

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Audit Actions
Meeting/Date: Corporate Governance Panel – 16 September 2015
Executive Portfolio: Resources: Councillor J A Gray
Report by: Internal Audit and Risk Manager
Ward(s) affected: All Wards

Executive Summary:

Panel have requested that performance information for the implementation of agree internal audit actions is reported at each of their meetings. Performance for the year ending 31 August 2015 is shown below (and in detail at Appendix 1).

	Status of Action			Total
	Introduced on time	Introduced Late	Not introduced	
Red Action	13	3	1	17
Amber Action	47	10	4	61
Total	60	13	5	78
% age	77%	17%	6%	

Five actions have not been introduced. All of these actions have been considered previously by the Panel and are due to be considered by Cabinet on the 17 September.

The performance information has been prepared from the audit actions e-database. This sits on the Council's intranet and is managed by Internal Audit. It is designed to be accessed and updated by Managers who have been allocated actions (through the agreed final internal audit report).

The performance information is produced monthly. Managers are reminded at the mid-point of each month to review any outstanding actions, to update the progress / implementation status or to contact the Internal Audit team if they consider that they are unable to achieve the agreed date.

Recommendation:

Panel are recommended to note the report.

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1. WHAT IS THIS REPORT ABOUT/PURPOSE?

1.1 The report provides the Panel with details of the implementation rates achieved by Managers in respect of agreed internal audit actions.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

2.1 The poor performance with the introduction of agreed internal audit actions has been a matter of concern for the Panel. Whilst the Managing Director has reported to the Panel that delivery of the actions is to be a priority for the Management Team, the Panel felt that it needed to take positive action to support them in improving performance and requested that a report on performance be presented to each Panel meeting until such time that performance was considered 'satisfactory'.

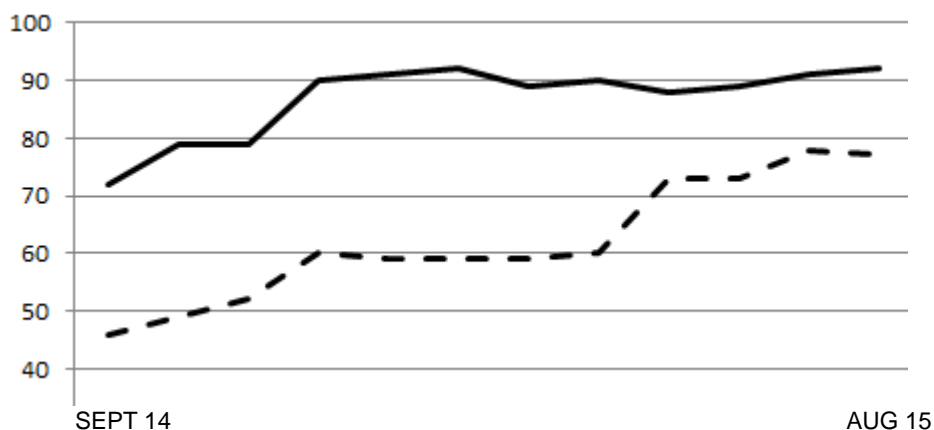
3. ANALYSIS

3.1 Corporate Management Team have set a target of 100% of agreed internal audit actions should be introduced on time.

3.2 There were 78 actions due to be introduced in the year ending 31 August 2015. 77% (60 in number) of agreed audit actions introduced on time. A further 17% (13 in number) of the agreed audit actions have been introduced, but late. There remains 6% (5 in number) outstanding. This information is summarised in Appendix 1.

Of the five actions that have not been introduced, all were reported and discussed by the Panel at their June 2015 meeting. The action that Officers have taken or intend to take is being reported to Cabinet on 17 September. The current position (extracted from the Cabinet report) with respect to each of the five actions is included at Appendix 2.

