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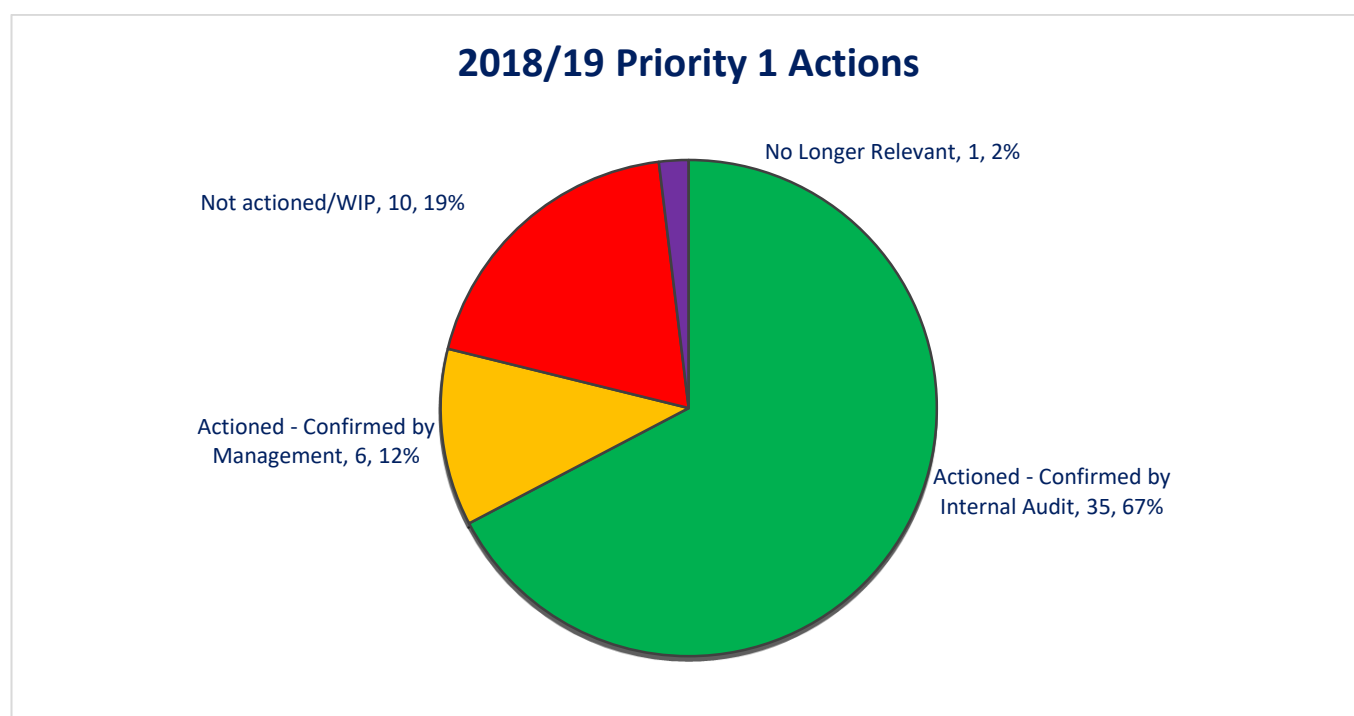
Priority rating of recommendation	Management assurance	Internal Audit assurance
Priority 1	Assurance is sought from management that all agreed actions have been taken	Compliance testing scheduled to confirm all agreed actions relating to high priority recommendations are carried out consistently.
Priority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

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4. Since the commencement of the Covid19 Pandemic the Council has continued to prioritise the delivery of front-line services and refocused the service delivery within all departments. This has involved the reprioritisation of services and redeployment of staff which has continued
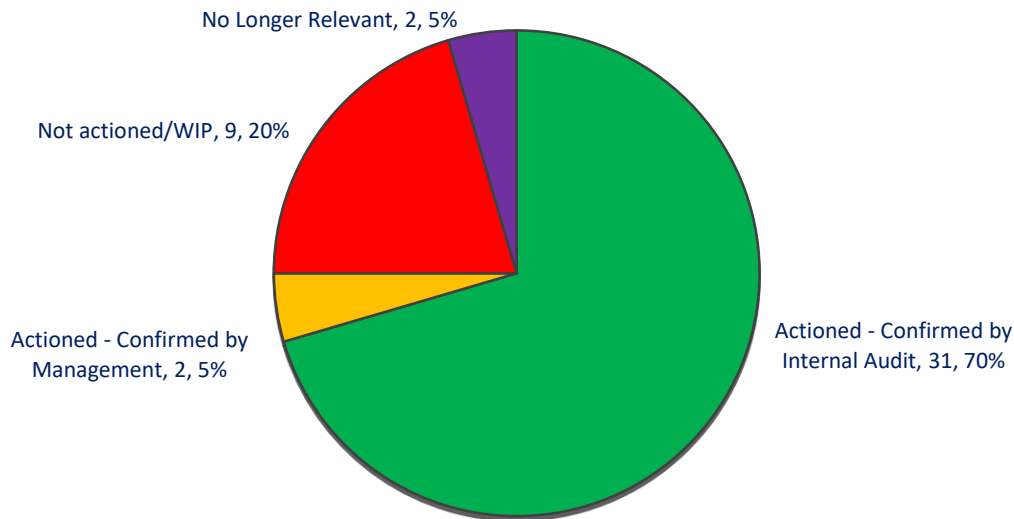
to impact on resources available to implement planned actions, however some progress has been made with the implementation of actions. Progress continues with functionality developed within Internal Audit's automated system to enable action owners across the Council to capture updates directly however completion of testing has been frustrated and delayed due to Covid19 priorities.

