

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Internal Audit Actions

Meeting/Date: Corporate Governance Committee – 25th July 2019

Executive Portfolio: Executive Member for Strategic Resources
Councillor Jonathan Gray

Report by: Head of Resources

Wards affected: All Wards

Executive Summary:

In 2013 management approved a key performance indicator that requires 100% of audit actions to be implemented by an agreed deadline; the deadline having been agreed between the service and the Internal Audit and Risk Manager. Unfortunately, since this key performance indicator was introduced, 100% compliance has not been achieved. Sometimes non-implementation is due to operational circumstances and to reflect this in 2017 a new process for assessing audit action implementation was agreed; even after the introduction of this new process the 100% indicator is still not being achieved.

As at the end of June 2019, there were 14 audit actions that remained outstanding; most were less than 6 months after the originally agreed implementation deadline but 5 were more than one-year old. Consequently, Committee are asked to consider this and ask questions of management as they consider necessary.

Recommendation

It is recommended that the Committee consider the report and comment as they consider necessary.

1. PURPOSE OF THE REPORT

1.1 To update members on the implementation of audit actions.

2. WHY IS THIS REPORT NECESSARY?

2.1 At past meetings of the Corporate Governance Committee (CGC), the committee has expressed concerns at the underachievement of the management set target of implementing 100% of agreed internal audit actions on time. This report provides an update for members based on audit actions that are outstanding as at the end of June 2019.

3. BACKGROUND

3.1 Following each audit review; audit conclusions, associated actions and implementation dates are agreed between the audit client and the audit team.

3.2 In 2013, Corporate Management agreed an increase in the target for the implementation of 'agreed internal audit actions to be introduced on time' from 60% to 100%, best practice would also suggest that all recommendations are implemented by the agreed deadline. For 2018/19, 87 audit actions had been agreed; as reported to committee in May 2019 at the end of March 2019:

- 79% (55) were "implemented on time"; this increases to
- 84% (69) when late implementation is taken into account.

4. NON-IMPLEMENTATION OF AUDIT ACTIONS

4.1 There are occasions, due to operational circumstances that agreed implementation dates have to be extended; all such extensions are agreed between the audit client and the Internal Audit and Risk Manager. Such audit actions are then not considered as "not implemented" and are excluded from any exemption reporting.

4.2 However, there are circumstances that sometimes prevail that mean even extended deadlines are missed and the current practice is that non-implementation at this stage is reported to management and CGC.

4.3 As at the end of June 2019 there were 14 audit actions not implemented and a summary of these actions is shown in the table on the next page, a detailed analysis is shown in the **Appendix** (this includes the reasons for non-implementation). With regard to the latter point, the Head of Resources followed up with each Head of Service in early July to get the latest update for non-implementation (these were as of Thursday 11th July and are noted as "Update: July 2019) and where supplied the comments are included. Where comments were not provided; either earlier comments are included (and duly noted by the date) or where a comment has not been received, this has been noted as well.

4.4 Of the 14 actions:

- 3 actions are 2 years or older (21%)
- 2 actions are between 1 and 2 years old (14%)
- 1 action is between 6 months and 1 year old (7%)
- 8 actions are less than 6 months old (57%)

Service	Reference	Title of Audit Report	Priority	Original Implementation Date	Time Outstanding *
3C's ICT	AT/84b4/24118	Network Security 17.18 - Intrusion Detection - 4	Amber	30/6/2018	1 year
	AT/94a4/9519	FOI 18.19 / 2	Amber	31/3/2019	3 months
	AT/34a8/9519	FOI 18.19 / 5	Amber	31/5/2019	1 month
	AT/04b9/9519	FOI 18.19 / 3	Amber	31/3/2019	3 months
	AT/a48d/24118	Network Security 17.18 - Intrusion Detection - 3	Amber	30/6/2018	1 year
	AT/04bd/9519	FOI 18.19 / 4	Amber	31/5/2019	1 month
	AT/54af/151216	IT Disaster Recovery 1617 - 3	Amber	30/6/2017	2 years
	AT/54ac/81118	Mobile Phone Project 18.19 - Action 2	Amber	31/3/2019	3 months
	AT/f4b3/9519	FOI 18.19 / 1	Amber	31/5/2019	1 month
Community	AT/f485/23818	Management of Health & Safety - 17.18 - 4	Amber	31/3/2019	3 months
Corporate Office	DM-IA/34b4/21616	Data Protection and Information Management 15.16	Amber	30/9/2016	2 ½ years
	AT/e4b2/6618	Social Media - 3a	Amber	31/1/2019	5 months
One Leisure	AT/749e/5917	One Leisure 17.18 - 1d	Amber	31/12/2017	2 years 3 months
Operations	AT/44af/23818	Grounds Maintenance and Street Cleansing - 17.18 - 3	Amber	31/10/2018	8 months
Note * From the 'original implementation date' to the end of June 2019.					

5. KEY IMPACTS

- 5.1 It is important that the Council maintains a sound internal control environment. Actions that the Internal Audit Service propose to address risk and control weaknesses are discussed with Heads of Service and if appropriate Directors and agreement is reached as to any corrective action that needs to be taken. Internal audit actions are not imposed on management.

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. It identifies areas for improvement across these three areas such that Managers are able to deliver the Corporate Plan objectives as efficiently, effectively and economically as possible.

7. RESOURCE IMPLICATIONS

- 7.1 There are no direct resource implications arising from this report.

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 The report has been requested by the Committee and as such they need to decide what further action they wish to take.

9. LIST OF APPENDICES INCLUDED

Appendix – Agreed Audit Actions Not Implemented as at 30 June 2019

BACKGROUND PAPERS

Audit actions contained within the 4action system

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