

Subject: REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS

Report to: Audit and Risk Committee, 21 September 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 September 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: 24 February 2020 to 14 September 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 identifies 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 have now been implemented. One important recommendation from the Corporate Health and Safety report and one from the Accounts Receivable remain outstanding.

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 have raised 113 recommendations were raised. In total 87 have been implemented, one needs attention recommendation was rejected by management. 25 are overdue (10 important, 15 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	87	77%
Outstanding	25	22%
Rejected	1	1%

- 2.5 In 2019/20 a total of 84 recommendations have been agreed so far, of these 52 have now been implemented. A total of 30 recommendations are outstanding (9 important and 21 needs attention) and 1 is within deadline.

Number raised	84	
Complete	53	63%
Outstanding	30	36%
Within Deadline	1	1%

- 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.
- 2.7 It is encouraging to see 53 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 24 February 2020 and 7 September 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					4	5				9			
GY1915	Parking Services	Reasonable		1								0			
GY1916	Property & Asset Mgt	Reasonable					2	3				5			
GY1917	Key Controls and Assurance	Substantial			1							0			
GY1922	ICT Contract Review & IT Strategy	Reasonable			1		1	1				2			
2019/20 Audits															
GY2001	GYB Services	Reasonable					1	7				8			
GY2005	Council Tax and NNDR	Reasonable						1				1			
GY2006	GY Norse	Reasonable			3			1				1			
GY2007	S106 Agreements	Reasonable		1			2			1		4		1	
GY2008	Housing Strategy and Affordable Housing	Reasonable						1				1			

			Completed between 24 February 2020 and 7 September 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
GY2009	Preservation Trust	Limited			2							0			
GY2010	Corporate Governance	Reasonable		4						2	2	4			
GY2015	Equinox Enterprises	Reasonable		1	1						4	4			
GY2018	Data Centre and Back Up	Reasonable					1					1			
GY2019	Cyber Crime	Reasonable								2	5	7			
Total			0	7	8	0	16	25	0	5	11	57	0	1	0

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	08/08/2020	Update required	Proposed change to the recommendation as follows: 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.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
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	
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	30/04/2020	Update required	
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	Update required	This work will be aligned to the review of the contract standing orders and is due to be completed later in the year.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
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	31/10/2020	Update required	Revised implementation date of 31 October. The draft CSO's have been produced and are to be reviewed by the S151 and Monitoring Officers ahead of taking through the internal decision making route.
GY1914 Procurement	Recommendation 4: A six monthly review of the contract register and analysis of the Council's expenditure be implemented to highlight any gaps in the contracts register. The contracts for Norfolk Mixed dry recyclables processing Service; and Konica Minolta Business Solutions (UK) Ltd are put onto the contract register.	2	Business Analyst HO- Environmental Services/ Strategic Director – Dry Recyclables	30/09/2019	31/10/2020	Update required	The change in the procurement system being used requires a new way on collating and recording the contracts register which is currently being updated. In the meantime the analysis of the spend on a periodic basis is being undertaken to update the register.
GY1916 Property and Asset Management	Recommendation 1: Condition surveys to be promptly entered onto Concerto. Rationale and risk: As Concerto is the Council's central property database, it should contain the most up to date information about each property. If property conditions are not up to date, there is a risk that incorrect information could be used in making decisions about a property, leading to financial loss for the Council.	2	Head of Property and Asset Management	31/05/2020	31/10/2020	Outstanding	It has still not been possible to fill the vacancy for the System Administrator although Condition Surveys are being inputted by the Technical Assistants as they are completed. Further training on the Concerto System is planned for October 2020.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1916 Property and Asset Management	Recommendation 2: New leases and lease renewals be promptly entered to Concerto. Rationale and risk: As Concerto is the Council's central property database, it should contain the most up to date information about each property. If lease details are not up to date, there is a risk that incorrect information could be used in making decisions about a property, leading to financial loss for the Council.	2	Head of Property and Asset Management	31/05/2020	31/10/2020	Outstanding	Administrator training to be rolled out to Technical Assistants through the October 2020 schedule.
GY1922 ICT Contract Review and IT Strategy	Recommendation 2: The dashboard should be reviewed with NCC to ensure it provides meaningful information covering the whole IT service rather than just the service desk.	2	IMT Manager	30/06/2019	31/03/2020	Update Required	

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	
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	31/03/2020	Further update required	The reconfiguration of the primary and secondary lines have been completed by UpData with each line now terminating in separate exchanges. Each line has been tested and proven to be working. A full failover test is in the process of being planned once the major Network Upgrade project has been completed. Supporting evidence to be requested in consultation with the Cybersecurity Senior Audit Manager (PK).
GY2007 S106 Agreements	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 Accountants	30/11/2019	31/12/2020	Outstanding	A combination of changes in personal within the Neighbourhood Management service (both Director level, managerially and below) who are responsible for the play and 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.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY2007 S106 Agreements	Recommendation 1: A review of job roles be undertaken to ensure that requirements to assist with S106 consultations are included in relevant job descriptions across the Council, with responsibility for monitoring each aspect of the S106 being assigned to designated officers.	2	Head of Planning and Planning Manager	31/01/2020	31/01/2021	Update required	COVID19 impact on the Neighbourhood Management service as they were heavily involved in the Council's response to the pandemic.
GY2007 S106 Agreements	Recommendation 3: Use of the Ocella system be developed and supporting records introduced, so that S106 agreements can be recorded, triggers can be logged and monitored, income can be monitored, reconciliations to the financial ledger can be undertaken, management reports can be produced, and accurate information can be provided to staff and published to the public.	2	Planning Manager	30/06/2020		Update required	
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	31/10/2020	Outstanding	Due to COVID 19 these have been slightly delayed but the Senior Democratic Services Officer is working to review these policies – extension deadline of the 31/10/2020 is requested'.
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	31/10/2020	Outstanding	Due to COVID 19 and staff being redeployed to work as part of a coordinated response team assisting vulnerable residents within the Borough this recommendation has been slightly delayed the Publication Scheme is expected to be taken to the Executive Leadership Team (ELT) in August 2020. Therefore an extension deadline of the 31/10/2020 is requested to allow time for documents and webpages to be created / updated once ELT has approved the reports.
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 required	

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
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 required	