

AUDIT COMMITTEE – 11TH DECEMBER 2013

**INTERNAL AUDIT RECOMMENDATIONS IMPLEMENTATION UPDATE –
RECOMMENDATIONS OUTSTANDING FOR LONGER THAN 6 MONTHS**

1. Purpose of the Report

- 1.1 This report provides Members with the details of audit report recommendations which have been outstanding for longer than six months since their original implementation date, as at 31st October 2013. This information was requested by the Audit Committee at the meeting held on the 6th November 2013.

2. Recommendation

2.1 It is recommended that the Audit Committee:

- i. considers the information in support of their monitoring responsibilities.
- ii. receives a further progress report as part of the next Quarterly Internal Audit Report in order to continue monitoring progress in implementing the agreed recommendations.

3. Background Information

- 3.1 The Public Sector Internal Audit Standards (PSIAS) (Standard 2500) requires the Head of Internal Audit (HoIA) to ensure that management actions have been effectively implemented or, if not, that senior management have accepted the risk of not taking action. The HoIA must implement a follow-up process for ensuring the effective implementation of audit reports or ensuring senior management are aware of the consequences of not implementing an action point and are prepared to accept the risk of such consequences occurring.

In addition, the HoIA should develop an escalation procedure for cases where agreed actions have not been effectively implemented by the date agreed. These procedures should ensure that the risk of not taking action have been understood and accepted at a sufficiently senior management level.

- 3.2 In accordance with the PSIAS, Internal Audit has applied the following protocol to the follow-up of recommendations in audit reports issued since 1st April 2009:

- all fundamental and significant recommendations irrespective of the assurance opinion;
- all recommendations contained within the annual core financial system audit reports and;
- reports containing a significant number of merits attention recommendations giving rise to a negative assurance opinion.

- 3.3 In determining whether the agreed recommendation has been implemented the responsible officer is contacted and asked to provide an update in terms of progress in implementing the agreed recommendation and asked to provide supporting evidence if the recommendation has been addressed. If the recommendation has not been implemented the manager is asked to provide a revised implementation date. Accordingly, the recommendation implementation date is revised and an update note recorded within the Audit Management System.
- 3.4 Senior Managers are also provided with quarterly updates of their outstanding recommendations and attendance by Internal Audit at Departmental Management Team meetings also provides an opportunity to update senior managers in respect of any outstanding recommendations.
- 3.5 The Quarterly Audit Committee reports provide summary information in respect of the total number of recommendations made along with the number of recommendations that require follow-up. Details are provided of the percentage of recommendations which have been implemented by the original agreed date, those which have been implemented after the original target date and those which have been implemented after the revised target date.

4. Recommendations Outstanding Longer than 6 Months

- 4.1 At the request of the Audit Committee, Internal Audit have analysed all audit report recommendations in order to identify those which have been outstanding for longer than 6 months from their original implementation date. The analysis identified a total of 6 recommendations which fell into this category, 5 categorised as significant and 1 fundamental recommendation (see Appendix 1).
- 4.2 One recommendation, due for implementation on the 30th November 2013, has now been addressed. For the remaining 5 recommendations, Internal Audit is satisfied that sufficient management attention is being given to address the agreed actions / recommendations. Internal Audit continues to receive good co-operation from management and as such is able to closely monitor any implications that may arise from a delay in implementation. However, it should be acknowledged that Internal Audit is finding that management generally are under increasing pressure arising from the Future Council arrangements giving rise to an increase in workloads. This was evident in respect of the reasons provided in respect of the majority of those detailed within the attached schedule.

