

## **Internal Audit Recommendations Progress Report**

### **Report by Internal Audit Manager**

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

The purpose of this report is to inform the Audit Committee of the number of recommendations raised by Internal Audit over the last 4 years and the Council's performance in addressing these issues by the agreed implementation dates.

#### **2 Background**

2.1 Internal Audit suggests recommendations for improving internal control and to assist the Council deliver best value. Where management and the Audit Committee agree these recommendations, the issues are updated to Pentana Performance (the Council's performance management system, previously named 'Covalent') along with a date by which management should have completed the agreed action.

2.2 Each year, Internal Audit undertakes two follow up reviews on recommendations raised. The first samples recommendations which have been reported as complete and reviews the adequacy of the actions taken (due to be reported to the December 2017 Audit Committee). The second reports on the progress management have made in completing and closing the recommendations by the expected date (which is the subject of this report).

#### **3 Performance**

3.1 Over the period 2014/15 to October 2017, Internal Audit has raised a total of 402 recommendations. 324 of these are reported as having been completed (81%), 36 have not yet reached their due date (9%), and 42 are showing as overdue (10%).

3.2 The recommendations that have gone over their expected completion dates are detailed within Appendix 1 along with the current progress made against the action and the latest management update.

3.3 Contrasting this performance to the last Internal Audit report presented to the Audit Committee in December 2016 (covering the period 2013/14 to October 2016), Internal Audit had raised a total of 497 recommendations. 406 of these were reported as having been completed (82%), 57 had not reached their due date (11%) and 34 were showing as overdue (7%).

3.4 There is therefore an increase of 3% in overdue issues compared to last year's report. However, the majority of these recommendations are

well underway and many are almost complete (as detailed in Appendix 1).

#### **4 Report Implications**

##### **4.1 Resource**

There are no direct resource implications arising from the report.

##### **4.2 Risk**

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

##### **4.3 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

##### **4.4 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.

##### **4.5 Impact on Performance and Outcomes**

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

##### **4.6 Adopting a Preventative Approach**

Adoption of the Internal Audit recommendations assists in preventing risks facing Midlothian Council and delivery of best value and therefore provides a preventative approach.

##### **4.7 Involving Communities and Other Stakeholders**

The results of this analysis have been discussed with the Chief Executive, the Corporate Management Team and the Audit Committee.

##### **4.8 Ensuring Equalities**

There are no equalities issues with regard to this report.

##### **4.9 Supporting Sustainable Development**

There are no sustainability issues with regard to this report.

#### **4.10 IT Issues**

There are no IT issues with regard to this report.

#### **5 Recommendations**

The Audit Committee is asked to note:

- the content of the report; and
- that Internal Audit will continue to monitor for completion of the outstanding issues and will provide reports to the Audit Committee.

**Date 15 November 2017**

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#### **Appendices:**

**Appendix 1 – Outstanding audit issues for Midlothian Council**