
Report to: Audit & Governance Committee **Date of Meeting:** 14th December 2011

Subject: Recommendation Escalation Policy for Non Response

Report of: Head of Corporate Finance & ICT **Wards Affected:** All

Is this a Key Decision? No

Is it included in the Forward Plan? No

Exempt/Confidential

No

Purpose/Summary

To seek agreement from Members of the Audit & Governance Committee to the principles in regard to the establishment of an escalation policy / process in order to establish a process by which Members of this Committee can be apprised of and take appropriate action in respect lack of responses to audit recommendations and reports, non agreement of recommendations and the failure to implement previously agreed recommendations.

Recommendation(s)

Members are requested to agree the principles outlined in order that Officers can produce an escalation policy as outlined above.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	✓		
2	Jobs and Prosperity	✓		
3	Environmental Sustainability	✓		
4	Health and Well-Being	✓		
5	Children and Young People	✓		
6	Creating Safe Communities	✓		
7	Creating Inclusive Communities	✓		
8	Improving the Quality of Council Services and Strengthening Local Democracy	✓		

Reasons for the Recommendation:

The terms of reference for this Committee includes responsibility to

- i) consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale

- ii) consider the Council’s arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

In order for this Committee to fulfil these responsibilities it requires to have an escalation process / policy in place to ensure appropriate action is undertaken as and where necessary.

What will it cost and how will it be financed?

There are no financial costs associated with the proposals in this report.

(A) Revenue Costs

(B) Capital Costs

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	
The Council’s Constitution provides that the Audit and Governance Committee should consider summaries of specific internal audit reports as requested and should consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.	
Human Resources	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

The failure to respond to audit reports / recommendations or implement agreed recommendations could leave the Council open to risk in those areas concerned. Providing the Audit & Governance Committee with this information enable the Committee to be confident that adequate assurance is in place that the Council’s systems of internal control are operating in line with expectations

What consultations have taken place on the proposals and when?

The Head of Corporate Finance (FD1192) and Head of Corporate Legal Services (LD549/11) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

No

Implementation Date for the Decision

Immediately following the Audit & Governance Committee meeting.

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Background Papers:

The following papers are available for inspection by contacting the above officer(s).

CIPFA Code of Practice for Internal Audit

1. Introduction/Background

- 1.1 Timely and appropriate management responses to Internal Audit reports enable the Council to demonstrate that it maintains high standards of internal control and governance in line with corporate objectives.
- 1.2 The Audit & Governance Committee have a number of responsibilities within their terms of reference, including to:-
- i) consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale;
 - ii) consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- 1.3 It is a fundamental role of Internal Audit and specifically the Chief Internal Auditor to ensure that the Audit & Governance Committee are provided with adequate assurance that the Council's systems of internal control are operating in line with expectations. In order to ensure that the Committee receives adequate information to form an opinion on the level of assurance and the control environment an escalation process / policy is required to be developed and agreed by the Strategic Leadership Team and the Audit & Governance Committee
- 1.4 This report outlines the principles required to form a basis of the policy and seeks agreement from the members of this Committee to the principles outlined in order that a policy can be developed.

2. Policy Principles

- 2.1 In order for this Committee to fulfil those responsibilities outlined above the Audit & Governance Committee reserve the right to request attendance and explanation from officers of the Council who;-
- i) do not respond to audit reports and / or recommendations;
 - ii) fail to respond within agreed timescales;
 - iii) do not agree to or do not implement satisfactorily, recommendations resulting from audit reviews; and / or
 - iv) fail to implement previously agreed recommendations.
- 2.2 In order to establish the escalation policy / process the following principles require to be agreed to be reported to each meeting of this Committee for the period that the report covers:-
- i) all reports not responded to;
 - ii) all recommendations not agreed in each period where Internal Audit consider they are classified as critical and high, where no alternative recommendation can be agreed upon or can be offered by management;
 - iii) all recommendations not implemented satisfactorily
 - iv) all audit reports not responded to within agreed timescales (details of timescales to be agreed as part of the policy);
 - v) all audit recommendations not responded to;
 - vi) all previously agreed to recommendations that are not implemented within the timescales agreed (in order to report on this principle a system /

process of tracking recommendations to be developed as part of the policy);

vii) updates on status of all recommendations.

2.3 A process for the Audit & Governance Committee to request management attendance, explanation or response will also require including in the escalation policy / process.

3. Conclusion

3.1 Members are asked to approve the principles outlined in order for officers to produce an escalation policy / process, in order to ensure there are appropriate procedures in place in respect of providing the committee with adequate assurance in respect of the Council's internal control systems.