

**REPORT FROM: CENTRAL SERVICES
AUDIT AND PERFORMANCE MANAGER**

TO: ACCOUNTS AND AUDIT COMMITTEE

DATES: 22nd March 2016

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INTERNAL AUDIT: RECOMMENDATION DATABASE

1. In accordance with the Public Sector Internal Audit Standards (PSIAS) a follow up process to monitor and ensure that management actions have been effectively implemented must be established. This report provides Members with a summary of progress on the implementation of internal audit recommendations as at 14th March 2016.

RECOMMENDATIONS

2. That the Accounts and Audit Committee note the progress made on the implementation of Internal Audit recommendations up to the 14th March 2016.

REASONS FOR RECOMMENDATION

3. To demonstrate that the Accounts and Audit Committee is monitoring the implementation of recommendations.

ISSUE

4. A key role of the Accounts and Audit Committee, as set out in the Terms of Reference of the Committee, is to:-

“To act as a forum to ensure the rapid delivery and implementation of audit recommendations once agreed, ensuring that auditors and officers collaborate effectively”.

5. It was agreed that the Committee’s role in this respect should be discharged by considering a report on the status of implementation of recommendations at each of its meetings. This summary report has been produced to satisfy this requirement.
6. The status on implementation in respect of Priority 1 & 2 recommendations issued in each final report (in some cases superseded) since 1st April 2014 is shown below in **Appendix A**. Of 162 recommendations made by Internal Audit, 126 were due for implementation by 14th March 2016. Our assessment has indicated that 101 had been implemented either through actions evidenced by management or where Internal Audit formally followed up the recommendations.

7. There were 20, Priority 2 recommendations outstanding as at 14th March 2016. The position on implementation of these has been established and a synopsis of each report is shown in **Appendix B**. As the agreed timescales have passed Internal Audit will work with management to ensure steps are being taken to manage identified risks and implement recommendations. Where necessary we will assess whether an alternative course of action is feasible and discuss these with Management.
8. There are 4 recommendations which are not to be implemented and reasons, as previously reported, are provided in **Appendix C**. Moreover, we have followed up a question posed at the last meeting concerning Discover Pendle (see below) with Management who reaffirm the reasons for not implementing the recommendation.

IMPLICATIONS

Policy: There are no policy implications arising directly from the contents of this report.

Financial: The budget for Internal Audit for 2015/16 is £85,360. As it is expected that the Audit Plan for 2015/16 will be delivered as planned, it is anticipated that the budget will not be exceeded.

Legal: The Council has a statutory duty to carry out internal audit of its systems and services, however, there are no direct legal implications arising from this report.

Risk Management: The Audit Plan is based on the results of a risk analysis exercise carried out with Service Managers prior to the compilation of the Draft Plan early in the year. However, there are no risk management implications arising directly from the contents of this report.

Health and Safety: There are no health and safety implications arising directly from the contents of this report.

Climate Change: There are no climate change implications arising directly from the contents of this report.

Community Safety: There are no community safety implications arising directly from the contents of this report.

Equality and Diversity: There are no equality and diversity implications arising directly from the contents of this report.

Appendix A

Priority 1 Recommendations						
Service Grouping	Total	Implemented	In progress	Outstanding	Not advised	Not to be Implemented
Corporate	0	0	0	0	0	0
Financial Services	1	0	1	0	0	0
Democratic and Legal	0	0	0	0	0	0
HH Services & Eco Regeneration	0	0	0	0	0	0
Neighbourhood Services	0	0	0	0	0	0
Planning, Building Control & Licensing	0	0	0	0	0	0
Environmental Services	0	0	0	0	0	0
Human Resources (Liberata)	0	0	0	0	0	0
ICT (Liberata)	0	0	0	0	0	0
Property Services (Liberata)	1	1	0	0	0	0
Treasury Services (Liberata)	5	5	0	0	0	0
Leisure Trust	0	0	0	0	0	0
TOTAL	7	6	1	0	0	0
Percentage		85.71%	14.29%	0.00%	0.00%	0.00%
Previous Report	6					

Priority 2 Recommendations						
Service Grouping	Total	Implemented	In progress	Outstanding	Not advised	Not to be Implemented
Corporate	16	1	9	6	0	0
Financial Services	18	4	3	11	0	0
Democratic and Legal	9	8	0	0	0	1
HH Services & Eco Regeneration	35	30	1	3	0	1
Neighbourhood Services	9	3	6	0	0	0
Planning and Building Control	0	0	0	0	0	0
Environmental Services	21	20	0	0	0	1
Human Resources (Liberata)	2	2	0	0	0	0
ICT (Liberata)	19	3	16	0	0	0
Property Services (Liberata)	8	8	0	0	0	0
Treasury Services (Liberata)	10	9	0	0	0	1
Leisure Trust	8	8	0	0	0	0
TOTAL	155	96	35	20	0	4
Percentage		61.94%	22.58%	12.90%	0.00%	2.58%
Previous Report	146					

