



Internal Audit Service

Internal Audit Recommendation Escalation Procedure

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Introduction

1. Timely and appropriate management responses to Internal Audit reports enables West Lancashire Borough Council to demonstrate that it maintains high standards of internal control and governance in line with its vision and corporate objectives.
2. The purpose of this procedure is to ensure that there is an adequate process in place to address non implementation of audit recommendations, protect the council from any risks that may be realised as a result of non-implementation, and ensure that issues are remedied in an appropriate and timely manner.

Reporting

3. With the exception of investigations into alleged irregularities, which are subject to separate arrangements not covered in this procedure, the following reporting and escalation arrangements apply to all audit reviews undertaken by Internal Audit.

Pre-Draft Report

4. Following completion of an audit review the auditor will produce a pre-draft report, which following Internal Audit Manager Quality Assurance is issued to the responsible Service Manager, (the auditee). The auditee will be asked to comment on the factual accuracy of the report and attend an exit meeting with the auditor. ***In this context 'factually accurate' means that the auditor's report and recommendations are based on a correct interpretation of the systems or circumstances pertaining to the review.***

Exit meeting

5. The exit meeting is held with the auditee and other relevant officers as appropriate. It is during this meeting that key points arising from the audit, factual amendments and recommendations for improvement are discussed. Where possible service actions to address audit recommendations should be captured for inclusion in a draft management action plan (MAP).

Draft Report and Management Action Plan production

6. Following the exit meeting a draft report and MAP will be produced for distribution to the auditee, Head of Service and other key officers involved in the audit following Internal Audit Manager review. Unless otherwise informed, the relevant Service Manager will be recorded in the MAP as the Responsible Officer for the management of the implementation of the recommendations. Where actions rest with one or more service areas, the Responsible Officer role will be split between the relevant Service Managers and/or Heads of Service as appropriate.
7. Upon issue of the draft audit report the auditee then has 10 working days to return a populated MAP and any further comments on factual accuracy of the report to the auditor. As part of this process the Service Manager is responsible for ensuring that named officers with responsibility for individual actions within the MAP are sufficiently briefed and accepting of such responsibility before the MAP is returned to Internal Audit.

Ownership of the Management Action Plan

8. In assigning their name to the MAP, Responsible Officers are confirming that they accept responsibility for implementation of the recommendations therein and must keep their Head of Service informed of progress to date. Whilst individual actions within the MAP may rest with one or more officers, the Head of Service, as the owner of the risks in their service area, has overall accountability for timely implementation of the recommendations in the MAP, and in the event that prescribed timescales are likely to be missed the Head of Service must ensure that the Internal Audit Manager is informed.

9. Where MAPs involve recommendations for more than one service, each relevant Head of Service or Service Manager must provide confirmation that they accept responsibility for those actions related to their service area.
10. In either case, the auditor will assume that the auditee has consulted with those officers listed as responsible for individual actions in the MAP, prior to said officers being assigned responsibility for those actions.

Final Report and agreed Management Action Plan

11. Upon receipt of the populated MAP, the auditor and Internal Audit Manager will consider if the actions therein are appropriate. If the auditor and Internal Audit Manager are satisfied that all factual points have been addressed; that the service has no outstanding concerns with the report, and that the MAP sufficiently addresses all the findings raised in the audit report, then the final report and MAP will be issued.
12. The Final report and populated MAP, will be issued using a PDF format.

Management Action Plan Escalation Procedure

13. If the MAP is not returned within prescribed deadlines, or in the auditor's opinion does not adequately address the issues raised, the Internal Audit Manager will discuss their concerns with the relevant Head of Service. If that discussion does not result in a MAP acceptable to Internal Audit the issue will be referred to the relevant Corporate Director for a decision.
14. The Corporate Director's decision will be either to agree an acceptable MAP on behalf of the Head of Service, which must then be implemented within the agreed timescales, or to accept the position and acknowledge that the Corporate Director accepts the risk. Risks tolerated in this manner should be entered into the service risk register on Pentana.
15. If in the opinion of the Internal Audit Manager the Strategic Director's decision exposes the Council to an unacceptable level of risk, the matter will be referred first to the Chief Operating Officer and Section 151 Officer and then to the Audit and Governance Committee.
16. Depending upon the time taken in escalating MAP completion, the Internal Audit Manager reserves the right to issue the final report without the agreed MAP.

Distribution list

17. The front cover of the agreed final audit report will list the officers for whom the report has been prepared. This includes the Service Manager (auditee), the Head of Service and other key officers as set out in the agreed Audit Brief.
18. There may also be a requirement to circulate the final report to other officers e.g. where that officer is required to action one of the audit recommendations. Where this individual is known at the time of issuing the final report their details will be included in the distribution list.
19. In all cases the relevant Corporate Director and the Chief Operating Officer will be included in the email circulation of the final audit report - this is for information purposes only.
20. Internal Audit reports must not be distributed to third parties without explicit permission from the Internal Audit Manager.

Summary of completed audits for Members

21. The Internal Audit Manager will report on all audits completed since the previous meeting to the Audit and Governance Committee, summarising the reason for the audit, the key findings, and the recommendations for improvement.
22. This summary is also shared with the Head of Finance, Procurement and Commercial Services (s151. Officer) and Legal and Democratic Services Manager (Monitoring Officer).
23. Should the Audit and Governance Committee require an update on the completion of recommendations for a particular audit, the relevant Responsible Officer is responsible for informing the Internal Audit Manager of what action/s have been completed or providing an explanation for any delay in, or change to, the action being taken.

Escalation

24. It is the responsibility of the Responsible Officer to keep Internal Audit updated on the progress made to fully implement recommendations. Failure to do so may result in incorrect recommendation implementation statuses being reported to CMT and Audit and Governance committee.

Follow up reviews

25. In some cases a follow-up audit review of the progress made in implementing recommendations agreed within the MAP will be required and as such this will be programmed into the Internal Audit Annual Plan at a time the Internal Audit Manager considers appropriate.
26. Upon completion of the follow-up review the auditor will report to the Responsible Officer drawing attention to any actions that have not been completed by the agreed date. A copy of the follow-up report will be sent to the full distribution list as set out in the Final Audit report previously issued.
27. The Internal Audit Manager will update CMT and Audit and Governance Committee on the outcome of follow up reviews undertaken.

Corporate Management Team

28. The Internal Audit Manager will, at least quarterly, provide the Corporate Management Team (CMT) with a summary of recommendation implementation progress and highlight any areas of concern where appropriate.

Audit and Governance Committee

29. The Head of Service may be required to attend the Audit and Governance Committee to answer questions on the reasons for the non-completion of agreed recommendations or delay in implementation, and the remedial action to be taken.
30. The Audit and Governance Committee having considered the report and the evidence provided by the Head of Service will either agree the remedial actions proposed or, if they consider the position unsatisfactory, will refer the matter to the relevant committee or to the Cabinet as necessary.