

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Internal Audit Actions

Meeting/Date: Corporate Governance Committee – 27 April 2022

Executive Portfolio: Executive Councillor for Corporate Services
Councillor David Keane

Report by: Deborah Moss, Internal Audit Manager

Ward(s) affected: All Wards

Executive Summary:

Key performance indicator: 100% of audit actions to be implemented by the agreed date. Not achieved.

Performance in the last 12 months* to 12th April 2022:

21 actions implemented - 26% on time, increasing to 40% when including late implementation

32 actions not implemented – 60%

(actions due before the last 12 months period are not included)*

38 overdue audit actions remained outstanding at 12 April 22.

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 12th April 2022.

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. Services can disagree with any action and the audit report is a record of what has been agreed by way of actions and their target dates.

- 3.2 The target for the implementation of 'agreed internal audit actions to be introduced on time' is set at 100% in line with best practice that suggests that all recommendations are implemented by the agreed deadline. The deadline date is set/agreed with the client service and can be extended upon request where reasonable justification is provided (the measurement is taken against the new target date). Therefore, it is reasonable that all actions should be completed by their target date.

- 3.3 For the 12 months ending 12th April 2022, 53 audit actions were due to be implemented. The following shows the performance against due dates:

- 26% (14 actions) were "implemented on time"; this increases to
- 40% (21 actions) when late implementation is also included
- 32 actions (60%) have not been implemented.

4. NON-IMPLEMENTATION OF AUDIT ACTIONS

- 4.1 Sometimes non-implementation of an action is due to operational circumstances and to reflect this, a process was in place for re-assessing an action's implementation date and extending it where reasonable. Even after the introduction of this process the 100% indicator was still not being achieved.

The Audit Manager has decided that extensions to deadlines should no longer be given. Instead Action Owners can insert their own progress update, which will give a better indication of work being taken to implement the action and to notify any reasons for delay. Management and Members can then see if there are any barriers to implementation and whether any assistance or resource is required to ensure the action is completed (or whether to accept the risk for longer).

4.2 However, circumstances sometimes prevail such that 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 12th April 2022, 38 audit actions remain overdue / not implemented. This includes all overdue actions (not just those due in the last 12 months) to give a more accurate reflection.

A summary is provided at Appendix 1 below.

A detailed analysis of these actions is shown in Appendix 2 (separate document).

Of the 38 actions:

- 4 actions 2 years+
- 2 actions are 1 year+
- 15 actions are between 6 months and 1 year overdue
- 17 actions are less than 6 months overdue

** Time is measured from the 'original target implementation date' to the 12th April 2022.*

4.4 **A new addition to the detail is now presented - the 'last update' from the action owner. This gives Members further information as to the progress being made and potentially a new expected completion date. This should provide more meaningful information on which to consider reasonable progress, delays or hold-ups.**

4.5 All overdue actions continue to be reported to the SLT through our monthly Risk & Controls Board report. All SLT members are provided with a list of outstanding actions with a request that they ensure their Service Managers implement them. Officers with actions assigned to them have direct access to the system to enable them to manage those actions and receive reminders from the system.

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 or Services.

5.2 An action that is not implemented means that the weakness or risk originally identified in the audit report, and which the action was designed to address, will remain as a risk to the organisation.

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 can 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 1 – Summary of Overdue Audit Actions as at 12th April 2022
Appendix 2 – Full Detail of Overdue Audit Actions as at 12th April 2022

BACKGROUND PAPERS

Audit actions contained within the 4Action system.

