



# Internal Audit

Annual Report & Opinion 2019/20



# **Introduction**

## **Purpose of the report**

This report summarises the work carried out by Internal Audit during the year ended 31<sup>st</sup> March 2020. The work of Internal Audit and the resultant overall opinion on the Council's control environment, which is derived from the work performed, provides those charged with governance a source of assurance that is necessary to support the Council's Annual Governance Statement (AGS) which accompanies the Annual Accounts.

The Internal Audit Manager is required to provide an 'independent' opinion on the adequacy and effectiveness of the system of internal controls operating within the Council. This will provide the signatories to the AGS (the Leader of the Council and the Chief Executive) with a degree of assurance on this matter. In reaching the opinion, consideration has been given to the Council's governance arrangements and to the internal control environment in the light of the work of Internal Audit carried out through the year.

Consideration has also been given to the findings of the Council's external auditors, who gave an unqualified opinion to the Council's Annual Accounts for 2018/19, which were approved by the Audit & Governance Committee in July 2019.

In accordance with the requirements of the Code of Practice on Local Authority Accounting, this report outlines the level of assurance that Internal Audit is able to provide, based upon the work undertaken during the year. In reaching an overall opinion, consideration is given to:-

- the effectiveness of the system of internal controls in meeting the Council's objectives
- common or significant weaknesses arising
- major findings where action has not been taken within a reasonable time.

However, it should be noted that this assurance can never be absolute. Internal Audit can only provide a reasonable assurance that there are no major weaknesses in the systems of internal control from the work that they perform and their knowledge of the organisation as a whole.

## **Background**

Internal Audit is an assurance function that provides an independent and objective opinion to the Council on governance, internal control and risk management, by evaluating their effectiveness in achieving the Council's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

CIPFA's Public Sector Internal Audit Standards (PSIAS) and the supporting Local Government Application Note (LGAN) replaced the Code of Practice from 1<sup>st</sup> April 2013 and compliance with the PSIAS is mandatory. These standards are based upon the mandatory elements of the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF), which were already included in the processes of the service.

The standard definition of internal auditing (adopted by both the Chartered Institute of Internal Auditors and CIPFA) is that:-

*“Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”*

The provision of Internal Audit is a statutory requirement, which was updated in the Accounts & Audit Regulations 2015 (as referenced in the Local Audit & Accountability Act 2014) which now state that *“a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”*

### **Role of Internal Audit**

In 2019/20, the Council’s internal audit work was provided by the Internal Audit section which forms part of the Corporate Support Group.

An updated Internal Audit Charter, incorporating the requirements of the PSIAS, was agreed by the Audit Committee and approved by Full Council in 2013. This establishes and defines the role, authority, scope of work, organisational independence, resource requirements and reporting lines of Internal Audit. (Subsequent minor changes to the PSIAS have been incorporated into the Charter and approved by the Committee).

Internal Audit continually seeks to adapt and enhance its approach, in order to take account of the Council’s risk profile and emerging issues, to ensure that audit work remains focused on the areas of highest risk and provides added value to service areas and to the Council as a whole.

Managing the risk of fraud and corruption within the Council is the responsibility of the Chief Executive, supported by the Corporate Management Team and service area management. Internal Audit will be alert in all their work to risks and exposure that could allow fraud or corruption to occur and has a specific responsibility for ensuring that all potential frauds and irregularities are investigated in an appropriate manner. Arrangements are in place to ensure that Internal Audit is notified of all suspected or detected fraud, corruption or impropriety, which enables the most appropriate course of action to be determined. However, the role of Internal Audit excludes:-

- benefits fraud – which had its own specialist team of investigators, until they transferred to the DWP Single Fraud Investigation Service (SFIS) in December 2015. Any suspicious housing benefit cases identified by the Council would now be referred to the SFIS for review, although consideration of any Council Tax Reduction Scheme issues would still be handled by the Council’s Revenues area
- housing tenancy fraud – the Council has a dedicated housing fraud investigator post (although the role is temporarily vacant)
- electoral fraud – handled by the Returning Officer, in liaison with the Police.

Under the Comptroller and Auditor General's Code of Audit Practice (which applies for 2015-16 audits and beyond) and the requirements of the International Standards on Auditing, external audit may use the work of Internal Audit where appropriate, to support its conclusions. Regular liaison takes place between the Group Head of Corporate Support, Internal Audit and the external auditors to ensure that resources are best utilised and that duplication of effort is avoided.

