

Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Follow Up Report on Internal Audit Recommendations

Period Covered: 21 November 2019 to 31 March 2020

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; 44 of which have been implemented by the agreed date, six of which are outstanding (five important and four needs attention).

| | | |
|-----------------------|----|-----|
| Number raised to date | 50 | |
| Complete | 44 | 88% |
| Outstanding | 6 | 12% |

The five important recommendations can be seen at **Appendix 3** to the report. Management responses in relation to Environmental Health and Waste Management have not been provided.

- 2.5 A total of 40 recommendations were raised during 2018/19. 33 have been completed. Seven recommendations are now outstanding (one important, six needs attention).

| | | |
|-----------------------|----|-----|
| Number raised to date | 40 | |
| Complete | 33 | 80% |
| Outstanding | 7 | 20% |

Management responses in relation to two important recommendations have not been provided.

- 2.6 A total of 44 recommendations have been agreed so far in 2019/20. Nine have been completed. A total of 12 needs attention recommendations are now outstanding, and 23 are not yet due.

| | | |
|-----------------------|----|-----|
| Number raised to date | 44 | |
| Complete | 9 | 20% |
| Outstanding | 12 | 27% |
| Not yet due | 23 | 53% |

- 2.7 We recommend that officers now focus on completing recommendations raised during 2017/18 as these are now significantly overdue. As requested, the Committee continues 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. During our recent review of this area we have been unable to verify that this has been completed and it therefore continues to be monitored.

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

| | | | Completed bt 21/11/2019 and 31 March 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 | | | | | | | | | | | | | |
| 2010/11 Internal Audit Reviews | | | | | | | | | | | | | | | |
| NN1112 | Development Management, Building Control and Land Charges | Adequate | | | | | 1 | | | | 1 | | | | |
| 2017/18 Internal Audit Reviews | | | | | | | | | | | | | | | |
| NN1803 | Land Charges | Reasonable | | | | | 1 | | | | 1 | | | | |
| NN1807 | Environmental Health | Reasonable | | | | | 2 | 1 | | | 3 | | | | |
| NN1816 | Procurement | Reasonable | | | | | 1 | | | | 1 | | | | |
| NN1817 | Waste Management | Reasonable | | | | | 1 | | | | 1 | | | | |
| 2018/19 Internal Audit Reviews | | | | | | | | | | | | | | | |
| NN1905 | Homelessness and Housing Options | Reasonable | | | 1 | | | | | 1 | 1 | | | | |
| NN1906 | Accounts Payable | Reasonable | | | 1 | | | | | 1 | 1 | | | | |
| NN1910 | Corporate Governance | Substantial | | | 1 | | | | | 1 | 1 | | | | |
| NN1914 | Environmental Health | Reasonable | | 1 | | | 1 | 3 | | | 4 | | | | |
| NN1908 | Payroll and HR | Reasonable | | 1 | 1 | | | | | | 0 | | | | |
| 2019/20 Internal Audit Reviews | | | | | | | | | | | | | | | |
| NN2008 | Car Parking | Reasonable | | 2 | 1 | | | | | | 0 | | | | |
| NN2004 | S106 Agreements | Reasonable | | | | | | | | | 0 | | 5 | | |
| NN2005 | Accountancy Services | Substantial | | | | | | | | 3 | 0 | | | | |
| NN2006 | Accounts Recievable | Reasonable | | 1 | 1 | | | | | 1 | 0 | | | | |
| NN2007 | Income | Reasonable | | | | | | | | 5 | 0 | | | | |
| NN2009 | Planning and Development | Reasonable | | | | | | | | | 0 | | 4 | 1 | |
| NN2014 | Affordable Housing and Enabling | Reasonable | | | | | | | | | 0 | | 1 | | |
| NN2016 | Cyber Security | Reasonable | | 1 | | | | | | 1 | | | 1 | 1 | |
| NN2012 | Procurement | Reasonable | | | | | | | | | | | 2 | 1 | |
| NN2003 | Leisure | Substantial | | | | | | | | | | | | | 1 |
| NN2017 | GIS Application | Reasonable | | | | | | | | 2 | 0 | | 3 | 3 | |
| TOTALS | | | 0 | 6 | 6 | 0 | 7 | 4 | 0 | 0 | 15 | 14 | 0 | 16 | 7 |

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 | July 2020 | Outstanding | A complete list of S106 agreements has now been produced covering all agreements from the last ten years. This is being used as the current reference point and will form the basis of the data for when the new software system is introduced. Progress with the software remains as per previous update - it is expected that the new planning system, Uniform, will be installed in December 2019 and the S106 module, Exacom, will be added once Uniform is fully functional. This is expected to be in 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 & 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 | 30/09/2020 | Outstanding | We were ere going to implement new software before implementing this recommendation however the project has faced considerable delays (about two years) with a go-live date of June 2020. As we were unable to continue with the project due to the pandemic, we will be picking the project back up hopefully in Sept 2020. |
| 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 | New date required | Outstanding | No response received |

| 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 | New date required | Outstanding | No response received |
| 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 | 30/10/2020 | Outstanding | This has had to take a back seat as we are being redeployed into other areas. Therefore, procurement work is on hold for the time being. I do not expect to have completed this until October. |
| 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 | New date required | Outstanding | No response received |

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 |
|--------------------------------|--|----------|---------------------|----------------------------------|------------|-------------------|-------------|----------------------|
| NN1914 Environmental Health | Recommendation 2: An updated version of the licence register is published on the Council's website, using the method used prior to Assure implementation if necessary. | 2 | Agreed | Environmental Protection Manager | 30/05/2019 | New date required | Outstanding | No response received |