

30 November 2022

Agenda Item: 8

**REPORT OF SERVICE DIRECTOR, FINANCE, INFRASTRUCTURE &
IMPROVEMENT**

FOLLOW-UP OF INTERNAL AUDIT RECOMMENDATIONS

Purpose of the Report

1. To report progress with the implementation of agreed management actions to address Internal Audit recommendations.

Information

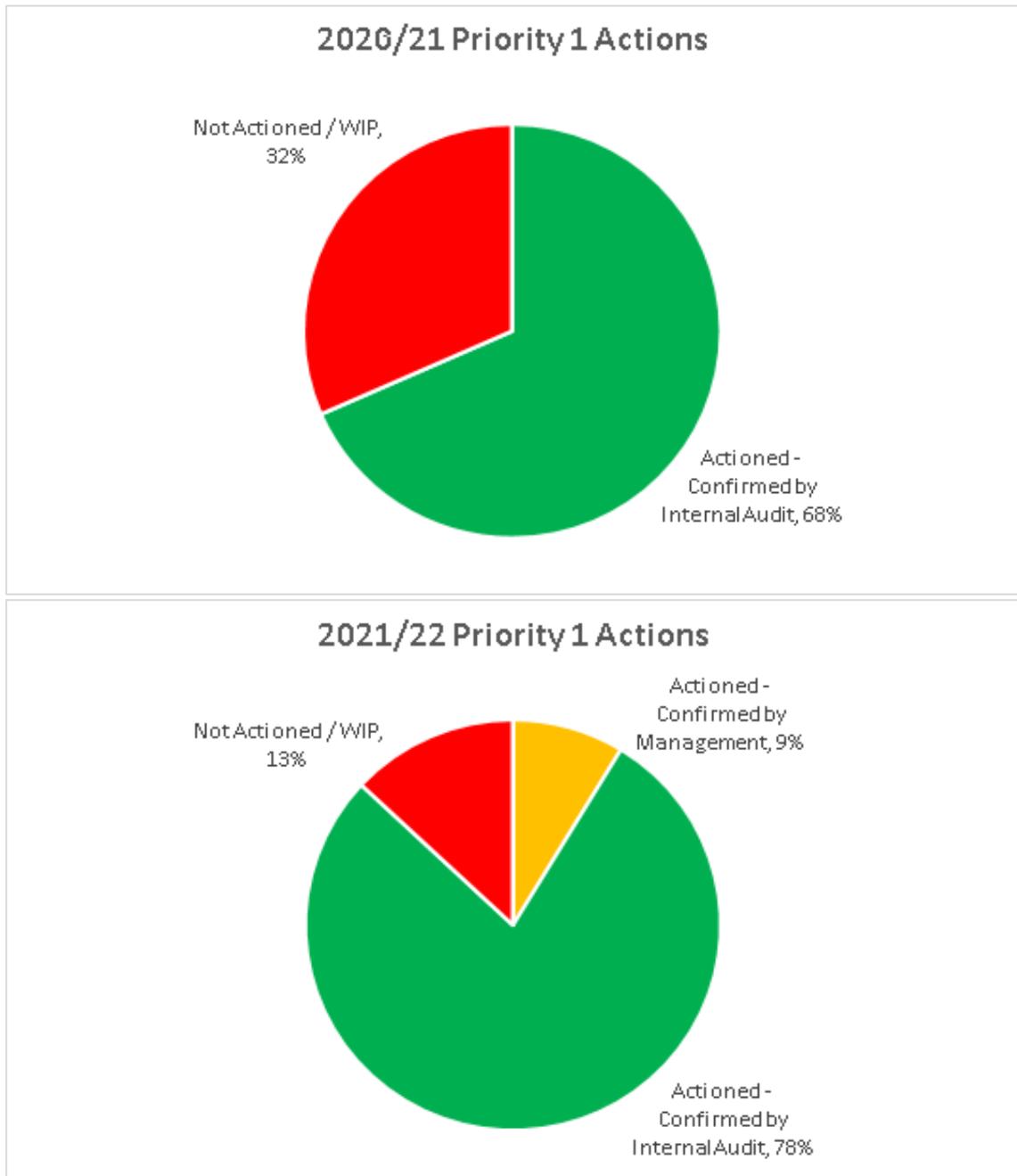
2. Internal Audit carries out follow-up work every six months, as follows:

Priority rating of recommendation	Management assurance	Internal Audit assurance
Priority 1	Updates sought from action owners about implementation	Testing to confirm management assurances about implementation
Priority 2		Sense-checking of updates, but no testing required

3. The charts, tables and text in this report, and its appendix, describe the progress made by action owners in implementation, and the outcomes of testing for Priority 1 actions.

