

<b>Committee:</b>	<b>Date:</b>
Audit & Risk Management Committee	29th May 2018
<b>Subject:</b> Internal Audit Recommendations Follow-up	<b>Public</b>
<b>Report of:</b> Head of Audit & Risk Management	<b>For Information</b>

### 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<sup>th</sup> April 2018. There are no live red priority recommendations which fall outside the scope of this formal follow-up exercise.

Audit testing has confirmed that 37.5% of high priority recommendations were fully implemented at the time of follow up, 25% were partially implemented, and 37.5% had not been implemented or evidence had not been provided to demonstrate implementation. **Appendix 1** summarises the outcomes by department.

There were eight red priority recommendations within the scope of the follow-up exercise, seven of which related to the City of London Police and one which related to Chamberlain's IT. Implementation of two of the City of London Police recommendations has been confirmed, revised target dates have been supplied for four of the recommendations and Internal Audit has been advised that the remaining recommendation has been implemented and audit testing has been scheduled to review the outstanding evidence.

The Chamberlain's IT red priority recommendation has been categorised as partially implemented but is scheduled for completion by end-June, after an initial delay due to the need to restart the tender exercise.

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 high 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 30<sup>th</sup> April 2018. 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 37.5% of high priority recommendations, partial implementation was confirmed for 25%, and the remaining 37.5% had not been progressed or evidence was not supplied to Internal Audit to demonstrate implementation.
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 eight red priority recommendations within the scope of the follow-up exercise, seven of which related to the City Police, and one related to Chamberlain’s IT which has been categorised as partially implemented.
7. The red priority City Police recommendations related to the Programme Management (2) and Seized Goods Audits (5). Internal Audit has confirmed

implementation of one of the Programme Management recommendations and a revised target date has been supplied for the remaining recommendation.

8. The City Police have addressed the Seized Goods issues as far as possible, but they mainly related to the property system NICHE and due to staff vacancies within the Property Office, it has not been possible to progress to full implementation in some cases. Internal Audit has confirmed implementation of one of the Seized Goods recommendations, audit testing has been scheduled for a further recommendation and revised target dates have been agreed for the remaining three recommendations.
9. As reported to the last meeting of this Committee, the 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, which should be completed by end-June.

### **Live High Priority Recommendations**

10. As at 1<sup>st</sup> May 2018 there are 40 live amber priority recommendations which are not yet due for implementation and a number of audit reports which are in the process of being finalised, containing further high priority recommendations. 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**

11. The recent corporate follow-up exercise has confirmed that there are five live red priority recommendations (City of London Police) for which revised target dates have been agreed or audit testing scheduled to confirm implementation. One partially implemented recommendation (Chamberlain's IT) is scheduled for completion by end June. Follow-up testing determined that 37.5% of recommendations had been implemented in full, 25% had been partially implemented and 37.5% had not been implemented / implementation could not be confirmed. 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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