

Report Title		Progress Report September 2024	
Are there background papers?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Exempt	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Reason for Exemption?			
Decision for Full Council?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
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Are there Non Electronic Appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
List of Background Papers (if applicable)			

Progress Report September 2024

Summary: This report provides details of progress with the 2024/25 Internal audit Plan and outstanding recommendations.

Conclusions: The 2024/25 Internal Audit Plan is progressing, and some audits are behind; no final reports have been issued yet. Outstanding recommendations are progressing.

Recommendation: That the Committee is requested to receive and note:

- Progress with delivering the 2024/25 Internal Audit Plan and outstanding recommendations.

Cabinet member(s):

All

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

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1. Background

- 1.1 This report is issued to assist the Council in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards requires the Chief Audit Executive to report to the Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues.

2. Overall Position

- 2.1 The attached report details:
 - Any significant changes to the Internal Audit Plan
 - Progress made in delivering the Internal Audit Plan
 - The outcomes arising from audit work
 - Final report executive summaries
 - Status of agreed recommendations
 - Details of outstanding recommendations

3. Conclusion

- 3.1 The 2024/25 Internal Audit Plan is progressing, and some audits are behind; no final reports have been issued yet. Outstanding recommendations are progressing.

4. Recommendation

1) That the Committee is requested to receive and note:

- Progress with delivering the 2024/25 Internal Audit Plan and outstanding recommendations.

Appendices attached to this report:

Appendix A – Progress Report September 2024

EASTERN INTERNAL AUDIT SERVICES



NORTH NORFOLK DISTRICT COUNCIL

Progress Report 2024/25

Head of Internal Audit: Teresa Sharman

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Progress at a glance

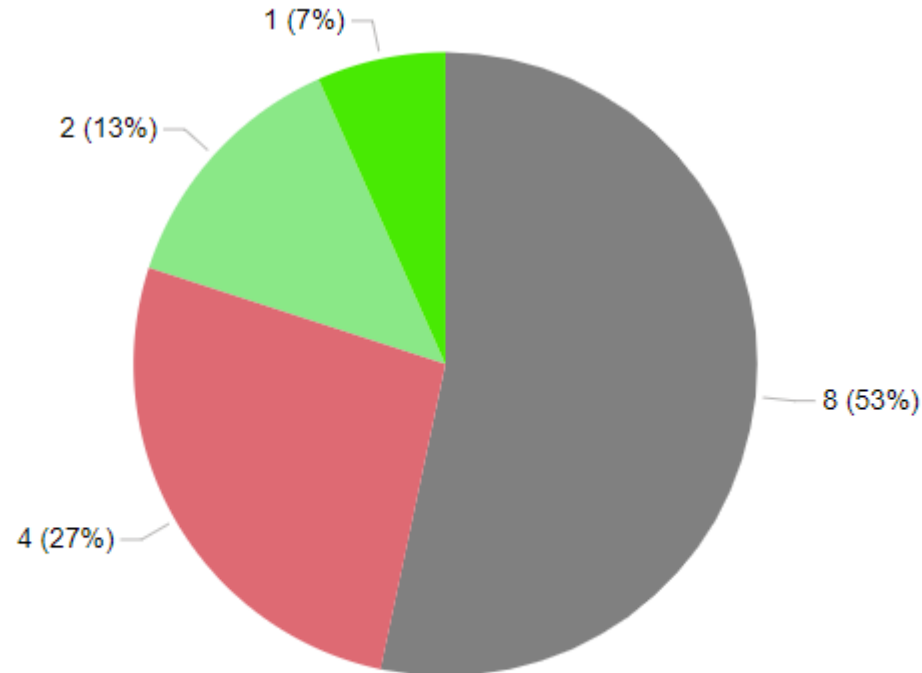
15
Audits in 2024/25 Audit Plan

(Blank)
Urgent Recs Raised

(Blank)
Important Recs Raised

(Blank)
Routine Recs Raised

(Blank)
OEMs Raised



● Not started ● Audit behind ● APM issued - not due to start yet ● Audit on track

34
Outstanding Recommendations
2 Urgent
18 Important
14 Routine
Oldest – 2019/20 –
1 important –
Planning Applications and Development

Executive Summary

Introduction

Under the Global Internal Audit Standards (GIAS), 'The chief audit executive (Head of Internal Audit) must provide the board with the information needed to conduct its oversight responsibilities.' In particular, 'Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results.' and 'The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.'

