

Subject: REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS

Report to: Audit and Risk Committee, 14 December 2020

Report by: Faye Haywood, Internal Audit Manager for Gt Yarmouth BC

SUBJECT MATTER

This report seeks to inform members on the latest progress made in relation to management implementation of agreed audit recommendations falling due by 14 December 2020.

1. INTRODUCTION/BACKGROUND

- 1.1 The Audit and Risk Committee receives regular updates on management implementation of agreed audit recommendations. This report forms part of the overall reporting requirements to assist the Council in discharging the responsibilities in relation to its Internal Audit Service.
- 1.2 The Public Sector Internal Audit Standards require that a process is in place to ensure that sufficient action is being taken by management to implement recommendations.

2. MAIN BODY

- 2.1 The current position and issues in relation to the implementation of internal audit recommendation is shown in the report attached.

3. FINANCIAL IMPLICATIONS

- 3.1 None.

4. RISK IMPLICATIONS

- 4.1 Failure to implement or improve internal controls may lead to risks associated with those controls materialising.

6.0 RECOMMENDATIONS

- 6.1 That the Committee receives and notes the current position in relation to the implementation of agreed audit recommendations.

BACKGROUND PAPERS

Appendix – Follow Up Report on Internal Audit Recommendations

Area for consideration	Comment
Monitoring Officer Consultation:	No
Section 151 Officer Consultation:	Yes
Existing Council Policies:	No
Financial Implications:	No
Legal Implications (including human rights):	No
Risk Implications:	Yes
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No

Eastern Internal Audit Services



Gt Yarmouth Borough Council

Follow Up Report on Internal Audit Recommendations

Period Covered: 14 September 2020 - 2 December 2020

Responsible Officer: Faye Haywood – Internal Audit Manager

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1. INTRODUCTION

- 1.1 This report is being issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Auditor Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
- The status of agreed actions.

2. STATUS OF AGREED ACTIONS

- 2.1 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to this Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 2.2 **Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken to enable the Committee to easily identify outstanding recommendations from previous financial years. The table also distinguishes between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.
- 2.3 In 2017/18 internal audit raised 119 recommendations, 117 of which have now been implemented. Two important recommendations remain outstanding, one from the Corporate Health and Safety report and one from the Accounts Receivable.

The management response in relation to the outstanding important recommendation can be seen at **Appendix 2** of the report.

Number raised	119	
Complete	117	98%
Outstanding	2	2%

- 2.4 In 2018/19 internal audit raised 113 recommendations. In total, 90 have been implemented. Of those remaining, one needs attention recommendation was rejected by management, and 22 are overdue (6 important, 16 needs attention).

The June 2019 year end follow up report provided details of the important recommendation rejected by Management.

The management response in relation to the outstanding important recommendations can be seen at **Appendix 3** of the report.

Number raised	113	
Complete	90	80%
Outstanding	22	19%
Rejected	1	1%

- 2.5 In 2019/20 a total of 100 recommendations have been agreed; of these, 66 have now been implemented. A total of 19 recommendations are outstanding (9 important and 10 needs attention) and 15 are within deadline.

Number raised	100	
Complete	66	66%
Outstanding	19	19%
Within Deadline	15	15%

- 2.6 All recommendations are assigned at senior management level, with the position in implementing urgent audit recommendations being regularly discussed at Executive Leadership Team meetings.

The management response in relation to the outstanding important recommendations can be seen at **Appendix 4** of the report.

- 2.7 It is encouraging to see that 66 recommendations from 2019/20 have already been implemented, however, we would urge management to work on completing the high number of important recommendations that remain outstanding from 2018/19 and the two historical recommendations from 2017/18. We continue to highlight to the Committee where recommendation deadlines have been extended more than once.

APPENDIX 1 – SUMMARY STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed between 7 September 2020 and 23 November 2020			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
2017/18 Audits															
GY1801	Corporate Health & Safety	Limited					1					1			
GY1811	Accounts Receivable	Reasonable					1					1			
2018/19 Audits															
GY1901	Corporate Governance	Limited					1					1			
GY1908	Capital Programme	Reasonable					1	1				2			
GY1909	Environmental Services	Reasonable					1	5				6			
GY1914	Procurement	Limited		1			3	5				8			
GY1916	Property & Asset Mgt	Reasonable		2				4				4			
GY1922	ICT Contract Review & IT Strategy	Reasonable		1				1				1			
2019/20 Audits															
GY2001	GYB Services	Reasonable			5		1	2				3			
GY2005	Council Tax and NNDR	Reasonable						1				1			
GY2006	GY Norse	Reasonable			1							0			
GY2007	S106 Agreements	Reasonable		2			1			1		2			
GY2008	Housing Strategy and Affordable Housing	Reasonable						1				1			
GY2010	Corporate Governance	Reasonable			1		2	1				3			

