

# Eastern Internal Audit Services



## NORTH NORFOLK DISTRICT COUNCIL

### Follow Up Report on Internal Audit Recommendations

Period Covered: 23 November 2018 to 31 March 2019

Responsible Officer: Faye Haywood –Internal Audit Manager for North Norfolk DC

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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 Audit 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 and 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 relation to the historic recommendations (i.e. those prior to the 2016/17 financial year), there is one important recommendation from a 2010/11 review on Development Management. The most recent management response can be seen at **Appendix 2**.
- 2.4 In 2017/18 internal audit raised 50 recommendations; 40 of which have been implemented by the agreed date, 10 of which are outstanding (six important and four needs attention).

Number raised to date	50	
Complete	40	80%
Outstanding	10	20%

The management responses in relation to the seven important recommendations can be seen at **Appendix 3** to the report.

2.5 A total of 40 recommendations were raised during 2018/19. 14 have been completed. One important recommendation is outstanding from the Pier Pavilion report 25 are not yet due.

Number raised to date	40	
Complete	14	35%
Outstanding	1	2%
Not yet due	25	63%

2.6 Good progress has been made in addressing audit recommendations raised in 2018/19 however we recommend that officers now focus on completing recommendations raised during 2017/18 as these are now significantly overdue. As requested the Committee continue to observe the progress made against completion of the one remaining important recommendation made during the 2010/11 review of Development Management, in relation to the Section 106 Arrangements. This action will be reviewed during our 2019/20 audit of Section 106 Agreements.

**APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS**

			Completed bt 23/11//2018 to 31/03/2019			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>2010/11 Internal Audit Reviews</b>															
NN1112	Development Management, Building Control and Land Charges	Adequate					1					1			
<b>2017/18 Internal Audit Reviews</b>															
NN1803	Land Charges	Reasonable					1					1			
NN1807	Environmental Health	Reasonable					1	1		1		3			
NN1811	Car Parking	Reasonable					1	1				2			
NN1812	Beach Huts	Substantial						1				1			
NN1815	Key Controls and Assurance	Reasonable			2							0			
NN1816	Procurement	Reasonable		1						1	1	2			
NN1817	Waste Management	Reasonable					1					1			
NN1818	Development Management	Reasonable			1							0			
<b>2018/19 Internal Audit Reviews</b>															
NN1905	Homelessness and Housing Options	Reasonable								1		1			3
NN1909	Network Infrastructure & Security	Reasonable			5							0			3
NN1904	Pier Pavilion	Reasonable										0			3
NN1906	Accounts Payable	Reasonable		2	1							0			2
NN1907	Council Tax and NNDR	Substantial			1							0			
NN1910	Corporate Governance	Substantial										0			2
NN1914	Environmental Health	Reasonable										0		2	4
NN1912	Payroll and HR	Reasonable										0		3	5
<b>TOTALS</b>			<b>0</b>	<b>3</b>	<b>10</b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>12</b>	<b>0</b>	<b>5</b>	<b>22</b>

**APPENDIX 2 - OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2010/2011**

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1112 Development Management	Written guidance detailing the roles and responsibilities for monitoring the key requirements of Section 106 Planning Agreements should be produced to ensure appropriate action is taken to enforce the conditions contained therein. The guidance should be accompanied by a collated record of all Section 106 Planning Agreements, detailing the trigger points and accompanying obligations. This should include key responsibilities and contacts for the obligation and state action to be taken as and when those trigger points are reached. Where trigger points have been reached, action should be taken in a timely manner to enforce those conditions.	2	Agreed	Head of Planning	30/11/2011	30/09/2019	Outstanding	The Planning service is currently drawing together a cross referenced list of all s106 agreements with legal service and land charges, which will be complete in summer 2019, and will then form the data to input into the Exacom system. The Exacom system will be hosted by the new Uniform planning applications software system (due for installation by December 2019). The introduction of the Uniform system has been delayed, which creates a potential knock on delay the delivery of the S106 Exacom system. In terms of risk assessment Finance advise on a quarterly basis of S106 receipts, legal services advise of progress on current live s106 negotiations. Local plans monitor house completions and housing services advise on progress with S106 housing clauses. The comprehensive s106 list available in summer 2019 will then form the reference for s106 enforcement until Exacom is installed Q2, 2020.

### APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18 AUDIT REVIEWS

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1803 Land Charges	<p>Recommendation 1: Procedure notes be produced for all aspects of the local land charge service. These notes to be version controlled and reviewed on a regular basis.</p> <p>Rationale &amp; risk: Ensuring procedure notes are in place and up to date for all aspects of the service will provide assurance to management that staff are following correct practices. This reduces the risk of errors being made within the process where staff follow incorrect practice, leading to reputational damage and financial loss for the Council.</p>	2	The service accept that the current procedural manual is incomplete and could be improved to include version control and recent changes that have occurred within the service.	Property Information Team Leader	31/12/2017	31/12/2019	Outstanding	The upgrade to the new system in planning, building control and land charges, has been delayed and is due for December 19, as per previous updates the service is planning to review and re-write procedure notes once new software is in place.
NN1807 Environmental Health	<p>Recommendation 1: All the Environmental Health procedures, policies and guidance, including those related to the scope of the audit, be reviewed and updated to ensure that current statutory and non-statutory requirements, where applicable, are included.</p> <p>Rationale and risk: The processes in the procedures may no longer be relevant as current statutory requirements and legislations may not be included in the procedures, policies and guidance. This may lead to non-compliance with the relevant statutes and legislations, errors and delays in processing licences and permits and inconsistent practice arising.</p>	2	The BPR and IT implementation are scheduled to continue until April 2018. Therefore, not all processes will have been completed within the timescale recommended. BPR will tackle the largest volume work first and so processes which deal with the most workload will be addressed first.	Head of EH	30/04/2018	31/03/2020	Outstanding	The BPR process is continuing on implementing the new IT system which is taking significantly longer than originally anticipated. New processes are being developed and reviewed with the separate teams of environmental health and once agreed the associated new procedure guides can be produced.

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1807 Environmental Health	Recommendation 2: A process for sharing data relevant to the Environmental Health Team which can be used for identifying businesses requiring licences be agreed with other Council departments including Planning and Revenues (CTAX/NNDR). Rationale and risk: The risk of businesses operating illegally which may harm the members of the public or the environment through unregulated activities carried out by the businesses.	2	Agreed.	Head of EH	31/01/2018	31/07/2019	Outstanding	This has been delayed due to staff absence in IT, however the required crystal report development has been scheduled in over the next few weeks with the Application Support Team, so the reports should be available shortly after this.
NN1811 Car Parking	Recommendation 1: KLWNBC to provide a statement showing the total/breakdown of income received for PCNs; to be reconciled to PCNs paid at the discounted rate for payment within 14 days; those paid after 14 days at the increased cost; those not yet paid; and those cancelled within that month.  Rationale and Risk: The provision of a full monthly breakdown of PCN income will enable management to more accurately monitor income received from PCNs issued each month. Where a full breakdown in relation to the amount of income received for PCNs issued is not provided, there is an increased risk that discrepancies through fraud or error will not be identified, leading to financial loss for the NNDC.	2	Agreed to ensure that KLWNBC provide necessary information and insert a standing item for this work to be on the regular client meeting agenda.	Leisure and Locality Services Manager	02/01/2018	17/05/2019	Outstanding	BCKLWN have still not provided the information required to complete this recommendation.

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1816 Procurement	Recommendation 4: A new Procurement Strategy be produced, approved and communicated to staff. Rationale and risk: Clear communication of a strategy will provide officers responsible for procurement with the most up to date guidance when procuring goods and services on behalf of the Council. This will also help to confirm that the Council complies with its regulatory responsibilities.	2	The current Procurement Strategy will be reviewed and updated in time for the new 2019/20 financial year.	Procurement Officer	31/03/2019	31/07/2019	Outstanding	The current procurement strategy is being reviewed and updated.
NN1817 Waste Management	Recommendation 1: A review of M3 users is carried out and any accounts belonging to staff who have left the Council are deactivated. Future leavers should be deactivated when notification of their departure is received from HR. Rationale and risk: Promptly deactivating old user accounts will help manage systems access more effectively by ensuring only those requiring access actually have access. If users are not removed, especially from the administrators group, there is a risk of inappropriate changes being made using these accounts.	2	Agreed. Access Policy and Procedure to be written which covers granting access to new users and removal of leavers. This is being tied in to the implementation of the Assure System. In the meantime the Environmental Protection Manager is acting as the control point for all new user access.	Environmental Protection Manager	28/09/2018	31/07/2019	Outstanding	This is still in progress and will be actioned once the service is in a position to be able to do so as part of the IT implementation.



**APPENDIX 4 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19 AUDIT REVIEWS**

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1905 Homelessness and Housing Options	Recommendation 1: Evidence of eligibility for assistance is retained for all homelessness cases.	2	Agreed	Housing Options Team Lead	31/01/2019	31/05/2019	Outstanding	This has not been fully actioned. Additional processes need to be built in to ensure that the team do capture proofs of eligibility at the point that the authority accepts an application under prevention/relief.