

audit 2001/2002

Review of Internal Audit

City of Salford

ACTION PLAN



DISTRICT AUDIT

Reference:	SA002-04-2002
Date:	July 2002

Recommendation	Priority 1 = Low 2 = Med 3 = High	Authority's response	Officer responsible	Timescale
Staffing and training				
R1 Audit management should consider ways of increasing the level of professionally qualified staff.	2	The value of professionally qualified staff is recognised and so too is the value of those staff who possess the necessary qualities to make them effective auditors but who have no formal, certificated qualification. The recommendation is accepted and it is recognised that action will be needed by the Internal Audit team and by a wider group of senior officers. This wider group will need to address the issue from a Directorate perspective given that professionally-qualified staff are not easily recruited and that an element of 'rationing' might be needed to balance the conflicting demands for these relatively scarce resources.	AW/DAS/RB	Immediate. Impending restructure of Audit to consider this matter.
Relationships				
R2 The Internal Audit Section should produce an annual report that includes information such as performance indicators and a view on the Council's internal control systems.	2	Agreed and already implemented. The latest Annual Report was reported to the Audit Committee in June 2002.	DAS/CG	Ongoing.
Due Care				
R3 Job review procedures should be examined with a view to reducing the number of staff involved.	2	Agreed. Although it should be emphasised that the current review process is not, in our opinion, a duplication of effort. Different levels of review are contributing different elements to the process, with the higher-level review delivering a more strategic input than at the operational level.	DAS/CG	30 September 2002.
R4 Quality control questionnaires that have not been returned should be followed up.	2	Agreed. The Quality Control Questionnaires are currently being reviewed and updated. As part of this review we will be considering the distribution modes, including the possibility of electronic messaging and follow-up.	DAS/CG/JJP	30 September 2002.

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R5 Consideration should be given to extending the computerised record of questionnaires so that it can provide a more detailed analysis of results.	1	Agreed. To be dealt with in conjunction with R4 and in the same timescale.	DAS/CG/JP	30 September 2002.
Controlling				
R6 Progress monitoring reports should identify the year to which the testing of key financial systems relates.	2	Agreed. AMIS database to be amended to address this issue.	DAS/CG	30 September 2002
Recording and evidence				
R7 A consistent approach to system mapping should be adopted.	2	Agreed. To be addressed as part of forthcoming team training and guidance. To be periodically monitored as part of peer review process.	DAS/CG/JP/AW	30 September 2002
R8 Risk assessments should be clearly evidenced and referenced to the systems documentation.	3	Agreed. To be addressed as part of forthcoming team training and guidance. To be periodically monitored as part of peer review process.	DAS/CG/JP/AW	30 September 2002
R9 Supporting evidence should be clearly referenced to tests.	2	Agreed, although such instances are isolated. To be addressed as part of forthcoming team training and guidance. To be periodically monitored as part of peer review process.	DAS/CG/JP/AW	30 September 2002
R10 Staff should be reminded of the need to fully complete all working papers.	2	Agreed, although such instances are isolated. To be addressed as part of forthcoming team training and guidance. To be periodically monitored as part of peer review process.	DAS/CG/JP/AW	30 September 2002

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Evaluating internal control					
R11	Testing of key financial systems should identify whether controls have been operating throughout the system for the whole of the financial year.	3	The principle of the recommendation is accepted but for reasons that the report itself identifies the Internal Audit team's efforts to meet this recommendation can be frustrated by other events. Nevertheless, every effort will be made to comply with what is recognised as good practice and as the report says, further work is planned to be carried out by September 2002.	DAS/CG	Ongoing
R12	Where reliance is being placed on the controls operated by directorates, these should be reviewed to ensure that they have been working in practice.	2	Agreed. As the report itself recognises we have already said that we are planning to increase the amount of time spent visiting certain establishments in 2002/2003. The work of the officer in the Leisure Services Directorate who monitors leisure centres will also be reviewed.	DAS/CG	Establishment visits will be spread through the year and the Leisure Services issue will be addressed as part of the next audit job to be undertaken in that Directorate.
R13	Work programmes should be developed for all establishment visits.	2	Agreed. Some programmes have already been developed and will be supplemented with ongoing development. A list of proposed areas for development will be produced by 30 September 2002. Current standard programmes will also be updated in the light of recent developments.	DAS/CG	During 2002/2003
R14	Internal Audit should undertake pro-active fraud investigation work as planned.	3	Agreed. The principle of proactive fraud investigations has already been agreed with the Director and Lead member for Corporate Services, and the Director of Personnel and Performance.	DAS/AW	During 2002/2003

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Reporting and follow up				
R15 Every effort should be made to ensure that draft reports are issued within ten working days of completing the fieldwork.	3	Agreed. The validity of this recommendation is recognised and as the report comments, the poor performance in this respect was due to a particular set of circumstances which we hope will not be repeated. If the circumstances do not recur we will readily meet the 10 day target. In the unlikely event that they do, we will adopt alternative approaches if we can to allow us to meet the target. Team Leaders, who already monitor sickness absence, will pay particular attention to the effects of absence on delays in issuing reports.	DAS/CG/AW	Immediate
R16 The Authority should act upon the recommendations contained in Internal Audit's outstanding reports on key financial systems.	3	Agreed. The report recognises that the Internal Audit Team has taken reasonable steps to secure responses and this recommendation is taken as in effect being addressed to the recipients of audit reports and others. The Authority recognises the validity of the recommendation and would endorse the view that failure to agree responses to reports can lead to significant problems. It is worth repeating that the instances quoted in the report were indeed centred on areas of work which were experiencing particularly acute workload pressures and that this was a contributory factor to the lack of response. The Director of Corporate Services will raise this issue at the next Directors' Meeting where he will emphasise the importance of timely responses and seek undertakings from fellow Directors that this matter will be addressed for all future reports. The Director will also ensure that responses are provided in respect of the outstanding reports (which happen to be in his Directorate) by the end of August 2002.	Director of Corporate Services	Immediate

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R17 Internal Audit should publish key reports without a management response if this has not been forthcoming within a reasonable timescale.	3	We would regard the issue of a report without a management response as a second best solution, not to be preferred and in fact to be avoided if at all possible. Having said that, it is recognised that even this is better than not issuing a valid audit report at all. We will therefore develop a protocol, and seek the endorsement of the Audit Committee for it, which will accommodate such a course of action. We would wish it to be known by all parties, however, that we would resort to this action only in extreme cases and would regard its use as something of a sign of failure.	RB/DAS	30 September 2002