3.3 Despite the target not being achieved, performance is improving as the graph below shows.



--- = % of actions introduced on time

— = % of all actions introduced

**4. KEY IMPACTS/RISKS?
HOW WILL THEY BE ADDRESSED?**

4.1 Monitoring the introduction of agreed audit actions is an important management responsibility. The Panel need to have confidence that action is being taken by the agreed deadline to improve the governance and internal control framework and/or further mitigate unacceptable levels of risk.

4.2 The successful implementation of agreed internal audit actions is an indicator of the control tone across the Council and enables it to demonstrate that it maintains high standards of governance and internal control.

5. LINK TO THE CORPORATE PLAN

5.1 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 are able to deliver the Corporate Plan objectives as efficiently, effectively and economically as possible.

6. LEGAL IMPLICATIONS

6.1 There are no legal implications arising from this report.

7. RESOURCE IMPLICATIONS

7.1 There are no financial implications arising from this report.

8. REASONS FOR THE RECOMMENDED DECISIONS

8.1 The report has been requested by the Panel and is for information only. It contributes to the Panels understanding of the improvements being made to the Council's governance and internal control framework.

9. LIST OF APPENDICES INCLUDED

Appendix 1 – Implementation of Agreed Internal Audit Actions as at 31 August 2015.

Appendix 2 – Extract of Cabinet report, 17 September 2015. Progress against outstanding Audit Actions.

BACKGROUND PAPERS

Agreed audit actions database

CONTACT OFFICER

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Implementation of Agreed Internal Audit Actions as at 31 August 2015.

Head of Service	Actions Introduced on Time	Actions Introduced on Time	Actions Introduced on Time and Late	Actions Introduced on Time and Late	Not Introduced		Total Actions Due in 12 Month Period
	Number	Percentage	Number	Percentage	Red	Amber	
Managing Director							
Corporate Team Manager	11	85%	12	92%	0	1	13
Corporate Director, Services							
Head of Resources	3	25%	10	75%	0	2	12
Head of Customer Services	35	95%	37	100%	0	0	37
Head of Operations	1	33%	3	100%	0	0	3
Corporate Director, Delivery							
Head of Development	---	---	---	---	-	-	0
Head of Community	3	100%	3	100%	0	0	3
Head of Leisure & Health	7	70%	8	80%	1	1	10
Total	60	77%	73	94%	1	4	78
Target		100%					

Red Actions: These are actions that must be implemented as the current exposure to risk is unacceptably high, indicating a major control weakness. Actions will be given a red priority when the residual risk identified may adversely affect the annual governance statement, result in the loss of funds or assets, or lead to service delivery failures which could adversely affect the Council's reputation.

Amber Actions: These are actions that managers should consider introducing as the current risk exposure is high. Control weaknesses have been identified that have the potential to compromise internal control, operational effectiveness or service delivery. Actions will be given amber priority when the residual risk has identified non-compliance with established good practice, the lack or failure of performance management or reporting systems, or failures in subsystems.

Outstanding Audit Actions as at 30 April 2015 (as reported to CGP, 3rd June 2015) + Head of Services Update

Corporate Team Manager

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
Payments in Lieu 2011/12	Amber Overtime and additional hours are paid at different rates (1, 1.5 or 2 times hourly rate) with little guidance as to the application of each rate. This issue was identified in the June 2007 internal audit review of Overtime. The Head of HR agreed that standard procedures for overtime would be introduced by November 2007 to ensure that employees receive the same overtime rates. This action was not introduced.	LGSS will review our current procedures for the payment of overtime with a view to standardising practice.	<u>March 2015</u> Outstanding. This will be included in our Pay Policy and Flexible Working Policy scheduled for review during 2015/16.	Not implemented (at time of report drafting) As per the contract, the times are currently being agreed for policy updates for 2015/16 with LGSS and / or the use of consultancy days to enable this to be completed.	September 2015

