HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Internal Audit Actions

Meeting/Date: Corporate Governance Committee – 27 September 2016

Executive Portfolio: Strategic Resources: Councillor J A Gray (Deputy Executive Leader)

Report by: Internal Audit & Risk Manager

Wards affected: All Wards

Executive Summary:

Due to the deteriorating position with the introduction of agreed internal audit actions, the Committee requested an update on the current position. Performance for the year ending 31 August 2016 is summarised below.

	Introduced on time	Introduced Late	Not introduced	**Total**
Red actions	3	5	3	11
Amber actions	30	27	7	64
Total	**33**	**32**	**10**	**75**
% age	**44%**	**43%**	**13%**	

Ten actions have not been introduced. According to information recorded on the 4action monitoring system, work has been undertaken in respect of one of the three red outstanding actions and six of the seven outstanding amber actions.

The three actions that show no action having been undertaken all relate to CCTV (Head of Community Services) and the internal audit report issued in June 2015.

The ten overdue actions are the responsibility of four Managers. The Internal Audit & Risk Manager has evaluated the current position and has made the following judgements as to progress to date.

		Total	Good	Progress Limited	None
Head of Community Services		*3*			3
Corporate Office Manager		*2*	2		
Managing Director		*2*	1	1	
Head of Resources		*3*	1	2	
	Totals	**10**	**4**	**3**	**3**

Full details of the actions not introduced are included at Appendix 1.

Recommendation

It is recommended that the Committee consider the report and decide what, if any, further action they wish to take.

1. PURPOSE OF THE REPORT

1.1 To update the Committee on the progress made in implementing agreed internal audit actions that were due to be introduced during the year ending 31 August 2016.
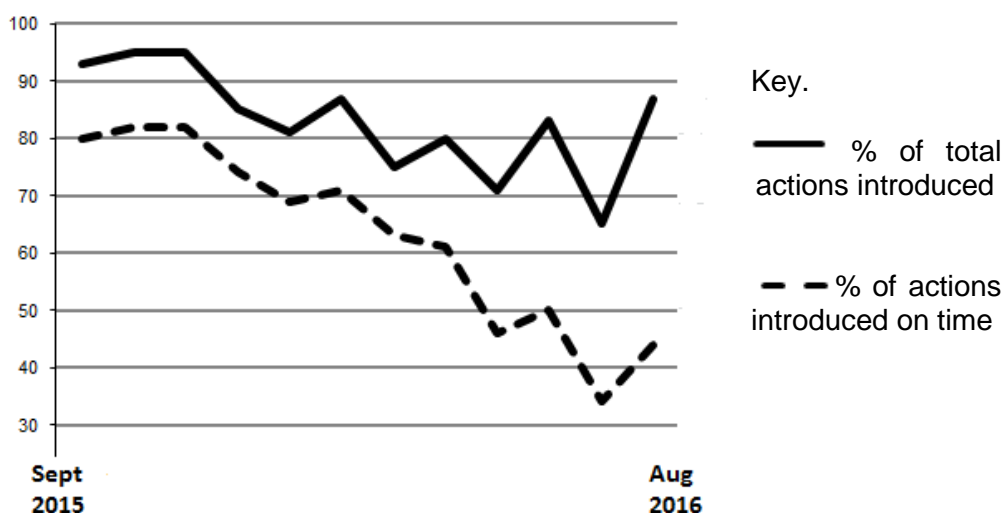
2. WHY IS THIS REPORT NECESSARY?

2.1 The Committee at their July 2016 meeting expressed concerns at the declining percentage of agreed internal audit actions that had been implemented on time. They requested that an update report be presented to the September meeting.

3. ANALYSIS

3.1 100% of agreed internal audit actions are to be introduced on time. That target has been set by the Corporate Management Team.

3.2 75 actions were due to be introduced in the year ending 31 August 2016. 44% (33 in number) of those were introduced on time. A further 43% (32 in number) were introduced, but late. The remaining 13% (10 in number) are outstanding. This information is summarised in the table below, which is ordered by percentage of actions introduced on time.

	Introduced on time		Total Introduced on time & late		Not introduced		Total
Head of Customer Services	11	92%	12	100%			12
Corporate Director – Services	2	67%	3	100%			3
Head of Resources	8	42%	16	84%	3	16%	19
Head of Community Services	2	40%	2	40%	3	60%	5
Head of Leisure & Health	5	31%	16	100%			16
Corporate Office Manager	4	31%	11	85%	2	15%	13
Managing Director	1	17%	4	67%	2	33%	6
Head of Operations	---	---	1	100%			1
Head of Development	---		---		---		---
Totals	**33**		**65**		**10**		**75**
		44%		**87%**		**13%**	

3.3 Overall performance across the year ending 31 August 2016 is shown below.

Key.

——— % of total actions introduced

– – % of actions introduced on time

Sept 2015   Aug 2016

3.4 Ten actions have not been introduced. Appendix 1 contains full details of each action together with a summary (provided by the relevant Manager) of the current position. The Internal Audit & Risk Manager has reviewed all ten actions and to assist the Committee formed a view as to whether the action taken to date is sufficient or not, after taking into account any mitigating factors.

| | | | Progress | |
	Total	Good	Limited	None
Head of Community Services	*3*			3
Corporate Office Manager	*2*	2		
Managing Director	*2*	1	1	
Head of Resources	*3*	1	2	
Totals	**10**	**4**	**3**	**3**

3.5 The performance information in the report has been prepared from the 4action system. It is the responsibility of Managers to access and update the system with details of the action they have taken.

