

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**REPORT OF THE EXECUTIVE MANAGEMENT TEAM  
TO THE AUDIT & STANDARDS COMMITTEE**

**23<sup>rd</sup> September 2019**

**QUARTERLY REPORT: ADOPTION OF INTERNAL AUDIT HIGH RISK  
RECOMMENDATIONS AND SUMMARY OF ASSURANCE 1 APRIL TO 30 JUNE 2019**

**Submitted by:** Chief Internal Auditor, Clare Potts

**Portfolio** Finance and Efficiency

**Ward(s) affected** All

**Purpose of the Report**

To report on any outstanding high risk recommendations to the Committee on a quarterly basis and where necessary to request Members' approval to the Executive Directors requested actions in respect of the recommendations and proposed target dates.

To provide Members with an assurance opinion on internal controls over Council Services.

**Recommendations**

**That the report be noted**

**Reasons**

High risk recommendations are those agreed with management that are key controls in providing assurance as to the efficiency and effectiveness of the system, service or process under review. By agreeing to prolong target dates Members are accepting the risk of not implementing the control. Delayed implementation of such controls should be challenged to identify reasons behind this and solutions to the delay. Such delays in the implementation of recommendations will affect the assurance opinion provided on each Service.

**1. Background**

- 1.1 High risk recommendations are those where action is considered imperative to ensure that the authority is not exposed to high risks. It is therefore agreed with management that high level recommendations are implemented within one month of the report date.
- 1.2 Recommendations are reported to committee on an exception basis and reports where high risk recommendations have been followed up with Managers on more than two occasions are brought to the attention of Members. In addition, the Chair and Vice Chair receive exception reports quarterly where high risk recommendations have been followed up with Managers after the initial implementation date has expired.
- 1.3 With the production of the Annual Governance Statement in conjunction with the Statement of Accounts the follow up and implementation of recommendations is increasingly important, since they provide both officers and Members with assurance as to the effectiveness of key internal controls.

- 1.4 Assurance is provided on an annual basis as part of the Internal Audit Annual Report. It is also provided to each Executive Director on a monthly basis, based on the number of recommendations that have been implemented, and where the target date has been changed more than twice on either medium or high risk recommendations.

## **2. Issues**

- 2.1 At the end of quarter one there were no outstanding high risk recommendations.
- 2.2 A summary of the number of outstanding recommendations for each of the four directorates including quarter 1 can be found at Appendix A.
- 2.3 Given these results at the end of the one quarter there are no major issues or concerns in relation to any outstanding recommendations within any of the Directorates.

## **3. Reasons for Preferred Solution**

- 3.1 Reasons for each Director proposal are specific to the actions required.

## **4. Outcomes Linked to Corporate Priorities**

- 4.1 The systems, services and processes reviewed by Internal Audit link to and support the four priority themes of the Council, by reviewing these Internal Audit is supporting the best use of the Council's resources and improving efficiency as managers implement the recommendations made.

## **5. Legal and Statutory Implications**

- 5.1 The Accounts and Audit Regulations 2015 require the Council to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices'.

## **6. Equality Impact Assessment**

- 6.1 There are no equality impact issues identified from this report.

## **7. Financial and Resource Implications**

- 7.1 The work of the Internal Audit team is carried out within an approved budget. The financial implications resulting from the recommendations made within audit reports will be highlighted within individual reports wherever possible. It is the responsibility of managers receiving audit reports to take account of these financial implications, and to take the appropriate action.

## **8. Major Risks**

- 8.1 The role of Internal Audit is to provide management with an objective assessment of whether systems and controls are working effectively. High Risk Recommendations identify areas where action is required in order to manage exposure to risk. If managers fail to act upon audit recommendations assurance cannot be given on the adequacy of the systems of internal control.

**9. Key Decision Information**

9.1 Not applicable

**10. Earlier Cabinet/Committee Resolutions**

10.1 Not applicable

**11. List of Appendices**

11.1 Summary of Outstanding Audit Recommendations and Level of Assurance - Quarter One 2019

**12. Background Papers**

12.1 None.