The Council has opted-in to the sector-led approach for the appointment of its external auditors by Public Sector Audit Appointments Ltd (PSAA), who are incorporated by the Local Government Association. As a result of this process, Ernst & Young LLP have been contracted for the 5-year period from 2018/19 as the Council's appointed external auditors for the annual accounts work.

## **Internal Audit Coverage and Outcomes**

### **Overview of Audit Work Carried Out**

The Audit Plan is agreed annually by the Audit & Governance Committee. The Plan is designed to be flexible and responsive to change, emerging risks and issues identified throughout the year. We have therefore liaised closely with senior management to ensure that this is achieved and the work performed has been amended accordingly to ensure it represents the best use of our resources.

As at 14 February 2019, the Audit & Governance Committee approved the Annual Internal Audit Plan, based upon the 2.0 FTE available (representing 375 'chargeable' days for the year). As noted in the previous years, it was anticipated that the section would continue with the current resources to contribute to the Council's cost savings initiatives, although the resourcing situation would be kept under review. Resource is therefore directed to 'chargeable' work wherever possible (i.e. working days, excluding annual leave, sickness, training, management and administration).

This Plan was again prepared at a high level and aimed to ensure that mandatory work was completed, that there was appropriate involvement in the progress of significant projects / initiatives (e.g. Brexit preparedness, Digital Strategy) and, where practical, to progress work on the highest risk areas identified.

The Plan presented had been prepared to reflect the management / operational structures in place and agreed corporate priorities. Progress against the Plan was affected by the effects of a number of factors, the most significant of which were:-

- the remaining management and operational restructures across the Council as part of the Council's Vision 2020 work (with Housing still to be completed in 2020)
- further sickness and related issues within the section, which reduced the number of work days available
- consideration of revised strategic priorities agreed by the Council (e.g. the planned change to the committee system of governance now due in May 2021) following the change in political control as a result of the May 2019 District Elections

- work on updating the Council policy covering use of its powers under the Regulation of Investigatory Powers Act 2000 (as amended) and Investigatory Powers Act 2016 (subsequently approved by Full Council in January 2020), together with preparation / support for the periodic inspection by the Investigatory Powers Commissioner's Office (IPCO) in December 2019.

As well as reviews that result in a formal report, the Internal Audit section performed additional work of an ad hoc or ongoing nature. Such work formed part of the approved Plan and included:-

- checking of annual Council Tax precept calculations
- investigation and reporting on the data matches provided by the Cabinet Office, as part of the National Fraud Initiative and liaison with service areas in respect of queries
- regular checking of payroll joiners and leavers
- special investigations (as required)
- review and update (where required) of Internal Audit and corporate (where there are security, etc. risks involved) policies and documents including:-
  - Anti-Fraud, Corruption & Bribery Policy
  - Regulation of Investigatory Powers Act (RIPA) 2000 / Investigatory Powers Act 2016 – Corporate Policy and Procedures
  - Whistleblowing Policy
  - Audit & Governance Committee workplan and terms of reference
  - Internal Audit Charter
  - Assessment of the Effectiveness of the Audit Committee
  - Assessment of the Effectiveness of Internal Audit
- chairing meetings of the Council's Information Security Group
- membership of the 'steering group' progressing the Council's Digital Strategy
- multiple reviews of the Council's Strategic Risk Register for approval by CMT and the Audit & Governance Committee
- attendance at meetings of the Governance & Risk Group and other appropriate officer groups.

On a periodic basis, Internal Audit provides the Audit & Governance Committee with reports:-

- showing progress in the year against the agreed Audit Plan
- summarising the key findings of audits completed in the previous period.

Due to the resource issues noted above, updates to the Committee in 2019/20 were generally via the progress report rather than formal audit reports.

