Audit, Crime & Disorder and Scrutiny
Committee
8 February 2018

PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Report of the:	Head of Corporate Governance
Contact:	Gillian McTaggart
Urgent Decision?(yes/no)	
If yes, reason urgent decision required:	No
Annexes/Appendices (attached):	**Annexe 1** – update on the implementation of high and medium internal audit recommendations
Other available papers (not attached):	Internal Audit Assurance Report 2016/17

Report Summary

This report outlines progress made on implementing internal audit recommendations to strengthen the control environment.

Recommendation (s)

(1) **The Committee is asked to note and comment on the progress on the implementation of outstanding high and medium internal audit recommendations from the 2016/17 audit programme and other outstanding recommendations.**

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1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 None for the purposes of this report

2 Background

2.1 The internal audit team (RSM) track progress in the implementation of audit recommendations throughout the year. Their review focuses on the high and medium recommendations only.

2.2   In their end of year report that contains the Head of Internal Audit's year end opinion, they include an update on the implementation of internal management actions. They stated that adequate progress in implementing agreed actions had been made.

2.3   In 2016/17 they reviewed four high and 22 medium outstanding recommendations. They noted that two high level management actions had either not been implemented or were in progress. These related to the PCI compliance, relating to the voice recording software and the Property Management (key maintenance schedules in the process of being prepared). The PCI compliance recommendation has been implemented and maintenance schedules have been prepared for properties in order to update the Asset Management Plan.

3   Proposals

3.1   As part of the tracking process, Internal Audit have issued an update on progress of implementing high and medium recommendations for 2017/18, there are 18 high and medium outstanding recommendations . The details are provided in **Annexe 1**. They assess whether recommendations are not due for implementation; superseded; not implemented; partially implemented or implemented.

3.2   To date nine recommendations have been implemented; five have been partially implemented, three were not implemented and one has been superseded.

3.3   The auditors had some difficulty in contacting the appropriate officers to update progress on implementation due to changes in staffing, particularly in ICT.

3.4   Progress on implementing the recommendations agreed in 2016/17 has been generally good. The three where no action has been taken are shown below and been discussed with the responsible officers. These will be followed up as part of the tracking process by Internal Audit with those that are partially implemented.

Audit	Recommendation	Action agreed
Information Governance	**All business critical systems will be tested and restored with the external provider on at least an annual basis.**	**The Acting Head of ICT will be evaluating business critical systems as part of the review of the datacentre requirements**
PCI Compliance	**The Council will draft a 3rd party PCI compliance tracking sheet and track their PCI status annually**	**This has not been implemented but the new Civica pay application which replaces Adelante will be fully complaint when implemented**
Software Licensing	**The Council will amend the existing ICT acceptable use policy to cover information such as** **-The management of software inventory database** **-The differing licence requirements for beta versions, demonstration software and freeware and** **- The undertaking of regular periodic audits of software.**	**The Acting Head of ICT will review the policy in line with the recommendation**

4   Financial and Manpower Implications

    4.1   There are no specific financial or manpower implications for the purpose of this report

    4.2   ***Chief Finance Officer's comments:*** There are no direct financial or manpower implications within this report

5   Legal Implications (including implications for matters relating to equality)

    5.1   There can be legal implications if key recommendations are not implemented.

5.2 ***Monitoring Officer's comments:*** There are no legal implications arising directly from this report. Internal Audit reports form a key part of the Council's governance arrangements and it is important that the agreed recommendations be implemented. Where for example a recommendation is superseded this should be documented. There can be legal implications if key recommendations are not implemented.

6 Sustainability Policy and Community Safety Implications

6.1 None for the purposes of this report.

7 Partnerships

7.1 None for the purposes of this report.

8 Risk Assessment

8.1 Failure to track the progress of implementing recommendations could result in weaknesses in control and increased risks.

9 Conclusion and Recommendations

9.1 The Committee should note that reasonable progress has been made in implementing the recommendations Those areas where progress is slower or the recommendations have not been fully implemented will continue to be monitored and reported to Committee.

Ward(s) affected: (All Wards)