Under the Committee's terms of reference, the Committee should receive updates on the work of internal audit, including key findings, issues of concern and action in hand from internal audit work and consider summaries of specific internal audit reports.

This report is to assist the Committee in discharging its responsibilities in relation to internal audit activity.

Background

The Internal Audit Service for the Council is provided by the Consortium, Eastern Internal Audit Services, hosted by South Norfolk Council, which utilises the services of a contractor, TIAA Ltd.

Internal audit provides an independent and objective opinion on the Council's internal controls by evaluating their effectiveness and operation in practice.

Changes to the 2024/25 Audit Plan

Since the Internal Audit Plan was approved, there have been no changes.

Progress to date and audit outcomes

Progress with audit work

Quarter 1 and 2

The current position in completing all audits to date is shown in **Appendix 1**.

As detailed in Appendix 1, quarter 1 and 2 audits have commenced; however, the fieldwork for the Private Sector Housing audit is behind due to auditor illness, the fieldwork for the Cyber Security audit is behind the reasons for which are currently unknown, and the Data Protection audit is behind due to the original auditor leaving the Contractor and another auditor picking this audit up, and subsequent client annual leave.

There was a delay in receiving information from the client for the quarter 2 Risk Management audit which led to the fieldwork being behind and the debrief meeting and anticipated issue date for the draft report being pushed back.

Quarter 3

Quarter 3 audits have been passed over to the Internal Audit Contractor for them to commence.

Audit Outcomes - Final Reports

No final reports have been issued.

For your information

Recommendations made on the completion of audit work are prioritised and the definitions for these are detailed in **Appendix 4** along with those for the assurance level awarded on completion of each individual audit.

Outstanding Recs

The table shows the total number of outstanding recommendations by year and priority rating: -

Audit Year	Audit Name	1	2	3	Total Outstanding as at 9 Aug 24
2019/20	- Planning Applications and Development Management		1		1
	Total		1		1
2021/22	Environmental Health		1		1
	Key Controls and Assurance		1		1
	Waste Management		2		2
	Total		4		4
2022/23	Corporate Health and Safety			5	5
	Development Management includes planning applications			1	1
	ICT-Disaster Recovery		1	2	3
	Key Controls and Assurance		5	1	6
	Total		6	9	15
2023/24	Accountancy Services		1	1	2
	Accounts Payable			1	1
	Civil Contingencies and Business Continuity	2			2
	Complaints and FOI		2	2	4
	Land Charges		2	1	3
	Procurement and Contract Management		1		1
	Service Desk		1		1
	Total	2	7	5	14
Total	2	18	14	34	

The following audits in the table above were assigned a 'limited' overall assurance opinion: -

- 2022/23 – Key Controls and Assurance
- 2023/24 – Land Charges
- 2023/24 – Civil Contingencies and Business Continuity

As a result of audit recommendations raised, 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 the Committee. Verification work is also undertaken for those recommendations that are reported as closed.

Appendix 3 provides the Committee with details of urgent and important priority recommendations that are overdue for the year in which they were raised. Management responses and a new deadline, where available, have been indicated for each.

Progress with actions to Improve poor performance

Progress with actions being taken to improve contractor performance is outlined below: -

Another Team was appointed to deliver quarter 1 audits in 2024/25: - this Team has now handed quarter 1 audits back to our core team for completion.

A Protocol, 'a ways of working together' and expectations of Council officers and the Contractor has been issued to ensure that audits are completed as planned in 2024/25 without delay, including timescales for responding and escalation action: - this is in place and is being monitored jointly with the Internal Audit Contractor. Both parties have access to update the audit monitoring spreadsheet.