			Completed between 7 September 2020 and 23 November 2020			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
GY2014	Key Controls & Assurance	Reasonable										0		3	2
GY2015	Equinox Enterprises	Reasonable			4							0			
GY2016	Corporate Enforcement	Reasonable								1		1		4	2
GY2018	Data Centre and Back Up	Reasonable					1					1			
GY2019	Cyber Crime	Reasonable					2	5				7			
GY2020	Starters, Movers, Leavers	Reasonable										0			4
Total			0	6	11	0	15	26	0	2	0	43	0	7	8

APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1801 Corporate Health and Safety	Recommendation 6: A variation to the GY Norse contract is raised in line with the GYBS and SLT H&S contract clauses. This is agreed by the board. Sufficient H&S clauses in the contract should clearly outline the H&S responsibilities of the GY Norse and mitigate the risk that any H&S liabilities created by GY Norse are passed onto the Council.	2	Head of Property and Asset Management	31/10/2017	31/04/2021	Outstanding	We are now in the process of varying the contract to return elements of the Asset Management Service to GYBC which will require a complete review of the Joint Venture Agreement these changes will be incorporated with the new agreement due to be in place for April 2021.
GY1811 Accounts Receivable	Recommendation 2: Service Level Agreements (SLA) to be documented/formalised for all service areas, in line with the collection and recovery processes documented in the Sundry Income and Debt Policy. These are to be signed by the Head of Customer Services and the respective head of service. These should include responsibilities of both parties and key timescales required from the debtors' team and service area.	2	Head of Customer Services	31/03/2019	31/12/2020	Outstanding	Revised date provided. The proposal for this recommendation is to amend this to produce a programme of required SLAs between the Sundry Debt Service and other Relevant Service where we can timetable each required SLA together with the relevant Head of Service and to allow time for the SLA to perform 'in practice' with an opportunity to refine/further adjust the SLA as may be required. This is based on our current experience with the development of the SLAs so far. Production of the programme signed off and relevant Heads of Service should complete this recommendation with progress being monitored in relation to the completion of SLAs through further Audits which is undertaken on an annual basis anyway. This change has been agreed.

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1901 Corporate Governance	Recommendation 8: A review of off-site paper storage arrangements is undertaken to ensure they are GDPR compliant.	2	Head of Property and Asset Management	31/01/2019	31/03/2021	Outstanding	Work in this area has had to be paused due to the COVID-19 pandemic, which has led to a 1/3 of the Council's staff including the Data Protection Officer being redeployed to work as part of a coordinated response assisting the most vulnerable residents of the Borough. It was hoped that work could recommence from September 2020 however with current social distancing guidelines and protecting the health of Council staff being paramount this will not be possible. Please could an extension be agreed until 31st March 2021 to allow time for social distancing measures to be relaxed or a vaccine to be developed.
GY1908 Capital Programme Contracts (General Fund and Housing Revenues Account)	Recommendation 6: In respect of the Norfolk County Council (NCC) Norfolk Infrastructure Fund (NIF) for the energy park, the following is undertaken Confirmation that the NCC Policy & Resources committee has formally approved the NIF budget of £2.75m; and- Agreement of how payment of the funding is processed, e.g. expenditure is invoiced on a regular basis such as annually. This process to be formally agreed and documented.	2	Finance Director	30/06/2019	31/12/2020	Outstanding	The implementation of this has been delayed and is anticipated to be completed by 31/12/20.
GY1909 Environmental Services	Recommendation 1: The review of the prioritisation site list is concluded as follows: completion of the review of medium scored sites; - finalising the further work needed in respect of the high scored sites to assess the possibility of significant harm and addition of the date when the review work for each site has been completed and officer/reviewer name.	2	Head of Environmental Services	31/05/2019	30/04/2020	Update required	This is programmed for when a new resource is available. Further update required.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1914 Procurement	Recommendation 5: The procurement and future delivery of the Kerbside Green Waste Collection service to be finalised, including how the new contract is sourced and by whom, i.e. whether this is the council or GYB Services	2	Senior Environmental Ranger	30/06/2019	31/12/2020	Outstanding	The MOU has been rewritten and is to be sent to NEWS shortly. Assuming they are agreeable to the contents this should then be signed. Taking onto account any potential amendments they wish to make I would expect this to be completed by Christmas.
GY1914 Procurement	Recommendation 1: The procurement strategy (PS) be reviewed and updated including an update of the accompanying action plan to be taken forward as a new action plan. This should include a review against the other council PSs and the National Procurement Strategy for any key gaps, and also GDPR requirements. In addition, the PS to be updated to include consideration is given to the requirement for more bespoke terms and conditions (T&CS) and service review points, in addition to the standard T&Cs which should be included. The PS should also be reviewed to ensure it refers to the requirements of GDPR.	2	Finance Director	30/09/2019	31/12/2020	Outstanding	This work will be aligned to the review of the contract standing orders and is due to be completed later in the year.
GY1914 Procurement	Recommendation 2: Contract standing orders (CSO) be reviewed and updated as necessary, version controlled and placed on the council's intranet. The review should cover the following:- Up to date senior management titles;- The inclusion of performance bonds for contracts with a value of £1,000,0000 and over;- A Parent Company Guarantee is considered, in consultation with the S151 officer, when a supplier is a subsidiary of a parent company and where the total value exceeds £75,000.00; and- Inclusion of review points for larger and longer contracts	2	Finance Director	30/11/2019	31/12/2020	Update required	The draft CSO's have been reviewed by ELT and are due to be considered by the constitution working group ahead of taking to P&R/Council.

