFIELD CITY COUNCIL AUDIT COMMITTEE
31st January 2013

Chief Internal Auditor's Report – Progress Against High Opinion Audit Reports.

Purpose of the Report

1. The purpose of this 'rolling' report is to present and communicate to members of the Audit Committee progress made against recommendations in audit reports that have been given a high opinion.

Introduction

2. An auditable area receiving a 'High Opinion' is considered by Internal Audit to be an area where the risk of the activity not achieving objectives is high and sufficient controls were not present at the time of the review.
3. Appendix A provides a status update table, detailing the progress made against numbers of recommendations in each high opinion report.
4. Appendix B provides an update to the Audit Committee with regard to high opinion audit reports previously reported. Where Internal Audit has yet to undertake follow up work, the relevant Portfolio Directors were contacted and asked to provide Internal Audit with a response. This included indicating whether or not the recommendations agreed therein have been implemented to a satisfactory standard. Internal Audit clearly specified that as part of this response, Directors were to provide specific dates for implementation and that this was required by the Audit Committee.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the report.

EQUAL OPPORTUNITIES IMPLICATIONS

There are no equal opportunities implications arising from the report.

RECOMMENDATION

That the Audit Committee notes the content of the report.

Steve Gill
Chief Internal Auditor

SHEFFIELD CITY COUNCIL
 UPDATED POSITION ON HIGH OPINION AUDIT REPORTS AS AT 23 NOVEMBER 2012.

APPENDIX A

Audit Title	No of agreed recs	No. complete – from Directors update	No. complete – from IA follow up	Original completion date for all actions	Revised completion date for all actions
Carbon Reduction Commitment (Place)	11	*	7	31.03.12	31.03.13
Cash Handling Appointeeships (Communities)	12	*	6	30.12.12	31.03.13
Critical Incidents Planning (CYPF)	9	*	7	31.10.11	31.03.13
Youth Commissioning – Sheffield Futures (CYPF)	15	15	**	30.06.12	n/a
Performance Monitoring Process (DCex)	5	*	2	30.09.11	31.07.12
Risk Management (Place)	12	*	6	02.07.12	See narrative
Register Office (DCex)	29	17	**	12.08.13	31.08.13
Marketing Sheffield (Place)	25	14	**	31.01.13	31.01.13
Establishment Control (Resources)	4	3	**	30.09.12	31.01.13

Key

* No update requested from Director as a follow up audit undertaken by Internal Audit.

** Follow up audit is scheduled for future (13/14 plan) therefore updated position supplied by responsible Director.

SHEFFIELD CITY COUNCIL
UPDATED POSITION ON HIGH OPINION AUDIT REPORTS AS AT 23 NOVEMBER 2012.

APPENDIX B

1. Audit Report: Carbon Reduction Commitment (CRC) (Place).

Issued to the Audit Committee March 2012.

Updated position

Internal Audit: No further update was requested from the responsible Director as follow up work was undertaken in September 2012. The follow up review found that 7 out of the 11 agreed recommendations had been actioned, with progress being made on the remaining 4 actions. A target date of 31.03.13 was in place for these 4.

2. Audit Report: Cash Handling Appointeeships in Residential Homes (Communities).

Issued to the Audit Committee Feb 2012.

Updated position

Internal Audit: No further update was requested from the responsible Director as follow up work was undertaken in September 2012. The follow up work concluded that from the original 12 recommendations, six had been completed and work was either planned or partially completed with a target date of March 2013 for all the remaining actions. Internal Audit have provided management with more detailed feedback to strengthen the Appointeeships Procedural Guidelines in place

3. Audit Report: Critical Incident Planning (CYPF).

Please note: this high opinion report was issued prior to the revised reporting arrangements to the Audit Committee – hence not issued in full to the Committee. Therefore an overview paragraph has been included:
The audit covered schools and other external locations in addition to all central CYPF service areas. The audit concentrated on the policy and associated procedures in place ensuring that incidents were appropriately identified and dealt with. 13 recommendations were made - 9 of which were agreed.

Updated position

Internal Audit: No further update was requested from the responsible Director as follow up work was undertaken in September 2012. From the information provided Internal Audit is satisfied that progress has been made against the 9 original recommendations made and agreed;

- 7 had been implemented and documentary evidence provided to support this;
- 2 had written management assurance of implementation provided. These actions were due to be undertaken/completed by the end of the financial year.

Additionally, follow-up testing has demonstrated that action has also been taken against the 4 recommendations that were not agreed at the time of the original report:

- 3 had been fully implemented;
- 1 had written management assurance provided of implementation.

4. Audit Report: Performance Monitoring Process (Deputy Chief Executives).

Please note: this high opinion report was issued prior to the revised reporting arrangements to the Audit Committee – hence not issued in full to the Committee. Therefore an overview paragraph has been included:
An audit was undertaken on the performance monitoring process which is in place to monitor the performance of the Council and report to a number of internal and external bodies. Five recommendations were made and subsequently agreed. The audit was given a high opinion due to the high priority given to all the recommendations. The report was issued to management and the Executive Director on 13/07/2011.

Updated position

Internal Audit: No further update was requested from the responsible Director as follow up work was undertaken in June 2012. The follow up work undertaken in June 2012 concluded that 2 out of the 5 agreed recommendations had been actioned; with the remaining actions to be completed by July 2012.

5. Audit Report: Youth Commissioning – Sheffield Futures (CYPF).
Issued to the Audit Committee February 2012.

Updated position

Internal Audit: A follow up audit is to be undertaken in quarter 4 of the 2012/13 plan.

