

30 January 2019**Agenda Item: 9****REPORT OF SERVICE DIRECTOR, FINANCE, PROCUREMENT &
IMPROVEMENT****FOLLOW-UP OF INTERNAL AUDIT RECOMMENDATIONS****Purpose of the Report**

1. To report progress with the implementation of agreed management actions to address Internal Audit recommendations.

Information

2. Internal Audit carries out regular follow-up work to obtain assurance that the actions proposed by management in response to Internal Audit's recommendations are being taken. This assurance is obtained in two phases, as set out below:

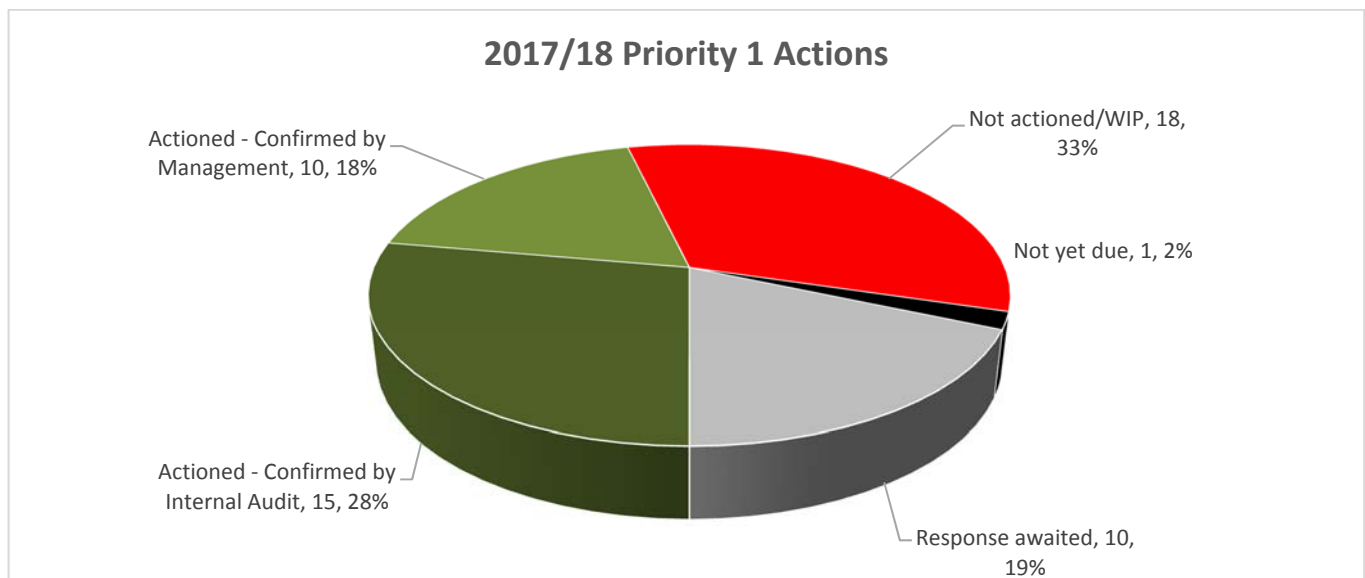
Priority rating of recommendation	Management assurance	Internal Audit assurance
Priority 1	Assurance is sought from management that all agreed actions have been taken	Compliance testing scheduled to confirm all agreed actions relating to high priority recommendations are carried out consistently.
Priority 2		Compliance testing is scheduled for selected medium priority actions

3. Internal Audit carries out the following work to provide an update on progress:
 - For recommendations agreed in audit reports issued since the date of the previous meeting, seeking assurance from management that agreed actions have been taken in accordance with the proposed timescales
 - For actions previously confirmed to have been taken by management, carrying out compliance testing to confirm satisfactory implementation.
4. In connection with the move from an Annual Internal Audit Plan to three Termly Audit Plans per year, Members agreed to a revised and less frequent schedule for reporting the follow-up of recommendations. Updates are now presented on a 6-monthly basis rather than quarterly.

5. A further development currently in progress concerns the facility for obtaining management assurance. Internal Audit's automation system is undergoing development to enable action owners across the Council to input their updates on progress directly to the Audit system. This will be prompted by system-generated reminders as each action's implementation date falls due. Once tested and rolled out, this should bring further efficiency to the follow-up procedure.

Priority 1 Actions

6. **Appendix 1** sets out the updated position with the Priority 1 actions that are being cleared through the follow-up process. This sets out details of the agreed management actions, the management assurances received and the outcome of Internal Audit's follow-up testing to date. The appendix also indicates the proposed timing for follow-up testing by Internal Audit in future periods. It has been updated since the previous update to Committee as follows:
- Actions previously confirmed as implemented by Internal Audit have been removed
 - New actions agreed in recently issued reports have been added.
7. The status of the Priority 1 actions from 2017/18 audits is summarised in the following chart:



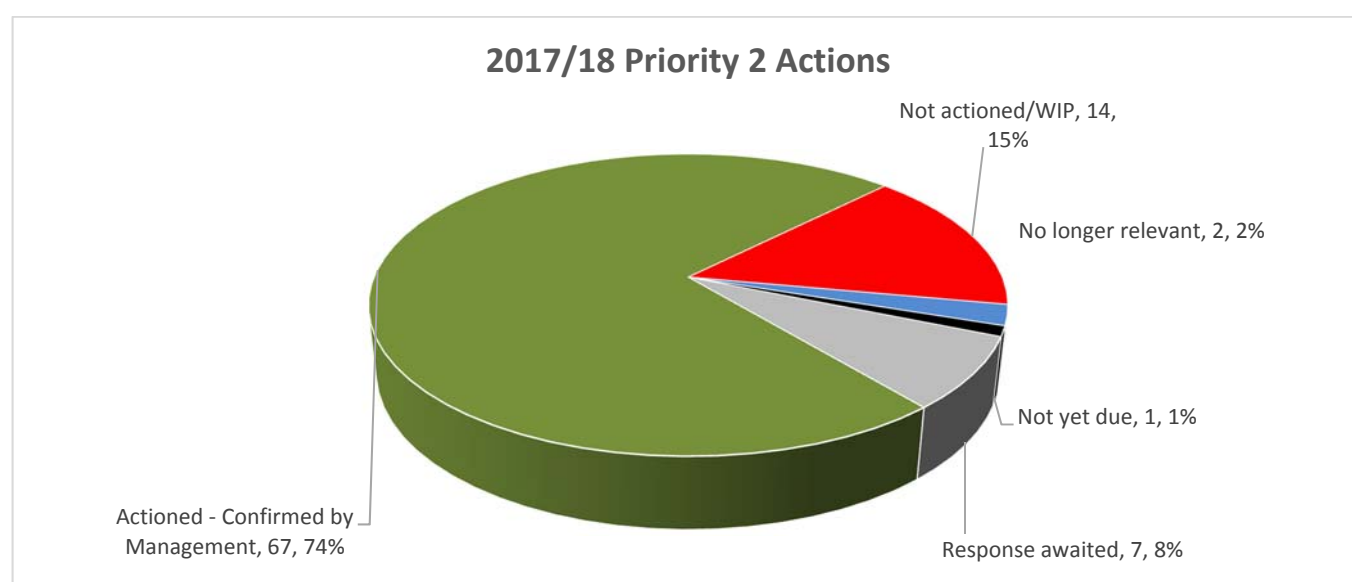
8. Follow-up testing by Internal Audit since the previous update in May 2018 has been completed in the following areas:
- a) Adults, Social Care & Health (ASCH) Dept: Short Breaks – testing confirmed implementation of the agreed actions.
 - b) ASCH Dept: Procurement of Interim Homecare – the service has been retendered and it was hoped this would remove the need for the use of spot providers, other than to provide continuity of service to on-going service users. Testing identified the engagement of a further spot provider to supplement the work of the tendered providers, therefore further management updates and testing by Internal Audit will be scheduled to monitor progress.
 - c) ASCH Dept: Procurement of suppliers – significant progress has been made across each of the 10 Priority 1 actions arising from this audit. However, full implementation of four actions was continuing at the time of the follow-up. Members of the Procurement Team will attend the Committee to provide a verbal briefing on the progress being made.
 - d) Children & Families (C&F) Dept: School expansion & pupil place planning – one of the Priority 1 actions arising from this audit was due for testing and this confirmed

implementation. A further two Priority 1 actions will be tested as they fall due for the next update.

- e) Place Dept: Catering – progress with implementation of an electronic basis for confirming the receipt of goods prior to paying suppliers' invoices remains in progress. A verbal update on the progress being made will be provided at the Committee by an appropriate officer from the service area.
- f) Cross-cutting: Strategic Risk Management – the action to re-introduce a risk register for the Place Department has been implemented.
- g) Cross-cutting: Invoicing & debt recovery – testing confirmed implementation of the agreed actions.
- h) Cross-cutting: Compliance with tendering regulations – testing confirmed implementation of the agreed actions.

Priority 2 Actions

9. Progress with implementation of these recommendations is summarised in the following chart.



10. The position above relates primarily to the assurance updates received from management and this continues to provide a positive level of assurance that improvements to the Council's system of internal control are being made as a result of Internal Audit's work.

Management updates to the Governance & Ethics Committee

11. Arising from the details presented in this report, the Committee may consider that it requires further updates and assurances from management at its next meeting in relation to one or more of the areas in which agreed actions remain outstanding.

Other Options Considered

12. No other options for obtaining the required assurances were considered at this time.

Reason/s for Recommendation/s

13. To enable the Governance & Ethics Committee to consider whether it has received sufficient assurance that actions in response to Internal Audit's recommendations are being

implemented as agreed, or whether it considers that further and more detailed updates from management are required.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Many of Internal Audit's recommendations are made with specific financial implications in mind. Such recommendations, and the associated management actions, are designed to secure effective governance, internal control and risk management.

RECOMMENDATION/S

1) The progress detailed in the report and its appendix are considered, and the Committee determines whether it wishes to receive further and more detailed updates on progress from relevant managers in any of the areas of activity covered by this report.

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For any enquiries about this report please contact: Rob Disney, Group Manager - Assurance

Constitutional Comments [KK 14/01/2019]

15. The proposals in this report are within the remit of the Governance & Ethics Committee.

Financial Comments [RWK 14/01/2019]

16. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All