

Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Follow Up Report on Internal Audit Recommendations

Period Covered: 21 September 2020 to 31 March 2021

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

CONTENTS

1. INTRODUCTION	2
2. STATUS OF AGREED ACTIONS.....	2
APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS	4
APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18	5
APPENDIX 4 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19	7
APPENDIX 5 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20	8

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 2017/18 internal audit raised 50 recommendations; 46 of which have now been implemented. Four important recommendations remain outstanding and can be seen at **Appendix 3** to the report.

Number raised to date	50	
Complete	46	92%
Outstanding	4	8%

- 2.4 A total of 40 recommendations were raised during 2018/19. 37 have been completed. Three recommendations are now outstanding (one important, two needs attention).

Number raised to date	40	
Complete	37	93%
Outstanding	3	7%

- 2.5 A total of 56 recommendations were agreed in 2019/20. 33 have been completed. A total of 14 important and nine needs attention recommendations are now outstanding. The 14 outstanding important recommendations can be seen at **Appendix 5** to the report.

Number raised to date	56	
Complete	33	59%
Outstanding	23	41%

- 2.6 A total of 27 recommendations have been raised in 2020/21. Six have been completed. No recommendations are outstanding, 19 are within deadline and two have been rejected by management.

Number raised to date	27	
Complete	6	23%
Outstanding	0	0%
Within Deadline	19	70%
Rejected	2	7%

- 2.7 We recommend that officers focus on completing historical recommendations relating to prior financial years. A total of 30 remain outstanding from 2017/18, 2018/19 and 2019/20.

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 27 November 2020 and 31 March 2021			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
Audit Ref	Audit Area	Assurance Level	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
2010/11 Internal Audit Reviews															
NN1112	Development Management	Adequate		1								0			
2017/18 Internal Audit Reviews															
NN1803	Land Charges	Reasonable					1					1			
NN1807	Environmental Health	Reasonable			1		2					2			
NN1816	Procurement	Reasonable					1					1			
NN1817	Waste Management	Reasonable		1								0			
2018/19 Internal Audit Reviews															
NN1905	Homelessness and Housing Options	Reasonable			1							0			
NN1906	Accounts Payable	Reasonable						1				1			
NN1910	Corporate Governance	Substantial			1							0			
NN1914	Environmental Health	Reasonable		1	1		1	1				2			
2019/20 Internal Audit Reviews															
NN2004	S106 Agreements	Reasonable					5					5			
NN2005	Accountancy Services	Substantial			2			1				1			
NN2006	Accounts Recievable	Reasonable						2				2			
NN2007	Income	Reasonable			5							0			
NN2009	Planning and Development	Reasonable		2	1		2					2			
NN2014	Affordable Housing and Enabling	Reasonable		1								0			
NN2016	Cyber Security	Reasonable			3							0			
NN2012	Procurement	Reasonable		1	1					1		1			
NN2010	Risk Management	Reasonable		1								0			
NN2015	Business Continuity and Disaster Recovery	Reasonable						2				2			
NN2011	Key Controls and Assurance	Substantial									1	1			
NN2001	Project Management Framework	Position Statement		5						5		5			
NN2003	Leisure	Substantial			1							0			
NN2017	GIS Application	Reasonable		1	2					1	3	4		1	
2020/21 Internal Audit Reviews															
NN2102	Corporate Governance	Reasonable		2	2							0		1	
NN2103	Accounts Payable	Substantial										0			1
NN2110	Private Sector Housing DFGs	Reasonable										0			1
NN2106	Payroll and Human Resources	Substantial										0			2
NN2105	Council Tax Support and Housing Benefit	Reasonable		1	1							0			1
NN2112	Cromer Tennis Hub	No Assurance										0	6	4	
NN2108	Key Controls and Assurance	Reasonable										0		3	
TOTALS			0	17	22	0	12	7	0	7	4	30	6	9	5

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	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. 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.	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	30/06/2021	Outstanding	The new system was implemented in December 2020. There is a backlog of local land search applications that is currently being worked through, as such a revised deadline for the manual is required.
NN1807 Environmental Health	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.	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	31/10/2021	Outstanding	The procedures and processes are now driven through the IT system - work needs to be done to remove outdated processes.

