

**27 September 2017**

**Agenda Item: 6**

## **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 and Advice**

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:

<b>Priority rating of recommendation</b>	<b>Management assurance</b>	<b>Internal Audit assurance</b>
High	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.
Medium		Compliance testing is scheduled for selected medium priority actions
Low		No Internal Audit compliance testing is carried out
Value For Money (VFM)		Compliance testing may be scheduled for the more significant VFM recommendations

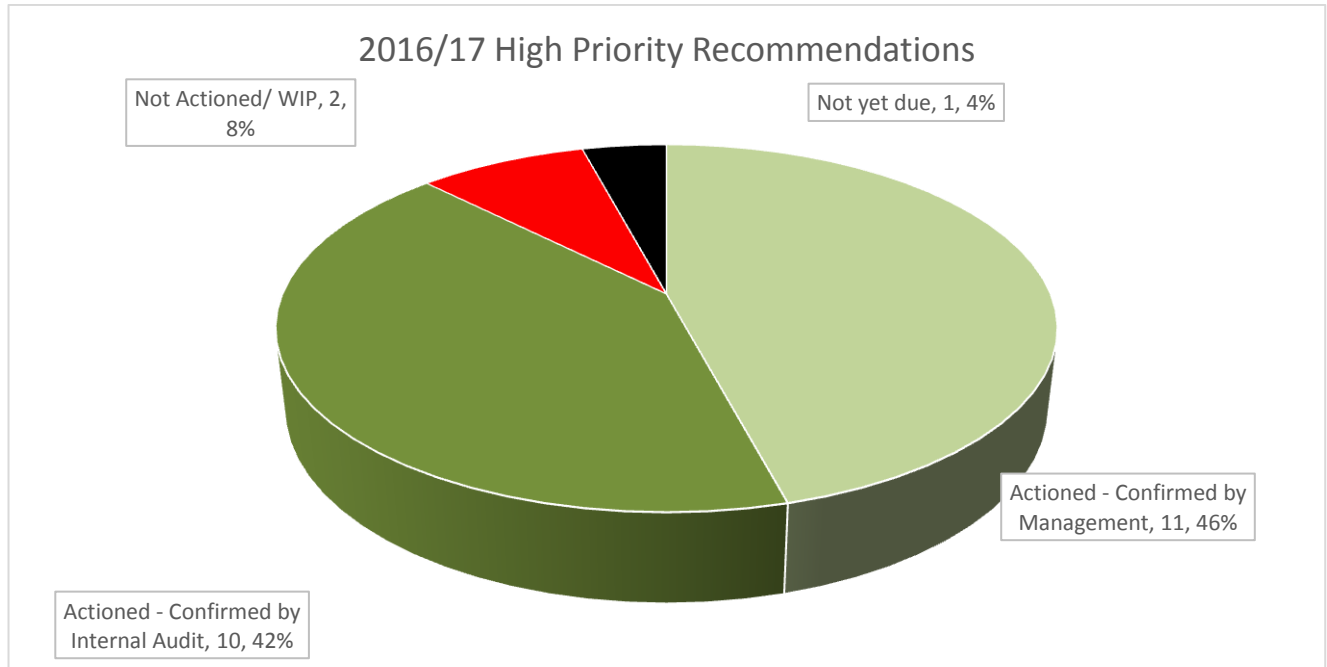
3. During each quarter, Internal Audit carries out the following work to provide an update on progress:
  - For recommendations agreed in audit reports issued since the date of the previous meeting, seeking assurance from management that agreed actions have been taken in accordance with the proposed timescales
  - For actions previously confirmed to have been taken by management, carrying out compliance testing to confirm satisfactory implementation.

#### **High Priority Actions**

4. **Appendix 1** sets out the updated position with the high priority actions from 2016/17 audits that have still to be 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 quarters.

