

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Internal Audit Actions

Meeting/Date: Corporate Governance Committee – 20th March 2024

Executive Portfolio: Executive Councillor for Customer Services, Councillor Stephen Ferguson

Report by: Karen Sutton, Director of Finance & Corporate Resources

Ward(s) affected: All Wards

Executive Summary:

Key performance indicator: 100% of audit actions to be implemented by the agreed date, which was not achieved.

Statistics at 8th March 2024:

17 overdue audit actions (no change since the last report)

19 actions implemented and closed in last 90 days (rolling period)

61 audit actions closed in the last year (rolling 12 month period)

36 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 The activities of the Internal Audit team are pivotal to the organisation's governance and control processes. The outcomes of the team's reviews demonstrate compliance with controls and processes, or identify where improvements need to be made. Tracking the recommendations and closure of these is key to maintaining good control and evidencing the organisation's commitment to achieving Priority 3 of the Corporate Plan.

3. BACKGROUND

- 3.1 Following each audit review, audit conclusions, associated actions and implementation dates are agreed between the service manager 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 service manager; actions should be completed by their target date or reasons presented where this is not possible e.g., system changes take longer than expected or other service demands which carry a greater risk take priority.

4. MONITORING OF ACTION COMPLETION

- 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 8th March 2024, 17 actions have not been closed within target and are reported as overdue actions. Appendix 1 to this report details these actions and the updates provided by the respective Service Managers detailing progress. This should provide Committee with insight 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 requested to act on these.

5. KEY IMPACTS

- 5.1 If the Council does not maintain strong governance and control, or demonstrate that it is monitoring compliance with its controls, then it is failing in its statutory responsibilities. The activities of Internal Audit, how these feed into the Council's Code of Governance and the monitoring of the implementation of its actions to strengthen compliance provide assurance to those tasked with governance that the organisation is acting appropriately.
- 5.2 Responsibility for implementation of agreed audit actions lies with the action owners and their managers; 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 service managers are included in the Internal Audit report, together with the reasons as to why the service does not agree to implement the proposed action(s). Senior management are 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.
- 5.5 Where an audit action becomes ineffective, either through process changes or new information, the service manager should liaise with the Internal Audit team and agree, if the risk remains, new action(s) to replace those which will not be implemented.

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 8th March 2024.

BACKGROUND PAPERS

Audit actions contained within the 4Action system

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