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY2001 GYB Services	A programme of KPI spot checks is completed to sample check KPIs on a rolling basis. This is to verify that there is supporting evidence in place to confirm the outturn figures presented. Furthermore, a definition for each KPI be recorded and centrally kept by the Council against which KPIs can be checked.	2	Head of Environmental Services	31/12/2019	31/03/2020	Update Required	
GY2007 Section 106 Arrangements	Recommendation 4: A review of all balances on the S106 finance code be undertaken and a record presented to management summarising the status of each.	2	Capital Projects and Senior Accountant	30/11/2020	31/12/2020	Outstanding	A combination of changes in personal within the Neighbourhood Management service (both Director level, managerially & below) who are responsible for the play & leisure strategy which the S106 links into for allocating funds. Also COVID19 impact on the Neighbourhood Management service as they were heavily involved in the Council's response to the pandemic.
GY2010 Corporate Governance	Recommendation 1: To review and update, as necessary, the FOI charging policy, Environmental Information Regulations (EIR) Charging policy and EIR Policy.	2	Senior Democratic Services Officer	31/07/2020	31/12/2020	Outstanding	Due to the Senior Democratic Services Officer being asked for a period of time to help with the distribution of COVID 19 related Business Grants these policies have not yet been in front of ELT for approval, work has continued on the policies and it is anticipated that these will be ready for ELT consideration in November 2020 these may require approval by the P&R Committee and therefore an extension of the 31/12/2020 is requested to allow time for these to be taken through to Committee for approval.
GY2010 Corporate Governance	Recommendation 2: The publication scheme be reviewed, updated as necessary and version control details added	2	Senior Democratic Services Officer	31/05/2020	30/11/2020	Outstanding	The publication Scheme was considered by ELT although some further work has been requested, the Senior Democratic Services Officer is currently working with Heads of Service and therefore an extension of the 30/11/2020 is requested to allow time for the further works to be completed and ELT approval before publishing onto the Councils Website.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY2014 Key Controls and Assurance	Recommendation 3: Clarity to be provided over responsibility for completing and returning mid-year and annual assurance statements, which are to be adhered to.	2	Corporate Risk Officer	31/11/2020	31/01/2021	Outstanding	Mid term reviews have been sent out but only a couple have been returned which have not yet been chased due to workload. A revised date of end of January 2021 has been provided.
GY2016 Corporate Enforcement	Recommendation 4: Regular meetings to be held with service team leaders to discuss problematic businesses/individuals so that enforcement action is undertaken as appropriate.	2	Head of Environmental Services	30/09/2020		Update needed	
GY2018 Data Centre, Back Up and Disaster Recovery	Recommendation 3: A test of the links between GYBC and NCC be included as part of future test plans.	2	IMT Manager	30/09/2019	31/12/2020	Outstanding	The install of the network equipment which was planned for the first two weeks of October was postponed due to the increase of reported COVID-19 cases in Great Yarmouth. New dates are being discussed to enable this work to take place prior to 02/12/2020 when the Christmas Change Freeze takes effect. Based on this , a revised date of 31/12/2020 has been added.
GY2019 Cyber Crime	To achieve level 4 the secure configuration of digital assets has to be proactively monitored by the use of regular vulnerability scans. Appropriately trained personnel must be responsible for the maintenance of secure configurations.	2	IMT Manager	01/07/2020		Update needed	Update provided and internal audit liaising to seek verification.
GY2019 Cyber Crime	To achieve level 3, a strategy for proactive monitoring of the whole infrastructure must be in place that uses software tools and heuristics to identify patterns that indicate the occurrence of a security threat event. Responsible personnel must have received training in security monitoring and the use of security monitoring solutions.	2	IMT Manager	30/04/2020		Update needed	Update provided and internal audit liaising to seek verification.