

MAIDSTONE BOROUGH COUNCIL

AUDIT COMMITTEE

MONDAY 15 SEPTEMBER 2014

REPORT OF HEAD OF AUDIT PARTNERSHIP

Report prepared by Rich Clarke

1. INTERNAL AUDIT – FOLLOW-UP REPORT UPDATE

1.1 Issue for Decision

1.1.1 At the Audit Committee in July 2014 we presented our 2013/14 annual audit report summarising the output of reports issued relating to that year. This included three reports that provided an adverse assurance rating (“limited”, broadly equivalent to “weak” in our revised 2014/15 structure). These reports examined Museum collections, Freedom of Information and Housing Options. The Committee expressed its concerns that these three areas – all of which are important to the Council and its residents – should seek to address the issues identified as soon as practical and sought an update on progress.

1.1.2 This paper provides an update for the Committee on these areas but also takes the opportunity to describe and preview changes to the follow up process more generally. (See Appendix 1)

1.2 Recommendation of the Head of Audit Partnership

1.2.1 That the Audit Committee **notes** progress against the high priority recommendations identified in the Museum and Freedom of Information audit report. (See Appendix 1)

1.2.2 That the Audit Committee **notes** the updates to the Internal Audit follow-up process. (As outlined in the body of the report)

1.3 Reasons for Recommendation

1.3.1 In previous years, the audit follow up process has been to re-visit projects in full at a fixed period after issue. Although there was some flex to this period depending upon the implementation dates of individual recommendations, in general the process did not reliably capture follow up of longer term recommendations. It was also inconsistent in the way that data were collated and reported, both to senior management and to members.

1.3.2 Our revised process for 2014/15 aims to address these issues to provide more useful and timely information to senior management and members. The basic outline of the process is as below:

- a) Each quarter, Senior Auditors download from our Teammate audit software a list of agreed recommendations that have fallen due for implementation since the previous quarter.
- b) Senior Auditors then approach responsible officers for an update on progress. We will verify progress made, taking a flexible approach to verification depending on the priority and nature of the indicator. This may include undertaking additional audit testing to confirm a recommendation has been implemented and is operating effectively.
- c) We will report findings at first to Directors, giving numerical data on progress and highlighting recommendations which are past their due date but not implemented and invite management response.
- d) When dealing with our findings on individual indicators, we will assess the implications for adverse reports and comment on those projects specifically. Where we are satisfied that action has been taken to address our key findings we will reissue our assurance rating (while continuing to monitor other recommendations).

1.3.3 Once we have collated and considered management responses we will prepare a report for Members. At present, we would intend on presenting this report twice a year, alongside our mid-year progress report (January) and annual report (July). This report will include

- Identification of any high priority recommendations not implemented with management commentary on proposed further action to address.
- Any other non-implemented lower priority recommendations of audit concern (for example where the due date is substantially past or where there are links between a number of required actions)
- Commentary on progress made to date on reports issued with an adverse (weak/poor) rating. This will include, when we are satisfied that the major concerns are addressed, a re-assessment of assurance rating.

1.3.4 All of the three reports highlighted by the Committee, plus all our other reports from 2013/14, are part of the follow up exercise currently in train. As this is a start of a new process, there is a considerable backlog to work through at this stage but we hope to report the first findings to officers in mid-November and Members when this Committee meets in January.

1.3.5 We will include full summaries within that report, but this document notes findings and progress to date. Please note that our report on Housing Options was only issued in June 2014 with recommendations beginning to fall due from the end of this month. Consequently we focus here on the

high priority recommendations contained within our reports on Museum collections and Freedom of Information. (See Appendix 1)

1.4 Alternative Action and why not Recommended

1.4.1 Follow up of audit recommendations is a requirement of Public Sector Internal Audit Standards and an essential part in ensuring reports have the desired impact and lead to sustained improvements at the Council. This report details changes to make this process more effective and increase the quality of information made available to Members.

1.5 Impact on Corporate Objectives

1.5.1 Successful and timely implementation of audit recommendations will lead to improvements in the Council's governance and, in turn, improve its ability to reach Corporate Objectives.

1.6 Risk Management

1.6.1 Internal Audit seeks to establish and evaluate the controls that Management have put in place to manage risks.

1.7 Other Implications

1.7.1 None directly

- 1. Financial
- 2. Staffing
- 3. Legal
- 4. Equality Impact Needs Assessment
- 5. Environmental/Sustainable Development
- 6. Community Safety
- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management

1.8 Relevant Documents

1.8.1 Appendices

1.8.1.1 Appendix 1: Progress against audit recommendations

IS THIS A KEY DECISION REPORT?

THIS BOX MUST BE COMPLETED

Yes

No

NO

If yes, this is a Key Decision because:

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Wards/Parishes affected:

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1.8.2 Background Documents

1.8.2.1 None

Progress against high priority audit recommendations

The tables below provide a summary of the actions taken to date against the **high** priority recommendations made within the 2013/14 internal audits of the Museum collections, and Freedom of Information:

Museum: Collections & Artefacts

Priority & Recommendation	Officer & Due Date	Update at Sep-14
High Develop a detailed programme for undertaking cataloguing	Museum Collections Manager 31-Dec-13	A collections review methodology is being developed alongside a programme for undertaking cataloguing. This will be completed by 31-Oct-2014 In the meantime work is continuing to catalogue the collections.
High Consider funding for additional resources to undertake cataloguing more expediently and facilitate disposals	Head of Commercial & Economic Development 31-Dec-13	Both internal and external funding is being explored. The Maidstone Culture and Leisure section is also being reviewed as a whole to ensure resources are used as effectively as possible. This will be completed by 31-Oct-2014 Funding constraints continue to restrict progress in cataloguing.
High Ensure the treatment of VAT on items disposed of by sale is correct	Museum Collections Manager 31-Dec-13	Work was undertaken with the Finance Team to ensure that VAT is treated correctly.

Freedom of Information:

Priority & Recommendation	Officer & Due Date	Update at Sep-14
High Develop and maintain a disclosure log detailing requests and responses	Head of Policy & Comms 30-Apr-14	Disclosure log created and live on the Council's website 1 September 2014
High Introduce and monitor a performance indicator on FoI handling.	Head of Policy & Comms 30-Apr-14	A Performance Indicator is under development for Freedom of Information requests, Environmental Information requests and Subject Access requests, to be reported in Quarter2 and monitored by Information Management Group.
High Improve the system by implementing access controls, audit trails, duplicate request identification, search and automation.	Head of Policy & Comms 30-Apr-14	The service has been trialling changes to the present correspondence system to identify if it is suitable for information requests; the results have been mixed. The Head of Policy & Comms is reviewing the current system to determine if it meets these requirements and agree an appropriate course of action with Corporate Leadership Team
High Set out clearly the relevant roles and responsibilities in a procedure note.	Head of Policy & Comms 30-Apr-14	The Council has recently appointed an information manager who is compiling an appropriate procedure note.

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