

Eastern Internal Audit Services



BRECKLAND DISTRICT COUNCIL

Follow Up Report on Internal Audit Recommendations

Period Covered: 1 April to 31 October 2017

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 – Covalent – 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 March 2017					
	P1	P2	P3	Total	%
Complete	1	6	3	10	37%
Outstanding	0	14	3	17	63%

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

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 In relation to the historic recommendations (i.e. those prior to the 2015/16 financial year), there are three outstanding (two important and one needs attention). The detail of the progress to date is reflected in **Appendix 2** of the report.
- 2.5 In 2015/16 internal audit raised 75 recommendations, with 67 now being closed and the remaining eight outstanding (seven 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	75	
Complete	67	89%
Outstanding	8	11%

- 2.6 In 2016/17 internal audit raised 57 recommendations, one of which was disagreed, 49 of which have already been implemented by the agreed date, five of which are outstanding (two important and three needs attention) and two are not yet due. The management responses in relation to these outstanding recommendations can be seen at **Appendix 4** of the report.

Number raised	57	
Complete	49	86%
Outstanding	5	9%
Not yet due	2	4%
Disagreed	1	1%

2.7 To date in 2017/18 internal audit has raised 23 recommendations, 10 of which have already been implemented by the agreed date, four of which are outstanding (three important and one needs attention) and the remaining nine are not yet due. The management responses in relation to these outstanding recommendations can be seen at **Appendix 5** of the report.

Number raised to date	23	
Complete	10	44%
Outstanding	4	17%
Not yet due	9	39%

2.8 Excellent progress has been made by management between April and October in addressing audit recommendations, in particular for those recommendations made in recent audit reviews and those raised in 2016/17. There are now only eight recommendations outstanding from internal audits completed in 2015.16 and three from reviews completed in 2014/15. The management responses have provided relevant updates and revised deadline dates against which these can be monitored.

2.9 The performance module utilised by the Council (Covalent) 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

			Completed bt 01/04/2017 and 31/10/2017			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
Audit Ref	Audit Area	Assurance Level													
2014/15 Internal Audit Reviews															
BRK1502	Data Protection and FOI	Good / Adequate		1			1					1			
BRK1504	Affordable Housing	Limited					1					1			
BRK1512	Asset Management	Adequate						1				1			
2015/16 Internal Audit Reviews															
BRK1604	Development Control	Reasonable		1								0			
BRK1616	Starters, Movers and Leavers	Reasonable					1					1			
BRK1618	Network, Security and Infrastructure	Reasonable					1	1				2			
BRK1619	Business Continuity Planning and Disaster Recovery	Limited					5					5			
2016/17 Internal Audit Reviews															
BRK1702	Corporate Health and Safety (J)	Reasonable		2								0			
BRK1704	Environmental Services - Contaminated Waste	Reasonable		1	1					1		1			
BRK1708	LABV	Substantial									2	2			
BRK1709	Licensing and Business Support (J)	Reasonable			1					1	1	2			
BRK1710	Corporate Governance (J)	Reasonable		3								0			1
BRK1713	Accounts Payable	Substantial		1	1							0			
BRK1714	Housing Needs	Limited	6	7	3							0		1	
BRK1720	Content Management	Limited		2	1							0			
2017/18 Internal Audit Reviews															
BRK1803	Building Control	Reasonable		1	1					2	1	3			
BRK1804	Corporate Performance (J)	Substantial			2							0			
BRK1807	Electoral Services (J)	Reasonable			1							0			1
BRK1808	Environmental Services	Reasonable		4	1					1		1			1
BRK1814	Planning	Reasonable										0		3	3
BRK1820	IT Project Delivery (J)	Reasonable										0			1
TOTALS			6	23	12	0	9	2	0	5	4	20	0	4	7

APPENDIX 2, 3 4 and 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

(see attached)