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).	2	Agreed.	Head of EH	31/01/2018	New date required	Outstanding	Partly in place, but reliant on a corporate data sharing position
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	30/06/2021	Outstanding	This is being produced at the moment and is expected to be complete by June 2021.

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	31/07/2021	Outstanding	We are awaiting the software provider to develop the functionality for on-line registers will be available in the next release which goes live July 2021

APPENDIX 5 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20 AUDIT REVIEWS

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN2001 Project Management Framework	Action Point 4: Regular updates to senior management on project progress to be provided, including details of issues arising and remedial actions required. This should include updates on projects within the Digital Transformation Programme, although not at the same level of detail. Updates need to be at a frequency which allows the information presented to be meaningful/informative and allow queries/challenge.	2	Agreed. Progress will be monitored by Internal Audit.	Kate Rawlings/Maxine Collis		31/07/2021	Outstanding	The new management structure is now in place and the new Management Team will be discussing in the coming weeks their need for project data, and how they intend to query/challenge where appropriate
NN2001 Project Management Framework	Action Point 7: Funding requests to Cabinet/Council should be robust and have input from Finance, to reduce the risk of budget overspend and to more accurately control the Council's budgets	2	Agreed. Progress will be monitored by Internal Audit.	Kate Rawlings/Maxine Collis		31/07/2021	Outstanding	The new processes allow for this to happen, but there currently aren't sufficient examples to evidence that this is in place. Capital projects require consultation with the Chief Technical Accountant and Technical Accountant, and revenue projects require consultation with the relevant Group Accountant.
NN2001 Project Management Framework	Action Point 8: Initial risk assessments be completed consistently between projects, using a standard template and methodology. Risk assessments are subject to regular review and update including those in respect of the DTP projects.	2	Agreed. Progress will be monitored by Internal Audit.	Kate Rawlings/Maxine Collis		31/07/2021	Outstanding	Standard methodology is in place, but we are currently lacking examples to effectively evidence.
NN2001 Project Management Framework	Action point 9. Project objectives and milestones are defined at the beginning of the project and progress against these is regularly reported on.	2	Agreed. Progress will be monitored by Internal Audit.	Kate Rawlings/Maxine Collis		31/07/2021	Outstanding	Standard methodology is in place, but we are currently lacking examples to effectively evidence.
NN2001 Project Management Framework	Action point 10. post-implementation reviews to be completed for all major projects to identify areas of success and lessons learnt for future projects.	2	Agreed. Progress will be monitored by Internal Audit.	Kate Rawlings/Maxine Collis		31/07/2021	Outstanding	There are good examples of this being implemented - the best being the post project review and evaluation of the Bacton & Walcott Landscaping Project - where an independent post-completion evaluation was undertaken by a department of the UEA and have project team meetings proposed to review performance of the scheme annually. However, this still needs to be implemented across the board.

