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Subject: FOLLOW UP OF EXTERNAL AUDIT RECOMMENDATIONS

Report to: Audit and Risk Committee – 2nd February 2016

Report by: Corporate Risk Officer

This report seeks to inform members of the latest progress made in relation to management implementation of external audit recommendation with an implementation date of 30 December 2015 or before.

It is recommended that the Committee:

- Receives and notes the current position in relation to the completion of audit recommendations

## **1 Background**

- 1.1 Some audit reports indicate system weaknesses, which need to be addressed immediately to safeguard the Authority against fraud or loss. Others recommend the introduction of best practice. The reports list the auditor's recommendations and an agreed timescale within which to implement them.

External Audit uses a 'High', 'Medium' and 'Low' rating for their recommendations and an explanation of the priority levels is provided below;

High A significant weakness that requires immediate attention.

Medium A weakness that requires attention within six months.

Low A non significant weakness that requires attention within six months.

- 1.2 The Council's Performance Management System requires that a report be prepared for the Audit and Risk Committee indicating which recommendations have not been implemented within the agreed timescale.

- 1.3 This report is for those recommendations with an implementation date of 30<sup>th</sup> December 2015 or before.

## **2 External Audit reports**

- 2.1 The table below illustrates that there was 5 recommendations, which was to be implemented by 30<sup>th</sup> December 2015.

| <b>External Audit report</b>   | <b>No of recs to be implemented by 30th December 2015</b> | <b>No. not implemented</b> | <b>Reason for not implementing</b> |
|--------------------------------|---|----------------------------|------------------------------------|
| Annual Governance Report 09/10 | 1   | 1                          | Progress made – revised date       |
| Annual Governance Report 10/11 | 1   | 1                          | Progress made – revised date       |
| Annual Governance Report 11/12 | 1   | 0                          |                                    |
| Audit Results Report 14/15     | 2   | 2                          | No response received               |
| <b>Total</b>                   | <b>5</b>  | <b>4</b>                   |                                    |

2.2 A full copy of any of the above reports can be obtained from the Corporate Risk Officer, ext 621.

### **3 The next report**

3.1 The next report will be presented to the Audit and Risk Committee in July 2016 and will cover the period up to 31<sup>st</sup> May 2016.

**FINANCIAL IMPLICATIONS:**  
None

**LEGAL IMPLICATIONS:**  
None

**EXECUTIVE BOARD OR DIRECTOR CONSULTATION:**  
None

### **RECOMMENDATIONS:**

It is recommended that the Committee:

- Receives and notes the current position in relation to the implementation of audit recommendations.

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|   |                     |    |
|---|---------------------|----|
| Does this report raise any legal, financial, sustainability, equality, Crime and Disorder or Human Rights issues and, if so, have they been considered? | Issues              |    |
|   | Legal               | No |
|   | Financial           | No |
|   | Risk                | No |
|   | Sustainability      | No |
|   | Crime and Disorder  | No |
|   | Human Rights        | No |
|   | Every Child Matters | No |
|   | Equality            | No |
|   | EqlA Form completed | No |

**Background papers:      External Audit Reports**

14 Annual Governance Report 09/10  
18 Annual Governance Report 10/11  
19 Annual Governance Report 11/12  
29 Audit Results Report 14/15

| Report Title                        | Recommendation   | Responsible Officer(s) and agreed date   | Y/N | Satisfactory implementation?  |
|-------------------------------------|--|--|-----|---|
| 14 - Annual Governance Report 09/10 | R10 Review land and property assets to ensure that they are all registered with the land registry. | <p>Head of Resources &amp; Governance<br/>Date: 31 March 2011<br/>Revised Date: 31 March 2012<br/>Group Manager – Property &amp; Construction<br/>Revised Date: 31 March 2013</p> <p>Revised Date: 30<sup>th</sup> September 2014</p> <p>Revised Date: 30<sup>th</sup> September 2015</p> <p><b>Revised Date: 30<sup>th</sup> September 2016</b></p> | N   | <p>[From Report]<br/>There is a rolling programme to register all the Council's Assets<br/>We are presently dealing with a project to voluntarily register all of the Council's property assets working with the Land Registry. This project has been in train for a number of years and is partly out of my control, and is made more complex by the scale of the property assets coupled with limitations of resource. Nevertheless we are progressing as quickly as resource allows including that set aside by the Land Registry. The project has been phased into bite sized chunks and all of the outlying villages, north and south have so far been completed. Gorleston is nearing completion, and the data has been submitted for Southtown and Cobholm. The final area is Great Yarmouth which is the greatest single area, and we are close to ready to submit data to the Land Registry but this can only be done once they have the resource aligned and ready to progress.<br/>June 12 update<br/>Progress being made<br/>June 13 – Progress continues. Resource has been diverted to Asset Database project so this project has slowed.<br/>Jan 14 – Progress continues. All villages complete. Central Yarmouth currently being registered. Charter land will be the last to be registered.<br/>January 2015 – Progress continues. Middlegate (central Yarmouth) currently being registered<br/><b>January 2016 – Progress has slowed this year due to non-availability of staff and land registry moving offices. Anticipated progress will resume in 2016.</b></p> |