CONTACT OFFICER

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Appendix 1: Summary of Overdue Audit Actions @ 12th April 2022

Audit Name	Variable Target	Fixed Target	Status	Priority Level	months late
3C ICT					
Inventory of IT Assets 2021.22 / 2	21/12/2020	21/12/2020	Not Started	Amber	16
Hardware & Software Asset Management Control 19/20 / 3	31/12/2020	01/09/2020	In Progress	Amber	19
Cyber Security Risk Management 2020.21 / 3	30/09/2021	30/09/2021	Not Started	Amber	6
Cyber Security Risk Management 2020.21 / 4	30/09/2021	30/09/2021	In Progress	Red	6
Digital Services - Development and Management 2020.21 / 7	20/12/2021	31/12/2021	In Progress	Amber	3
Digital Services - Development and Management 2020.21 / 8	20/12/2021	31/12/2021	In Progress	Amber	3
Digital Services - Development and Management 2020.21 / 9	20/12/2021	31/12/2021	In Progress	Amber	3
Cloud Computing 2020.21 / 1	31/12/2021	31/12/2021	Not Started	Amber	3
Cloud Computing 2020.21 / 2	31/12/2021	31/12/2021	Not Started	Amber	3
Cloud Computing 2020.21 / 3	31/12/2021	31/12/2021	In Progress	Red	3
Cloud Computing 2020.21 / 4	31/12/2021	31/12/2021	In Progress	Red	3
Cyber Security Risk Management 2020.21 / 1	31/12/2021	31/12/2021	Not Started	Amber	3
Chief Operating Officer					
PCI DSS 18.19 / 3	01/04/2020	01/04/2020	Not Started	Amber	24
PCI DSS 18.19 / 4	01/04/2020	01/04/2020	In Progress	Amber	24
PCI DSS 18.19 / 5	01/04/2020	01/04/2020	In Progress	Amber	24
Corporate Resources					
Purchase Order Compliance 2019.20 / 8	30/04/2021	30/04/2021	In Progress	Amber	11
Land Charges 18.19 / 3	30/06/2021	30/06/2021	In Progress	Amber	9
Purchase Order Compliance 2019.20 / 1	30/06/2021	30/06/2021	Not Started	Amber	9
Purchase Order Compliance 2019.20 / 2	30/06/2021	30/06/2021	In Progress	Amber	9
Creditors 2020.21 / 3	31/07/2021	31/07/2021	In Progress	Amber	8

Purchase Order Compliance 2019.20 / 3	31/07/2021	31/07/2021	Not Started	Amber	8
Creditors 2020.21 / 4	30/09/2021	30/09/2021	In Progress	Amber	6
Main Accounting System 2020.21 / 3	30/09/2021	30/09/2021	In Progress	Amber	6
Purchase Order Compliance 2019.20 / 5	30/09/2021	30/09/2021	In Progress	Amber	6
Purchase Order Compliance 2019.20 / 6	30/09/2021	30/09/2021	Not Started	Amber	6
Purchase Order Compliance 2019.20 / 7	30/09/2021	30/09/2021	Not Started	Amber	6
Purchase Order Compliance 2019.20 / 4	31/10/2021	31/10/2021	Not Started	Amber	5
Treasury Management 2020.21 / 2	31/10/2021	31/10/2021	In Progress	Amber	5
Budget Monitoring and Forecasting 2020.21 / 1	31/12/2021	31/12/2021	In Progress	Amber	3
Budgets and MTFS 2020.21 / 1	31/12/2021	31/12/2021	In Progress	Amber	3
Treasury Management 2020.21 / 1	31/12/2021	10/06/2021	In Progress	Amber	10
Debtors 2020.21 / 1	30/03/2022	31/03/2022	Not Started	Amber	0
Budgets and MTFS 2020.21 / 2	31/03/2022	31/03/2022	In Progress	Amber	0
Creditors 2020.21 / 2	31/03/2022	31/03/2022	Not Started	Amber	0
Main Accounting System 2020.21 / 1	31/03/2022	30/09/2021	Not Started	Amber	6
Main Accounting System 2020.21 / 4	31/03/2022	31/03/2022	In Progress	Amber	0
Corporate Team					
Data Protection and Information Management 15.16	31/07/2018	30/09/2016	In Progress	Amber	67
Operations					
MiPermit 2021.22 / 3	31/03/2022	31/03/2022	Not Started	Amber	0
TOTAL 38					

* Status of "Not started" means that no update has been entered on the system by the Service/owner of the action.

Appendix 2: Full Detail of Outstanding Audit Actions @ 12/04/22

Separate document