

Subject: REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS

Report to: Audit and Risk Committee, 15 February 2021

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 5 February 2021.

### **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*

<b>Area for consideration</b>	<b>Comment</b>
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: 2 December 2020 – 5 February 2021**

**Responsible Officer: Faye Haywood – Internal Audit Manager**

## **CONTENTS**

<i>1. INTRODUCTION</i>	<i>2</i>
<i>2. STATUS OF AGREED ACTIONS</i>	<i>2</i>
<i>APPENDIX 1 – SUMMARY STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS</i>	<i>4</i>
<i>APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18</i>	<i>5</i>
<i>APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19</i>	<i>6</i>
<i>APPENDIX 4 - OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS - 2019/20</i>	<i>10</i>

## 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, 75 have now been implemented. A total of 14 recommendations are outstanding (7 important and 7 needs attention) and 11 are within deadline.

Number raised	100	
Complete	75	75%
Outstanding	14	14%
Within Deadline	11	11%

- 2.6 In 2020/21 a total of nine recommendations have been agreed so far and are within deadline.

Number raised	9	
Complete	0	0%
Outstanding	0	0%
Within Deadline	9	100%

- 2.7 All recommendations are assigned at senior management level, with the position in implementing urgent audit recommendations being discussed at Executive Leadership Team meetings. We do however recommend that senior management monitor the position of implementing important recommendations as the number of outstanding has increased and a large number of historical recommendations remain overdue. In some cases, updates have not been provided to Internal Audit when requested. The management response in relation to the outstanding important recommendations can be seen at **Appendix 4** of the report.

## APPENDIX 1 – SUMMARY STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed between 2 December 2020 and 5 February 2021			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													
<b>2017/18 Audits</b>															
GY1801	Corporate Health & Safety	Limited					1					1			
GY1811	Accounts Receivable	Reasonable					1					1			
<b>2018/19 Audits</b>															
GY1901	Corporate Governance	Limited					1					1			
GY1908	Capital Programme	Reasonable			1		1					1			
GY1909	Environmental Services	Reasonable					1	5				6			
GY1914	Procurement	Limited			1		3	4				7			
GY1916	Property & Asset Mgt	Reasonable						4				4			
GY1922	ICT Contract Review & IT	Reasonable			1							0			
<b>2019/20 Audits</b>															
GY2001	GYB Services	Reasonable					1	2				3			
GY2005	Council Tax and NNDR	Reasonable						1				1			
GY2007	S106 Agreements	Reasonable					1					1		1	
GY2008	Housing Strategy and Affordable Housing	Reasonable						1				1			
GY2010	Corporate Governance	Reasonable		1			1	1				2			
GY2014	Key Controls & Assurance	Reasonable		2								0		1	2
GY2016	Corporate Enforcement	Reasonable					1			2		3		2	2
GY2018	Data Centre and Back Up	Reasonable					1					1			
GY2019	Cyber Crime	Reasonable		2	1			2				2			
GY2020	Starters, Movers, Leavers	Reasonable			1							0			3
<b>2020/21 Audits</b>															
GY2102	Corporate Governance	Reasonable										0		1	2
GY2105	Housing Rents	Reasonable										0		1	5
<b>Total</b>			<b>0</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>13</b>	<b>20</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>35</b>	<b>0</b>	<b>5</b>	<b>9</b>

## 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	31/05/2021	Outstanding	Due to other priorities in the service this work has not yet been completed. This is due to be updated in time for the year end.



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	This is programmed for when a new resource is available. Further 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	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	31/05/2021	Outstanding	Discussions have been held with the Procurement Support Officer and the update will be informed by the wider PS work and the CSO work.

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 £1,000,000 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	31/03/2021	Outstanding	These will be incorporated in the revised CSO's which are due to be considered by the Constitution Working Group in Feb 2021.

#### 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 needed	
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	30/04/2021	Update needed	The final version is ready to be published, we are taking this to Management Team once again on the 18 <sup>th</sup> March to ensure all are aware of the updated version and policies are all correct.
GY2016 Corporate Enforcement	Recommendation 3: Performance standards be agreed between the Council and NPLaw to ensure that appropriate level of service is received from NPLaw and to help ensure that prosecutions are undertaken timely.	2	Head of Environmental Services	31/12/2020		Update needed	

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
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	
GY2016 Corporate Enforcement	Recommendation 5: An action plan be developed on how the Anti-Social Behaviour strategy is to be delivered. Once approved the Anti-Social Behaviour action plan should be presented to the Council's Housing and Neighbourhood Committee.	2	Community Protection Manager	31/12/2020	31/06/2021	Outstanding	'Work has commenced on the development of the plan although this continues to be hampered by our wider work around the pandemic. Meetings have been held with stakeholders with a view to standardising the GYBC response to ASB matters and how we can maximise multi-agency working. Regarding a revised implementation date, it is difficult to be specific as we are not sure as to the level of assistance we will be required to provide once lockdown ends. The ASB Co-ordinator is on the redeployment list (18.5 hours/week) so completion of the plan may well be some way off.
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	31/03/2021	Outstanding	The network upgrade has been completed for both Town Hall and Greyfriars.  We are now just awaiting confirmation from NCC that the tests can be undertaken and a date set