4.   KEY IMPACTS

4.1 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 reached as to any corrective action that needs to be taken. Internal audit actions are not imposed on management.

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.   RESOURCE IMPLICATIONS

6.1 There are no direct resource implications arising from this report.

7.   REASONS FOR THE RECOMMENDED DECISIONS

7.1 The report has been requested by the Committee and as such they need to decide what further action they wish to take in respect.

8.   LIST OF APPENDICES INCLUDED

8.1 Appendix 1 - Outstanding Internal Audit Actions as at 31 August 2016

BACKGROUND PAPERS

Audit actions contained within the 4action system

CONTACT OFFICER

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Outstanding Internal Audit Actions as at 31 August 2016

Position as recorded on 4Action

Head of Community Services

Audit:	CCTV
Implementation date	31/10/2015
Agreed action: Action status: **Red**	CMT will agree arrangements for the management of CCTV across the Council, which will include appointment of a single point of contact.	No information provided.
IARM evaluation of progress	None

Audit:	CCTV
Implementation date	31/07/2016
Agreed action: Action status: **Red**	Codes of practices for CCTV systems will be established and staff will be properly trained in its use.	No information provided.
IARM evaluation of progress	None

Audit:	CCTV
Implementation date	31/03/2016
Agreed action: Action status: **Amber**	Prior to a Hackney Carriage licence being issued, a check should be undertaken to ensure that a clear audit trail has been maintained to demonstrate compliance with legislation and best practice.	No information provided.
IARM evaluation of progress	None

Corporate Team Manager

Audit:	E-recruitment
Implementation date	31/12/2015
Agreed action: Action status: **Amber**	The Corporate Office Manager will work with LGSS to investigate and consider the audit findings and determine what action is to be taken in respect of each item listed. Where it is decided that no action is to be taken on any item, the reason for this decision will be recorded. Internal audit will be informed of the results of the review.	An action log was introduced that listed the audit findings (which individually were not considered sufficiently important to be included in the audit report). The log is reviewed at the regular contract meetings with LGSS. A final run through of the log is scheduled for the September 2016, which should conclude this action.
IARM evaluation of progress	Good

Audit:	Corporate Plan 2015/16
Implementation date	31/07/2016

Agreed action: Action status: **Amber**	Heads of Service will complete a data quality template for each Performance Indicator or data set measured. This will ensure that the data gathering and result calculation method is fully documented and allow another person to carry out the task. The method of data collection and results calculation should be obtained in the most direct way possible from the system with the least manual intervention.	Templates were due for completion by 30 June 2016. As at 24/08/2016, over half of the templates have now been completed and several reminders have been issues to these responsible for completing and to SMT on the need to complete.
IARM evaluation of progress	Good	

Managing Director

Audit:	Compliance with the Transparency Code
Implementation date	31/01/2016

Agreed action: Action status: **Amber**	Responsibility for each data set should be formalised. There should be a document which lists the data sets to be published, the frequency of publication and a named officer for each. There should be written procedures on how each data set is prepared, including the information source; and any aspect of internal review /sign off prior to publication. Policy, Performance & Transformation Manager overseeing action.	Most of the documents have been completed. However there is no evidence of progress on the following: Community: Grants to VCS organisations Resources Parking Account Operations Parking Spaces; and Waste Contracts.
IARM evaluation of progress	Limited	

Audit:	Compliance with the Transparency Code
Implementation date	29/02/2016

Agreed action: Action status: **Amber**	The accuracy of published data needs to be ensured. Heads of Service should formally sign off the procedure notes, that detail how information they are responsible for is prepared, to show that the method is accepted as complete and accurate and in	As at 15/06/2016, sign-off of relevant templates by Corporate Team Manager and Head of Customer Services. As at 31/08/2016, most [templates] have been signed off. The local land and

accordance with the Code and its guidance.	property template is completed but awaiting sign off by the Head of Resources
Policy, Performance & Transformation Manager overseeing action.	
IARM evaluation of progress	Good

Head of Resources

Audit:	Charging for Council Services
Implementation date	28/02/2016
Agreed action: Action status: **Amber**	The production of the Fees and Charges book for the 2016/17 financial year should be aligned with the timescales for reviewing such charges to ensure that the information published is correct.
IARM evaluation of progress	Limited

Due to the resignation of the interim Accountancy Manager in March 2016, this action was not progressed.

As at 14/04/2016, the Head of Resources has asked the Heads of Environment and Leisure and Health to confirm that fees and charges will be realigned so that they all apply from 1 April 2017.

Audit:	Budgetary Control and Management Information
Implementation date	31/07/2016
Agreed action: Action status: **Red**	Documented procedures should be produced covering journal transactions. Furthermore, a clear audit trail should be maintained to support all journal transactions including who requested the journal, the reason for it, who approved it and who processed the transaction.
IARM evaluation of progress	Limited

As at 29/07/2016, procedures are still being finalised.

Audit:	Bank Reconciliation
Implementation date	31/05/2016
Agreed action: Action status: **Amber**	The processes in place for the reconciliation of the Income Account to the e -Financials system should be updated to ensure that evidence of the bank and financial system balances are embedded and so that there are links to the supporting data.

As at 01/09/2016, there has been a significant amount of progress on reconciling the Income Account. The procedure is not straightforward due to the current cash interface not being transparent and

	Furthermore, the balance being carried forward as part of the payroll reconciliation should be evidenced and explained.	stripping out useful reference data. A new reconciliation template has been prepared that links directly to supporting working papers. The balance on the payroll reconciliation has been investigated but due to its age, bank statements are not available. It is likely that the balance will need to be written off.
IARM evaluation of progress	Good	

End