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 previous updates to Committee moved on to focus on actions agreed for 2018/19 and 2019/20 which continues in this report with 2020/21 actions featuring in subsequent reports. It should be noted that any Priority 1 actions which are still outstanding remain listed on Appendix 1 until their implementation has been confirmed.

7. The current status with the implementation of Priority 1 actions agreed from audits carried out in 2018/19 and 2019/20 are summarised in the following charts:

2018/19 Priority 1 Actions

No Longer Relevant, 1, 2%

Not actioned/WIP, 10, 19%

Actioned - Confirmed by Management, 6, 12%

Actioned - Confirmed by Internal Audit, 35, 67%

2019/20 Priority 1 Actions

No Longer Relevant, 2, 5%

Not actioned/WIP, 9, 20%

Actioned - Confirmed by Management, 2, 5%

Actioned - Confirmed by Internal Audit, 31, 70%

8. Follow-up testing by Internal Audit since the previous update in October 2020 has been completed across several audits, including the following areas:

a.) 2018-51 – ASCH Department: Home commissioning and contract management – The recommendation in relation to contingency plans has been implemented and our testing has demonstrated this working during testing.

b.) 2018-109 – CF Department: Community Short Breaks – Satisfactory information and evidence has been received and testing completed.

c.) 2018-77 – CEX Department: Contract Management - A new contract management toolkit was launched in October 2020, and an e-learning module is being developed to complement it. This has been progressed alongside urgent work that Corporate Procurement had to do in response to COVID-19, including to ensure continuity of services and supplies.

d.) 2017-91 – Cross Cutting: Agency Staff and Consultants – The recommendation related to the automation of management information has been implemented, evidence has been provided in the form of an SLT report and the new contract has been in operation since September 2020.

e.) 2016-57 – Cross Cutting: Employee Recruitment – The implementation related to automation around contract creation has been confirmed through testing.

f.) 2018-113 – Cross Cutting – Procurement of Tree Survey Works – Recommendations have been actioned in relation to obtaining quotes for work and this has been confirmed by testing.

g.) 2020-29 – Cross Cutting – Financial Resilience – All four recommendations have been actioned and our testing has been completed to confirmed implementation.
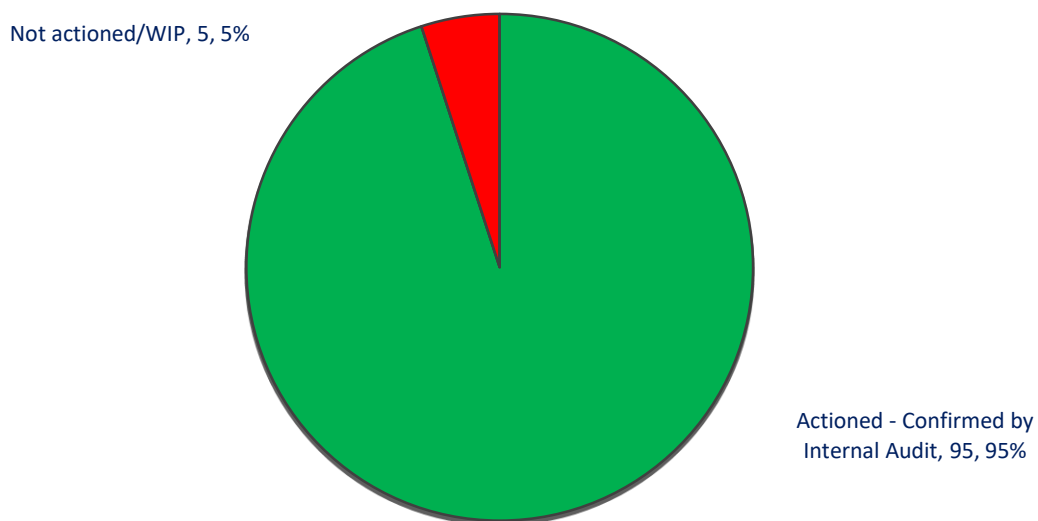
Covid19 continues to impact on the resources available for the implementation of actions and our subsequent testing across all departments especially in relation to Services to Self-Funders, External Day Care Providers, Continuing Healthcare and Joint Funding, Health and Safety, Ethical Framework and Business Continuity Planning. Despite Covid19 the implementation of agreed audit recommendations is critical to ensuring effective governance and we have identified below audits where implementation of recommendations remains a priority.