## **Review of Governance Arrangements**

To assist the Council in assessing and developing its governance arrangements, Internal Audit considers on an annual basis the effectiveness of the main systems of internal control and corporate governance, in order to provide assurance to support the preparation of the Council's Annual Governance Statement. In undertaking this work, Internal Audit utilises a number of approaches:-

- the results of audit work previously undertaken within the Council

- annual review / update of the Council's local Code of Corporate Governance
- annual assessment of compliance with the local Code, including discussion of governance issues with appropriate Service area management
- consideration of the reliance that can be placed upon work undertaken within the Council by any other internal and external sources of assurance
- via membership of the Governance & Risk Group, ensuring that Service areas prepare / maintain Operational Risk Registers and confirm that appropriate risk management processes are in place to contribute to the overall governance of the Council
- receipt of 'assurance letters' from Corporate Management Team members to confirm that risks are being appropriately managed within their Directorates
- assessment of other relevant sources of information that provide assurance (e.g. fraud reporting, feeding into ISA 240 responses in respect of the identification of, and controls to prevent, fraud required by the external auditors)
- consideration of comments and findings of the Council's external auditors and other relevant review agencies / inspectorates
- an 'assurance mapping' process has also been commenced to consolidate multiple sources of assurance into a single document for assessment purposes. This is an approach promoted by the relevant professional bodies and will continue to be developed in 2020/21, in liaison with members of the Sussex Audit Group.

## **Overall Internal Audit Opinion**

The level of assurance that can be provided is based upon the Internal Audit work carried out during the year and takes into account:-

- the quality and performance of Internal Audit work (both formal, reported reviews and ad hoc liaison with service areas / management)
- follow-up action taken on previous recommendations
- individual audit opinions given in published audit reports
- any significant recommendations not accepted by management and the risks involved
- the extent to which resource constraints may limit Internal Audit's review of the overall control environment
- impact of significant changes to the Council's risk profile and the internal control environment
- any significant issues (errors, control breaches, fraud, etc.) identified by / drawn to the attention of Internal Audit through the period
- the quality and performance of the service and extent of compliance with the Public Sector Internal Audit Standards.

Subject to the resource constraints noted above and the need to prioritise work through the year against mandatory / higher risk tasks, I am satisfied that the assurance work undertaken allows a reasonable and objective opinion on the adequacy and effectiveness of the Council's internal control environment for 2019/20.

The internal control environment comprises internal control, risk management and governance arrangements.

No assurance can ever be absolute. However, based upon the work undertaken and the lack of any significant issues identified, my overall opinion is that a satisfactory level of assurance can be provided that an effective system of internal control has been in place and operating effectively at Arun District Council for the year ended 31<sup>st</sup> March 2020. (The Definitions of Assurance Level are contained in Appendix 1 of this report).

Internal Audit work during the year has identified weaknesses and specific actions for improvement of the control environment, with key issues being reported to meetings of the Audit & Governance Committee. Internal Audit will continue to work closely with management to ensure actions are successfully implemented within reasonable timescales and, if appropriate, follow-up reviews will be performed.

**Internal Audit Performance**

**Performance Indicators**

The 2019/20 Annual Audit Plan included 375 ‘chargeable’ days (i.e. excluding leave, sickness, administration / management, training), with the actual achieved figure in the year being 351.2 days.

Service areas of the Council are required to establish appropriate internal performance indicators to allow the measurement and review of performance / effectiveness. A number of performance measures have previously been agreed by the Committee which would contribute to their opinion on the effectiveness of Internal Audit.

The internal indicators are agreed with the Group Head of Corporate Support. The target values for 2019/20 reflect the approved Plan:-

|  | Target 19/20        | Actual 19/20        | Historic 18/19      | Notes   | Target 20/21 <sup>(3)</sup> |
|--|---------------------|---------------------|---------------------|---|-----------------------------|
| Annual Audit Plan - Actual audit days achieved against profiled Audit days | 100%                | 94% <sup>(1)</sup>  | 82%                 | This relates to the % of ‘chargeable’ days recorded against those in the Plan             | 100%                        |
| Operating costs of internal audit per chargeable day                       | £344                | £300 <sup>(2)</sup> | £341                | Target is based on budget figures (2.4FTE) and chargeable days                            | £358                        |
| Utilisation of resource rate per annual audit plan                         | 88%                 | 86%                 | 87%                 |   | 88%                         |
| Results from audit satisfaction feedback surveys                           | No adverse comments | No adverse comments | No adverse comments | No adverse comments received in 2019/20   | No adverse comments         |
| Annual Audit Plan - Audit assignment days against overall chargeable days  | 76%                 | 73%                 | 65%                 | This relates to the % of formal planned audits, as opposed to other chargeable time (e.g. | 76%                         |

|   |                 |                 |                 |   |                 |
|---|-----------------|-----------------|-----------------|---|-----------------|
|   |                 |                 |                 | liaison, investigations, etc.)  |                 |
| External audit 'reliance' on the work of Internal Audit is satisfactory | Nothing adverse | Nothing adverse | Nothing adverse | No relevant adverse comments are raised in external auditor's Annual Results Report / Annual Audit Letter | Nothing adverse |

