

Public  
Key Decision - No

## HUNTINGDONSHIRE DISTRICT COUNCIL

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

**Meeting/Date:** Corporate Governance Committee – 12<sup>th</sup> July 2023

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

**Report by:** D 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. KPI not achieved, but improvement in percentage implemented.

Performance in the last 12 months\* to 15<sup>th</sup> June 2023:

**32 actions implemented** - 24% implemented on time, increasing to 65% including those implemented late  
*67% reported as implemented at last report*

**17 actions still to be implemented** – 35%  
*(\* actions due before the last 12 months period are not included)*

**26 overdue audit actions** remained outstanding at 15<sup>th</sup> June 2023  
(up from 18 in the last report)

**11 actions implemented** and closed since in last 90 days

**70 audit actions closed** in last year since June 2022

**43 open** audit actions at June 2023

### 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 members on the implementation of audit actions.

## 2. WHY IS THIS REPORT NECESSARY?

2.1 To give visibility to members of the progress being made in closing out audit actions, or alternative measures being taken to mitigate risk impacts.

## 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. 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.

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; actions should be completed by their target date or reasons presented where this is not possible eg system changes take longer than expected or other service demands which carry a greater risk take priority.

## 4. NON-IMPLEMENTATION OF AUDIT ACTIONS

4.1 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 impacted on their implementation. Overdue actions are also reported to Committee for governance oversight.

4.2 Extensions to deadlines are no longer 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.

4.3 As at the 15<sup>th</sup> June 2023, **26** audit actions have not been implemented within target and are now overdue actions. This includes all overdue actions (not just those due in the last 12 months) to give a more accurate reflection.

*[ 18 were reported at last report.]*

A summary is provided at Appendix 1 below.

Of these 26 overdue actions:

- - 3 (*last report 3*) actions 2 years+
- 6 (*last report 4*) actions are 1 year+
- 4 (*last report 4*) actions are between 6 months & 1 year overdue
- 13 (*last report 7*) actions are less than 6 months overdue

- 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 1 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 provides meaningful information outstanding action progress, delays or hold-ups.
- 4.7 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 expected to act on these. Following last committee, the Audit Manager has suggested to SLT leads that they discuss and actively monitor their Services' audit actions during 1.2.1.s with their managers.
- 4.8 Three overdue actions relating to Payment Card Industry compliance are due to be closed and one new consolidated action is to replace them with a new implementation date of September 2024. This will now 'drop off' the overdue list but in order to maintain visibility on progress for Committee, the Director of Finance & Corporate Resources has agreed to provide verbal updates as required.

## **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 appropriate members of the Service and, if appropriate, Directors, and agreement is reached as to any corrective/mitigating action that needs to be taken. Internal audit actions are not imposed on management or Services.
- 5.2 Actions that are proposed by Internal Audit but not agreed by the Service are included in the Internal Audit report, together with response/ details as to why the Service does not agree to implement. Senior Management would be asked to decide on whether the action needs to be taken or risk accepted (with reference to risk appetite).
- 5.3 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 albeit other controls within the organisation may mitigate the impact.

## **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, and all underpinned by good governance.

## **7. RESOURCE IMPLICATIONS**

- 7.1 There are no direct resource implications arising from this report. Where a Service has not implemented an action because of a resource issue, they are expected to make management and committee aware of this.

## **8. REASONS FOR THE RECOMMENDED DECISIONS**

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

## **9. LIST OF APPENDICES INCLUDED**

Appendix 1 – Overdue Audit Actions at 15<sup>th</sup> June 2023, updated again 29<sup>th</sup> June 2023.

## **BACKGROUND PAPERS**

Audit actions contained within the 4Action system.

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