



Meeting:	Audit & Governance Committee
Meeting date:	Tuesday 16 June 2020
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 but two of the recommendations outstanding at the time of the last report in November 2019 have been completed. 67% of recommendations due between October 2019 – April 2020 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

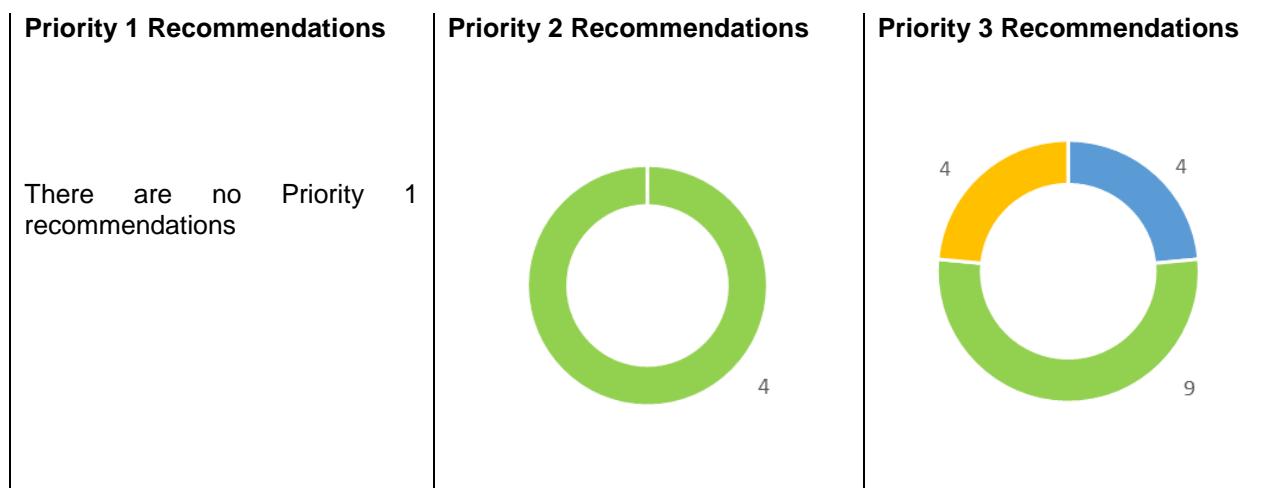
6. All staff responsible for audit recommendations are asked to review progress on the implementation of recommendations. Managers were asked to "self-certify" the action which had been taken in respect of the SWAP recommendation.
7. A report to Audit and Governance Committee (A&GC) in November 2019 provided an update on the progress of SWAP audit recommendations and the progress in meeting these. This report identified 12 recommendations that were due to be completed in the period October 2018 – September 2019 that weren't completed. Two of the twelve recommendations outstanding at the point of the last report in November are yet to be completed. These recommendations are linked to the implementation of new software to support Early Years settings; details of these two recommendations are at the start of appendix one.
8. For the period October 2019 to April 2020 there were 33 recommendations that were due to be completed. The table on the next page summarises the priority of these recommendations, the responsible directorate and the status at the end of April (i.e. whether they have been completed).

		Complete	Incomplete
Priority 3	Adults & Communities	1	7
	Children & families	2	1
	Economy & Place	4	
	Corporate Services	10	
	TOTAL	17	8
Priority 2	Adults & Communities	1	3
	Children & families		
	Economy & Place		
	Corporate Services	4	
	TOTAL	5	3
Priority 1	Adults & Communities		
	Children & families		
	Economy & Place		
	Corporate Services		
	TOTAL	-	-

9. Of the 33 recommendations due for completion between September and April, 76% were made at Priority 3, the lowest level of recommendation.
10. Of all recommendations in this period, 22 have been reported by officers as completed; this equates to 67%. Detail on the audit recommendations which have yet to be completed are found in appendix 1. This includes a revised completion schedule.
11. Progress of school audits are not included within this report; completion of recommendations are the responsibility of each individual schools governing body.

Recommendations due in May 2020 and beyond

12. At its meeting in November, the committee requested that they are able to understand the totality of all recommendations made and not just those which were already been due for completion. Officers have been asked to RAG rate all future recommendations, indicating confidence of completion of the activity within proposed timescales.
13. There are currently 21 recommendations that have due dates beyond 30 April 2020. The status of these recommendations is shown in the graph below:



Blue – Complete

Green – On track

Amber – delays possible

Red – delays likely

14. At present, 81% of recommendations due in the future are either on track, or have been completed already. A narrative is provided in Appendix 3 in relation to those recommendations which have not been completed.

External Audit Recommendations

15. At its meeting in July 2018, A&GC requested that updates also be provided on progress made on recommendations made by external audit. There were two recommendations made by Grant Thornton as part of its annual report, both originally rated as amber (medium effect on control). One was complete when last reported in November, with the other recommendation, in appendix 2, referring to the council's preparation of group accounts, recommending that consideration be given to the expansion of the Annual Governance Statement to cover the group activities, which would include Hoople, incomplete. Although still incomplete, response to the recommendation will be included in the draft Annual Governance Statement due to be published in June.

Community impact

16. 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

17. 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.
18. 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

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

Legal implications

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

Risk management

21. 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

22. None

Appendices

Appendix 1 SWAP audit recommendations due before 30 April 2020

Appendix 2 External audit recommendations

Appendix 3 SWAP recommendations due in May 2020 and beyond

Background papers

None