

**PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT
RECOMMENDATIONS**

<u>Report of the:</u>	Director of Finance and Resources
<u>Contact:</u>	Gillian McTaggart
<u>Urgent Decision?(yes/no)</u>	No
<u>If yes, reason urgent decision required:</u>	
<u>Annexes/Appendices (attached):</u>	<u>Annexe 1</u> - Update on implementation of Internal Audit recommendations
<u>Other available papers (not attached):</u>	Minutes of the meeting of the Committee, 16 April 2016.

REPORT SUMMARY

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

<u>RECOMMENDATION (S)</u>	<i>Notes</i>
(1) The Committee is asked to note and comment on the progress on the implementation of internal audit recommendations from high risk audit reviews from the 2015/2016 and 2014/15 audit programme.	

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 auditors (RSM) track the progress in the implementation of audit recommendations throughout the year and provide an annual overview of the number of recommendations implemented, partially implemented, superseded and outstanding. Their review focuses on high and medium recommendations only.
- 2.2 They reviewed 11 high and 42 medium recommendations from 2014/2015 audits. This highlighted some concerns as a number of recommendations were outstanding or they had not been able to obtain an update from the relevant manager. Overall 15 recommendations were outstanding. The main area of concern was the procurement audit where 9 recommendations had not been implemented.

- 2.3 The Committee asked for an update on the project management and contract management reviews at its meeting on 16 April 2016. This is included within this report.

3 Proposal

- 3.1 As part of tracking progress, we have undertaken an internal review of the higher risk reports from 2015/16 and 2014/15. This focuses on all reports categorised as a red, amber/ red or partial assurance. The details are provided in Annexe 1 as to the current position rather than just individual recommendations.

- 3.2 Overall, good progress is made in implementing the recommendations from the following reviews:

PCI Compliance – one recommendation is outstanding regarding the call recording system. The system is currently being tested.

Project Management - the project management arrangements have been developed and key corporate projects are being monitored by the Leadership Team and further training is being rolled out to all managers.

Income from Car Parks – all recommendations have been implemented.

Procurement of Agency Staff – the new arrangements are in place ensuring compliance with relevant legislation.

Payroll – all recommendations have been implemented

- 3.3 Slower progress has been made in the implementation of recommendations from the following:

Procurement - some recommendations have been implemented although there have been delays with the overall implementation. Action is being taken to address this and ensure arrangements are in place by March 2017.

Contract Management - The contract monitoring arrangements will be improved once the project management and procurement recommendations are fully implemented.

Property Maintenance – the recommendations are in the process of being implemented.

Facilities Management – the recommendations are not due to be fully implemented. Some progress has been made and action is being taken to improve the contract monitoring arrangements although this will take time to embed.

Data Quality - not all of the recommendations have been implemented from this review due to changes to the performance management framework.

4 Financial and Manpower Implications

- 4.1 There are no specific financial or manpower implications for the purposes of this report.
- 4.2 **Chief Finance Officer's comments** There are no direct financial or manpower implications for the purposes of this report.

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

- 5.1 **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 agreed recommendations are implemented. Where, for example, a recommendation is superseded by a change in circumstances, 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.

7 Partnerships

- 7.1 None.

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 good progress has been made in implementing the recommendations in some areas. Those areas where progress is slower or the recommendations have not been fully implemented will continue to be monitored and reported to Committee.
- 9.2 The Committee is asked to note and comment on the progress.

WARD(S) AFFECTED: (All Wards);