

12 June 2019

Agenda Item: 6

**REPORT OF SERVICE DIRECTOR, FINANCE, INFRASTRUCTURE &
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 on a 6-monthly basis:
 - 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. Progress continues to be made with improving the process for obtaining management assurance. Testing is due to commence on a development with Internal Audit's automation system 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

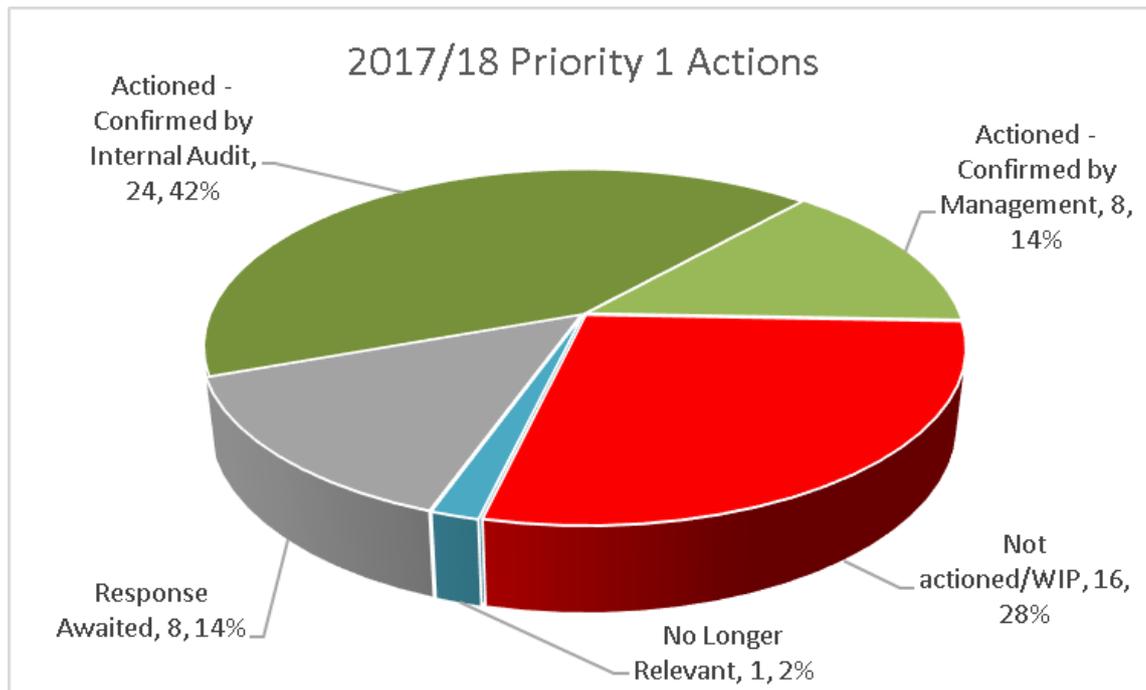
5. **Appendix 1** sets out the updated position with the Priority 1 actions that are being cleared through the follow-up process. This sets out details of the agreed management actions, the management assurances received and the outcome of Internal Audit's follow-up testing to date. The categorisation we follow as regards the Red-Amber-Green (RAG) rating included in the appendix is:

- Red – the implementation date has passed but the action remains in progress – based either on management's update or on Internal Audit's own testing;
- Amber – management has confirmed that the action has been completed; and
- Green – Internal Audit's testing confirms the action is operating consistently.

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.

