

AUDIT & ACCOUNTS COMMITTEE
24 JULY 2019

INTERNAL AUDIT REPORT PROCESS

1.0 Purpose of Report

- 1.1 To present a set process for internal audit reports to pass through SLT and on to the Audit and Accounts Committee.
- 1.2 To present to a set process for following up of agreed internal audit actions.

2.0 Background Information

- 2.1 Currently there is no documented procedure for internal audit reports to be circulated through SLT. These are emailed from the Business Manager – Financial Services for comments from SLT prior to being finalised with Assurance Lincolnshire. Once finalised the summaries are sent to the Audit and Accounts Committee for their comments.
- 2.2 Members of the Audit and Accounts Committee have asked for Management to attend the Committee to explain the status of reports and their recommended corrective actions.
- 2.3 There are currently no criteria for Management attending the Committee, and this report seeks to adopt a process to formalise this.

3.0 New process for Limited and Low assurance audit reports

- 3.1 All Internal Audit reports are graded as one of:
 - Low
 - Limited
 - Substantial
 - High
- 3.2 Currently Assurance Lincolnshire sends the draft reports through to the Business Manager – Financial Services for review, comment and approval by SLT.
- 3.3 It is suggested that all High and Substantial assurance reports are emailed through from the Business Manager – Financial Services through to SLT Members giving a week to comment where appropriate. Comments (where appropriate) will then be considered and the report finalised.
- 3.4 Where the report has Limited or Low assurance, the Business Manager – Financial Services will ask for this to be put onto the next SLT agenda and invite the Business Manager for the area to the meeting.
- 3.5 This will give SLT the chance to review and feed into, in conjunction with the Business Manager, the report. Dates will be agreed for management actions and this will then be finalised with internal audit.

- 3.6 It is then proposed that at the following but one meeting of the Audit and Accounts Committee, the Business Manager attends to update the Committee on the agreed actions following the SLT meeting. This process should continue until all of the agreed actions have been completed, giving the Committee assurance that all internal control issues have been mitigated.
- 3.7 The process above is outlined at **appendix A**. Should this process be adopted, it will be circulated within the organisation and held on the intranet for further reference.

4.0 New process for following up agreed internal audit actions

- 4.1 Within internal audit reports a number of actions may be agreed with a responsible officer together with an implementation date. These are tracked within the audit system and will be followed-up through a periodic check basis.
- 4.2 Periodically internal audit will send through a list of all current actions. Managers will be asked to comment on their current status (regardless of whether these are due) in order to assess how close to completion these actions are.
- 4.3 It may be that in order for certain actions to be completed on time, milestones are hit. Hence, should certain milestones not be achieved prior to the overall completion of the action, it is important to update the relevant Director and the Audit and Accounts Committee that these actions are likely to need an extension to the original agreed date.
- 4.4 The Director will then comment on these and approve where appropriate.
- 4.5 Revised dates will then be agreed through the Directorate Management Team meeting and reported back to Assurance Lincolnshire and back to the Audit and Accounts Committee through the internal audit progress report.
- 4.6 The flowchart at **appendix B** sets out the approach to agreeing the extension dates of management actions.

5.0 Equalities Implications

- 5.1 There are no equality implications, as all cases of fraud and error are investigated, regardless of the characteristics of the persons involved.

6.0 Financial Implications (FIN19-20/260)

- 6.1 There are no direct financial implications arising from this report.

11.0 RECOMMENDATION

- 7.1 **That the process as set out in appendix A is adopted for the flow of internal audit reports.**
- 7.2 **That the process as set out in appendix B is adopted for the extension to dates for the completion of management actions.**

Reason for Recommendations

To ensure that SLT and the Audit and Accounts Committee are aware of the internal audit process and that management actions are completed within the timeframe that has been agreed by management.

Background Papers

None

For further information please contact Nick Wilson, Business Manager - Financial Services on Ext 5317

Nick Wilson
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