5. List of Appendices

Appendix 1 - Outstanding Audit Report Recommendations

6. Background Information

Internal Audit quarterly reports to the Audit Committee
Public Sector Internal Audit Standards

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Outstanding Audit Report Recommendations

No.	Audit Title / Recommendation	Recommendation Description	Priority	Original Implementation Date	Revised Implementation Date	Follow-Up Activity
1.	Staff Exit Process - R01 - Corporate Policy / Guidance	<p>Human Resources are in the process of producing a corporate policy / guidance in respect of the Staff Exit Process and recognise the importance of having a comprehensive procedure that encompasses all the requirements necessary when employees leave the Authority.</p> <p>The corporate policy should include guidance for managers in the arrangements for the recovery of assets used by leavers that belong to the Council such as keys, ID, mobile phones, laptops, procurement cards etc.</p> <p>The timetable for producing the policy / guidance, obtaining approval, and ensuring that the documents are placed on the Human Resources Intranet Site should be established.</p> <p>Consideration should be given to informing Managers / Head teachers of the intention for a Policy / Guidance to be made available within the next few months.</p>	Significant	31/07/2012	31/12/2013	<p>Report Date : 23/03/2012</p> <p>Agreed Action: A policy / guidance in respect of the Staff Exit Process will be completed by the end of July 2012.</p> <p>Responsible Officer: Human Resources Manager, Implementation Date: 31st July 2012</p> <p><u>Follow - up Activity</u></p> <p>A number of updates have been sought from management regarding the status and progress of the recommendation. Excessive workloads due to the KLOE activity and the TUPE transfer of Public Health have resulted in the implementation date being deferred a number of times.</p> <p>25/10/2013 Email from HR Advisor confirming that the date has been further revised to 31st December 2013 stating that the procedure is in the final stages of completion.</p>

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2.	Staff Exit Process - R07 - Staff Exit Interviews	<p>Human Resources are currently drafting an 'Exit/Interview Strategy Policy' which includes the requirement for a manager to conduct an exit interview. The Policy should clearly state the items to be discussed at an exit interview in order to capture all the required information i.e. contents of a job description, annual / flexi leave taken / outstanding, pay and conditions, council loans and property including procurement cards, and council equipment. Human Resources should review the current procedure for the receipting, recording and subsequent action taken of all completed staff exit questionnaires returned to Human Resources, in order to ensure adequate records are retained should they be required in the future.</p>	Significant	31/07/2012	31/12/2013	<p>Report Date : 23/03/2012</p> <p>Agreed Action: The corporate policy / guidance in respect of the Staff Exit Process will advocate that an exit interview is conducted and documented.</p> <p>Responsible Officer: Human Resources Manager, Implementation Date: 31st July 2012.</p> <p><u>Follow - up Activity</u></p> <p>Update notes as per the above (R01).</p>
3.	Private Sector Leasing Scheme - R01 - Empty Homes Strategy	<p>The Empty Homes Strategy should be reviewed to ensure that it is accurate and up to date and this should be submitted for approval by the relevant delegated party.</p>	Significant	31/03/2013	30/04/2014	<p>Report Date: 21/11/2012</p> <p>Agreed Action by the Head of Economy and Housing and the Empty Homes Officer on 13th November 2012. "The Empty Homes Strategy for the next five years is currently being drafted. The Strategy will be concluded at financial year end, to ensure that it takes into account the changes in operational structures that are currently being progressed."</p> <p>Responsible Officer: Head of Economy & Housing Implementation Date: 31st March 2013</p>

