

Committee:	Date:
Audit & Risk Management Committee	24th July 2017
Subject: Internal Audit Recommendations Follow-up	Public
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Summary

This report provides an update on the outcome of a recent follow-up exercise focused on red and amber priority recommendations due for implementation by 30/06/17.

As at the beginning of July 2017 there are no overdue red priority actions from reviews previously concluded and reported to this Committee. There is one live red priority recommendation which is not yet due for implementation.

Audit testing has confirmed that 27% of high priority recommendations were fully implemented or alternative mitigation had been accepted at the time of follow up, 20% were partially implemented, and further evidence of implementation is awaited in respect of 39% of cases – recommendation owners advising that matters have been addressed in full, and 14% were confirmed as not implemented with revised target dates agreed in most cases. **Appendix 1** summarises the outcomes by department.

Where amber priority recommendations were outstanding in full or in part at the time of audit follow-up, further updates have been sought from management to confirm timescales for resolution. Analysis of amber priority recommendations not implemented is shown at **Appendix 2**, including a comparison of original dates to revised target dates where these have been provided. Internal Audit will continue to liaise with recommendation owners to confirm timescales for implementation where these are not currently known.

In addition to the 55 live amber recommendations which were originally due for implementation by 30/06/17, there were 338 live green priority recommendations at this date i.e. partially implemented, not implemented or no status update provided by recommendation owners. Follow-up arrangements do not incorporate green priority recommendations and it is expected that management ensure that implementation is progressed appropriately.

Members are asked to:

- Note the recommendations follow-up report.

Main Report

Formal Audit Follow-ups

1. A corporate follow-up exercise has recently been completed in respect of all live red and amber priority recommendations due for implementation by 30/06/17. Status updates were sought from recommendation owners and evidence was requested where Internal Audit were advised that issues had been addressed in full.
2. A summary of outcomes by department is set out in Appendix 1 and demonstrates for the follow-up period that:
 - Implementation or alternative mitigation was confirmed for 27% of amber priority recommendations
 - 20% of amber priority recommendations have been partially implemented
 - 14 % of amber priority recommendations have not been implemented but revised target dates have been agreed in most cases
 - Implementation evidence is awaited for 39% of recommendations followed up (i.e. recommendation owners have advised that matters have been addressed in full but independent verification is outstanding)
 - Revised target dates have been agreed for all but 3 recommendations either partially implemented or not implemented.
3. Revised target dates for full implementation of Chamberlain's IT recommendations have been agreed in the case of all recommendations which are either partially implemented or not implemented. These extended target dates are due to the planned actions to be taken as part of the Transformation Programmes. Internal Audit were advised that in addition to replacing outdated equipment and services, the organisation will be moving to a fully managed technology environment with circa 60 new policies and controls implemented to reduce risk, improve the service to the organisation and ensure a return on the investment. Additionally it was noted that the IT Division have recently employed a Head of IT Business Management and Performance to: improve Audit and Risk Management within the Division and ensure resulting actions and controls are implemented correctly to agreed target dates.
4. Amber priority recommendations not implemented or only partially implemented are summarised at Appendix 2 and a comparison of revised target dates to original agreed dates is shown where available. Recommendation owners are subject to challenge by Internal Audit where any slippage in implementation occurs; this is intended to ensure that revised timescales are agreed only in exceptional circumstances. Information within Appendix 2 highlights some legacy issues where revised target dates have been set for several years after the original implementation date provided by management. There continues to be a strong focus on the agreement of realistic implementation dates when audit reviews are being finalised to reduce such instances of target date revision.

5. As with the last follow up exercise, reported in November 2016, it was noted that delays in implementation were largely due to reliance on the progress of major projects, resource restrictions or staff turnover. Revised target dates have been agreed for all but three amber priority recommendations which had not been implemented by the due date or had been only partially implemented. Internal Audit is focused on confirming implementation dates for the remaining live issues.
6. There were no live red priority recommendations due for implementation by 30/06/17. There is one live red priority recommendation with a revised target date of 31/12/17. This Chamberlain's IT recommendation arose as part of the audit of Wi-Fi arrangements and the implementation action is linked to replacement of both the Guest (Open Mediated Wifi) and the Corporate Wi-Fi services. It is understood that additional security measures have been implemented to improve assurance of this service.
7. According to Internal Audit records as at 30/06/17 there were 338 live green priority recommendations which comprised 318 items either confirmed as not implemented or where no updates have been obtained from management, and 20 recommendations which were partially implemented. Green priority recommendations have not been subject to follow-up in recent years and the onus has been on client management to ensure that implementation progressed appropriately. Where Internal Audit have been advised of the implementation of green priority recommendations these have been closed down accordingly.

Conclusion

8. There continues to be a high level of acceptance of Internal Audit recommendations and, in general, good communication with clients in respect of the progress of recommendations implementation. The setting of realistic target due dates is an area of focus when finalising reports and client departments are challenged in respect of the slippage of implementation. There were no overdue red priority recommendations as at 30/06/17 and only one live red priority recommendation not yet due for implementation.
9. The recent corporate follow-up exercise has confirmed the implementation of 27% of amber priority recommendations which were due for implementation by 30/06/17. Revised target dates have been agreed with recommendation owners for all but three of those recommendations either partially implemented or not implemented and Internal Audit will continue to track implementation as part of follow-up arrangements. Internal Audit work is ongoing to obtain implementation evidence for those recommendations which Internal Audit has been advised are addressed (39%). An update will be provided to this Committee in due course.

Appendices

- **Appendix 1 – Summary of formal follow up outcomes**
- **Appendix 2 – Analysis of recommendations not implemented**

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