

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

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

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

**Meeting/Date:** Corporate Governance Committee – 24<sup>th</sup> January 2024

**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, which was not achieved.

Statistics at 4<sup>th</sup> January 2024:

**18 overdue audit actions** (down from 26 in the last report)

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

**65 audit actions closed** in the last year

**31 open** audit actions

### **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. MONITORING OF OVERDUE 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 4<sup>th</sup> January 2024 18 actions have not been implemented within target and are now overdue actions.

A summary is provided at Appendix 1 below.

Of these 18 overdue actions:

- 4 (*last report 6*) actions are 1 year+
- 4 (*last report 4*) actions are between 6 months & 1 year overdue
- 10 (*last report 13*) 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),

provided within Appendix 1. This should provide Committee with meaningful information as to the progress being made, delays or hold-ups and potentially a new expected completion date.

- 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. The Audit Manager has previously 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 were replaced with one new consolidated action with a new implementation date of September 2024. This 'dropped off' the overdue list but in order to maintain visibility on progress for Committee, the Director of Finance & Corporate Resources agreed to provide verbal updates to Committee as required.  
Similarly an overdue action on Data Protection/Information Management was replaced with a new action and new date.

## **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 Responsibility for implementation of agreed audit actions lies with Management. Internal Audit's role is to track implementation and to report to Committee.
- 5.3 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).
- 5.4 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, 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 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 on the progress being made in completing audit actions.

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

Appendix 1 – Overdue Audit Actions at 4<sup>th</sup> January 2024.

## **BACKGROUND PAPERS**

Audit actions contained within the 4Action system

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