Consideration is being given to engaging with another contractor to complete some audits during 2024/25: - a second contractor, Shared Internal Audit Services hosted by Hertfordshire County Council has been appointed to complete five audits across the Consortium.

The Contractor is appointing another Client Manager on the contract as one of the current managers is part time. This will help ensure that all audit work is progressed timely. In addition, more auditors are recruited: - a new director has been assigned to us.

Summary of Audit Work 2024/25

Appendix 1

Audit Area	Status	Opinion	Total Recs	Urgent	Important	Routine	OEMs	Qtr
Data Protection	Audit behind	0	0	0	0	0	0	1
Private Sector Housing - HMOs, private rental enforcement and empty homes	Audit behind	0	0	0	0	0	0	1
Cyber Security	Audit behind	0	0	0	0	0	0	1
Risk Management	Audit behind	0	0	0	0	0	0	2
Coastal Management - joint audit with GYBC	APM issued - not due to start yet	0	0	0	0	0	0	2
Leisure	APM issued - not due to start yet	0	0	0	0	0	0	2
Applications review: Revenues and Benefits	Audit on track	0	0	0	0	0	0	2
Early Help Hub	Not started	0	0	0	0	0	0	3
Environmental Protection (statutory nuisances, environmental crime, anti social behaviour, contaminated land, pollution) and Private Water Supplies	Not started	0	0	0	0	0	0	3
Section 106 Arrangements	Not started	0	0	0	0	0	0	3
Applications review: Finance & HR System	Not started	0	0	0	0	0	0	3
Key Controls and Assurance	Not started	0	0	0	0	0	0	4
Commercial Estates	Not started	0	0	0	0	0	0	4
Environmental Charter	Not started	0	0	0	0	0	0	4
Waste Management Contract with SERCO (including contract / agreement monitoring, income collection & monitoring, refuse collection, street cleansing, recycling, clinical waste and grounds maintenance)	Not started	0	0	0	0	0	0	4

Grant Certifications

The following grants have been certified by EIAS so far during 2024/25: -

- Disabled Facilities Capital Grants P/e 2023/24

No final reports have been issued in quarter 1 and 2.

Outstanding Recommendations by Year

Appendix 3

2019/20

Recommendation	Priority	Owner	Due Date	Revised Due Date	Number of times revised	Latest Response
NN2009 Planning and Development						
Response time targets and fees for pre-application work be reviewed, to ensure that they enable good quality, timely responses to be provided to applicants.	Important	Head of Planning; Development Manager	31/10/2020	1/7/24	9	A new 'Pre-Application Service' is being designed - with input from our Agents and Developers Forum. Consultation on an initial proposal started in early May 2024. The new proposal will include a new fee regime - which it is intended to take to Council in July 2024 - with the new system being introduced from 1st September 2024. Delivery against the new Service will be monitored within a new suite of Performance Indicators that are being devised for Planning.

2021/22

Recommendation	Priority	Owner	Due Date	Revised Due Date	Number of times revised	Latest Response
NN2213 Waste Mgmt						
Review and update the Inter Authority Agreement to ensure that it is clear in terms of managing relations between all three member Authorities to reflect the operational status of the contract. In particular, this should include agreement on the principles which underpin how the contract should be managed for the benefit of all of the Councils, and on mechanisms for resolving disagreements between the Authorities if they arise.	Important	Director of Communities	29/7/22	30/6/24	6	The drafting of the revision to the Inter Authority Agreement has been completed and wording agreed with Eastlaw. The revised agreement has not yet been agreed by the three councils, due to other priorities in the waste contract associated with the round and route re-optimisation and ongoing commercial matters discussions with Serco. Officers will look to progress this as soon as the issues outlined above have been resolved.
Obtain regular assurances that Serco complies fully with its complaints procedure and that there is audit trail to evidence this. Any non-compliances should be formally raised through the Operational Board meeting. A quarterly report should be made to the Contract Management Board by Serco along with details of corrective action taken.	Important	Environmental Services Manager	29/7/22	31/3/24	4	Performance within the Serco customer contact centre has continued to see improvements. The high workload and staff shortages within the team over the last few months has meant it has not yet been possible to further implement a complaint monitoring system as had been intended. With the team now back to full strength, it is hoped this will be progressed within the next few months. Due date has therefore been updated to end March 2024.
NN2202 Key Controls and Assurance						
North Norfolk DC to ensure it receives 40% of income from the issuing Penalty Charge Notice (PCN) as per the terms of the contract with Council	Important	N/A	25/5/22	30/6/24	1	"This has not progressed. However, in December we were successful in recruiting in a previously vacant Accountancy Assistant and with this resource we can hopefully develop a reconciliation process. I suggest that a new

