

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

TO: ACCOUNTS AND AUDIT COMMITTEE

DATES: 28th July 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 18th July 2016.

RECOMMENDATIONS

2. That the Accounts and Audit Committee note the progress made on the implementation of Internal Audit recommendations up to the 18th July 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 since 1st April 2015 is shown below in **Appendix A**. Of 111 recommendations made by Internal Audit, 58 have been implemented and 28 are currently in the process of being implemented by Management.

7. There were 24, Priority 2 recommendations outstanding as at 18th July 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 is 1 recommendation which is not to be implemented and reasons, as previously reported, are provided in **Appendix C**.

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	0	0	0	0	0	0
-ICT	0	0	0	0	0	0
-Property Services	1	0	1	0	0	0
-Treasury Services	5	5	0	0	0	0
-Leisure Trust	0	0	0	0	0	0
TOTAL	7	5	2	0	0	0
Percentage		71.43%	28.57%	0.00%	0.00%	0.00%
Previous Report	7	85.71%	14.29%	0.00%	0.00%	0.00%

Priority 2 Recommendations						
Service Grouping	Total	Implemented	In progress	Outstanding	Not advised	Not to be Implemented
Corporate	16	6	0	10	0	0
- Financial Services	6	1	5	0	0	0
-Democratic and Legal	6	6	0	0	0	0
HH Services & Eco Regeneration	10	6	1	3	0	0
Neighbourhood Services	6	0	6	0	0	0
-Planning and Building Control	0	0	0	0	0	0
Environmental Services	9	8	0	0	0	1
-Human Resources	7	7	0	0	0	0
-ICT	18	4	3	11	0	0
-Property Services	2	0	2	0	0	0
-Treasury Services	11	7	4	0	0	0
-Leisure Trust	13	8	5	0	0	0
TOTAL	104	53	26	24	0	1
Percentage		50.96%	25.00%	23.08%	0.00%	0.96%
Previous Report	155	61.94%	22.58%	12.90%	0.00%	2.58%

Appendix B

Service Grouping – Corporate

Audit Area- Corporate Health and Safety (February 2015)

Of 8 recommendations in this report, 7 have now been implemented by management. As previously reported 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 the services of a professional Health and Safety organisation has been rendered to review and provide advice on all operational health and safety activity within the Council. The contract term has recently been extended for a further 3 years to February 2019. A representative from the company also attends the quarterly Risk Management Working Group to highlight any concerns to the Group. The 1 recommendation that remains outstanding relates to a review of the Council's Corporate Risk Management Policy, a revised target date of September 2016 has been set.

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. 3 of these are still to be implemented and Internal Audit has contacted Management for an update.

Service Grouping – Corporate

Audit Area- Customer Complaints system (December 2015)

The audit examined the Council's customer complaints system and resulted in 9 (Priority 2) recommendations. These encompassed reviewing the current process of logging and responding to complaints, providing training to staff handling complaints, and examining the accuracy of complaints data that is currently reported. The implementation of these recommendations has taken longer than expected due to the number of staff involved in handling complaints and the introduction of a new central database to log all complaints. At the time of writing a meeting of complaints handlers is planned to examine the issues identified in the audit report. Notwithstanding this we are assured that all complaints are being responded to and that the target 15 day response time is being monitored.

Service Grouping – ICT

Audit Area- Asset Management (December 2015)

This audit examined the physical management of the IT assets supporting Council systems to ensure these are robust. 3 recommendations arose from the review. These covered fully maintaining of an asset and disposal registers and timely removal of redundant equipment. Internal Audit is currently following up these recommendations with the ICT Manager.

Service Grouping – ICT

Audit Area- Information Security Policy (December 2015)

The audit examined the Council's Information Security Policy and arrangements for managing its ICT security, 8 (Priority 2) recommendations resulted from the review. These included reviewing and updating the current policy, and the recommendations around the Council adopting relevant ICT policies which Liberata currently has in place i.e. Access Control Policy and Data Retention and Disposal Policy. Internal Audit is currently following up these recommendations with the ICT Manager.

Appendix C

Recommendations not to be implemented (previously reported to Committee)

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.

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.

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.