Priority 1 Actions

4. The degree of progress made with implementing and testing the more recent Priority 1 actions are summarised in the pie charts below, which cover the latest two financial years:



5. Taken together, the green and amber segments of the pie charts confirm that the majority of Priority 1 recommendations from both years have been actioned. The amber segment is actions that will be tested in a future Internal Audit engagement which is in our proposed audit plan for term 3 of this year (see paragraph 8 below). We have successfully tested the other confirmed actions, as shown in the table in paragraph 6 below. Action owners have commented in the past that the pandemic has been the key factor in delaying implementation, evidence of which is shown by the red segments.
6. Our testing has confirmed satisfactory implementation for the following Priority 1 actions, many of which pre-date the start of the pandemic:

Priority 1 Actions – Cleared by Internal Audit following recent testing	
Audit – Agreed Action	Cleared following enquiry and testing
Pre-2020/21	
Sickness Absence Management – mandatory training	The position has improved significantly. The number of line managers completing mandatory training within the 3-year refresher cycle has increased from 150 to 1,167 since the audit.
Health & Safety – mandatory fire awareness training	New mandatory Fire Awareness training is now live on e-learning. Take up of training is monitored through by H&S and through the EPDR process. In addition, new fire and emergency evacuation procedures have been publicised along with revised signage.
Vacant Property Management	Actions to manage vacant properties have been substantially addressed, with checks on the handover of the property for management as a vacant property, regular inspections and monitoring of the properties, management of the risks, and liaison with the insurance team. The only outstanding action is a lesser issue to have a policy for the temporary use of the properties whilst they are not required by the Council.
Continuing Healthcare	The number of Care Package Review forms (ACM33s) awaiting completion by health partners has reduced significantly, from 1,300 in May to 408 in October, of which 202 are from the previous year. This area continues to receive the required attention by the department and no longer needs to be tracked by Internal Audit.
Information Governance	We no longer need to track these actions as sufficient controls are in place to address them. For retention of records and the information asset register progress is monitored on the Information Governance Risk Register and reported to the Information Governance & Cyber Security Board. For leavers' personal drives a procedure is in place for their deletion after 90 days, and older h-drives will be deleted when there is a lifting of the non-destruction order imposed by the Independent Enquiry into Child Sexual Abuse (IICSA).
2021/22	
Councillors Divisional Fund	A revised policy and procedures were introduced and approved by the G&E Committee in March 2022, which strengthen the scheme. Further actions are planned for future dates and will continue to be tracked by Internal Audit as they become due.
Adoption & Permanence – financial support	The timeliness of financial reassessments has improved significantly. For example the proportion of reviews more than 4 months overdue has fallen from 34% to 0.7% since the audit (and some delays can be outside the department's control). Also the Payments Team Leader post has been re-evaluated and regraded, and a Kinship Support Service has been created, to bring together decision making within one team.
Response to Covid-19: Data Protection Impact Assessments (DPIAs)	The backlog of DPIAs has been addressed, to ensure that working arrangements, which have changed significantly since Covid-19, remain GDPR compliant. In November 2021 66 DPIAs awaited completion. 60 DPIAs have been completed in the 12 months up to October 2022. New DPIAs are continually required so there will always be some in progress. At October 2022 there were 78 DPIAs awaiting completion, of which the majority, 59, were already in progress.