5. The current status of the high priority actions is summarised in the following chart:



6. Follow-up testing and management assurances since the previous update in June 2017 have focused on the following:

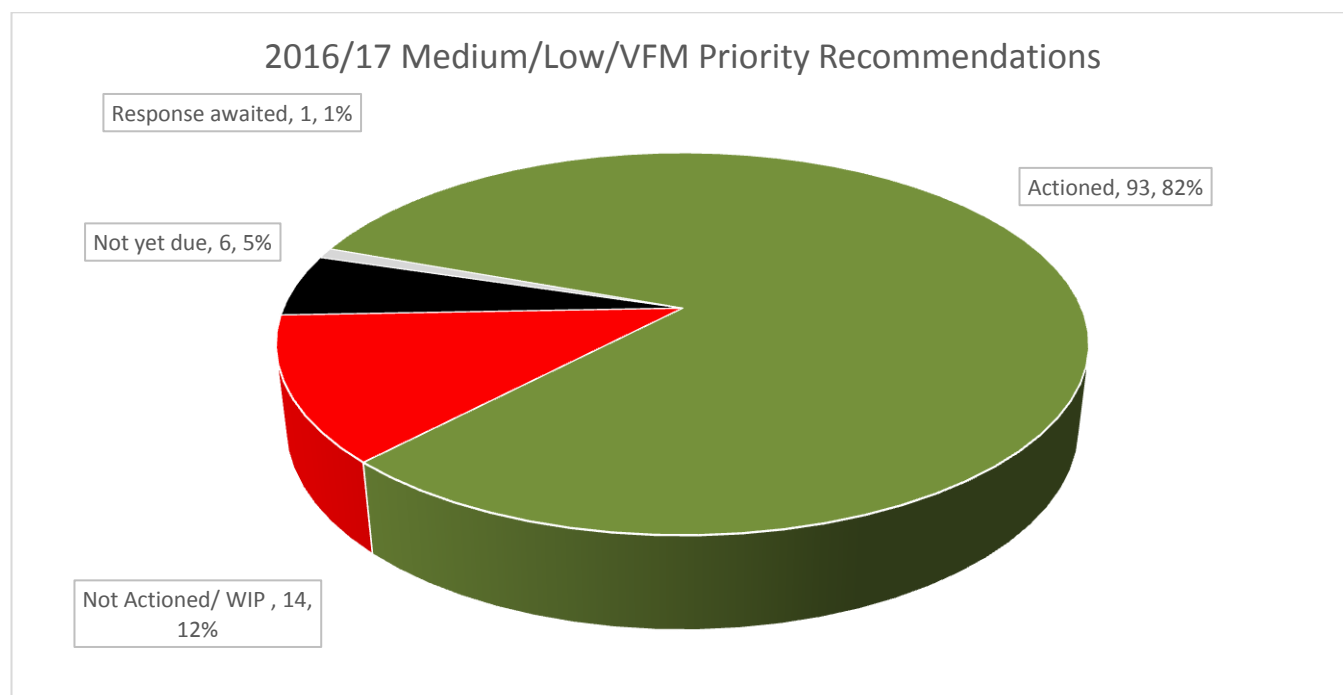
- a) Children, Families & Cultural Services (CFCS) Department: Troubled Families Programme – the agreed actions have been implemented. The impact of these actions on one of the primary objectives of the programme, to increase the number of families engaged with, has been limited so far. However, data released recently by the Department for Communities and Local Government (DCLG) shows that the performance in Nottinghamshire is not out of kilter with that being achieved by comparable authorities.
- b) Council-wide audit: Use of agency staff and consultants – testing has confirmed that all but one of the agreed high priority actions have been taken. At the time of compiling this report, testing was continuing on the use of the Vacancy Control Decision Record in the process for re-engaging agency workers at the end of initial, short-term placement.
- c) Business Services Centre (BSC) Competency Centre – evidence confirms that the action is in place to verify system changes against records of authorised change activity.

7. Priorities for follow-up actions in the next quarter, and for reporting in the next update to Committee in January 2018, are the following:

- a) Place Dept: Catering (West Bridgford campus)
- b) CFCS Dept: Special Educational Needs & Disability (SEND) Transport – budget management

### **Medium, Low & VFM Priority Actions**

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



9. The position above relates to the assurance updates received from management. Internal Audit's follow-up testing of selected medium priority actions has not identified any on which no progress has been made. 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***

10. 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**

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

**Reason/s for Recommendation/s**

12. 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**

13. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and adults at risk, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Financial Implications**

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.

**Nigel Stevenson**

**Service Director – Finance, Procurement and improvement**

**For any enquiries about this report please contact: Rob Disney, Head of Internal Audit**

### **Constitutional Comments [SMG 18/09/2017]**

14. Governance & Ethics Committee is the appropriate body to consider the content of the report. If the Committee resolves that any actions are required it must be satisfied that such actions are within the Committee's terms of reference.

### **Financial Comments [RWK 13/09/2017]**

15. There are no specific financial implications arising 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