

ISLE OF ANGLESEY COUNTY COUNCIL

COMMITTEE:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	26 MAY 2016
TITLE OF REPORT:	LOGGING INTERNAL AUDIT RECOMMENDATIONS AND RECOMMENDATIONS MADE BY OTHER REGULATORS
PURPOSE OF REPORT:	TO INFORM THE COMMITTEE ON THE CURRENT PROCESS AND ANY PROPOSED DEVELOPMENTS
REPORT BY:	MARC JONES – HEAD OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
ACTION:	FOR DECISION

1. INTRODUCTION

- 1.1 At its meeting on 15 March 2016, the members of the Committee requested the Head of Function (Resources) and Section 151 Officer to report to the next meeting on the system for logging Internal Audit recommendations and its proposed development to include other recommendations. The following report provides an update to members.

2. INTERNAL AUDIT RECOMMENDATIONS

- 2.1 At the conclusion of each Internal Audit report, the Internal Auditor will agree a set of recommendations with the responsible Head of Service / Manager. The final report action plan sets out the timescales and the officer responsible for the implementation of each agreed recommendation.
- 2.2 The Council currently operates a recommendation tracking system “4 Action”. This system was provided to the Council under the previous Internal Audit management contract.
- 2.3 All agreed recommendations are input into the system and it is then the responsibility of the Officer responsible for the implementation of the recommendation to update the system with details of the progress made in implementing the recommendation.
- 2.4 Routinely, the Internal Audit Team will remind officers of the need to update the system with progress and to close recommendations that have been fully implemented. This is the main weakness with the system as it is reliant on officers remembering to update the information and even though recommendations may have been fully implemented it is not always the case that the 4 Action system reflects the current situation.
- 2.5 Each quarter, the Internal Audit Team produces a report of all high and medium risk recommendations which are shown on 4 Action as being not fully implemented. This report is reviewed by the SLT and is reported to the Audit and Governance Committee.
- 2.6 As part of the Internal Audit plan, time is allocated to follow up the implementation of the recommendations and to retest recommendations which have been noted as having been implemented. In addition, the next audit review of a specific area will test the implementation of recommendations.

3. EXTERNAL RECOMMENDATIONS

- 3.1** The Council can receive recommendations from a number of different external sources:-
- External Auditors – Deloitte;
 - Wales Audit Office;
 - Regulators – Estyn, CSIW;
 - Arising from National Studies undertaken by the Wales Audit Office.
- 3.2** These recommendations are logged by the Corporate Performance Management Team on a spreadsheet. On a quarterly basis, the Performance Team request the relevant officers to provide an update on the progress made in implementing the recommendations.
- 3.3** A report on the progress to implement external audit recommendations is currently reported to the SLT on a quarterly basis via spreadsheet.
- 3.4** This ensures that the SLT are informed and are aware of implementation against external audit recommendations. However, it is acknowledged that this process is in its infancy and current external practise outlines that reports are communicated sometimes to the services only, without copy to the corporate centre.
- 3.5** The WAO have agreed to co-operate with the Council in improving this practise and assisting the Council in identifying external audit work across the organisation.

4. FUTURE DEVELOPMENTS

- 4.1** The 4 Action system (referred to above in 2), although functional, is not user friendly and does not automatically prompt / remind officers that the system needs to be updated. Using spreadsheets to monitor the implementation of external audit recommendations is far from ideal as a spreadsheet is not designed to maintain such a large amount of text data.
- 4.2** The licence for the 4 Action system ends on 31 May 2016 and the Council are currently in discussions with the software supplier on the options and costs of extending the licence for a further 12 month period pending a decision on a wider corporate business management system.
- 4.3** The ideal solution proposed would be to acquire and implement an integrated business management system. This would allow the Council to monitor and report on:-
- 4.3.1** business planning;
 - 4.3.2** performance, project & risk management; and
 - 4.3.3** the implementation of recommendations.

Further work is required to determine the cost of such a system and how the cost could be funded by the Council.

5. RECOMMENDATION

- 5.1** That the Audit and Governance Committee request of Officers the further exploration of a corporate business management system with a view of acquiring and implementing during 2016/17 (dependant on a viable business case agreed by the SLT).