

**HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Non-implementation of Internal Audit Actions.  
**Meeting/Date:** Corporate Governance Committee – 17 January 2018  
**Executive Portfolio:** Strategic Resources: Councillor J A Gray  
**Report by:** Head of Resources  
**Ward(s) affected:** All Wards

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**Executive Summary:**

The Committee approved a new framework in May 2017 for the reporting of the non-implementation of internal audit actions. This framework has been followed since its introduction. Committee have requested they be informed of all red actions and all amber actions where the Head of Resources considers their non-implementation poses a significant risk to the internal control and financial framework.

As at the year ending 30 November 2017 there were 13 actions outstanding (5 red and 8 amber) from the 108 due to be implemented.

Two of the 5 red actions (both relating to cyber security) have been superseded following new actions having been agreed from a series of IT network security audits completed in Qtr. 3 2017/18. These 2 actions have not been included in this report.

Since November 2017, of the 8 amber actions, one has been introduced, one superseded and in one case, the Head of Resources considers its non-introduction does not pose a significant risk to the internal control and financial framework. These 3 actions have not been included in this report.

The 3 red actions will remain outstanding on the monthly performance data that Committee members receive until they are introduced, as the framework does not allow red actions to be granted any extensions of time.

Of the 5 amber actions, although for some extensions can't be granted because there has been a previous extension, there have been fair reasons for the delay. Consequently, all the amber actions will be implemented within a few months.

**Recommendation:**

It is recommended that the Committee consider the report and the action taken by the Head of Resources.

## 1. PURPOSE OF THE REPORT

- 1.1 In accordance with the Framework agreed by Committee in May 2017, this reports informs the Committee of the outstanding internal audit actions as at 30 November 2017 which pose a threat to the internal control and financial framework.

## 2. ANALYSIS

- 2.1 **Appendix 1** contains information in respect of the 3 red actions and 5 amber actions that meet the Framework criteria (all red actions and all amber actions that the Head of Resources considers their non-implementation poses a significant risk to the internal control and financial framework).

- 2.2 A decision has been taken that for each of the 3 red actions,

- **Cyber 1**, has been part-implemented, and will be fully implemented by the end of March 2018. Although a weakness remains, the risk has been heavily mitigated.
- **E-payments 1**, this should be removed as an Audit Action. Although there is a risk, this is a significant project and one that would be better managed via the Councils Project Management Governance Board process.
- **Licensing**, no extension has been granted. However, the delay in the development of forensically correct apportionment costs for Democratic service provision is understood; Finance have committed to complete this work by the end of February 2018 with Community Services completed this remaining elements by the end of March 2018.

- 2.3 With regard to the 5 amber actions, acceptable extensions have been granted based on fair justifications for delays.

## 3. KEY IMPACTS.

- 3.1 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.

## 4. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 4.1 Action has already been taken as set out above. Further updates on the progress that has been to address the four issues identified will be reported to the Committee in March 2018.

## 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 REASONS FOR THE RECOMMENDED DECISIONS**

- 6.1 The Committee require assurance that agreed internal audit actions are being implemented on time and internal control weaknesses are being addressed.

### **APPENDIX 1**

Summary of outstanding internal audit actions as at 30 November 2017.

### **BACKGROUND PAPERS**

Audit actions contained in the 4ction system.

### **CONTACT OFFICER**

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