- (1) - under-performed due to there being less chargeable days available than planned  
(2) - £20k underspend against budget, due to running with only 2.0FTE  
(3) - achievement of 2020/21 targets is likely to be impacted by changed operational arrangements as a result of the 2020 Covid-19 crisis

It should be noted that, under the Council's revised performance management processes, the above indicators are no longer included as part of the Service Delivery Plan but continue to be maintained operationally and reported to the Audit & Governance Committee. These (and potentially, other operational indicators) will also be maintained to allow benchmarking against other contributing local Councils through the Sussex Audit Group.

The Audit Plans presented to the Committee for 2017/18-onwards have been prepared on a slightly different basis to those in earlier years. This is as a result of the shared services 'preparation' work in 2016, whereby a more common planning methodology and classification of chargeable / non-chargeable time was agreed for possible future use by the 3 Councils. Although the shared service was not progressed, this has been used as the basis for the new Plan including the revised performance measure targets.

As audits are becoming increasingly more complex, covering Council-wide subjects with input from multiple diverse service areas, there is less use of individual audit satisfaction feedback surveys. In 2015, a revised survey covering the service(s) provided by Internal Audit was sent to managers across the Council with the results received demonstrating a high level of satisfaction with the section. It is anticipated that the survey will be repeated in the future.

## Review of Internal Audit

The Accounts & Audit (England) Regulations 2011 required that "*A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit.*" This was primarily against the CIPFA Code of Practice for Internal Audit in Local Government / the PSIAS from 1<sup>st</sup> April 2013). However, as noted above, the wording has changed in the 2015 Regulations which now require an effective internal audit "*taking into account public sector internal auditing standards or guidance*".

The PSIAS (standard 1311) requires "*periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices*". This has been formalised into a Self-Assessment Checklist Measuring the Effectiveness of Internal Audit. The self-assessment was presented to the Audit & Governance Committee for their input, review and approval on 26<sup>th</sup> July 2018, and was subsequently signed by both the Group Head of Corporate Support and the Chairman of the Audit & Governance Committee.

In addition, in accordance with CIPFA best practice, a Self-Assessment Checklist Measuring the Audit Committee's Effectiveness was also presented to, reviewed and approved by the Audit & Governance Committee.

Annual review of these two documents in 2020 has identified minor amendments which will again be presented to the Audit & Governance Committee for review / approval at its meeting of 30<sup>th</sup> July 2020. *(It should be noted that these self-assessments were not presented to the Committee at its July 2019 meeting. This was agreed with the Chairman, as there had been a significant number of new members appointed to the Committee, including both the Chairman and Vice-Chairman, following the May 2019 District Elections).*

## Standards / Compliance

The service operates to a published Internal Audit Charter, which is approved by the Audit & Governance Committee, and reflects standards of best professional practice applicable to internal audit. Until 2012/13, these were primarily the Institute of Internal Auditors' International Professional Practices Framework (IPPF) and the CIPFA Code of Practice for Internal Audit in Local Government.

From 1<sup>st</sup> April 2013, the CIPFA Code was replaced by the Public Sector Internal Audit Standards (PSIAS) which are based upon the mandatory elements of the IPPF. The requirements of the PSIAS were considered and the degree of compliance assessed, in preparation for their introduction, and a number of minor changes to working practices and the Internal Audit Charter have been made to reflect them.

