

<b>Meeting:</b>	<b>Audit and Governance Committee</b>
<b>Meeting date:</b>	<b>Wednesday 23 January 2019</b>
<b>Title of report:</b>	<b>Tracking of audit recommendations</b>
<b>Report by:</b>	<b>Directorate services team leader</b>

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose and summary**

To review progress of the implementation of audit recommendations.

## **Recommendation(s)**

**That:**

- (a) **the status of the current audit recommendations be reviewed and the committee determine any recommendations it wishes to make in order to provide further assurance that risks identified by audit activity are being actively managed.**

## **Alternative options**

1. Although we could choose to 'not monitor', this would not be recommended as this would not provide assurance that actions arising from internal audits were being implemented.

## **Key considerations**

2. South West Audit Partnership (SWAP) provides the internal audit service for Herefordshire Council. SWAP is required to deliver an annual audit plan of work, which is scoped using a risk-based assessment of council activities. Additional audits are added to the plan as necessary to address any emerging risks and issues identified during the year.

3. Upon completion of each audit review, a formal report is drafted for discussion with service managers. These detail the main conclusions of the review, including the opinion, individual findings, as well as the potential risk exposure and an action plan for addressing the risk.
4. Management responses to each audit recommendation are obtained and recorded, along with details of the person responsible and the target date for implementation that has been agreed by management.
5. A report was previously presented to Audit and Governance Committee (A&GC) in July 2018, providing an update on progress against the highest priority recommendations (4s and 5s) that were due for completion, along with all priority 3 recommendations made since April 2016.
6. Following consultation with its partners by SWAP, for audits conducted since April 2018 the number of recommendations categories has been reduced to reflect the fact that the lowest priority recommendations (1s and 2s) were simply reported verbally to the relevant service manager but not included within reports. Furthermore, what were the highest priority recommendations (previously 5s and 4s) are now 1s and 2s. This has meant that recommendations falling due for completion between 1 April - 30 September 2018 have been presented in two separate tables in paragraphs 10-11. The categorisation of recommendations are defined in the table below:

	Pre April 2018	Post April 2018
Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of the management	Priority 5	Priority 1
Important findings that need to be resolved by management	Priority 4	Priority 2
Finding that requires attention	Priority 3	Priority 3
Minor control issues have been identified which nevertheless need to be addressed	Priority 2	n/a
Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.	Priority 1	n/a

7. All managers within the council directorates, responsible for audit recommendations, have been contacted to review progress on the implementation of these recommendations. Managers were asked to 'self-certify' the action which had been taken in respect of Internal Audit's recommendations.
8. At its meeting in July, A&GC requested that updates also be provided on progress against recommendations made by external audit. Updates on the recommendations made by

Grant Thornton as part of the audit of the 2017/18 statement of accounts are at appendix 2.

### Recommendations due prior to 31 March 2018

9. At the end of March 2018, there were 17 recommendations that were overdue **and** had revised target dates between 1 April and 30 September 2018. All of these recommendations are now being reported as being Complete.

Total			
	Complete	In Progress	No update
Priority 3	13	-	-
Priority 4	4	-	-
Priority 5	-	-	-

AWB			
	Complete	In Progress	No update
Priority 3	9	-	-
Priority 4	4	-	-
Priority 5	-	-	-

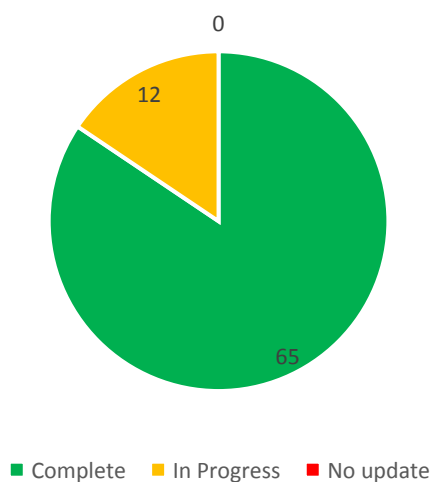
CWB			
	Complete	In Progress	No update
Priority 3	1	-	-
Priority 4	-	-	-
Priority 5	-	-	-

ECC			
	Complete	In Progress	No update
Priority 3	3	-	-
Priority 4	-	-	-
Priority 5	-	-	-

### Recommendations made prior to 31 March 2018 and due between 1 April – 30 September 2018

10. The following chart and table provides an update as to the current status of priority 3, 4 and 5 recommendations that were due to be completed between 1 April – 30 September 2018 (appendix 1):

Status of recommendations made prior to 31 March and due for completion between  
1 April - 30 September 2018



