

## **Internal Audit Recommendations**

### **Report by Graham Herbert, Internal Audit Manager**

#### **1 Purpose of Report**

The purpose of this report is to provide an update to the Audit Committee on the number of recommendations made by Internal Audit over the last four years (including the year to date) and report on: the number that have been reported as complete; those that have not yet reached their agreed implementation date; and those that are now overdue.

#### **2 Background**

- 2.1 Internal Audit Reports include recommendations for improving internal control and / or recommendations to allow delivery of best value to the population that the Council serve.

All recommendations made by Internal Audit are agreed with the relevant manager, Head of Service and Director and are then endorsed by the Audit Committee. As part of this process target dates are agreed by which the recommendations are targeted to be implemented. The recommendation and target dates are uploaded to Covalent (the Council's performance management system) by Internal Audit and management are then responsible for completing the agreed work by the anticipated due date and marking the action as complete on Covalent where appropriate.

Every financial year, Internal Audit undertakes two reviews in relation to the recommendations that have been raised. The first notes the progress management have reported that they have made in completing and closing the recommendations (the subject of this report). The second extracts a sample of recommendations that management have reported as being closed and reviews the adequacy of the steps taken to complete the action (to be reported to June 2015 Audit Committee).

The table attached at Appendix 1 shows that from the period 2010/11 to October 2014, the Internal Audit Section have raised a total of 636 recommendations and 80% (508) of these are reported as having been completed, 12% (76) have not yet reached their due date and 8% (52) are shown as overdue.

#### Conclusion

The substantial majority of recommendations made by Internal Audit have either been implemented or are on schedule to meet their completion date (92%).

For those that are time expired, Internal Audit will continue to monitor and report on progress to the Corporate Management Team and the Audit Committee.

### **3 Report Implications**

#### **3.1 Resource**

There are no direct resource implications arising from the report.

#### **3.2 Risk**

The majority of recommendations made by Internal Audit are directly related to reducing the level of risk that the Council is exposed to.

#### **3.3 Single Midlothian Plan and Business Transformation**

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

#### **3.4 Key Priorities within the Single Midlothian Plan**

Internal Audit Reports review internal controls across the Council including those that relate to the key priorities within the Single Midlothian Plan.

#### **3.5 Impact on Performance and Outcomes**

The report identifies the performance of the Council in closing issues by the agreed implementation date.

#### **3.6 Adopting a Preventative Approach**

Adoption of the Internal Audit recommendations assists in preventing risk and delivery of best value and therefore provides a preventative approach.

#### **3.7 Involving Communities and Other Stakeholders**

The results of this analysis have been discussed with the Chief Executive, CMT and will be presented to the Audit Committee.

#### **3.8 Ensuring Equalities**

There are no equalities issues with regard to this report.

#### **3.9 Supporting Sustainable Development**

There are no sustainability issues with regard to this report.

### **3.10 IT Issues**

There are no IT issues with regard to this report.

## **4 Recommendations**

The Audit Committee is asked to:

- note the number of recommendations raised by Internal Audit;
- the number that are reported as complete;
- those that are not yet due; and
- the number that have gone passed their due date.

Internal Audit will continue to monitor for completion of the outstanding issues and will provide reports to the Audit Committee on these.

**Date 28 November 2014**

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### **Appendices:**

Appendix 1 – Analysis of Outstanding Recommendations

**Declaration Box**

**Instructions: This box must be completed by the author of the report. The box will be copied and saved by the Council Secretariat who will delete it from the report prior to photocopying the agenda.**

**Title of Report: Reporting Calendar**

**Meeting Presented to: Audit Committee**

**Author of Report: Graham Herbert**

*I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-*

- All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Human Resources.*
- All risk implications have been addressed.*
- All other report implications have been addressed.*
- My Director has endorsed the report for submission to the Council Secretariat.*

*For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate.*

*Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.*