

AUDIT AND GOVERNANCE COMMITTEE

Thursday, 12 January 2017

INTERNAL AUDIT: STATUS OF RECOMMENDATIONS (REP1415)

EXECUTIVE SUMMARY

1. This report is being presented to the Audit and Governance Committee in accordance with the Committee's terms of reference which stipulate that the Audit and Governance Committee is 'To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale'.
2. This report lists the status of all recommendations that have been made as a result of Internal Audit reviews; providing an overview of the number of recommendations that have that are pending i.e. have not yet reached their agreed target date and overdue.
3. Internal Audit Services aims to operate in accordance with the Public Sector Internal Audit Standards (PSIAS).

Is the report Open or Exempt?	Open

Wards Affected:	All
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Cabinet Member:	Cllr Mike Barnard Cabinet Member for Resources and Welfare Reforms
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Supporting Officer:	Mrs Siobhan Martin Head of Internal Audit 01394 444254 siobhan.martin@eastsoffolk.gov.uk
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1 INTRODUCTION

- 1.1 This report seeks to inform the Audit and Governance Committee of the status of agreed audit recommendations as a result of Internal Audit reviews up to 20 December 2016.
- 1.2 All recommendations are rated with a priority level of high, medium or low. The definitions for these priorities are as follows:
- High – A top priority due to the absence of or non-compliance with a fundamental control process, creating the risk that significant error or malpractice could go undetected. These recommendations should be implemented within 1 to 3 months.
 - Medium – An important issue which is needed to bring the internal control system up to an adequate standard or eliminate a serious level of non-compliance with an existing control process. These recommendations should normally be implemented within 1 to 6 months.
 - Low – An issue, which, if addressed, would contribute towards raising the standard of internal control to a level higher than adequate or help to reduce a less serious level of non-compliance with an existing control process. These recommendations should normally be implemented within 12 months.
- 1.3 The terms used to describe the status of recommendations are as follows:
- Complete – the audit recommendation has been fully implemented.
 - Pending – the agreed original date for implementation has not yet been reached.
 - Overdue – the agreed original date for implementation has not been complied with.

2 STATUS OF AGREED RECOMMENDATIONS AS OF 20 DECEMBER 2016

- 2.1 The progress against the delivery of the recommendations is actively pursued by the Internal Audit Service and is regularly reviewed by the Corporate Management Team.
- 2.2 All recommendations that are made as a result of an audit are input into the Internal Audit Services database. The Head of Internal Audit monitors all recommendations on a regular basis to ensure that the due dates are met for agreed recommendations. Any instances of serious delay or failure to meet the due date without good cause are reported to the Corporate Management Team and then, if necessary, to this Committee.
- 2.3 If a recommendation is reported as complete by the responsible officer, Internal Audit Services receives evidence of this for instances of high level recommendations and any other key recommendations prior to closing the recommendation.
- 2.4 Where recommendations are overdue, reasons for this are obtained from the responsible officer and revised deadlines agreed and explanations provided to the Audit and Governance Committee where applicable.
- 2.5 Failure to implement agreed recommendations may have a detrimental effect on the Council's internal control environment and may impact adversely on the Head of Internal Audit's Annual Opinion and warrant reporting in the Annual Governance Statement. In addition, the Council's external auditors also review the status of the implementation of Internal Audit recommendations, which can influence their reporting opinion given in the Annual Governance Report.

2.6 The table below categorises the pending and overdue recommendations between priorities high, medium and low. Thus enabling the Committee to assess the trends and focus their review where applicable. Included within the table are recommendations where processes are jointly managed across both Councils and control improvements required. There are currently no overdue recommendations which have been classified as high level as of 20 December 2016.

	2014/15			2015/16			2016/17			Total
	H	M	L	H	M	L	H	M	L	
Pending	0	0	0	0	0	0	2	7	1	10
Overdue	0	0	1	0	4	0	0	7	1	13
Total	0	0	1	0	4	0	2	14	2	23

2.7 The table below is a summary of the overdue recommendations per Head of Service.

	2014/15			2015/16			2016/17			Dec 16	Jan 16
	H	M	L	H	M	L	H	M	L		
Revenues and Benefits	0	0	0	0	2	0	0	0	0	2	0
Operations (formerly Commercial and Leisure Partnerships)	0	0	0	0	1	0	0	1	1	3	7
Environmental Services	0	0	0	0	1	0	0	5	0	6	1
Planning	0	0	0	0	0	0	0	0	0	0	2
Housing Operations and Landlord Services	0	0	1	0	0	0	0	0	0	1	4
Financial Services Corporate Performance and Risk Management	0	0	0	0	0	0	0	0	0	0	2
Corporate Management Team	0	0	0	0	0	0	0	0	0	0	9
Payroll	0	0	0	0	0	0	0	1	0	1	2
Total	0	0	1	0	4	0	0	7	1	13	27

2.8 Overdue recommendations continue to fall as Internal Audit continues to work closely with Service areas to implement the agreed actions to improve internal controls.

3. HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?

3.1 This report underpins the entire delivery of the East Suffolk Business Plan by supporting the governance environment in which it operates.

4. FINANCIAL AND GOVERNANCE IMPLICATIONS

4.1 Internal Audit reports and recommendations aim to create and foster a robust corporate governance foundation to support a sustainable service to all its stakeholders. As a consequence, Internal Audit Services aims to mitigate the risk of losses arising from error, irregularity and fraud. In addition, efficiency, effectiveness and economy reviews form part of the work undertaken, and this represents a fundamental function in delivering the Council's corporate governance responsibilities.

4.2 The Local Government Act 1972 and the Accounts and Audit Regulations 2015 require a relevant authority to '...undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards and guidance'.

4.3 The implications and benefits of agreed recommendations produced by the audit work undertaken affect all these areas by improving controls and processes, which contribute towards efficient and effective management of services.

5 OTHER KEY ISSUES

5.1 This report does not require us to have considered the results of an equality impact assessment, a sustainability impact assessment or a partnership impact assessment.

6 CONSULTATION

6.1 Where appropriate internal consultation has taken place to complete this report.

7 OTHER OPTIONS CONSIDERED

7.1 No further options have been considered.

8 REASON FOR RECOMMENDATION

8.1 To ensure the Committee fulfils its terms of reference and reviews the progress made by management with regards agreed Internal Audit recommendations.

RECOMMENDATIONS

1. That the Audit and Governance Committee, having considered and commented upon the information provided in the report decide what, if any, further action is required in relation to the overdue agreed recommendations.

BACKGROUND PAPERS

Please note that copies of background papers have not been published on the Council's website but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From
20 December 2016	Internal Audit - Management System – Access Database	Head of Internal Audit