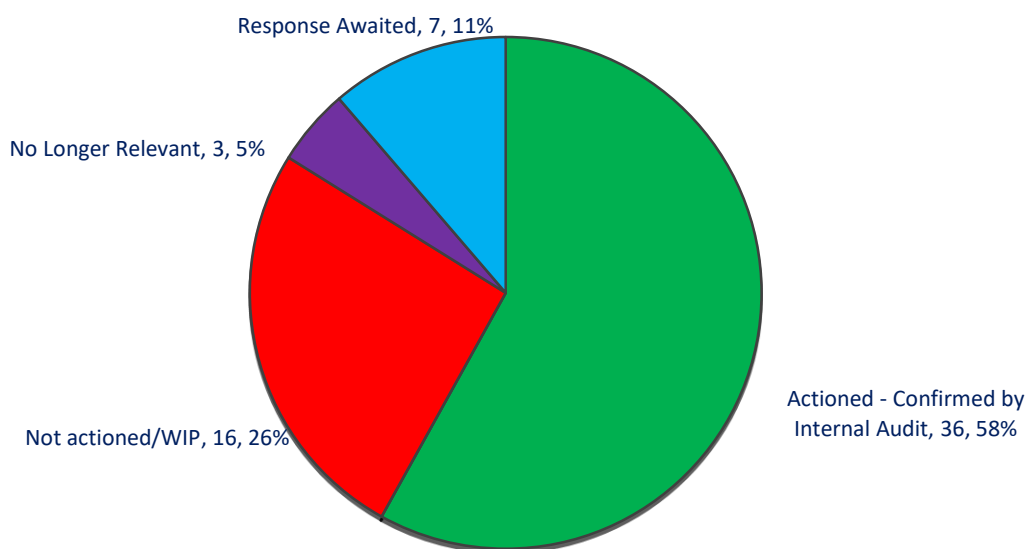| Audit Title	Recommendation Descriptions
Health& Safety	Mandatory training; Emergency response team training; Emergency response provision.
Commissioning	Alignment with corporate and service strategies and objectives; Commissioning project management; Commissioning training and quality control; Databases and data analysis; governance arrangements.
Business Continuity	Training; Business continuity plans on SharePoint; Annual review of business continuity plans.
Covid19 – Phase 1	Business continuity/Risk management; Critical services.
Council-wide Budget Forecasting	Training around budget forecasting and authorisation; Training.
External Day Care Providers	Service providers tendering and contracting; Contract compliance - performance
Continuing Healthcare and Joint Funding	Formal approval by health partners; Form completion by social workers.
Ethical Framework	Register of staff gifts and hospitality; Staff declaration of interest.
Sickness Absence Management	Completion of mandatory training
Information Governance Improvement Programme	Follow up of actions in previous report
Complaints Service	Follow up actions

Priority 2 Actions

9. Similarly, with the Priority 1 actions previous reports moved on to focus on actions agreed for 2018/19 and 2019/20 which continues in this report with 2020/21 actions featuring in subsequent reports.

10. Progress with implementation of the 2018/19 and 2019/20 Priority 2 actions are summarised in the following charts:

2018/19 Priority 2 Actions

Not actioned/WIP, 5, 5%

Actioned - Confirmed by
Internal Audit, 95, 95%

2019/20 Priority 2 Actions

Response Awaited, 7, 11%

No Longer Relevant, 3, 5%

Not actioned/WIP, 16, 26%

Actioned - Confirmed by
Internal Audit, 36, 58%

11. The position above for Priority 2 actions 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

12. The continued drive and support from the Committee will be key in securing improved implementation rates going forward. 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

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

Reason for Recommendation

14. 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

15. 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

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 11/03/2021)

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

Financial Comments (RWK 10/03/2021)

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