Committee:	Date:
Audit & Risk Management Committee	16th January 2018
Subject: Internal Audit Recommendations Follow-up	**Public**
Report of: Pat Stothard - Head of Audit & Risk Management	**For Information**

Summary

Internal Audit are operating the revised follow-up process for monitoring implementation of high priority recommendations, as reported to the last meeting of this Committee. Updates are now sought more frequently, only evidenced recommendations are accepted as implemented and the expectation of implementation by agreed target dates is being reinforced.

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 November 2017. There is one live red priority recommendation which was outside the scope of this formal follow-up exercise; Internal Audit have been advised that this is partially implemented and a revised target date has been agreed of the end of May 2018 for full implementation.

Audit testing has confirmed that 90% of high priority recommendations were fully implemented at the time of follow up and 10% were partially implemented. **Appendix 1** summarises the outcomes by department.

Where high 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 fully implemented is shown at **Appendix 2**, Internal Audit will continue to liaise with recommendation owners to confirm timescales for implementation where these are not currently known and to obtain evidence of full implementation in accordance with these.

Members are asked to:

- Note the recommendations follow-up report.

Main Report

Monitoring of High Priority Recommendations

1. The high priority (red and amber) recommendation monitoring process is operating as follows:

- Updates on implementation are sought quarterly;

- Recommendations are assessed as “implemented” only where suitable evidence has been provided to Internal Audit, rather than advised by management / recommendation owners;

- Where evidence is not provided, recommendations are assessed as either partially or not implemented and a revised target is agreed, recognising this Committee’s view that there should be only one extension to implementation deadlines.

2. Management continue to be reminded that any implementation actions which are extended beyond the revised target date may be subject to challenge by this Committee and senior management / recommendation owners asked to attend to explain the issues in progressing agreed actions to timescale.

Formal Audit Follow-ups

3. The corporate follow-up exercise has recently been completed in respect of all live red and amber priority recommendations due for implementation by November 2017. Status updates were sought from recommendation owners and evidence was requested of progress in implementation.

4. A summary of follow-up outcomes by department is shown at **Appendix 1** and demonstrates that implementation was confirmed for 90% of high priority recommendations and the remaining 10% were found to be partially implemented.

5. High 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 have been reminded of revised follow-up arrangements and the need to provide evidence of full implementation in order for recommendations to be closed down. Internal Audit has also reiterated that revised timescales should be set only in exceptional circumstances.

6. There were no red priority recommendations due for implementation by November 2017 and therefore none within the scope of the follow-up exercise. There is one live red priority recommendation which was not due by the follow-up date although Internal Audit have obtained a status update for this Committee in accordance with established arrangements. This Chamberlain’s IT recommendation arose as part of the audit of Wi-Fi arrangements and while substantially implemented, the outstanding element is linked to replacement of the Corporate Wi-Fi solution, to be delivered as part of the Network Transformation Programme. It is understood that progress in implementation has been impacted by the supplier for the original tender pulling out of the contract at the last minute, resulting in the need for re-tendering. Internal Audit have been advised that control improvements have been fully implemented in respect of guest and visitor Wi-Fi (Open Mediated Wi-Fi) and a revised target date for end of May 2018 has been agreed for full implementation in respect of Corporate Wi-Fi.

Live High Priority Recommendations

7. As at mid-December 2017 there are 27 live high priority (26 amber, 1 red) recommendations which are not yet due for implementation. A revised target date of the end of May 2018 has been agreed in respect of the only live red priority recommendation, which is currently partially implemented. Internal Audit continue to liaise with recommendation owners to obtain evidence of implementation in accordance with the formal follow-up process and the outcome of these exercises will continue to be reported to this Committee on a quarterly basis.

Conclusion

8. The recent corporate follow-up exercise has confirmed that there are no overdue red priority recommendations as at mid-December 2017 and there is only one live red priority recommendation. Follow-up testing determined that 90% of recommendations had been implemented in full and 10% had been partially implemented. Internal Audit work is ongoing to confirm revised target dates for full implementation where these have not been supplied by recommendation owners, reiterating that these should be extended only in exceptional circumstances.

Appendices

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

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