

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Internal Audit Actions

Meeting/Date: Corporate Governance Committee – 27 November 2024

Executive Portfolio: Executive Councillor for Resident Services and Corporate Performance, Councillor Stephen Ferguson

Report by: Yasir Khan, Internal Audit Manager

Ward(s) affected: All Wards

Executive Summary:

Key performance indicator: 100% of audit actions to be implemented by the agreed date, which was not achieved. Reasons have been provided for why audit actions are overdue in Appendix 1 of this document.

Statistics at 15 November 2024:

16 actions not implemented by due date (same as last report)

5 actions **implemented** and closed in last 90 days (rolling period)

53 audit actions **closed** in the last year (rolling 12 month period)

31 open audit actions (15 actions are not yet due)

RECOMMENDATION:

It is recommended that the Committee consider the report and comment on the progress achieved and state any action they wish to be taken.

1. PURPOSE OF THE REPORT

- 1.1 To update the Committee on the implementation of audit actions.

2. WHY THIS REPORT IS NECESSARY

- 1.1 The activities of the Internal Audit team are pivotal to the organisation's governance and control processes. The findings of audit reviews demonstrate compliance with controls and processes or identify where improvements need to be made. Tracking the recommendations and closure of these is key to maintaining robust control and evidencing the organisation's commitment to achieving Priority 3 of the Corporate Plan (2023-2028) which is about 'doing our core work well' through 'delivering good quality, high value-for-money services with good control and compliance with statutory obligations'.

3. BACKGROUND

- 1.2 Following each audit review, audit conclusions, associated actions and implementation dates are agreed between the service manager and the audit team. Recommended actions following an audit are discussed, and the audit report is a record of what has been agreed by way of actions and their target dates.
- 1.3 The target for the implementation of agreed internal audit actions to be introduced on time is set at 100% in line with best practice. The deadline date is agreed with the service manager; actions should be completed by their target date or reasons presented where this is not possible e.g., system changes take longer than expected or other service demands which carry a greater risk take priority.

4. MONITORING OF ACTION COMPLETION

- 1.4 Operational circumstances sometimes mean non-implementation or missed deadlines for an audit action. Increased efforts have been made to ensure Service Managers are aware of outstanding actions, update whether progress has been made or operational factors have affected their implementation. Overdue actions are reported to Committee for governance oversight.
- 1.5 Extensions to deadlines are no longer given. Instead, Action Owners can insert their own progress update, which give an indication of work being taken to implement the action and to notify reasons for delay.
- 1.6 As at the 15 November 2024, 16 actions have not been closed within target and are reported as overdue actions. Appendix 1 to this report details these actions and the updates provided by the relevant Service Managers detailing progress and also an update by Internal Audit with reasons for why the actions are still outstanding and potential new completion dates.

This provides the Committee with insight to the progress being made, delays or hold-ups and an expected completion date.

- 1.7 Officers with actions assigned to them have direct access to the system to enable them to manage those actions. Reminders are sent from the 4Action system in advance of the target date and managers are requested to act on these.

5. KEY IMPACTS

- 5.1 If the Council does not maintain strong governance and control or demonstrate that it is monitoring compliance with its controls, then it is failing in its statutory responsibilities. The activities of Internal Audit, feed into the Council's Code of Governance and monitor the implementation of its actions to strengthen compliance by mitigating key risks. Based on this, Internal Audit provides assurance to those tasked with managing governance within the Council, to ensure it is acting appropriately.
- 5.2 Responsibility for implementation of agreed audit actions lies with the action owners and their managers; Internal Audit's role is to track implementation and to report to the Committee.
- 5.3 Actions that are proposed by Internal Audit but not agreed by service managers are included in the Internal Audit report, together with the reasons why the service manager does not agree to implement the proposed action(s). Senior management are asked to decide on whether the action needs to be taken or risk accepted (with reference to risk appetite).
- 5.4 An action that is not implemented means that any weakness or risk originally identified in the audit report, and which the action was designed to address, may remain as a risk albeit other controls within the organisation may mitigate the impact.
- 5.5 If an audit action is no longer relevant, due to process changes or new updates, the service manager/action owner should liaise with the Internal Audit team and discuss if the risk still remains and agree any new action(s) to mitigate the changed risk.

6. LINK TO THE CORPORATE PLAN

- 6.1 The Internal Audit Service provides independent, objective assurance to the Council by evaluating the effectiveness of risk management, control, and governance processes. The outputs of its activities provide evidence to demonstrate the achievement of Priority Three by services; *"delivering good quality, high value for money services with good control and compliance with statutory obligations"*.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 The report is presented to Committee to give transparency on the progress being made in completing audit actions.

8. LIST OF APPENDICES INCLUDED

Appendix 1 – Internal Audit actions not implemented by due date as at 15 November 2024.

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