

Committee: Performance Select Committee
Date: 24 September 2008
Title: Review of Implementation of Internal
Audit Recommendations

Agenda Item

6

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Item for
information

Summary

1. The purpose of this report is to advise Members on the implementation by Management of the recommendations made in Internal Audit Reports 2007-08.

Recommendations

2. None

Background Papers

3. Internal Audit Work Plan and Audit Reports 2007/08

Impact

Communication/Consultation	This report will be circulated to the Strategic Management Board and the Heads of Divisions
Community Safety	None identified
Equalities	None identified
Finance	None identified
Human Rights	None identified
Legal implications	None identified
Sustainability	None identified
Ward-specific impacts	None identified

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Workforce/Workplace	None identified
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Situation

4. On completion of our audit fieldwork a Draft Report with recommendations and Management Action Plan (MAP) will be initially discussed with the Main Auditee and relevant officers to obtain practical agreement on issues raised. The Draft Report will be formally issued to the Head of Division (the Chief Auditee) for agreement and if possible, completion of agreed management action on the MAP and the Final Report and MAP are issued. If the MAP has not been completed prior to the issue of the Final Report the Chief Auditee will be asked to ensure its completion and return to Internal Audit within 20 working days.

It is the policy of Internal Audit to follow up all recommendations detailed in every audit report, to ascertain the extent to which agreed actions are actually implemented. The timing of the follow up depends upon the implementation date of management action against the individual recommendations.

Follow-ups are undertaken in one or more of the following three ways:

1. as part of a rolling follow-up programme where we investigated progress in implementation of recommendations on the earlier of -
 - 6 months after the return of the agreed MAP or
 - 1 month after the latest implementation date of action as agreed on the MAP.
2. as an integral part of the next audit of a particular service - in some cases this may come before the follow-up at (1) e.g. the risk level 4 key financial audits which are carried out on an annual basis
3. as part of the review of selected Internal Audit reports carried out by this Committee

To identify management action taken on implementation and all outstanding recommendations, a review has been carried out of all recommendations made in the 21 audits undertaken out as part of our 2007/08 audit plan.

There are 5 of the 20 audits where no follow-up action has been taken to date:

- 1 where no recommendations were made
- 1 is awaiting return of an agreed MAP
- 3 where the latest recommendation implementation date has not been reached

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Of the 16 audits where follow-up action has been undertaken, 64 out of 85 (75%) of recommendations have been implemented. The remaining 21 recommendations relate to 6 audits.

Further Internal Audit action on outstanding recommendations at this stage is dependant on a number of factors including the significance or risk rating of the recommendations; time to next audit and the reason for recommendation being outstanding e.g. changes of circumstances; staffing issues etc

Creditors & VAT – reviewed as part of the Creditors and VAT 2008-09 audit (full report to be reviewed by this Committee at its November meeting).

5 outstanding recommendations of which:

- 1 relates to updating Financial Regulations which was not agreed because of lack of staff resources to implement at present
- 1 relates to VAT and has been partially implemented, work is currently underway to complete the outstanding VAT requirements
- 2 relate to procedures and are time dependant on senior staff appointments and the introduction of the new purchase ordering system

Emergency Planning – reviewed at the February meeting of this Committee when members were content with the progress on implementation of 8 of the recommendations made.

Of the remaining 5 recommendations, 4 have implantation dates of November 2008 and 1 of December 2008 and will be followed-up as part of the rolling follow-up programme.

Human Resources – reviewed as part of the rolling follow-up programme in June 2008. The original report and action plan have been agreed in with the HR consultant contracted by UDC at the beginning of 2008. Our follow-up investigation has identified little action being taken on implantation of recommendations as they either relate to reviews of HR and its processes and procedures due to have been undertaken March / April 2008 and/or where there is uncertainty over responsibility for the recommendation.

Due to the current and proposed further re-organisation in this area, no further action will be taken on these recommendations at this stage. However the risk rating of this audit has been raised to ensure that it is included in the 2009-010 audit plan.

Benefit Fraud – reviewed as part of the rolling follow-up programme in August 2008. This service has now become part of the Enforcement service.

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The 2 outstanding recommendations relate to procedures which are time dependant on staff appointment and agreement with the Planning Department over Enforcement Policy.

The Enforcement service will be subject to audit either at the end of this year if audit time permits or in quarter 1 of the 2009/10 audit plan, therefore no further follow-up action will be taken on the recommendations at this stage.

Electoral Registration - reviewed as part of the rolling follow-up programme in June 2008.

The 2 outstanding recommendations relate to procedures of which one has been partially implemented but no action has been taken on the other to date. Further follow-up action will be taken to monitor the implementation of this recommendation as part of rolling follow-up programme

Conservation & Enhancement - reviewed as part of the rolling follow-up programme in July 2008. A recommendation relating to a proviso to be added to correspondence has been partially implemented for conservation matters but not yet for landscape matters

Further follow-up action will be taken to monitor the implementation of this recommendation as part of rolling follow-up programme

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Recommendations made in Internal Audit reports are not acted upon	2 = Some likelihood Reports can contain re-iterations of recommendations made during previous audit that have not been implemented.	3 = Significant impact – action required There would be varying levels of impact from any non-implementation of the recommendations given the high significance of the majority of control risks identified.	Management Action Plans for the implementation of recommendations are agreed with Senior Management. Internal audit reports are followed up to ensure compliance. There are escalation procedures in the event of non compliance. The outcome of Internal Audit work is reviewed by the Audit Commission and by the Performance Select Committee.