

REPORT OF: Director of Business Transformation

TO: Civic Affairs Committee

17 September 2014

WARDS: All

IMPLEMENTATION OF AGREED INTERNAL AUDIT ACTIONS

1 INTRODUCTION

- 1.1 At its last meeting in June 2014, Members of Civic Affairs Committee expressed concern at the high number of overdue Internal Audit actions, particularly those that dated back to previous years' audit reports. Members resolved that a further report on the outstanding and overdue actions be brought back to a future meeting including:
- steps proposed to resolve
 - target dates
 - senior officer accountability

The purpose of this report is therefore to provide Members with an up to date position on overdue Internal Audit actions.

- 1.2 Internal Audit reports include management action plans to address weaknesses in control identified during an audit. The effective implementation of these action plans, within timescales determined by management, is essential to ensure that risks are managed effectively.
- 1.3 All agreed Internal Audit actions are recorded on the Council's risk register and are monitored for implementation by the Strategic Leadership Team on a half yearly basis. Quarterly reports on outstanding actions are also issued to all Directors.
- 1.4 In addition, Internal Audit currently undertakes follow-up audits on those areas that originally received a 'limited' or 'no' assurance rating, to ensure that progress has been made with agreed actions.

2 RECOMMENDATIONS

- 2.1 That Members of Civic Affairs Committee note progress made on implementation of Internal Audit agreed actions.

3 PREVIOUS REPORTS TO COMMITTEE

- 3.1 As part of this committee's forward plan, each year Internal Audit produces an Annual Opinion based on the work of the section. Incorporated into this report are details of agreed actions, together with their current status. This was last submitted to this committee in June 2014 when the summary position was as detailed in the table below:

Table 1 – June 2014 Position

| | ANALYSIS OF ACTIONS | | | | |
|-------------|---------------------|-------------|-------------------------|-----------|-----------------|
| Year | Agreed | Implemented | Completion Date Not Due | Cancelled | Overdue Actions |
| 2011/12 | 288 | 236 | 8 | 28 | 16 |
| 2012 / 2013 | 140 | 107 | 4 | 4 | 25 |
| 2013 / 2014 | 57 | 11 | 12 | 0 | 34 |

4 PROGRESS SINCE HEAD OF INTERNAL AUDIT OPINION

- 4.1 As can be seen from the figures in the table below, there has been a significant reduction in the number of overdue actions since we last reported to this committee in June 2014. As at 31 August 2014 there are just **18** overdue actions in total, compared to 59 overdue actions just relating to 2012/13 and 2013/14 audit reports in June 2014, 75 in total. A concerted effort has been made by the vast majority of managers to address their overdue actions and Internal Audit are continuing to work closely with managers to address the remaining overdue actions.

Table 2: 31 August 2014 Position

| | ANALYSIS OF ACTIONS | | | | |
|--------------|---------------------|-------------|-------------------------|-----------|----------------|
| Year | Agreed | Implemented | Completion Date Not Due | Cancelled | Overdue Action |
| Pre 2012/13 | 288 | 245 | 6 | 28 | 9 |
| 2012/2013 | 140 | 125 | 8 | 4 | 3 |
| 2013/2014 | 67 | 42 | 19 | 0 | 6 |
| Total | 495 | 412 | 33 | 32 | 18 |

- 4.2 In some cases, due dates have been extended following agreement with Internal Audit, hence there are still a number of actions from pre-2012/13 audit reports whose completion dates are not yet due. It has, however, been made clear to Directors that going forward, we wish to keep this to a minimum and therefore managers have been reminded of the need to identify realistic and achievable target dates at the time the Internal Audit report is agreed.