Total			
	Complete	In Progress	No update
Priority 3	44	9	-
Priority 4	21	3	-
Priority 5	-	-	-

AWB			
	Complete	In Progress	No update
Priority 3	19	7	-
Priority 4	11	2	-
Priority 5	-	-	-

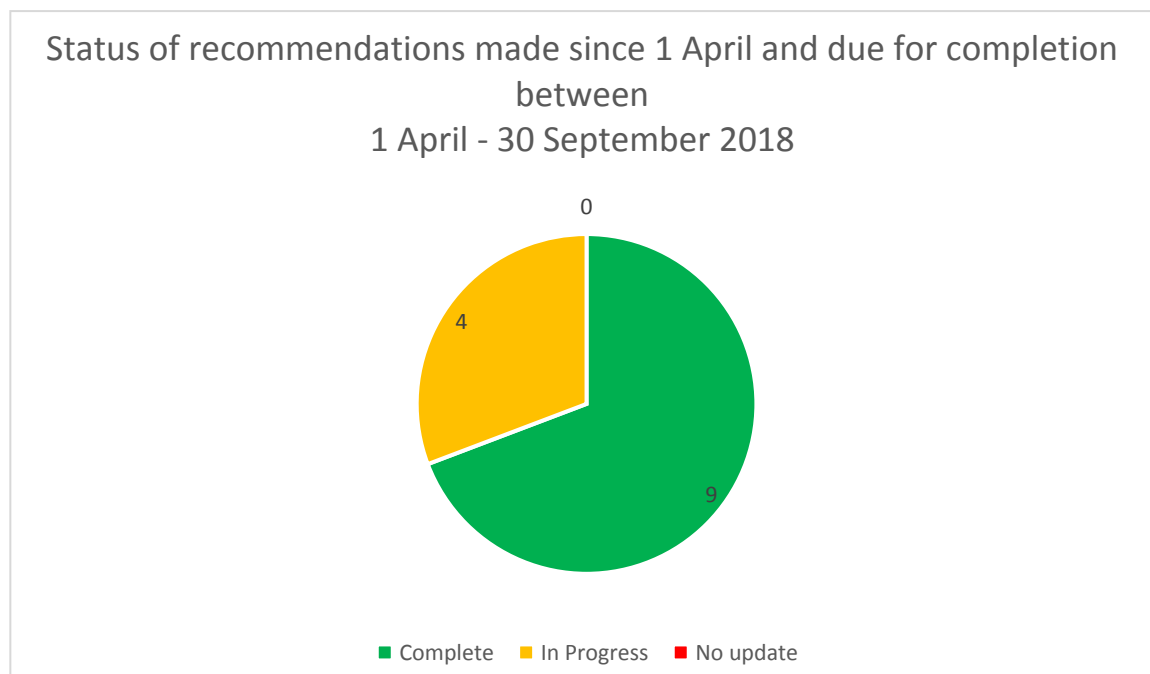
CWB			
	Complete	In Progress	No update
Priority 3	2	1	-
Priority 4	3	-	-
Priority 5	-	-	-

Progress of school audits are not included in this report; they are the responsibility of the particular school's governing body.

ECC			
	Complete	In Progress	No update
Priority 3	23	1	-
Priority 4	7	1	-
Priority 5	-	-	-

## Recommendations made since 1 April and due between 1 April – 30 September 2018

11. The following chart and table provides an update as to the current status of priority 1, 2 and 3 recommendations that were due to be completed between 1 April – 30 September 2018 (appendix 1):



ECC			
	Complete	In Progress	No update
Priority 2	-	1	-
Priority 3	9	3	-

## Community impact

12. In accordance with the adopted code of corporate governance, Herefordshire Council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective financial management, risk management and internal control are important components of this performance management system. By monitoring the implementation of audit recommendations, assurance is given that risks are being managed effectively, and that the council is taking action to meet its corporate plan priority to secure better services, quality of life and value for money.

## Equality duty

13. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
14. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

## **Resource implications**

15. There are no specific resource implications associated with the recommendations.

## **Legal implications**

16. There are no specific legal implications with regard to the report.

## **Risk management**

17. If internal audit recommendations are not implemented, the council will be exposed to the risks set out in the relevant detailed internal audit reports. Internal audit recommendations are raised as a result of control gaps or deficiencies identified during reviews therefore overdue items inherently impact upon compliance and governance.

## **Consultees**

18. None.

## **Appendices**

Appendix 1 - Recommendations that were due to have been completed between April – September 2018

Appendix 2 – Recommendations on the 2017/18 statement of accounts

## **Background papers**

None identified.