Appendix B

Service Grouping – Corporate

Audit Area- Corporate Health and Safety (February 2015)

Of 8 recommendations in this report, 1 has been implemented and action is ongoing to implement 7 others (1 priority 3 recommendation). The audit was performed at a time when the Council's Health and Safety Officer had departed and the Authority lacked a competent person to address operational health and safety matters. Since then and following a restructuring exercise the ongoing services of a professional Health and Safety agency has been rendered to review and advise on all operational health and safety activity within the Council. A representative from the company also attends the quarterly Risk Management Working Group to highlight any concerns to the Group. Internal Audit has sought an update from Management to establish steps being taken to implement recommendations.

Service Grouping – Financial Services

Audit Area- Pre Qualification and Tendering (March 2015)

11 (Priority 2) recommendations were made surrounding the functionalities of the CHEST system (online tendering system) and how final contract valuations are reported. The recommendations concerned better use of the system by service groupings and suppliers and ensuring that relevant parties are notified of all final contract valuations that vary by 10%. The implementation of recommendations has required some detailed work by the Finance team including training of staff and updating systems and procedure documentation, this has taken longer than initially anticipated. Internal Audit is currently undertaking a review of this area as part of the 2015-16 audit plan and the progress towards implementing recommendations will be examined in further detail.

Service Grouping – HH Services & Economic Regeneration

Audit Area- Property Improvement Grants (August 2015)

The audit resulted in 5 (Priority 2) recommendations. One concerned reconciliation of the Disabled Facilities Grant capital payments to the financial system which has been implemented and 4 concerned improve working procedures surrounding maintenance of the Select List of Contractors and reporting of tenders. 2 of these are still to be implemented although Internal Audit has established that progress is being made.

Appendix C

Recommendations not to be implemented

Rec No.	Service Grouping	Audit report	Report date	Recommendation	Priority	Reason for not implementing
4	Parks	Cemeteries	May- 15	That consideration is given to improving income collection and invoice payment from private individuals in light of the findings below. Consideration should be given to re-introducing upfront payment if the continuation of non-payment of invoices becomes significant.	2	This recommendation is not feasible due to council/Liberata closure of payment offices were upfront payments are paid in. Not enough office staff to handle payments : collecting and paying in. EROB are now not issued till the invoice has been paid in full – EROB can be withdrawn if payment is not made. Cemeteries Officer to check with colleagues from other authorities regarding their systems in place for unpaid invoices.
1	Treasury Services	Housing Benefits	Apr-15	To ensure that all Users sharing Benefit/Council Tax data via emails do so in line with the code of connection (GCSX) requirements.	2	Not to be implemented as a change in guidance from the DWP states .gov email addresses are secure for the transfer of sensitive data.
5	Democratic & Legal	Freedom of Information	Mar-15	Management should consider whether the unanswered 89 FOI requests should be followed-up.	1	I don't think that there is the capacity to re-look at the 89 requests where replies don't seem to have been sent.
2	Economic Development and Tourism	Discover Pendle	Feb-15	To ensure that monthly stock takes are carried out in accordance with agreed system procedures for managing stock.	2	Not feasible to implement monthly due to limited manpower, will carry out quarterly which audit agreed to due to low value of stock held. Update 14 th March 2016: Following a question posed regarding the frequency of stocktakes Management feel the current quarterly stock count is still appropriate to the nature of the business given the small stock levels (c£3000) held at any given point. This will however be kept under review as circumstances and resources allow.

KEY

	<i>Recommendation</i>	<i>Follow Up</i>
<i>Priority 1</i>	Major issues that we consider need to be brought to the attention of senior management.	Follow-up will be performed at specific dates agreed with senior management. The implementation of the recommendation will also be monitored quarterly in the IARD.
<i>Priority 2</i>	Important issues which should be addressed by management in their areas of responsibility.	Follow-up of the recommendations will be performed by the end of the next audit year. The implementation of the recommendation will also be monitored quarterly in the IARD.

Implemented

Management has advised recommendation implemented. In some cases this may have been confirmed by IA.

In Progress

Management has advised that implementation is in progress.

Outstanding

Management has advised that implementation is in progress where the agreed deadline has passed.

Not Advised

Management has not indicated current position on the database.

Not to be Implemented

Recommendations where Management has advised that an agreed recommendation is not now to be implemented. These will be advised to Committee within our Progress Reports.