7. Where management provides assurance that Priority 1 actions have been implemented, Internal Audit tests them before confirming they are implemented (in paragraph 6 above). We have obtained evidence to test all implemented Priority 1 actions, apart from two actions from our audit of the Sale of Land & Buildings which will instead be tested on our next full audit of the area which is included in our proposed audit plan for term 3 of this year (see paragraph 8 below).
8. The following actions have been removed from our tracking process and we have plans to review the areas in future audit engagements:

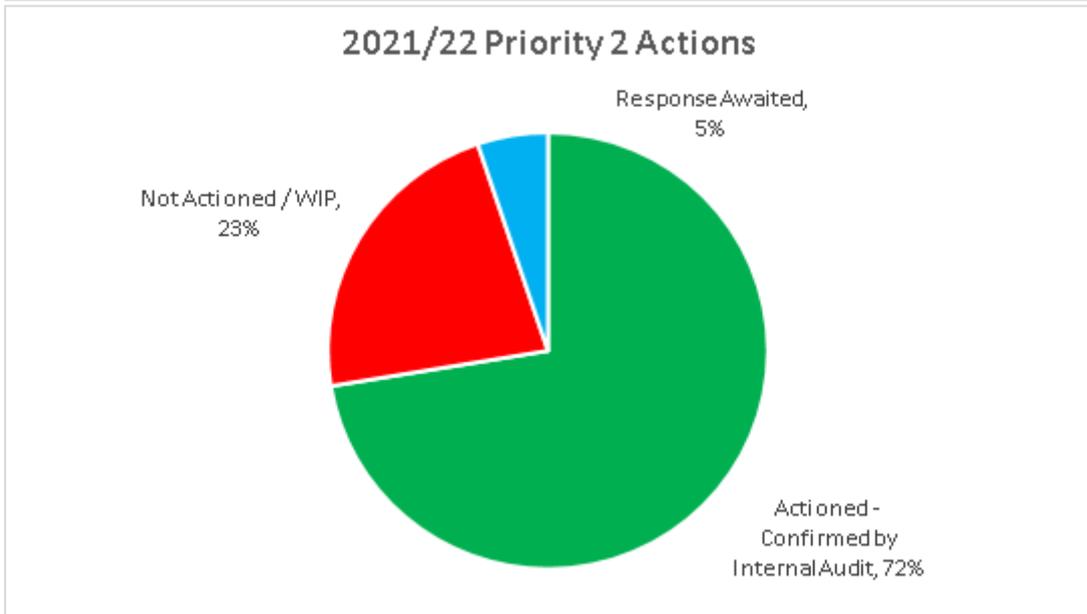
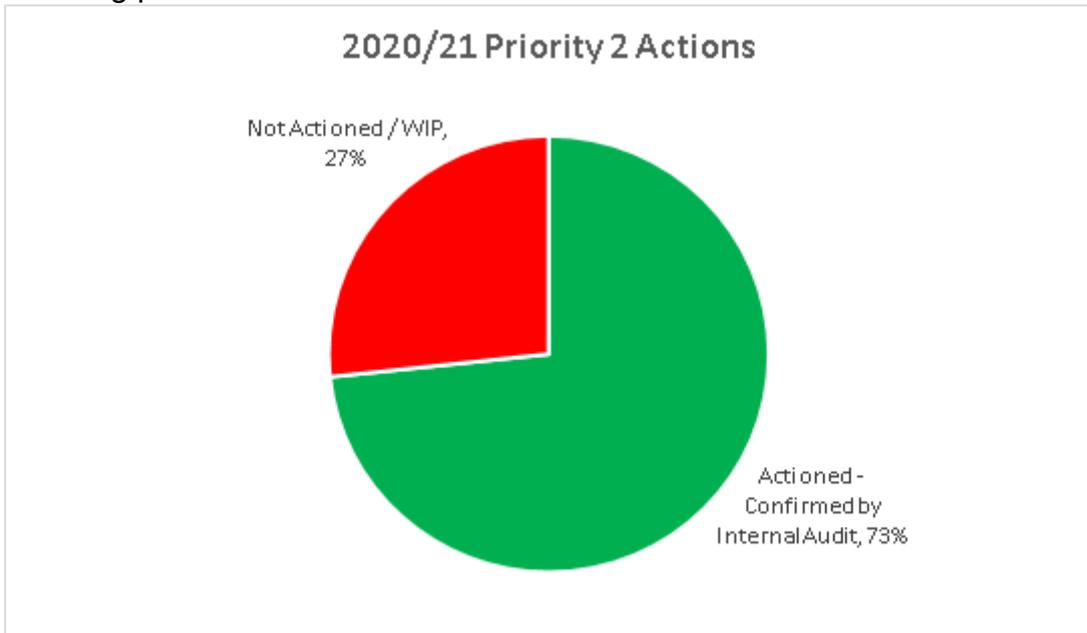
Priority 1 Actions – Actions removed from tracking	
Audit – Agreed Action	Rationale
Pre-2020/21	
Pensions Administration – Reconciliation of the Pensions Payroll with the Pension Administration System	Actions from this audit have been superseded by a more recent full audit of the area, completed this financial year, with revised actions and timescales.
2020/21	
ICT Active Directory – controls over access to the ICT Active Directory	Actions from this audit have been superseded by a more recent full audit of the area, completed this financial year, with revised actions and timescales.
2021/22	
Sale of Land & Buildings – Actions to progress the sale of properties and achieve the capital receipts budget, and to improve the documentation of key decisions during the sale process.	For these actions we have management assurance that they are implemented, and these will be tested on our next full audit of the area, which is included in our proposed audit plan for term 3 of this year.