| Report Title                        | Recommendation   | Responsible Officer(s) and agreed date   | Y/N | Satisfactory implementation?   |
|-------------------------------------|--|--|-----|--|
| 18 - Annual Governance Report 10/11 | <p>R8 Establish the following arrangements for asset management:</p> <ul style="list-style-type: none"> <li>■ update the asset management plan so that it links to the capital strategy;</li> <li>■ ensure the universal asset register is comprehensive, accurate and includes an assessment of whether assets are fit for purpose;</li> <li>■ consider how resources can be obtained to ensure data for local performance indicators for assets is consistently collated; and</li> <li>■ demonstrate how these performance indicators show that value for money is being derived from the Council's assets.</li> </ul> | <p>Head of Resources and Governance<br/>Revised date: 31 March 2013<br/>Group Manager – Property &amp; Construction</p> <p>Revised Date: 30<sup>th</sup> September 2014</p> <p>Revised Date: 31<sup>st</sup> March 2015</p> <p><b>Revised Date: 30<sup>th</sup> September 2016</b></p> | N   | <p>June 12 update - The Asset management plan was approved by Cabinet in November, with Performance indicators. The only outstanding element is the Asset Register, which is due for completion in March 2013.</p> <p>Nov 12 update - Asset Register project still being progressed.</p> <p>June 2013 – Asset Register project still being progressed. Concerto database purchased and first phase asset data being loaded.</p> <p>Jan 14 – Phase 1 data loaded and being tested in live environment. Phase 2 data being collected and loaded.</p> <p>January 2015 – Phase 2 &amp; 3 data loaded. Final testing and cleanup in progress. Project closes 31<sup>st</sup> March 2015.</p> <p><b>January 2016 – Asset database (Concerto) is now live in Property Services. Updating of data underway.</b></p>  |
| 19 - Annual Governance Report 11/12 | <p>R4 Review IT controls to ensure:</p> <ul style="list-style-type: none"> <li>■ appropriate arrangements are in place to manage the IT services contract;</li> <li>■ project management is applied to significant IT system changes or upgrades; and</li> <li>■ user access is kept up to date.</li> </ul>  | <p>Group Manager – Resources<br/>Date: 31 March 2013 Group Manager – Customer Services</p> <p>Revised Date: 31 August 2013</p> <p>Revised Date: 31<sup>st</sup> March 2014</p> <p>Revised Date: 31<sup>st</sup> March 2015</p>   | Y   | <p>[From Report] Agreed</p> <p>Nov 12 update - In progress – to undertake a full review / evaluation of the contract with NCC.</p> <p>March 2013 update. Review and evaluation of NCC Contract still in progress.</p> <p>Jan14 – GYBC and NCC have been in discussion over review of shared service contract and are currently in negotiation for our revised rolling 5 year contract taking effect 2014. NCC has embarked on a major procurement exercise in relation to their Digital Norfolk Ambition. This has run alongside GYBC contract review and includes future options for new IT kit and modern technology solutions. The revised contract will define the managed ICT service, service levels and support of significant IT changes and upgrades. Over the last 6 months significant work has been undertaken via PCN controls around user access/secure access. Contract to be in place by 31<sup>st</sup> March 2014.</p> |

| Report Title | Recommendation | Responsible Officer(s) and agreed date | Y/N | Satisfactory implementation?   |
|--------------|----------------|--|-----|--|
|              |                |  |     | <p>January 2015 – NCC have undergone a restructure exercise throughout the early part of 2014. At the same time work progressed with the Digital Norfolk Ambition providing the start of cloud based solutions, modern technology and equipment. The GY Desktop refresh suffered major delays as a result however user training is currently underway for the new Windows 8.1 operating solution that will be in place with the desktop refresh. The new kit is now on order and should be delivered within 1 month. The plans are now in place for the new devices to be loaded with the correct software applications and rollout will commence February 2015. GY have been working with specialists IT Consultants to undertake a review of the current Delegation Agreement and work has commenced on negotiating a new Co-operation Agreement between GY and NCC which will need to be in place by May 2015. There are a number of key decisions to be taken on what remains in scope for the partnership and what may come back into GY – this will enable GY to produce a revised strategy for ICT services. Revised date: 31<sup>st</sup> March 2015</p> <p><b>January 2016 – ICT Manager appointed in July 2015, Monthly ICT Governance meetings being held to manage the ICT Programme, major projects and upgrades are being project managed User access has completed a full review and remains updated following the desktop refresh with asset management controls in place to be developed wider. Currently working in transition into the new Co-operation Agreement between GY and NCC. New contract and ICT Strategy due to be</b></p> |

| Report Title                 | Recommendation  | Responsible Officer(s) and agreed date              | Y/N | Satisfactory implementation?  |
|------------------------------|---|---|-----|---|
|                              |   |   |     | <b>formerly considered for approval in March 2016. Recommendation complete.</b> |
| Audit Results Report 14 / 15 | Issues & Misstatements arising from the Audit - The Council needs to urgently review the capacity and expertise within the Finance team to ensure that the Group Manager – resources has sufficient support to be able to prepare robust financial statements with supporting working papers in a timely manner.  | Interim Head of Finance / Group Manager - Resources | N   | <b>January 2016 – No response from responsible officer</b>                      |
| Audit Results Report 14 / 15 | Internal Control, Written Representations & Whole of Government Accounts - Management should reconcile its accounts payable, cash management and payroll sub-ledgers to its general ledger on a monthly basis and promptly follow up on any identified differences and make appropriate adjustments. The reconciliations should be reviewed and certified by an appropriate individual within the finance team. | Interim Head of Finance / Group Manager - Resources | N   | <b>January 2016 – No response from responsible officer</b>                      |
| END                          |   |   |     |   |