of Kings Lynn & West Norfolk and this can be clearly evidenced.						deliverable date is 30/06/2024 (allowing for Year-end closure)"
NN2214 Environmental Health						
The Council to ensure that all licence fee income has been correctly accounted for and that there is agreement between Assure and eFinancials.	Important	Environmental Services Manager and Public Protection & Commercial Manager	30/6/22	31/3/24	3	The recommendation is not yet complete. We have made further progress with establishing a new system for managing licensing fee income due and reconciling this information between the Licensing database and finance systems. It is anticipated that this system will be implemented by November for all 'new' annual fees due from that point. We have contacted licence holders with potentially outstanding historical fees and requested that either payment is made or evidence of historic payment is provided (to account for income received that was not able to be reconciled with a specific licence holder in the database). There is still further work to be completed on both aspects of this recommendation but anticipate this will be completed by March 2024. As noted in previous updates, this is a resource intensive exercise and will require additional staffing support to enable completion within the timescales suggested.

2022/23

Recommendation	Priority	Owner	Due Date	Revised Due Date	Number of times revised	Latest Response
NN2302 Key Controls and Assurance						
Management to ensure that:- All issues and emerging themes identified in the Self-Assessment process are captured in the Action Plan;- There is a clear reference from Self-Assessment findings to issues raised in the Action Plan, with each Action Plan issue having a consecutive reference number. - Each Action Plan entry has a target date and owner clearly stated.	Important	Director for Resources	31/12/23	N/A	0	No updated response provided.
Management to ensure that future Annual Governance Statements provide clear visibility of the overall governance position of the Council. For example: - all significant issues arising during the year should be detailed in the "Governance Issues" section, with clear reference to the Action Plan; - all Action Plan issues should be supported by detail in the Governance Issues section; - progress on previous years' Action Plan issues should be reported.	Important	Director for Resources	31/12/23	N/A	0	No updated response provided.
Management to investigate the potential for new reports to be developed from the new Finance system detailing number of debts by age category, and value/number by department, to enhance the focussed review of old debt.	Important	Director for Resources	31/12/23	31/3/24	1	The new reports are being updated by IT and will be live by the end of March 2024.

To investigate the purchase order interface on the finance system with the system provider to rectify property service orders being raised and authorised by the same user.	Important	Director for Resources	31/12/23	N/A	0	No updated response provided.
Management to: - ensure that car park ticket machine income records and cash collected are reconciled monthly with any discrepancies promptly and thoroughly investigated; - review arrangements for ensuring the Council receives all income due from Penalty Charge Notices including, if needs be, the future provision of the service. If outsourcing is considered the most appropriate method, a method of independent verification of the income received should be contractually agreed with the current / future service provider, to facilitate the requisite levels of detail to provide the required assurances.	Important	Director for Resources	31/12/23	N/A	0	No updated response provided.
NN2316 ICT-Disaster Recovery						
The Council to ensure that the Corporate Business Continuity Plan, which was last updated in April 2018, be reviewed and approved as a matter of urgency. We understand that Council management have already identified this as a priority. As part of this exercise, the IT team to ensure the Council's Disaster Recovery capability is communicated and approved at Senior Management level.	Important	Director for Resources	31/12/23	N/A	0	The audit of this area in 2023/24 has made the same recommendation and an 'urgent' rating has been applied. The completion date has been agreed as 31/5/24.

