

Meeting:	Audit and governance committee
Meeting date:	Tuesday 17 November 2020
Title of report:	Update on Internal Audit Recommendations
Report by:	Head of Corporate Performance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

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. Ten of the thirteen recommendations outstanding at the time of the last report in June 2020 have yet to be completed. 100% of recommendations due between May and September 2020 are reported as complete.

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. 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-report on the action which had been taken in respect of the SWAP recommendation and the overarching status.
7. The last report to Audit & Governance Committee in June 2020 provided an update on the progress of audit recommendations. At this meeting, it was reported that there were thirteen recommendations that were overdue. Following recent updates ten of these are still to be completed, details for which are in appendix 1.
8. A further briefing note was provided to the committee following the meeting in June with further information on 2 recommendations in relation to ICT Access Controls. Many of these recommendations that remain outstanding have been impacted on by COVID-19, either having a direct result on the recommendation, or where teams responsible have been focussed on the response to the pandemic.
9. For the period May to September 2020, 12 audit recommendations were due for completion. The following table provides a summary of the status of these recommendations; their priority and allocation across directorates.

		Complete	Incomplete
Priority 3	Adults & Communities	1	
	Children & families	3	
	Economy & Place	5	
	Corporate Services	2	
	TOTAL	11	
Priority 2	Adults & Communities		
	Children & families		
	Economy & Place	1	
	Corporate Services		
	TOTAL	1	
Priority 1	Adults & Communities		
	Children & families		
	Economy & Place		
	Corporate Services		
	TOTAL		

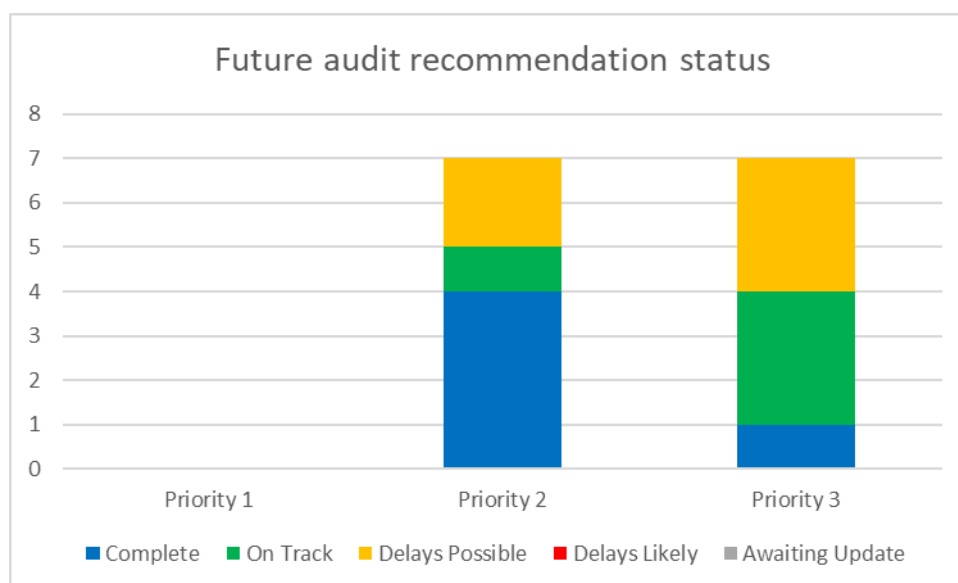
10. Of the audit recommendations due for completion, 100%, or 12 of 12 recommendations have been completed.

11. Progress of school audits are not included within this report; recommendations made to schools are the responsibility of each individual schools governing body.

Recommendations due in October 2020 and beyond

12. At request of the committee in November 2019, the committee now receives information in respect of audit recommendations which are not yet due for completion, but are due in the future. Responsible officers have provided a “RAG” status alongside any relevant commentary.

13. There are 14 recommendations with due dates in October 2020 or beyond, the status of which is provided in the summary visuals below.



14. Currently, 64% of recommendations due in the future are either on track to be completed on time, or have already been completed. A narrative is provided in Appendix 2.

External Audit Recommendations

15. There was one outstanding recommendation from the council's external auditor Grant Thornton; these were made as part of the annual report in 2019/20. This recommendation has been resolved since the last report to committee following the completion of the Annual Governance Statement.

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.

Environmental Impact

17. This report is based on the internal audit and the response of the council to their recommendations, as such there are minimal environmental impacts.

Equality duty

18. 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.
19. 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

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

Legal implications

21. There are no specific legal implications with regard to this report.

Risk management

22. 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

23. None

Appendices

Appendix 1 SWAP audit recommendations due before September 2020

Appendix 2 SWAP audit recommendations due after September 2020

Background papers

None