The PSIAS requires that *"the results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report."* A Quality Assurance & Improvement Programme (QAIP) review was conducted in 2012 and has been updated annually. While this indicated no significant issues with the operation of the service, the following items of potential 'non-compliance' were identified and an explanatory note or details of actions to be taken provided:-

| <b>Standard</b> | <b>Requirement</b>   | <b>Explanation / Actions</b>  |
|-----------------|--|---|
| <b>1100</b>     | <b>Independence and Objectivity</b>  |   |
| <b>1110</b>     | <b>Organisational Independence</b><br>The chief audit executive should report functionally to the board<br>For most purposes in the PSIAS, the term 'board' will relate to the Audit & Governance Committee (A&GC) | Senior Council management will be responsible for the following, rather than the 'board':- <ul style="list-style-type: none"> <li>• Approving the internal audit budget and resource plan</li> <li>• Approving decisions regarding the appointment and removal of the chief audit executive</li> <li>• Approving the remuneration of the chief audit executive.</li> </ul> <i>While the A&amp;GC is not directly responsible for the above, any issues would be raised with them for consideration.</i> |
| <b>1110</b>     | <b>Organisational Independence</b><br>While the requirements would not generally involve the board approving the CAE's remuneration specifically, it should be ensured that the remuneration or                    | The guidance recommends that the chief executive (or equivalent) undertakes, countersigns, contributes feedback to or reviews the performance appraisal of the  |

|             |   |   |
|-------------|---|---|
|             | performance assessment is not inappropriately influenced by those subject to audit  | CAE and that feedback is also sought from the chair of the audit committee.<br><i>Input is now be provided by the Chief Executive (who now has responsibility for the Corporate Support area) and from 2019, also the Chairman of the A&amp;GC.</i><br><i>Feedback on internal audit performance is also obtained from the A&amp;GC when reviewing the Internal Audit Annual Report &amp; Opinion, the Self-Assessment Checklist Measuring the Effectiveness of Internal Audit and periodic progress reports.</i> |
| <b>1310</b> | <b>Requirements of the Quality Assurance and Improvement Programme</b>  |   |
| <b>1312</b> | <b>External Assessments</b><br>External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.<br>The scope of the assessment and qualifications / independence of the external assessor must be agreed with the board | Requirements for such a review were drawn to the attention of the A&GC and a cost-effective collaborative approach across Sussex agreed by members of the Sussex audit Group.<br><i>Arun's external quality assessment (EQA) was delayed by staffing changes at other Councils involved but was completed by the Head of Business Services from Wealden DC in August 2019 and the results reported to the Committee at its November 2019 meeting.</i>   |
| <b>1320</b> | <b>Reporting on the Quality Assurance and Improvement Programme</b>   |   |
| <b>1321</b> | <b>Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing"</b><br>The CAE may state that internal audit activity "conforms" only if the results of the QAIP support this statement  | The results of the 2019 EQA assessed that the Internal Audit section 'generally conforms' with the requirements of the Standards. Based upon the report, an action plan to address the issues raised was presented to the Committee and progress against this will be reported.<br><i>The current statement made in the Internal Audit Charter is that "The service operates with reference to standards of best professional practice applicable to internal audit."</i>   |

## Service Risks

The following current risks to the Internal Audit service have been identified:-

### Resourcing

- As reported to the Committee in previous years, the resource of the section reduced from 2.4 FTE to 2.0 FTE from the end of August 2017. In view of the requirements for costs savings, it was anticipated that the section would continue with this level of resource in the short-term, pending consideration of the longer-term resourcing of the section.

*(NB – it should be noted that this is only a slightly lower level of resource than had been proposed for a possible shared service in 2016, which had been based upon 2.1 FTE and 400 chargeable days).*

- The Plan is based upon what is achievable with the current resource level, but there is a risk that resource could be further impacted in the future. This could mean that key financial systems do not receive adequate audit coverage and/or the degree of assurance obtained from the annual audit opinion would be further reduced due to less work being performed to consider the internal control environment. If this situation were to continue, consideration could be given to the use of additional, short-term contract resource to assist in the progress against the planned assignments
- While this continues to be manageable on a short-term basis at the present time, there is a strain on resource particularly where urgent priority tasks arise through the year and this has impacted upon the number of formal, reported audits achieved, with shorter pieces of liaison / consultancy work undertaken and reported to the Audit & Governance Committee via the periodic progress report
- In the longer-term, consideration will be needed as to the future resourcing and operation of the section as past cost savings exercises means that there is now limited funding available. Once appropriate options have been identified, they will be discussed with the Chairman and presented to the Committee, if appropriate.

