

**Public**  
**Key Decision - No**

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Implementation of Internal Audit Actions

**Meeting/Date:** Corporate Governance Committee – 28<sup>th</sup> September 2022

**Executive Portfolio:** Executive Councillor for Corporate & Shared Services, Councillor Martin Hassall

**Report by:** Deborah Moss, Internal Audit Manager

**Ward(s) affected:** All Wards

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### **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 12<sup>th</sup> September 2022:

**35 actions implemented** - 31% on time, increasing to 57% when including late implementation

**26 actions not implemented** – 43%

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

**34 overdue audit actions** remained outstanding at 12<sup>th</sup> September 2022.

### **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.

## **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. Therefore, it is reasonable that all actions should be completed by their target date or reasons presented where this is not possible.

3.3 For the 12 months ending 12<sup>th</sup> September 2022, 61 audit actions were due to be implemented. The following shows the performance against due dates:

- 31% (19 actions) were "implemented on time"; this increases to
- 57% (35 actions) when late implementation is also included
  
- 26 actions (43%) 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 extension process the 100% indicator was still not being achieved. Last quarter it was 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 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 12<sup>th</sup> September 2022, 34 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 34 actions:

- ↓ 4 actions 2 years+
- ↓ 5 actions are 1 year+
- ↓ 10 actions are between 6 months and 1 year overdue
- ↑ 15 actions are less than 6 months overdue

*\* Time is measured from the 'original target implementation date' to the 12<sup>th</sup> September 2022.*

- 4.4 In preparation for this report, owners of overdue audit actions have been asked to provide an update as to the status/progress of their action(s). The detail in Appendix 2 provides this '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 manage and 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.
- 4.6 Senior Management has undertaken a review of the status of the overdue (or open??) actions to ascertain that they are still valid/current and whether progress is underway to mitigate the risk. A separate report is presented to Committee on the findings from this review.

## **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 at 12<sup>th</sup> September 2022  
Appendix 2 – Full Detail of Overdue Audit Actions at 12<sup>th</sup> September 2022

## **BACKGROUND PAPERS**

Audit actions contained within the 4Action system

## **CONTACT OFFICER**

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

Summary	Fixed Target	Status	Priority Level	Days late	Months late
<b>3Cs ICT</b>					
Inventory of IT Assets 2021.22 / 4	31/05/2022	In Progress	Amber	104	3
Inventory of IT Assets 2021.22 / 5	29/07/2022	In Progress	Amber	45	1
<i>Inventory of IT Assets 2021.22 / 8</i>	<i>31/08/2022</i>	<i>Not Started</i>	<i>Amber</i>	<i>12</i>	<i>0</i>
<b>Chief Operating Officer</b>					
PCI DSS 18.19 / 3	01/04/2020	Not Started	Amber	894	29
PCI DSS 18.19 / 4	01/04/2020	In Progress	Amber	894	29
PCI DSS 18.19 / 5	01/04/2020	In Progress	Amber	894	29
<b>Corporate Director</b>					
Data Protection and Information Management 15.16	30/09/2016	In Progress	Amber	2173	72
Compliance with the Code of Transparency 2021.22 / 1	30/07/2022	Not Started	Amber	44	1
Compliance with the Code of Transparency 2021.22 / 2	30/07/2022	Not Started	Amber	44	1
Compliance with the Code of Transparency 2021.22 / 3	30/07/2022	Not Started	Amber	44	1
<b>Corporate Resources</b>					
Purchase Order Compliance 2019.20 / 1	30/06/2021	Not Started	Amber	439	14
Purchase Order Compliance 2019.20 / 2	30/06/2021	In Progress	Amber	439	14
Land Charges 18.19 / 3	30/06/2021	In Progress	Amber	439	14
Creditors 2020.21 / 3	31/07/2021	In Progress	Amber	408	13
Purchase Order Compliance 2019.20 / 5	30/09/2021	In Progress	Amber	347	11

Purchase Order Compliance 2019.20 / 6	30/09/2021	Not Started	Amber	347	11
Purchase Order Compliance 2019.20 / 7	30/09/2021	Not Started	Amber	347	11
Main Accounting System 2020.21 / 3	30/09/2021	In Progress	Amber	347	11
Creditors 2020.21 / 4	30/09/2021	In Progress	Amber	347	11
Purchase Order Compliance 2019.20 / 4	31/10/2021	In Progress	Amber	316	10
Treasury Management 2020.21 / 2	31/10/2021	In Progress	Amber	316	10
Budget Monitoring and Forecasting 2020.21 / 1	31/12/2021	In Progress	Amber	255	8
Budgets and MTFs 2020.21 / 1	31/12/2021	In Progress	Amber	255	8
Treasury Management 2020.21 / 1	10/06/2021	In Progress	Amber	459	15
Debtors 2020.21 / 1	31/03/2022	In Progress	Amber	165	5
Budgets and MTFs 2020.21 / 2	31/03/2022	In Progress	Amber	165	5
Main Accounting System 2020.21 / 1	30/09/2021	In Progress	Amber	347	11
Main Accounting System 2020.21 / 4	31/03/2022	In Progress	Amber	165	5
Creditors 2020.21 / 2	31/03/2022	In Progress	Amber	165	5
Small Works Contract 21.22 / 1	30/04/2022	Not Started	Amber	135	4
Small Works Contract 21.22 / 2	31/05/2022	Not Started	Amber	104	3
Creditors 2021.22 / 1	29/07/2022	In Progress	Amber	45	1
Overtime 21.22 Action 2	31/07/2022	Not Started	Amber	43	1
Main Accounting System 21.22 Action 2	31/07/2022	In Progress	Amber	43	1

Total = 34

\* Status of "Not started" means that no progress 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 (includes action detail and action owner's update on progress.)