

Eastern Internal Audit Services



BRECKLAND DISTRICT COUNCIL

Follow Up Report on Internal Audit Recommendations

Period Covered: 1 November 2017 – 31 March 2018

Responsible Officer: Emma Hodds – Head of Internal Audit for Breckland DC

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1. INTRODUCTION

- 1.1 This report is being issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes: -
- The status of agreed actions.

2. STATUS OF AGREED ACTIONS

- 2.1 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer.

The recommendations are subsequently uploaded on to the Council's performance management system – Pentana – with this alerting management to update progress in advance of the due date through email alerts. Management action to date is then input with internal audit then either verifying the evidence provided and closing the recommendation or agreeing to the extension date provided.

Escalation is also in place to deal with non-responses or recommendations which have been overdue for a long time through the Performance, Risk and Audit Board and through the Finance Board as required due to the statutory requirements of the Section 151 Officer to ensure that appropriate risk mitigation action is being taken. Ultimately further escalation is through the Executive Management Team.

- 2.2 **Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations, and reflects the year in which the audit was undertaken to enable the Committee to easily identify old outstanding recommendations. The table also identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.
- 2.3 The summary position according to recommendation priority is shown in the table below, with the previously reported position in the first table and the current position in the second table to enable comparison:

Status of Recommendations as at 31 October 2017					
	P1	P2	P3	Total	%
Complete	6	23	12	41	67%
Outstanding	0	14	6	20	33%

Status of Recommendations as at 31 March 2018					
	P1	P2	P3	Total	%
Complete	1	11	16	28	72%
Outstanding	0	9	2	11	28%

Key:

Priority 1 – Urgent: Fundamental control issue on which action to implement should be taken within 1 month.

Priority 2 – Important: Control issue on which action to implement should be taken within 3 months.

Priority 3 – Needs Attention: Control issue on which action to implement should be taken within 6 months.

2.4 Since the last report to Committee, the three outstanding recommendations from 2014/15 have now been implemented.

2.5 In 2015/16 internal audit raised 75 recommendations, with 70 now being closed. The remaining five are Important and relate to the Business Continuity Planning and Disaster Recovery Audit. The management responses in relation to these outstanding recommendations can be seen at **Appendix 2** of the report.

Number raised	75	
Complete	70	93%
Outstanding	5	7%

2.6 In 2016/17 internal audit raised 57 recommendations, one of which was disagreed, 53 of which have been implemented by the agreed date, three of which are outstanding (two important and one needs attention). The management responses in relation to these outstanding recommendations can be seen at **Appendix 3** of the report.

Number raised	57	
Complete	53	93%
Outstanding	3	5%
Disagreed	1	2%

- 2.7 In 2017/18 internal audit has raised 77 recommendations, 28 of which have already been implemented by the agreed date, three of which are outstanding (two important and one needs attention) and the remaining 45 are not yet due. One priority three recommendation has been rejected by management and will therefore not be followed up. The management responses in relation to these outstanding recommendations can be seen at **Appendix 4** of the report.

Number raised to date	77	
Complete	28	37%
Outstanding	3	4%
Not yet due	45	58%
Disagreed	1	1%

- 2.8 Progress has been sustained by management between November 2017 and March 2018 in addressing audit recommendations, in particular for those recommendations made in historic financial years.

However, five priority two recommendations remain outstanding from the Business Continuity Planning and Disaster Recovery audit. Management responses have been provided to indicate why these actions remain unresolved. In those actions recorded as outstanding, new acceptable deadlines have been suggested and approved.

- 2.9 The performance module utilised by the Council (Pentana) is now well embedded and has accurate records of the audit recommendations, as well as all related performance information such as risk and performance measures. There does however remain the challenge of ensuring that Managers see this key tool as something to support the “day job” and ensure that this is kept up to date at all times, and that responses are provided as needed for corporate reporting and monitoring of services.

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

Audit Ref Audit Area Assurance Level			Completed bt 01/11/2017 and 31/03/2018			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
2014/15 Internal Audit Reviews															
BRK1502	Data Protection and FOI	Good / Adequate		1								0			
BRK1504	Affordable Housing	Limited		1								0			
BRK1512	Asset Management	Adequate			1							0			
2015/16 Internal Audit Reviews															
BRK1616	Starters, Movers and Leavers	Reasonable		1								0			
BRK1618	Network, Security and Infrastructure	Reasonable		1	1							0			
BRK1619	Business Continuity Planning and Disaster Recovery	Limited					5					5			
2016/17 Internal Audit Reviews															
BRK1704	Environmental Services - Contaminated Waste	Reasonable					1					1			
BRK1708	LABV	Substantial			1			1				1			
BRK1709	Licensing and Business Support (J)	Reasonable			1		1					1			
BRK1710	Corporate Governance (J)	Reasonable			1							0			
BRK1714	Housing Needs	Limited		1								0			
2017/18 Internal Audit Reviews															
BRK1802	Private Sector Housing	Limited										0	3	6	3
BRK1803	Building Control	Reasonable		2	1							0			
BRK1806	Environmental Protection (J)	Limited		1								0		4	7
BRK1807	Electoral Services (J)	Reasonable			1							0			
BRK1808	Environmental Services	Reasonable			1		1					1			
BRK1809	Accountancy Services	Substantial			2							0			
BRK1810	Accounts Receivable	Substantial			1							0			1
BRK1811	Income	Reasonable			1							0		1	1
BRK1814	Planning	Reasonable		2						1	1	2			2
BRK1815	Corporate Governance (J)	Reasonable										0		2	3
BRK1816	Risk Management (J)	Substantial			1							0			1
BRK1817	Key Controls and Assurance	Substantial			1							0			
BRK1820	IT Project Delivery (J)	Reasonable			1							0			
BRK1821	Cybersecurity	Limited	1	1	1							0		7	4
TOTALS			1	11	16	0	8	1	0	1	1	11	3	20	22

APPENDIX 2, 3 and 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

(see attached)