#### Changes To The Governance Arrangements Of The Council

- Political control of the Council changed as a result of the May 2019 District Elections and a number of new strategic priorities were agreed by the new Council. One of these was to investigate a change from the Leader & Cabinet system of governance to a Committee system which will now take place from May 2021. While it is anticipated that there will still be a standalone Audit & Governance Committee, there will also now be a Corporate Support Committee and the terms of reference / split of functions delegated to each is still to be agreed.

#### 2020 Covid-19 Crisis

- Since mid-March 2020, the Council has been working under agreed 'lockdown' arrangements in response to the global Covid-19 crisis. This has involved most Council staff working remotely, with no face-to-face meetings being held, with the urgent provision by the Council's ICT area of robust homeworking solutions and systems for e.g. remote meetings. While this had limited effect on the work of the section to the end of March, there will be a more significant impact through 2020 as Council operations are limited, making it less practical to undertake traditional audit reviews and with Internal Audit staff engaged on other Covid-19 related activities (e.g. involvement in financial returns to central Government, fraud checks in respect of the distribution of Business Support Grants, etc.)
- The Council is exploring options as to how staff will be able to work in its offices while maintaining social distancing in the future. This may involve limited numbers / rotation of staff being on-site (with priority to these who are unable to homework) with the rest continuing to work remotely. This will inevitably have an impact on both the Council's operations / control environment and the work that Internal Audit is able to undertake

effectively. CIPFA guidance is that this impact will need to be reflected in next year's (i.e. 2020/21) audit opinion and consideration will be needed as to the level of assurance that can be obtained from the relevant work that is able to be undertaken and/or whether caveats will need to be added to the opinion provided.

## **Conclusion and Acknowledgment**

The Internal Audit overall opinion has been provided on the basis of work undertaken during 2019/20 and any carry-over of work that has been carried out to date in the current year. Any significant issues that arise from further Internal Audit work carried out up until the Annual Governance Statement is approved on 30<sup>th</sup> July 2020 will be reported to the Audit & Governance Committee at that time.

Internal Audit is a support service that assists the Chief Executive and Group Head of Corporate Support in satisfying the Council's statutory obligations under Section 151 of the Local Government Act 1972. In addition, it aids management by helping to ensure that adequate systems of internal control are in place and are complied with. Fulfilling this role depends very much upon the co-operation of Members and Officers and we would like to thank all colleagues for the continued assistance given to Internal Audit staff throughout the year.

## Appendix 1

### Definitions of Assurance Level

| Level of Assurance | Description   |
|--------------------|---|
| Substantial        | There is a sound system of control in place which minimises risk to the Council<br>Control objectives are consistently achieved, with few errors or weaknesses  |
| Satisfactory       | There is an adequate system of control in place, but there are some weaknesses which may place the Council at risk<br>Control objectives are generally achieved, but there is a lack of compliance with some controls |
| Limited            | There are weaknesses in the system of control which places the Council at risk<br>Key controls may be absent and/or there is often a lack of compliance with controls   |
| No                 | The system of control is generally weak leaving the system open to significant error or abuse<br>There is a significant level of non-compliance with basic control processes  |

These definitions have been altered slightly in 2018 to bring them more into line with the definitions in use by other Sussex Audit Group members and will be included in the next update to the Internal Audit Charter

### **Implementation of Internal Audit Recommendations**

As part of the audit process, the results of work undertaken are discussed with management and recommendations for improvement and actions to be taken to address the issues raised agreed, prior to being included in a formal report. It is the responsibility of Service area management to address the issues identified within the agreed timescales.

There is still some scope for improving the speed with which remedial action is taken by management where weaknesses in controls have been identified. Internal Audit will work with Service Heads to strengthen progress reporting and the processes that enable the status of all recommendations to be tracked and responsible managers held to account for implementation of agreed actions within allocated timescales.

### **Major Recommendations Not Implemented Within A Reasonable Timescale**

When an audit finding is raised and agreed by management, a target resolution date is also agreed. In general, the timescales should be realistic and Internal Audit will liaise with management / follow-up the issues to ensure that the agreed actions are completed.

However, in some cases other factors will impact the successful implementation of the agreed actions and these may be outside of the direct control of the Service area. Internal Audit may agree a revision to the target date and continue to monitor progress.

A list of outstanding audit findings is periodically presented to the Council's Corporate Management Team and where the lack of resolution may cause 'governance' issues reference is also included in the Annual Governance Statement.