Tony Tweedy, Director - Lifelong Learning, Skills and Communities, CYPF response:

"The Actions recommended in the report have been implemented to a satisfactory standard. A specification for work in 2012-13 and an associated contract value were agreed prior to 1st April 2012, and a schedule of monitoring and reporting is in place. The service has agreed on a 6 monthly reporting schedule for 2012-13 (the auditor recommended a quarterly arrangements) because we currently have weekly management meetings with Sheffield Futures senior managers, weekly data monitoring arrangements and at least weekly access to budget data. We have formally ended the arrangements through which Council officers were directly supporting the Sheffield Futures Management team, as the immediate threat to the organisation (and associated reputational and financial risk to the Council) has been neutralised: the organisation has now recruited directly a Chief Executive and business manager through its own resources."

6. Audit Report: Risk Management (Place).

Issued to the Audit Committee May 2012.

Updated position

Internal Audit: No further update was requested from the responsible Director as follow up work was undertaken in October 2012.

The follow up audit work concluded that of the 12 recommendations agreed, 6 had been fully actioned across all service areas within Place. Of the remaining 6 actions:

- 5 had been implemented to service area level but it was acknowledged by the Director of Business Strategy & Regulation that work to further embed risk management procedures in a minority of services was on-going. He further confirmed that as such it was not appropriate to provide a firm end date for this.
- 1 action with regard to the review of project risk management arrangements remained outstanding as this was pending the development of corporate risk management arrangements.

Comments were provided by the Place Programme Manager acknowledging that there were areas of weakness where implementation was ongoing or needed to begin. These are produced below:

There will be further implementation of the Corporate Risk Management Framework in the lower management tiers where this has not already taken place, alongside implementation across all service areas of a robust Quality Assurance process around the identification, description and assessment of risks. There will be ongoing review of the management of risk actions and removal of risks as appropriate in a timely manner.

7. Audit Report: Register Office (DCEX)
Issued to the Audit Committee September 2012.

<p>Updated position</p> <p>Internal Audit: A follow up review is planned as part of the 2013/14 audit plan.</p>
<p>Lynne Bird, Director of Legal Services response:</p> <p>"Of the 29 recommendations made by Internal Audit that were agreed or partially agreed 17 have been completed.</p> <p>Eight of the 10 high risks have been completed the 2 that have not are as follows - payment of clergy, which will be virtually complete by the end of November 2012 and guidance on data protection, which will be completed by 31st March 2013.</p> <p>Of the 15 risks categorised as medium 8 have been completed. The 7 outstanding actions identified as medium will be prioritised between December 2012 and March 2013 with a view to completion by 31st March 2013. These include: drawing up the communications plan, under going training on fraud assessment, preparation of a fraud plan and fraud assessment, reviewing fees, reviewing stock control, and providing a key policy.</p> <p>Of the 4 low risks 1 has been completed. The remaining 3 recommendations identified as low, which include ensuring adequate version control and ownership of procedures, noting the date of incoming NCS applications on the form and filing in date order and providing fact sheets at key customer points will be progressed through the year and completed by August 2013".</p>

8. Audit Report: Marketing Sheffield (Place).
Issued to the Audit Committee November 2012.

Updated position

Internal Audit: A follow up review is planned as part of the 2013/14 audit plan.

Brendan Moffett, Director of Marketing Sheffield response:

“Of the 25 agreed recommendations 13 have been implemented and 12 are in progress with the completion date of 31st January 2013.

Marketing Sheffield has already instigated a high number of the proposed actions with a general tightening of procedures. There is on-going dialogue between Marketing Sheffield and Commercial Services surrounding all pending and potential procurement in 2013/14 and beyond.

Changes to Job Descriptions have been integrated into the HR Director Review (Director – Marketing Sheffield) and all other Marketing Sheffield Job Descriptions are being amended in line with an MER process in which 2 roles will be deleted in January 2013.

Financial Monitoring, monthly forecasting of income and expenditure and an improved financial coding structure have all been implemented in conjunction with the Place Finance Team. This includes monthly monitoring of accruals and there has been an increased performance in this and monthly debt monitoring.

Business Planning is in line with Place Portfolio processes, and Marketing Sheffield is now fully integrated into Place Quarterly Performance Management. Some IT software integration issues remain, dialogue is on-going with BIS with regard to a viable solution”.

9. Audit Report: Establishment Control (Resources).
Issued to the Audit Committee July 2012

Updated position

Internal Audit: A follow up review is planned as part of the 2013/14 audit plan.

Julie Toner, Director of Human Resources response:

"The following actions have been taken to ensure that the establishment information is correct and changes made in a timely manner, as required by the Audit report.

System Issues - The Council and Capita now have a programme of improvement in place to improve the HR system capability and fundamental to this is to ensure that the Council has accurate establishment information. A discrepancy report has been run which highlighted discrepancies between post to post and hierarchy. Where there are issues these are being addressed. In addition there have been a number of meetings between the Director of HR, Directors of Business Strategy and HR Business Partners to ensure that Portfolios update their hierarchies and cleanse inaccurate data. In November the biannual workforce census takes place; this will ensure that all individual data is checked and amended in the system.

Ongoing Changes to Establishment - Capita have amended the forms and processes which are used to change and update the establishment. The Managers' Guide to Establishment Control is updated and on the Intranet.

KPIs - The use of KPIs to measure establishment control has been investigated and it has been decided that this is not the best way to manage this issue. Org Plus will be rolled out to all managers in January 2013; this will enable HR Business Partners and managers to better understand, check and amend their establishment. Establishment information is reported in the quarterly HR report to both Executive Management Team and to Portfolio Leadership Teams.

Risks & Issues Register - The risks and issues log is regularly reviewed and is updated on a monthly basis as the HR/Capita Service Operations Board".