2023/24

Recommendation	Priority	Owner	Due Date	Revised Due Date	Number of times revised	Latest Response
NN2402 Complaints and FOI						
Reported data on complaints to include closed and open complaints to provide an accurate picture of response times. Complaints to be responded to within the published target timescales and updated/closed on the Workbench system in a timely manner.	Important	Customer Services Manager	1/4/24	30/6/24	1	A review of our Corporate Complaints Procedure is underway to bring this in line with the new Local Government & Social Care Ombudsman, and the Housing Ombudsman Services complaints handling code. This will involve updating our policy, staff training, and increased reporting on complaints.
Training to be provided on using the Workbench system to all officers who manage and respond to complaints.	Important	Customer Services Manager	1/4/24	30/6/24	1	A review of our Corporate Complaints Procedure is underway to bring this in line with the new Local Government & Social Care Ombudsman, and the Housing Ombudsman Services complaints handling code. This will involve updating our policy, staff training, and increased reporting on complaints.
NN2412 Land Charges						
To ensure data cleansing is undertaken regularly as standard practice. Implementing both recommendations will also improve resilience in the long term, with less time and resources required to amend inaccurate data.	Important	Team Leader	31/3/24	30/6/24	1	Any data added to the Land Charges register is checked by the Team Leader. Data cleansing identified by HMLR is being worked on currently.
Reconciliations between land charge records and the general ledger to be completed on a monthly basis and be independently reviewed with evidence of sign off from the reconciling officer and independent reviewer retained	Important	Planning Support Leader	30/3/24	N/A	0	Our accountant has managed to pull some reports off Civica which I will be testing next week with the Team Leader to ascertain if that report gives us sufficient information to identify each transaction. This would be the case for most allocated funds but not all but I need to

						do some work to see if we can identify other income elements by the process of elimination.
NN2404 Procurement and Contract Management						
Complete the spend analysis and lower the threshold going forward to all cumulative spend per supplier of over £5k.	Important	Chief Group Accountant/Procurement Officer	31/3/24	30/6/24	1	The council has successfully recruited into the Accountancy Assistant post (Dec 23) and aim to complete this recommendation the end of June.
NN2405 Accountancy Services						
Whilst the Chief Technical Accountant post remains vacant, the Director of Resources must satisfy themselves by completing appropriate checks to confirm that the absence of these independent reviews and authorisations has not resulted in any errors or wrongdoing.	Important	Technical Accountant	31/3/24	31/7/24	1	Monthly treasury reconciliations are being reviewed by Karl Smith (Interim Assistant Director for Finance) until a new Chief Technical Accountant is in post (anticipated July 2024).
NN2414 Service Desk						
The Council to establish SMART KPIs to monitor the performance of the Service Desk.	Important	Network Manager / ICT Web Manager / Applications Support Manager, IT Business Support	28/2/24	30/6/24	1	The IT managers still need to agree the KPI's . New date to complete this by is 30/06/24 .
NN2411 Civil Contingencies and Business Continuity						
To ensure that up to date Business Continuity Plans are produced for all service areas, with evidenced annual reviews.	Urgent	Resilience Manager	31/7/24	N/A	0	No updated response provided

To update and implement the Council's Corporate Business Continuity Plan as soon as is practical, ensuring formal, evidenced review occurs annually, with updates performed every two years.	Urgent	Assistant Director – Environment & Leisure Services	31/5/24	N/A	0	No updated response provided
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Definitions

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed, and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed, and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.
Position Statement	Advisory work.

Urgent Priority 1	–	Fundamental control issue on which action to implement should be taken within 1 month.
Important Priority 2	–	Control issue on which action to implement should be taken within 3 months.
Routine Priority 3	–	Control issue on which action to implement should be taken within 6 months.

OEMs are Operational - Effectiveness Matter. These can be proposed, and these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.