4.3 The **18** overdue actions are broken down across service areas/directorates as follows:

| Department | Total |
|--|------------------|
| Business Transformation - ICT | 1 |
| Chief Executive - Corporate Strategy | 1 |
| Customer and Community Services - Community Development - Estates and Facilities | 2 3 |
| Environment - Refuse and Environment - Specialist Services - Streets and Open Spaces - Directorate | 4 1 4 2 |
| Total | 18 |

| BUSINESS TRANSFORMATION | | | |
|--------------------------------|------------|-----------------|--|
| Area | No. | Due Date | Commentary |
| Access provision to partners | 1 | 31/01/2014 | High action - Partially complete – work on-going to complete action in full. |
| Total | 1 | | |

| CHIEF EXECUTIVE | | | |
|---|------------|-----------------|--|
| Area | No. | Due Date | Commentary |
| Elections – Individual Electoral Registration (IER) Project | 1 | 31/08/2014 | 1 Low action – recent audit action. Under discussion with management re: way forward with this action. |
| Total | 1 | | |

| CUSTOMER AND COMMUNITY SERVICES | | | |
|---|------------|-----------------|--|
| Area | No. | Due Date | Commentary |
| Corporate procedures required for physical intervention | 1 | 31/01/2013 | Low action - Work has been ongoing to address this issue in conjunction with CEX and HR. |
| Capture / monitor efficiency targets in relation to water usage | 1 | 10/02/2012 | High action – action to be re-assigned as officer has now left authority. |
| Property security | 1 | 30/09/2013 | High action – action to be re-assigned as officer has now left authority. |

| | | | |
|---|----------|------------|--|
| Fire Safety Management | 1 | 14/04/2012 | High action – Protocol discussed verbally, but needs formalising in conjunction with other relevant Heads of Service. |
| Accounting for funding to voluntary organisations | 1 | 31/12/2013 | Low action – One of a number of actions re: grants to voluntary groups, the majority of which have been fully implemented. |
| Total | 5 | | |

| ENVIRONMENT | | | |
|---|------------|-----------------|--|
| Area | No. | Due Date | Commentary |
| Business Support | 1 | 30/04/2014 | Low action |
| Trade waste analysis and reporting | 3 | 31/07/2014 | 3 High actions – Follow-up audit due in 2014/15. Ongoing work is being done to address these actions. |
| Trade Waste - Cross-skilling guidelines and procedural notes | 1 | 30/04/2014 | Medium action – Recently re-assigned to new post-holder who is currently checking position with this action. |
| Project Post-Implementation Reviews (PIRs) to be undertaken for all schemes | 1 | 31/07/2014 | High action – recent audit action. |
| Management of tree stock and tree management programme | 2 | 31/07/2014 | 2 High actions – recent audit actions. |
| Programmed schedule of works for public conveniences | 1 | 31/12/2013 | Medium action |
| Improving processes within Ranger Data Collection | 2 | 31/03/2014 | 2 Low actions |
| Total | 11 | | |

To summarise, there are no critical, 10 high, 2 medium and 6 low category overdue Internal Audit actions.

5. EXPOSURE TO RISK

- 5.1 Internal Audit will continue to work with all Heads of Service and Directors to ensure steps are being taken to manage the identified risks and implement actions. The updated position including any significant implications for the control environment will continue to be provided to Civic Affairs Committee as part of established reporting arrangements during 2014/15.

6. CONSULTATIONS

- 6.1 Directors and Heads of Service have been consulted on the need to review and update their Internal Audit actions and Internal Audit have been working closely with managers over the last few months to address their actions. In the majority of cases, where actions are still outstanding, work is ongoing by management to address these. In a small number of cases, it may be that the action is in fact complete, but this has not been updated on the risk register.
- 6.2 Going forward, we plan to take a more pro-active approach in identifying overdue IA actions, particularly those which are classified as high or critical, and follow these up with the managers concerned to check on progress and ensure that the risk register is updated.

7. CONCLUSION

- 7.1 Significant improvements have been made to the implementation of Internal Audit actions across all directorates. Where there has been slippage, there have in most cases been mitigating circumstances – officers have left the authority; actions have been superseded etc.

8. IMPLICATIONS

- (a) **Financial Implications**
None
- (b) **Staffing Implications**
None
- (c) **Equality and Poverty Implications**
None
- (d) **Environmental Implications**
None
- (e) **Community Safety Implications**
None

BACKGROUND PAPERS: The following are the background papers that were used in the preparation of this report:

- Risk Register Report identifying all Internal Audit actions – 31st August 2014

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