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4.	Residential Homes Framework - R11 - Submission of Management Information	<p>The Council should continue to formally request management information from the Care Providers, with support and guidance being provided (where necessary) to confirm what level of information is required and the format in which it is to be provided.</p> <p>Legal Services should be consulted to confirm what action can be taken against the Care Providers failing to provide this information.</p>	Fundamental	31/03/2013	31/12/2013	<p><u>Follow - up Activity</u></p> <p>A number of updates have been sought from management regarding the status and progress of the recommendation. The restructure of the service originally delayed the implementation of the recommendation.</p> <p>21/10/2013 Update provided by the Principal Private Sector Housing and Accreditation Officer on 21st October 2013. The Group Leader (Spatial Planning & Sustainability) confirmed that the timescale for approval of the new strategic framework for housing had been delayed which had impacted on completion of the Empty Homes Strategy. The implementation date should be revised to 30/04/2014.</p> <p>Report Date : 28/03/2013</p> <p>Agreed Action - The Controcc system will allow payments to be made without the required management information. Legal Services will be consulted with regards to drafting a letter to be issued to Care Providers regarding failure to provide the management information. A Provider Portal will be considered, to improve the accuracy and also audit trail of information.</p> <p>Responsible Officer: Partnership Director, Joint Commissioning (PIA) Implementation Date: 31/03/2013</p> <p><u>Follow - up Activity</u></p> <p>A number of updates have been sought from management regarding the status and progress of the recommendation. The implementation has been delayed due to legal considerations regarding letters to care providers.</p> <p>25/10/2013 The Finance Manager had consulted with Legal and</p>

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5.	Residential Homes Framework - R8 - Temporary Financial Support	<p>The records held by Adults & Communities and Legal Services should be reconciled, including checking with the Council Tax Section to ensure that the property has not been sold. All inconsistencies in records / property sales should be resolved.</p> <p>Officers should be reminded of the requirement to updated accounts on a quarterly basis within SAP.</p> <p>A notification process should be drafted to ensure that any charges on properties are notified to the Council Tax Section. The Legal Section should be notified upon receipt of any information with regards to property sales, where there is a charge.</p>	Significant	31/03/2013	31/12/2013	<p>awaiting opinion regarding sending a letter to confirm failure to provide management info will result in non payment. To follow up again during the review of Controcc (Care Package and Payment System). Agreed revised date 31/12/2013.</p> <p>Report Date : 28/03/2013</p> <p>Agreed Action: reconciliation will be undertaken of the records held by the Council with regards to temporary financial support and properties that a charge has been placed upon.</p> <p>Responsible Officer : Assistant Executive Director, Access & Support Implementation Date: 31/03/2013</p> <p><u>Follow - up Activity</u></p> <p>A number of updates have been sought from management regarding the status and progress of the recommendation. The recommendation has been delayed due to the consideration of the Governments requirement for Councils to have formal deferred payment schemes in place for 2015/16. This would effectively be a better process and would make the whole process more formal.</p> <p>25/10/2013 As per Finance Manager: Liaising with Legal at present - need to undertake the work and will address during Controcc review. Agreed revised date 31/12/2013.</p>
6.	Foster Care Payments Review - R3 - Notification Process	<p>All Officers should be reminded of the requirement to notify the Business Support Team of all variations on a timely basis and the procedure to be adhered to when notifying any new / changes to existing payments.</p> <p>The under / overpayments</p>	Significant	30/04/2013	30/11/2013 Implemented 20/11/2013	<p>Report Date : 11/04/2013</p> <p>Agreed Actions: An e-mail will be drafted and circulated to all relevant Officers to remind them of their financial responsibilities and the importance of timely notification of all new and changes to existing payments. The under / overpayments identified during this review have now been fully actioned. All current 18+ cases have been reviewed and this has identified inconsistencies with regard to the decision making process. The payment due to each Foster Carer has</p>

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		<p>identified from sample testing completed should be actioned, in accordance with the terms and conditions of the Fostering Framework.</p> <p>A review should be undertaken of the allowances currently being paid to all foster carers to ensure that they are accurate and any under / overpayments identified should be processed on a timely basis. All payments being made in respect of young persons aged 18 years and above (including connected persons) should be checked to ensure that evidence has been provided to support the continuation of the allowance payments.</p>				<p>been agreed and confirmed by letter.</p> <p>Moving forward (effective April 2013), all new 18+ cases will comply with the requirements of the Staying Put Policy. An operational procedure will be drafted and circulated to all relevant Officers to confirm the arrangements and payments due for the scheme.</p>