Head of Service: Resources

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
Repairs and Maintenance of HDC property and equipment 2013/14	<p>Amber</p> <p>18% of property on the fixed asset register has not been assigned to a manager. It should also be noted that the fixed asset register does not contain all the Council's operational property</p> <p><i>Property assets may not be maintained</i></p>	Once the appropriate Head of Service have been recruited, they should works towards delivering a corporate fixed asset register that covers all council owned property. A manager will be named as being responsible for the management and maintenance of each property on the register.	<p><u>March 2015</u></p> <p>Outstanding.</p>	<p>Not implemented</p> <p>Commercial Estate – all associated assets are assigned to the Head of Resources.</p> <p>Operational Estate – these assets primarily fall within the remit of Facilities Management within Operational Services.</p> <p>There is currently a review underway of all property to ensure that the asset register + gazetteer are complimentary. Where there are assets not assigned, these are being duly assigned. Once this review is completed, all assets will be duly assigned.</p> <p>Repairs and maintenance is undertaken on a reactive basis.</p>	October 2015

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
Commercial Rents and Estates Management 2013/14	<p>Amber</p> <p>From review and discussion it has been confirmed that the Current Estates spreadsheet (the main record for recording tenant and property information) is out of date and does not contain all the necessary lease information. (e.g. changes in tenants, underlying property data, rent review completions, due dates etc).</p> <p><i>Inaccurate and incorrect data reduces efficiency and increases the risk of errors being made</i></p>	<p>The commercial estates module in the Uniform system will be investigated & assessed for 'fit for purpose'.</p>	<p><u>February 2015</u></p> <p>Partially introduced.</p> <p>System still being considered in view of a number of upgrades.</p>	<p>Fully Implemented</p> <p>Uniform has been assessed and while there are difficulties with use and it is not an ideal professional property database, the estates module does provide a sufficient range of tools to replace the current spreadsheet.</p>	<p>June 2015</p>
		<p>If the Uniform system is deemed 'fit for purpose', the system will be implemented as a replacement for the estates spreadsheet.</p>	<p><u>January 2015</u></p> <p>Partially introduced.</p>	<p>Not implemented (at time of report drafting)</p> <p>As noted above, the Uniform system is considered a fair database, options are being reviewed to ensure an effective transfer of data</p>	<p>September 2015</p>

Head of Service: Leisure and Health

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
One Leisure Impressions 2013/14	<p>Red</p> <p>Impressions facilities are operating without formal business, strategies and targets / performance measures. There has been little management presence or direction at a site level. Staffing arrangements are inconsistent across the sites.</p> <p><i>Reduced use and reputation of facilities as a result of poor corporate management</i></p>	<p>Formal plans, strategies and targets will be established for the Impressions facility, which will be subject to regular review and monitoring. Staffing structures will be formalised to ensure that appropriate skills and resources are available both at a site and cross – facility level. Meeting schedules will be agreed to ensure that issues are discussed and communicated.</p>	<p><u>September 2014</u></p> <p>Partially introduced.</p> <p>Recruitment process is underway and once complete work will begin on reviewing the impressions structure and operations.</p>	<p>Partially Implemented</p> <p>The process of reviewing and developing plans etc. has started and will be completed by the revised implementation deadline.</p>	September 2015

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
One Leisure Impressions 2013/14	<p>Amber</p> <p>Procedure notes in place do not cover all aspects of the service / work undertaken by staff. Guidance is split between the QMS and Impressions Data drives, which may hinder staff in locating and accessing information.</p> <p>At OLS a manual file is retained in the Gym Office containing key policies / procedures, which are reviewed and signed off by staff as appropriate.</p> <p><i>Staff may be unaware of the correct procedures to follow</i></p>	<p>Procedure notes will be reviewed for relevance and appropriateness. Guidance will cover all key processes / work undertaken within Impressions, including stock control. Guides will be located in a SharePoint site so that staff can easily locate information.</p>	<p><u>March 2015</u></p> <p>Partially introduced.</p> <p>Recruitment process is underway and once complete work will begin on reviewing the impressions structure and operations.</p>	<p>Partially Implemented</p> <p>Policies and Operating Procedures are currently being reviewed and will be completed by the revised implementation deadline.</p>	<p>September 2015</p>