

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

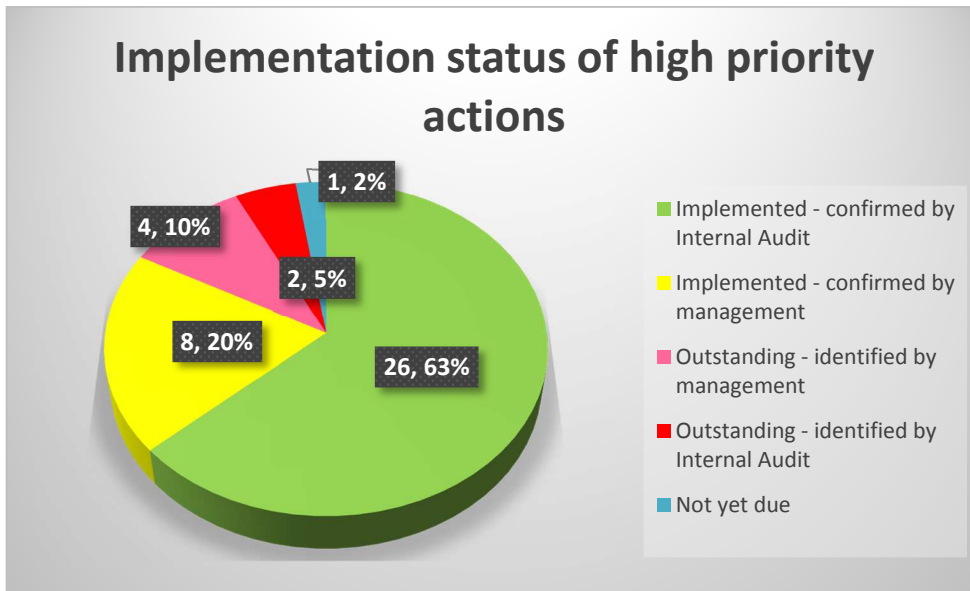
2. Internal Audit carries out regular follow-up work to obtain assurance that the actions proposed by management in response to Internal Audit's recommendations are being taken. This assurance is obtained in two phases, as set out below:

Priority rating of recommendation	Management assurance	Internal Audit assurance
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 between meetings of the Audit Committee, 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 arising in recent Internal Audit reports (issued since April 2015). 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. The current status of the high priority actions is summarised in the following chart:

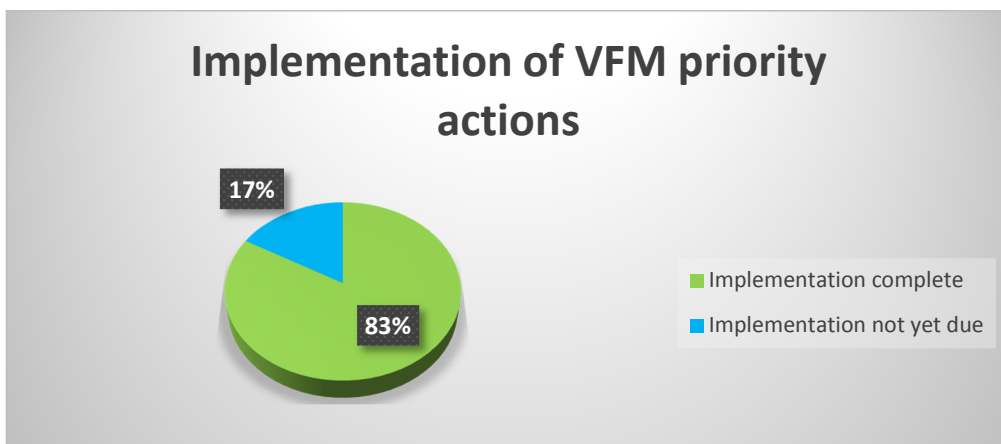
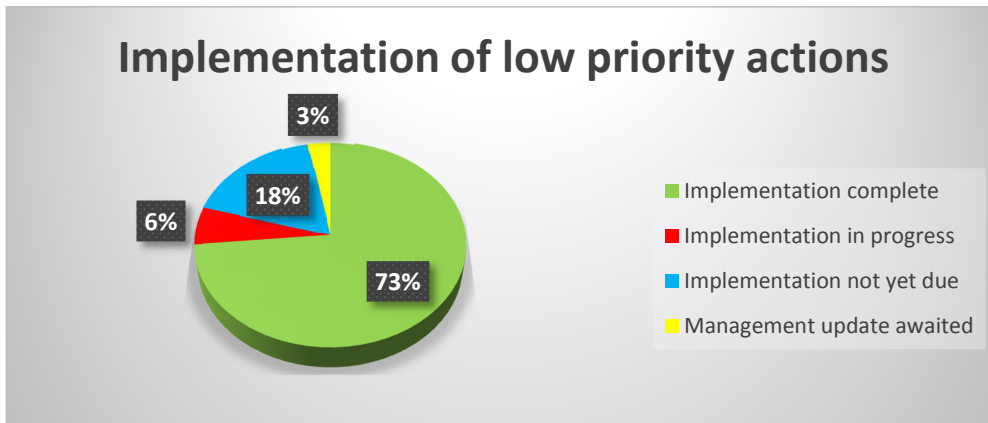
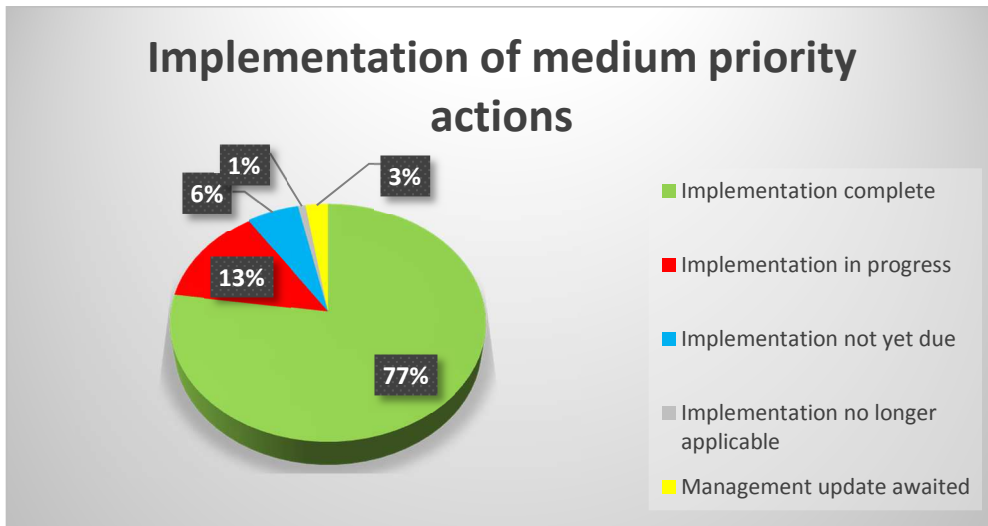


5. As reported in September 2016, a high level of assurance was received from management that agreed actions on high priority recommendations have been implemented. Since the last meeting, Internal Audit has completed follow-up testing in the following areas of service, and with the following outcomes:
- ASCHPP Dept.: Service user contributions to residential and nursing care – agreed actions have been taken.
 - ASCHPP Dept.: Market development and care standards – the primary control around safeguarding cases is in place, and a supporting control is being actively progressed.
 - CFCS Dept.: School swimming – a range of actions have been taken to address the budgetary control issues previously identified.
 - CFCS Dept.: Locality based client accounts – testing has confirmed the closure of the locality accounts in favour of client funds being accounted for within the Council's Business management System.
 - Place Dept.: Broadband - the action to discontinue use of the limit order has now been implemented.
 - Place Dept: Catering – compliance tests identified that progress is continuing with the re-introduction of sample checking of suppliers' consolidated invoices.
6. The outstanding high priority actions relate to the following:
- CFCS Dept.: External placements – implementation of compliant procurement procedures. The Group Manager for this service area attended the Audit Committee in December 2016 to provide a verbal update. Progress is continuing, as set out in the appendix. A further update will be brought to the next meeting of the Committee.

- Catering Service (County Hall and Trent Bridge House) – partial progress with the re-introduction of sample checking of suppliers’ consolidated invoices.
- Council-wide: Information governance – four actions relating to the Information Asset Register remain in progress beyond the timescale originally envisaged, and all have now been assigned a revised implementation date of July 2017.

Medium, Low & VFM Priority Actions

7. Progress with implementation of these recommendations is summarised in the following charts.



8. 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 very 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 Audit Committee

9. 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 June 2017 in relation to one or more of the areas in which agreed actions remain outstanding.

Other Options Considered

10. Given the recent approval by the Audit Committee for the change in procedure for the follow-up of internal Audit recommendations, no other options for obtaining the required assurances were considered at this time.

Reason/s for Recommendation/s

11. To enable the Audit 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

12. 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 noted, 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 [KK 13/02/217]

13. The proposals in the report are within the remit of the Audit Committee.

Financial Comments [RWK 02/02/2017]

14. 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.

- The full Internal Audit reports containing the recommendations listed in Appendix 1.

Electoral Division(s) and Member(s) Affected

- All