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN2004 - Section 106 Agreements	Recommendation 1: Individual obligations and triggers from S106 agreements are recorded and monitored on a systematic basis, by a designated officer.	2	Agreed, but requires a single officer to be designated for monitoring of S106.	Head of Planning	30/04/2020	01/11/2021	Outstanding	Delay caused by requirement to deliver and urgently update Planning software system. Updating completed 31/05/21. Structural review of planning service underway with provision of S106 Monitoring Officer a key proviso.
NN2004 - Section 106 Agreements	Recommendation 2: Deadlines for spending financial contributions be recorded with each sum received. Deadlines to be routinely monitored and decisions made in respect of the use of monies at agreed intervals prior to deadlines approaching, including the two cases found where the deadlines had passed.	2	Agreed. Short term pre Q2 2020 meetings to be held on with group accountant quarterly to risk assess upcoming spend deadlines.	Head of Planning	30/04/2020	01/11/2021	Outstanding	Restructuring is being undertaken within which a S106 Monitoring Officer will be a key requirement. Uniform project moving to completion.
NN2004 - Section 106 Agreements	Recommendation 4: Parish and town councils are regularly informed of money from S106 agreements that is available for them to spend and be required to submit expenditure commitments within given deadlines, giving explanations for monies held for extended periods with no commitments, through a quarterly statement of existing and new receipts that is updated and returned to the Councils designated officer.	2	Agreed. Short term – pre 30/04/2020 lead by quarterly meeting with group accountant. Mid / longer term Post 30/04/2020 software is publically viewable and monitoring officer will be tasked with contacting PC/ TC.	Head of Planning	31/01/2020	01/11/2021	Outstanding	Delay caused by requirement to deliver and urgently update Planning software system. Updating completed 31/05/21. Structural review of planning service underway with provision of S106 Monitoring Officer a key proviso.
NN2004 - Section 106 Agreements	Recommendation 5: The process for approving the expenditure of S106 funds and ensuring that it is in accordance with the agreement be formally agreed and consistently applied, with evidence retained.	2	Agreed. Process map to be agreed by the Major Projects Manager, or the Head of Planning and group accountant.	Head of Planning	31/01/2020	01/11/2021	Outstanding	Process map complete. S106 email inbox available but requires completion of web page to update publicly available funds.
NN2004 - Section 106 Agreements	Recommendation 3: Legal advice is to be sought for S106 agreements where contributions are not spent within the given timeframe. The advice should include whether the Council must repay the monies should be refunded to the developer, with interest, or whether the developer has legal right to request a refund on monies spent after the deadline.	2	Agreed. This will be on a bespoke case by case basis legal consultation will be undertaken where triggers are missed.	Head of Planning	30/11/2019	01/11/2021	Outstanding	Monitoring complete and legal advice is received. Regular meetings with Finance and Legal. Final resolution requires delivery of S106 software system.

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN2009 - Planning Applications and Development Management	Recommendation 2: 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.	2	Agreed, but to be actioned post go-live of UNiform system. NNDC customer satisfaction survey to correlate with review of Pre-application advice service. This will commence on 1st July 2020, to complete by 31st October 2020.	Head of Planning	31/10/2020	01/11/2021	Outstanding	Delayed for urgent updating of Uniform system which was completed end of May 2021. To run to 1 September 2021 for completion of Customer Satisfaction Survey. Review of staff structure being undertaken following departure of Development Manager.
NN2009 - Planning Applications and Development Management	Recommendation 4: Monthly reconciliations of planning fee income be reinstated and subject to independent review.	2	Agreed.	Head of Planning / Head of Finance	01/04/2020	30/09/2021	Outstanding	This is ongoing. At the moment reconciliations have been difficult while working across systems and without a clear process of referencing. This is being addressed as part of the ongoing implementation of the new Planning system. The current intention is to return to monthly reconciliations in the future.
NN2017 – Cadcorp SIS (GIS) Application Audit	Recommendation 2: The Council to ensure that the formally documented operational Cadcorp policies and procedures are reviewed on a regular basis.	2	Agreed. We have documentation but it does need reviewing and updating and with a new member for the team to be recruited it will be ideal timing to bring them up to speed too	ICT Applications Manager	31/07/2020	30/11/2021	Outstanding	This work is in progress, but Covid-19 has had the impact of an increased workload initially. Also, the Council has not been able to recruit a replacement for its GIS Support Officer currently, due to a change in funding this year, so the resources needed to complete this task have not been available.
NN2012 Procurement	Recommendation 1: Analysis of off-contract spend be carried out on a regular basis, and be expanded to identify suppliers where aggregate spend in a year exceeds, or is likely to exceed, the procurement threshold.	2	The off contract spend analysis will be undertaken as at 31st March each year for the preceding financial year in future. The analysis will include both individual and cumulative payments for completeness. For the 2019/20 financial year, this process will be completed by 31st December 2020.	Procurement Officer	31/12/2020	30/06/2021	Outstanding	The review date was moved to 30 June 2021 due to Finance not being able to retrieve the information in April due to year end.