



PROGRESS WITH IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Report by Finance & Commercial Director

LIMITED LIABILITY PARTNERSHIP MAJOR CONTRACTS GOVERNANCE GROUP

7th November 2017

1 PURPOSE AND SUMMARY

To inform the Major Contracts Governance Group of the progress by the Senior Management Team (SMT) with the implementation of Internal Audit recommendations made and agreed within the SB Cares Internal Audit Annual Report 2016/17 by SBC's Chief Officer Audit & Risk (Appendix 2).

- 1.1 Internal Audit is an independent appraisal function established for the review of the internal control system as a service to SB Cares. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources and the management of risk.
- 1.2 The Internal Audit activity adds value to the organisation (and its stakeholders) when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes (by way of making audit recommendations); and objectively provides relevant assurance.
- 1.3 SMT has the responsibility for ensuring that agreed audit actions are implemented to address the identified weaknesses and mitigate risks. At Internal Audit Final Report stage the Audit Recommendations are input to Pentana (previously Covalent), the Council's corporate performance management system. This is designed to assist with Management tracking of implementation, to link with relevant risks and to evidence improvement.
- 1.4 Internal Audit performs follow-up activity to check that recommendations have been implemented and to ensure that the new controls had the desired effect on improving internal control and governance, and reducing risk. Internal Audit works with SMT by attending Senior Management Team meetings monthly to address any actions that become overdue and to review risks, and bring any matters to the attention of the Board.

- 1.5 The Table in Appendix 1 highlights the current status with regards SMT implementation of Internal Audit recommendations arising in 2016/17 (as at 18 October 2017) from the Pentana system.
- 1.6 As stated in the Internal Audit Annual Plan 2017/18 approved by the Board on 25 May 2017 the audit work for 2017/18 is designed to encompass:
- (i) review of key business processes for continuity and sustainability and carry out substantive testing of a sample of transactions for completeness and accuracy;
 - (ii) assessment of the arrangements SB Cares has put in place to secure Best Value through the continuous improvement in the performance of its functions; and
 - (iii) follow-up on implementation of previous audit recommendations and agreed Management Improvement Actions.
- 1.7 Further independent and objective audit testing will be carried out on the areas pertaining to the previous audit recommendations and a full year progress report and assurance will be included within the SB Cares Internal Audit Annual Report 2017/18 to be presented to the Board at the conclusion of the year ended 31 March 2018.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Major Contracts Governance Group:-**
- (a) Acknowledges the progress made by SMT in implementing Internal Audit recommendations; and**
 - (b) Considers whether it is satisfied with the progress or whether any further action is required.**

3 IMPLICATIONS

- 3.1 **Financial Recommendations**
There are no costs attached to any of the recommendations contained in this report. Implementation of Internal Audit recommendations will be complete within current budget.
- 3.2 **Risk and Mitigations**
All Internal Audit recommendations have been approved and will be implemented in year.
- 3.3 **Equalities**
There is no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.
- 3.4 **Acting Sustainably**

There are no significant effects on the economy, community or environment.

3.5 Carbon Management

No effect on carbon emissions are anticipated from the recommendation of this report.

3.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

4 CONSULTATION

4.1 The SB Cares Board and Senior Management Team have agreed the Internal Audit Recommendations.

Author(s)

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