

**AUDIT AND GOVERNANCE COMMITTEE**  
**15 MARCH 2019****INTERNAL AUDIT PROGRESS REPORT -**  
**1 NOVEMBER TO 28 FEBRUARY 2019**

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**Recommendation**

1. The Chief Financial Officer recommends that the Internal Audit Progress Report attached as an Appendix is noted.

**Background**

2. The attached progress report summarises Internal Audit work undertaken from 1 November to 28 February 2019 for consideration by the Committee.

**Key issues to note**

3. The main issue Committee have had particular focus on is the progress of recommendations. The attached report sets out that the total of recommendations outstanding have fallen by 2%, and the majority of request for responses were received, although four schools have yet to respond which account for 83% (24 out of 29) of recommendations outstanding without an update. So in total 82 recommendations have passed the original planned date of implementation.
4. The IA report identifies that last time there were 67 recommendations outstanding as reported to the December Committee compared to the 82 noted in the last paragraph - that does not mean the position per se has deteriorated, rather that more recommendations due 31<sup>st</sup> December 2018 to 28<sup>th</sup> February 2019 have fallen outstanding.
5. The following table summarises the split by period due and body:

**Table 1 – Recommendations overdue by period and body**

	0-3 months	3-6 months	+6 months	Total
Council recommendations with no responses from managers	4	1	1	6
School recommendations with no responses	19	4	1	24
Council recommendations with responses from managers	23	11	18	52
<b>Total</b>	<b>46</b>	<b>16</b>	<b>20</b>	<b>82</b>

6. What this has allowed is an in detail review of responses, and there are a number of key issues that have been identified from this:

- 72% of recommendations, whilst overdue per the original date, are due to be completed by the end of the financial year
- 18% by September 2019, and
- 9% after September 2019.

7. Of these 93% will have been actioned within 6 months of the original planned deadline.

8. Further review has identified a number of causes for this slippage:

- Managers were over optimistic in the implementation date compared with resources actually involved and other tasks
- There were in a few cases an absence of management in the service when the dates were set and new leadership caused the actions to be re-thought
- Deadlines involved third party partners and were set without direct agreement with that party and since slippage was identified.

9. As a result, all recommendations have undergone a review with the relevant Director and Internal Audit to set a new implementation date. The majority (72%) of these are within the next 3 months before the next Audit Committee. Six recommendation deadlines to implement have been pushed back by over a year from the original date, and in one instance 2 years (IT). These are in:

- IT (3) recommendations relating to disaster recovery strategy implementation that are being managed in different ways for now until full movement to cloud facilities
- Contract management relating to new strategy which is still in progress following new leadership (2 recommendations), and
- Children's direct payment recovery strategy that was delayed due to the scale of work in the service (1 recommendation).

10. These resets by 12 months have arisen as subsequent changes of direction, and no resource having picked the action up due to interim management. The Directors have confirmed that the revised dates are realistic and the acceptance of risk over the implementation originally scheduled is the necessary decision.

11. Lessons need to be drawn from this more detailed analysis and fed into the future audits, these are:

- Where reports are signed off by interim management / leadership then the timescale for completion should be subject to further review by the CFO and Chief Executive
- Implementation dates should only be reset once after due consideration and agreement with IA and the CFO
- Any resetting of deadlines should be reported quarterly to the Committee with explanations of acceptance of slippage and further lessons to learn

- The key performance indicators should reflect the monitoring of implementation (see the IA Audit Plan elsewhere on the same agenda).

12. As a result it is not proposed that any Directors or Heads of Service are asked to attend the Audit and Governance Committee but that a further update report be considered at the July meeting.

13. Going forward the IA team will include an administrator post to chase recommendations and ensure Directors have agreed the timetable is reasonable.

## **Contact Points**

### County Council Contact Points

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## **Supporting Information**

- Appendix - Internal Audit Progress Report.

## **Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

Previous quarterly update reports to the Audit and Governance Committee.