6. The status of the Priority 1 actions from 2017/18 audits is summarised in the following chart:



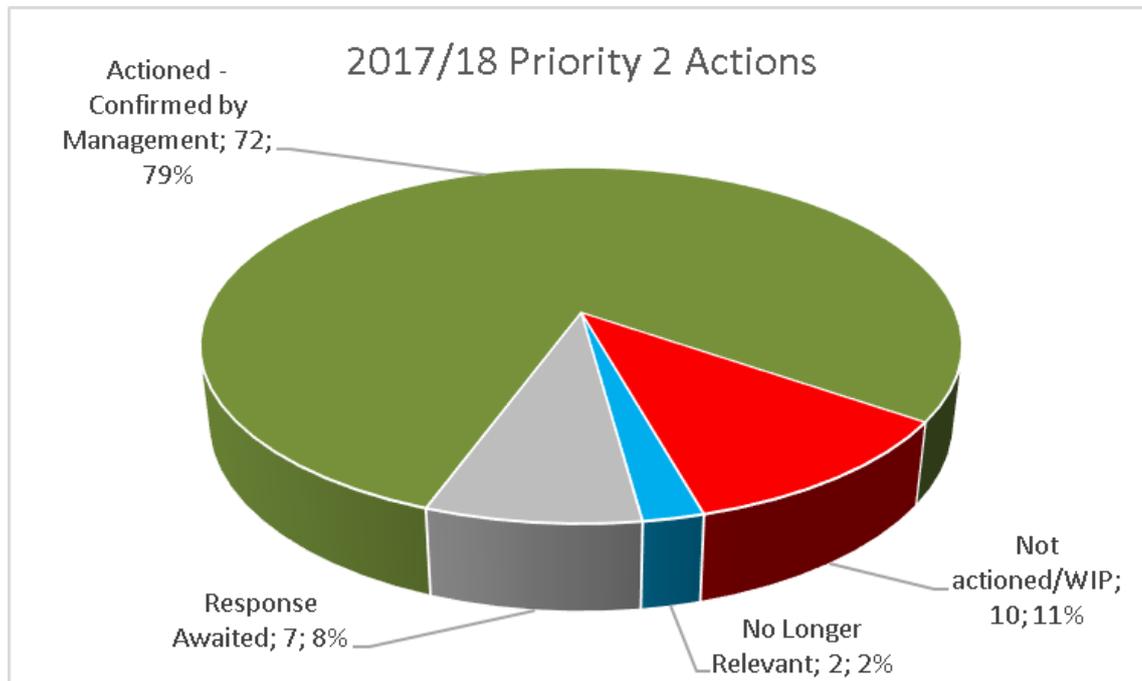
7. Follow-up testing by Internal Audit since the previous update in January 2019 has been completed in the following areas:

- a) ASCH Dept: Procurement of 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. Our testing in January 2019 reported the use of a further spot provider to supplement the work of the tendered providers, and our latest testing confirms this arrangement remains in place. It should be noted, however, that this relates to only 4% of the value of the total relevant expenditure.

- b) ASCH Direct Payments – our testing confirms that clear guidance has been issued to service users regarding the expectations and requirements of nominated and authorised account holders. Progress is being made with developing and implementing standard procedures for identifying and taking action on suspected cases of misuse. Once all procedures have been fully implemented, further follow-up testing by Internal Audit will be scheduled.
- c) ASCH Dept: Procurement of suppliers – it was reported in January 2019 that full implementation of four actions was continuing and members of the Procurement Team attended the Committee to provide a verbal briefing on the progress being made. This latest follow-up identifies some progress regarding day services transport and out of county care support and enablement, but further action is required on these and the other two areas of service identified in the appendix.
- d) ASCH Safeguarding adults – testing confirmed implementation of two actions, and a much improved position in relation to the third.
- e) ASCH Services to self-funders – testing confirmed the implementation of actions to secure self-funder data for decision-making and to refer service users to the Benefits Team.
- f) ASCH Homecare commissioning & contract management – progress is being made across all recommendations, with further testing to be carried out in relation to those which remain in progress.
- g) Place Dept: Innovation centres – the actions have been taken to mitigate the risks identified by the audit.
- h) Cross-cutting: Strategic Risk Management – good progress is being made concerning the role of the Risk, Safety & Emergency Management Board in reviewing the departmental risk registers.
- i) Cross-cutting: Employee recruitment – testing confirmed implementation of the action relating to recruitment checks. Management assurance is provided in relation to the other two actions and these will be tested by Internal Audit in time for the next update report.
- j) Cross-cutting: Serious & organised crime – the actions relating to the DBS checking status of taxi company employees, and the review and issue of awareness-raising material, have both been implemented.
- k) Cross-cutting: Ethical framework – an electronic form of the register of interests for Members has been implemented. Management assurance is provided in relation to the other two actions.

Priority 2 Actions

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



9. 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

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, 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.

Nigel Stevenson

Service Director – Finance, Infrastructure and Improvement

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

Constitutional Comments (KK 29/05/2019)

The proposal in this report is within the remit of the Governance & Ethics Committee.

Financial Comments (CSB 29/05/2019)

There are no specific financial implications arising directly from this 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