

<b>Meeting:</b>	<b>Audit and governance committee</b>
<b>Meeting date:</b>	<b>10 May 2017</b>
<b>Title of report:</b>	<b>Tracking of internal audit recommendations</b>
<b>Report by:</b>	<b>Directorate service team leader</b>

## **Classification**

Open

## **Key decision**

This is not an executive decision.

## **Wards affected**

Countywide

## **Purpose**

To review progress in 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.

## Reasons for recommendations

- 2 One of the functions of the audit and governance committee as set out in the audit and governance code within the council's constitution is to seek assurance that action is taken on risk related issues identified by auditors and inspectors. The recommendations provide a process by which such actions can be monitored, and committee can assure itself that appropriate and timely action is taken in respect of audit recommendations made by our auditors, South West Audit Partnership Limited (SWAP).

## Key considerations

- 3 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 reviews are added to the plan where considered necessary to address any emerging risks and issues identified during the year.
- 4 Upon completion of each audit review, a formal report is drafted for discussion with service managers. Such audit reports 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.
- 5 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.
- 6 A report was presented to Audit and Governance Committee (A&GC) last September updating them on progress against the highest priority recommendations (4s and 5s) made during 2014/15 and 2015/16. It was agreed at A&GC that all outstanding priority 4 and 5 recommendations be reported back twice a year, along with all priority 3 recommendations made since April 2016.
- 7 All managers within the council directorates, responsible for audit recommendations, have been contacted to review progress on the implementation of these 187 recommendations. Managers were asked to 'self-certify' the action which had been taken in respect of Internal Audit's recommendations.
- 8 The following table provides an update (as at 31 March) as to the current status of priority 4 and 5 recommendations, as well as priority 3 recommendations from 2016/17 onwards. Further detail can be found in appendix 1. The table is presented as a total and then broken down by directorate:

Total	Complete	In Progress	Not Complete
Priority 3	33	8	-
Priority 4	122	10	4

Priority 5	7	1	2
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AWB			
	Complete	In Progress	Not Complete
Priority 3	10	-	-
Priority 4	37	6	4
Priority 5	1	1	2

CWB			
	Complete	In Progress	Not Complete
Priority 3	3	-	-
Priority 4	26	-	-
Priority 5	2	-	-

The recommendations for CWB have been implemented.

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

ECC			
	Complete	In Progress	Not Complete
Priority 3	20	8	-
Priority 4	59	4	-
Priority 5	4	-	-

Of the 12 outstanding recommendations for ECC, 7 will be completed if the contract and financial procedure rules which appear elsewhere on the committee agenda are approved.

## Community impact

- 9 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

- 10 None.

## Financial implications

- 11 There are no specific financial implications associated with the recommendations.

## Legal implications

- 12 There are no legal implications associated with the recommendations.

## **Risk management**

- 13 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**

- 14 None.

## **Appendices**

Appendix 1 Overdue recommendations

## **Background papers**

- None identified.