

Risk Management Group Internal Audit Progress Monitoring Report

Report of the Chief Fire Officer

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1 Purpose of Report

This report provides an update on the monitoring of recommendations made by Internal Audit, which is undertaken by the Risk Management Group. It specifically covers details about the progress made against outstanding recommendations.

2 Recommendations

Members are asked to note:

- a) The progress made against the outstanding recommendations; and
- b) That the RMG will continue to monitor progress against all recommendations, reporting to this Committee on a regular basis.

3 Background

'Internal Audit' is a tool, available to senior management and Members. It provides an independent judgement on the level of confidence they can have that the policies and procedures in place to control various aspects of the Service, which are considered to be higher risk, for example finance, are operating in a way that reduces those risks.

It, therefore, follows that any recommendations made by the Authority's Internal Auditors, as a result of the audits they have been directed to undertake, should be implemented in an appropriate and timely manner.

Recognising that each potential deficiency identified in the Service's procedures is likely to result in a different level of risk exposure, Internal Audit rates each of their recommendations to assist the Service in deciding the priority for any remedial work. These categories are shown below.

Fundamental

Immediate action is required to address major control weaknesses that could lead to material loss.

Significant

Action is needed to address a control weakness, where systems might be working but errors may go undetected.

Requires Attention

Action is needed to improve existing controls or improve efficiencies.

In March 2008, this Committee agreed a process for dealing with recommendations that fall out of these audits, to ensure that officers are dealing with all matters effectively.

- The Committee considers directly any “**Fundamental**” recommendations; and
- “**Significant**” and “**Requiring Attention**” recommendations are considered initially by the Risk Management Group and any delays or failures in implementing these recommendations are brought to the Committee.

This process has been used by the Risk Management Group since it was initially agreed and there have been no ‘Fundamental’ recommendations, since this monitoring process was implemented.

The Service now operates a robust internal system of checking and challenging with those officers, who have responsibility for each of the recommendations. This has built on the work reported to this Committee previously.

4 Outstanding Recommendations

As previously reported in July 2017, the Service had **66** recommendations outstanding. As of April 2018 the Service has a total of **59 accepted** recommendations outstanding, of which:

- **44 are Requires Attention (RA)**
- **15 are Significant**

Of these, **24** are new recommendations and **35** are repeated from previous audits. This means that **31** of the previously reported recommendations have been adequately addressed, since last July.

The audits completed in 2017/18 include:

- Banking Arrangements and Treasury Management (3 new)
- Corporate Governance (1 new, 1 previous)
- Creditors and Purchasing Cards Follow Up (1 new, 10 previous)
- Debtors (5 new)
- Fraud and Corruption (Travel and Subsistence) (2 new, 7 previous)
- IT General Controls – Computer Services (6 new, 7 previous)
- Partnerships (4 new)

- Payroll (1 new)
- Recommendation Follow Up (1 new, 10 previous)
- Risk Management (No recommendations)

The recommendations are spread across the departments listed, in the following numbers:

Departmental Area	Requires Attention	Significant	Total
Finance	19	1	20
Finance and HR	7	2	9
Human Resources and Planning and Performance	1	3	4
Planning and Performance	1	0	1
ICT	7	5	12
Total	35	11	46

A number of recommendations (13) at the time of writing this report have not yet been allocated to a department. Responsibility for the recommendations will be added to the Management Response when returning the draft report to Internal Audit.

It is worthy of note that, even though activities to address recommendations may be put in place with immediate effect, it is normal for them to remain “live” for a period of time to allow Internal Audit to verify that new processes are fully embedded.

The Risk Management Group is committed to ensuring that these and future recommendations are addressed in a prompt and timely manner to ensure that associated risks are mitigated as soon as possible.

5 Financial Implications

There are no financial implications arising from this report.

6 Legal Comment

There are no legal implications arising from this report.

7 Initial Impact Assessment

This report contains merely statements of fact / historical data. An Initial Impact Assessment is not, therefore, required.

8 Equality Impact Assessment

There are no equality or diversity implications arising from this report. An Equality Impact Assessment is not, therefore, required.

9 Appendices

There are no appendices attached to this report.

10 Background Papers

There are no background papers associated with this report.