

Governance Committee

25 November 2011

Progress report on the implementation of internal audit recommendations

Report of the Chief Officer

Contact: Nicki Whitehouse, Acting Performance Review Manager
Telephone: 023 8062 6828

1. Summary

1.1 Since the last Governance Committee meeting on 30 June 2011, action plans have been agreed for the following internal audit reports, relating to the 2010/11 audit plan:

- Capital contracts
- Travel and subsistence
- Information management

1.2 Progress towards implementing recommendations made in internal audit reports is shown in the attached appendices. It is pleasing to report that progress has been good.

1.3 The report proposes that in future, our progress in implementing internal audit recommendations will be included in the Internal Audit Manager's regular progress report.

2. Recommendations

2.1 That the Committee approves the audit action reports, and progress made towards the implementation of recommendations.

2.2 That the Committee approves the inclusion of future progress reports in the Internal Audit Manager's regular Internal Audit Progress report, noting that the detail of each recommendation will not be reported, unless there is any particular concern.

3. Introduction

3.1 At its meeting of 5 March 2008, the Performance Review and Scrutiny Committee agreed that future progress reports would be presented to the Governance Committee, as it receives regular reports from both internal and external audit.

4. Liaison with internal audit and the 'follow up' process

- 4.1 The internal audit service is provided to Hampshire Fire and Rescue Authority by Audit Services at Hampshire County Council via a Service Level Agreement. There is an Audit Strategy (2011 to 2014) in place, and a three year Audit Plan, which have both been approved by this Committee.
- 4.2 The Performance Review Team maintains a record of audits against the agreed Audit Plan that are either in progress or have been completed. A good working relationship is maintained with Internal Audit, and support is provided wherever necessary to staff undergoing the audit process. The Performance Review Manager is a qualified Internal Auditor and provides an objective and independent follow up process.
- 4.3 Once a final audit report has been issued with an agreed action plan, the agreed management actions are recorded along with:
- Detail of each action that has been agreed;
 - The priority of the recommendation, in respect to the system audited, rather than the Service as a whole;
 - The target date for implementation;
 - The person responsible for the action.
- 4.4 Any unaccepted recommendations are reported to the Director of Corporate Services for his information on a periodic basis.
- 4.5 Before an action date is reached, a member of the Performance Review Team contacts the nominated person with a reminder that an action is due to be implemented. When the action date is reached, the team will ask for confirmation, and if relevant, evidence that the action has been implemented, or if not, when it is expected to be. The response is recorded. Any recommendations that remain outstanding are referred to the relevant Director.
- 4.6 On occasion, if there is a legitimate reason, it may be necessary to extend an agreed action date. In this case, the Performance Review Team will make a request to the Internal Audit Manager to extend the action date. If there is agreement, a new date will be recorded, otherwise the action will be shown as overdue, and continue to be monitored.
- 4.7 The progress towards meeting internal audit recommendations is reported to the Governance Committee, in order to keep Members aware of progress and any issues arising. Currently Members receive a copy of the recommendation made, who it is assigned to and the target date. (see appendix 1).

5 Proposed new arrangement for the reporting of the progress of the implementation of internal audit management action plans

- 5.1 Members of this Committee have regularly received reports providing detail on the progress made on the implementation of audit recommendations. The Performance Review Manager and the Internal Audit Manager have discussed how their reports can become more streamlined and efficient in terms of administration time. Whilst the monitoring of progress will continue to be done by the Performance Review Team within the Service as before, it is proposed that the detail of each recommendation will no longer be presented to this Committee. Instead a summary of the numbers completed and outstanding will be provided to Internal Audit, and reported within the Internal Audit manager's regular progress report. The Performance Review Manager will reserve the right to include details of recommendations if there is any concern.
- 5.2 It is proposed that the new system would operate in respect to those Internal Audit reports issued from the Audit Plan 2011/12.
- 5.3 Appendix 1 to this report provides details of those recommendations made that are currently 'ongoing', where the action date has not yet been reached. Appendix 2 lists recommendations that have been implemented since the last report made to this Committee. If agreed by the Committee, this will be the last detailed report in this format. Arrangements will be kept under review by the Performance Review Manager and the Director of Corporate Services.

6. Contribution to corporate aims and objectives

- 6.1 Implementation of internal audit recommendations assists the Authority in the improvement planning process, performance management framework, and in compliance with its governance arrangements. This in turn, assists the Authority in achieving its aim to be the best fire and rescue service in the country.

7. Resource implications

- 7.1 The proposal in this report reduces the resources required in the formatting and reporting of the update reports. Recommendations will continue to be monitored by the Performance Review Team, and issues will continue to be escalated to Directors where appropriate. Implementing audit recommendations ensures that the Authority uses its resources efficiently at all times, and takes any opportunities to ensure its achievement of value for money.

8. People impact assessment

- 8.1 Carrying out people impact assessments will strengthen our internal audit practices by ensuring that the consequences of our proposed policies and actions comply with current legislation and expectations for improving equality and diversity in the workplace and in our delivery of services to the public.

- 8.2 The proposals within this report are considered compatible with the provisions of the European Convention on Human Rights, the Human Resources Act 1998, and the Race Relations (Amendment) Act 2000.

9. Risk analysis

- 9.1 Failure to implement any internal audit recommendations clearly leaves the Authority vulnerable to the consequences of the identified risks and weaknesses in control. These progress reports are considered to be an important process within the Authority's Strategic Risk Management Strategy. They ensure that Members are fully aware of any problems associated with addressing the issues raised and the priority given to driving down or eliminating specific risks.

Background information (Section 100D of Local Government Act 1972)

The following documents disclose the facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of the report:

Internal Audit reports

Internal Audit Strategy and Plan

Appendix 1 Internal Audit Recommendations – Actions awaiting implementation

Appendix 2 Internal Audit Recommendations – Actions completed

Appendix 3 Internal and External Audit Recommendations – Glossary of terms