

Meeting:	Audit & Governance Committee
Meeting date:	19 November 2019
Title of report:	Tracking of Audit Recommendations
Report by:	Head of Corporate Performance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To review the progress of audit recommendations implementation.

The committee receives periodic reports on progress made in implementing audit recommendations to enable it to fulfil its role of monitoring the effective development and operation of risk management and corporate governance in the council. All recommendations outstanding at the time of the last report in January have been completed. Over 90% of recommendations are reported as complete.

Recommendation(s)

That:

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. The committee could choose not to monitor the progress made on audit recommendations; however this would not be recommended as it is a function of the committee to monitor the effective development and operation of risk management and corporate governance in the council, and this report enables the committee to gain assurance that actions in response to recommendations are being suitably prioritised which reduces the risk to the council.

Key considerations

2. South West Audit Partnership (SWAP) provides the internal audit services for Herefordshire Council. SWAP is required to deliver an annual audit plan, which is scoped using a risk-based assessment of the council's activities. Additional audits are added to the plans 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 reports include; the main conclusions of the review and the overarching opinion, individual findings and the potential associated risk exposure.
4. Management responses to each audit recommendation are obtained and recorded, identifying the actions required, the person responsible and the target date for the implementation that has been agreed.
5. Recommendations are each scored to indicate their severity. The scoring matrix is shown below:

	Priority
Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of the management	Priority 1
Important findings that need to be resolved by management	Priority 2
Finding that requires attention	Priority 3

6. A report to January's Audit and Governance Committee (A&GC) provided an update on the progress of SWAP audit recommendations and the progress in meeting these. At the point of the report being produced, there were 16 recommendations outstanding (12 made prior to March 18 and 4 made April 2018 – September 2018).
7. All staff responsible for audit recommendations have been asked to review progress on the implementation of recommendations. Managers were asked to "self-certify" the action which had been taken in respect of the SWAP recommendation.
8. All 16 recommendations outstanding at the point of the last report in January have since been completed.
9. For the period October 2018 to September 2019 there were 124 recommendations that were due to be completed. The table below sets out the priority of these, their current status (i.e. whether they have been completed) and which directorate the recommendation relates to.

		Complete	Incomplete	No Update
Priority 3	Adults & Communities	5	2	
	Children & families	2	1	
	Economy & Place	28	1	
	Corporate Services	62	5	
	TOTAL	97	9	
Priority 2	Adults & Communities	4		
	Children & families		1	
	Economy & Place	6		
	Corporate Services	5	2	
	TOTAL	15	3	
Priority 1	Adults & Communities			
	Children & families			
	Economy & Place			
	Corporate Services			
	TOTAL	-	-	-

10. Of the 124 recommendations due for completion before the end of September, 85% of which were made at the lowest level, 112 (90%) had been completed.
11. Further detail on the audit recommendations which have yet to be completed are found in appendix 1. This includes a revised completion schedule.
12. Progress of school audits are not included within this report; they are the responsibility of each individual's schools governing body.

External Audit Recommendations

13. At its meeting in July 2018, A&GC requested that updates also be provided on progress made on recommendations made by external audit. Updates on the action made by Grant Thornton as part of the audit of the 2017/18 statement of accounts are at appendix 2
14. There were two recommendations made by Grant Thornton as part of its annual report, both originally rated as amber (medium effect on control). One of these recommendations is incomplete; referring to the council's preparation of group accounts it was recommended that consideration be given to the expansion of the Annual Governance Statement to cover the group activities, which would include Hoople. The Council already has a process for providing assurance that partnership governance arrangements are sufficiently robust through annual assessment against the framework for partnerships governance, but additionally discussions are underway between the s.151 officer, monitoring officer and Hoople Chief Officer to ensure that this process is as comprehensive as necessary and appropriately reflected in future statements.

Community impact

15. In accordance with the principles of the council's adopted code of corporate governance, the 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

16. 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.
17. 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 factual progress report we do not believe that this will have an impact on our equality duty.

Resource implications

18. There are no resource implications arising from this report.

Legal implications

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

Risk management

20. There is no risk associated with the recommendations of this paper; visibility of progress against recommendations promotes good governance. However, internal audit recommendations are raised as a result of gaps in controls or deficiencies identified during reviews, therefore incomplete and overdue items inherently increase the council's exposure to risk.

Consultees

21. None

Appendices

Appendix 1 SWAP audit recommendations due before 30 September 2019

Appendix 2 External audit recommendations

Background papers

None