9. However, despite the positive messages above, our work continues to identify Priority 1 actions where implementation is overdue, including some from just before the pandemic, which were all delayed by the pandemic. These are set out in **Appendix 1**, and summarised by department, by year, below:

Overdue Priority 1 Actions						
Audit report year	Council total	Departmental Analysis				
		ASCPH	C&F	Place	CEx	Cross-cutting
Pre-2020/21	5	2	0	0	0	3
2020/21	6	0	0	0	0	6
2021/22	3	0	0	2	0	1
Total	14	2	0	2	0	10

Priority 2 Actions

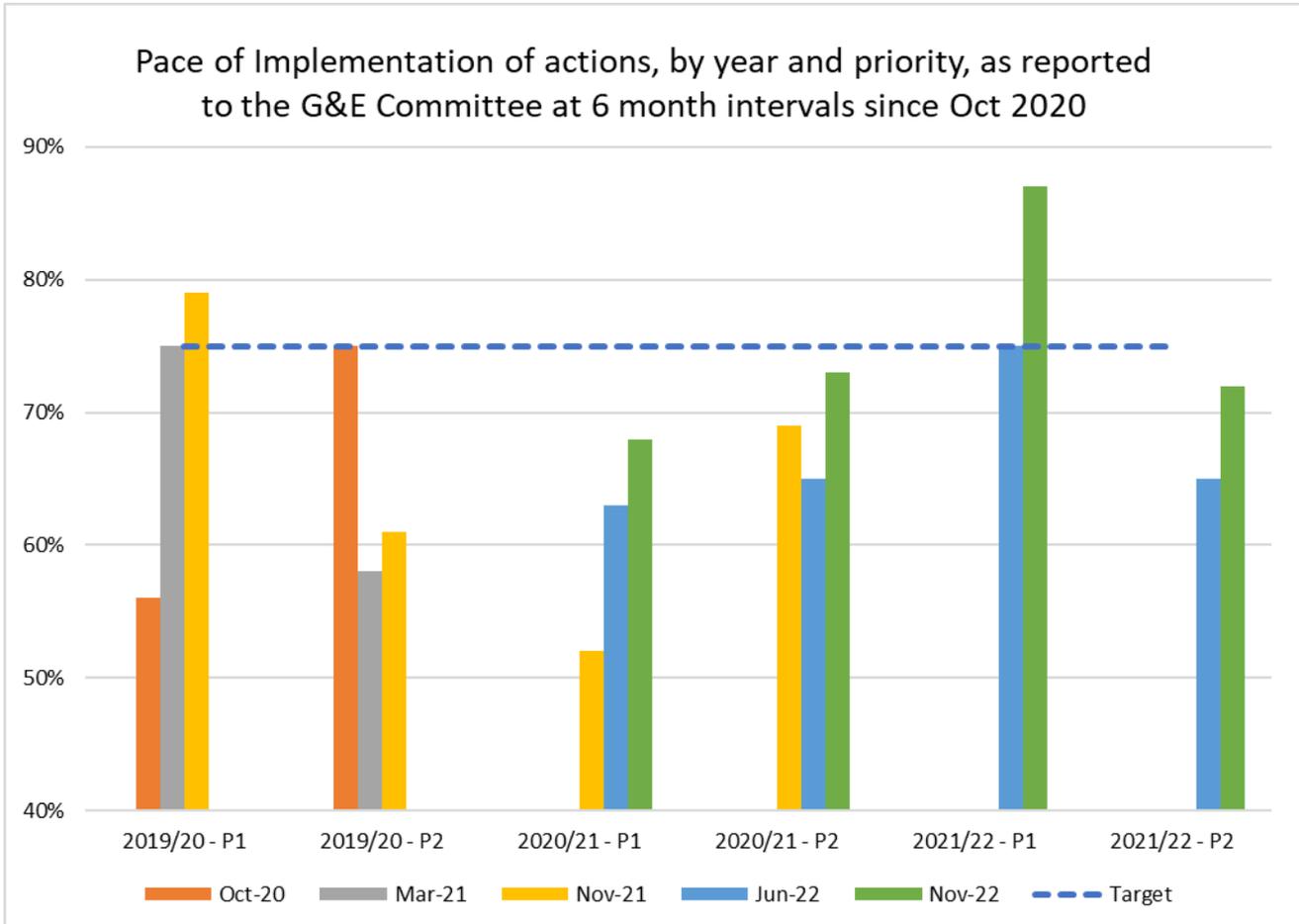
10. Progress with implementing Priority 2 actions over the last two financial years is summarised in the following pie-charts:



11. The green segments confirm that the majority of Priority 2 recommendations from both financial years have been actioned. The red segments indicate there remains more to do.

Pace of implementation

12. For each financial year, a key performance indicator has been agreed for 75% of agreed Priority 1 and Priority 2 actions to be implemented on schedule. The following chart tracks the pace with which actions have been implemented since 2019/20, as reported to successive G&E Committees since January 2020, just before the outbreak of the pandemic:



13. The above chart shows that there was a slowdown in of the pace of implementation of actions during the pandemic, with the lowest figures being 2020/21 actions reported to the November 2021 committee. There has been an improvement since then, towards or exceeding the 75% target, most notably with Priority 1 actions from 2021/22 having the highest ever implementation rate of 87%. The implementation of earlier Priority 1 actions from 2020/21 has improved but remains below the target at 68%. The overall implementation rate on this latest action tracking exercise was 75%. The 2020/21 actions that are still overdue were impacted by the pandemic as described in the progress updates in **Appendix 1**. Throughout, Internal Audit has sustained its requests for management updates, but is now starting to confirm, test, and clear the implementation of more agreed actions than before.

Management updates to the Governance & Ethics Committee

14. The continued drive and support from the Committee will be key in securing improved implementation rates going forward. Arising from the details presented in this report, the Committee may consider that it requires further updates and assurances from management

at its next meeting in relation to one or more of the areas in which agreed actions remain outstanding.

Other Options Considered

15.No other options for obtaining the required assurances were considered at this time.

Reason for Recommendation

16.To enable the Governance & Ethics Committee to consider whether it has received sufficient assurance that actions in response to Internal Audit's recommendations are being implemented as agreed, or whether it considers that further and more detailed updates from management are required.

Statutory and Policy Implications

17.This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Many of Internal Audit's recommendations are made with specific financial implications in mind. Such recommendations, and the associated management actions, are designed to secure effective governance, internal control, and risk management.

RECOMMENDATION

- 1) That the Committee note the contents of the reports and the progress that has been made against the Internal Audit recommendations.
- 2) That a further progress report and an update on those actions outstanding be included in the next 6-monthly review.

Nigel Stevenson

Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact: Simon Lacey, Interim Chief Internal Auditor

Constitutional Comments (KK 04/11/2022)

The report and recommendation fall within the remit of Governance and Ethics Committee for consideration.

Financial Comments (SES 02/11/2022)

There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All