

Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Follow Up Report on Internal Audit Recommendations

Period Covered: 16 June 2021 to 20 September 2021

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

CONTENTS

1. INTRODUCTION	2
2. STATUS OF AGREED ACTIONS.....	2
APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS	4
APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18	5
APPENDIX 3 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19	6
APPENDIX 4 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20	7
APPENDIX 5 OUTSTANDING INTERNAL AUDIT RECOMMENDATION - 2020/21	10

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:
1. 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; 48 of which have now been implemented. Two important recommendations remain outstanding and can be seen at **Appendix 2** to the report.

Number raised to date	50	
Complete	48	96%
Outstanding	2	4%

- 2.4 A total of 40 recommendations were raised during 2018/19. 37 have been completed. Three recommendations are 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. 34 have been completed. A total of 22 recommendations, 13 important and nine needs attention recommendations are outstanding. The 13 outstanding important recommendations can be seen at **Appendix 5** to the report.

Number raised to date	56	
Complete	34	59%
Outstanding	22	41%

- 2.6 A total of 33 recommendations were raised in 2020/21. Nine have been completed. A total of 14 recommendations are outstanding, five urgent, seven important and 2 needs attention. A total of 10 remain within deadline.

Number raised to date	33	
Complete	9	27%
Outstanding	14	43%
Within Deadline	10	30%

- 2.7 We recommend that officers focus on completing historical recommendations relating to prior financial years. A total of 12 recommendations have been completed since the last committee meeting however, a total of 27 remain outstanding from 2017/18, 2018/19 and 2019/20 taking the total number of outstanding audit recommendations including 2020/21 to 40.

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 16 June 2021 and 20 September 2021			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													
2017/18 Internal Audit Reviews															
NN1803	Land Charges	Reasonable					1					1			
NN1807	Environmental Health	Reasonable		1			1					1			
NN1816	Procurement	Reasonable		1								0			
2018/19 Internal Audit Reviews															
NN1906	Accounts Payable	Reasonable						1				1			
NN1914	Environmental Health	Reasonable					1	1				2			
2019/20 Internal Audit Reviews															
NN2004	S106 Agreements	Reasonable					5					5			
NN2005	Accountancy Services	Substantial						1				1			
NN2006	Accounts Recievable	Reasonable						2				2			
NN2009	Planning and Development	Reasonable					2					2			
NN2012	Procurement	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			
NN2017	GIS Application	Reasonable					1	3		1		5			
2020/21 Internal Audit Reviews															
NN2102	Corporate Governance	Reasonable		1								0			
NN2103	Accounts Payable	Substantial										0			1
NN2110	Private Sector Housing DFGs	Reasonable		1							2	0			
NN2106	Payroll and Human Resources	Substantial			1							0			1
NN2105	Council Tax Support and Housing Benefit	Reasonable			1							0			
NN2112	Cromer Tennis Hub	No Assurance	1						5	4		9			
NN2111	Remote Access	Reasonable								1		1		4	3
NN2107	Procurement Contract Management	Position Statement		1						2		2		1	
NN2108	Key Controls and Assurance	Reasonable		3								0			
TOTALS			1	9	2	0	16	11	5	8	2	40	0	5	5

APPENDIX 2 – 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	31/03/2021	Outstanding	In progress. Revise due date to 31/03/2021 due to new system implementation (Uniform) during 2021. Partially completed.
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.	AD Environment and Leisure	30/04/2018	31/10/2021	Outstanding	The of a new EH procedure system (RIAMs) will address this recommendation. Whilst the department have recently adopted this system there is an element of work required to fully integrate it into the department, this work is cover in the team plans.

APPENDIX 3 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	31/10/2021	Outstanding	We are currently working with the Councils IT team and the system provider, the registers have progressed to the test system. Officers are currently the accuracy of these before the system goes live.

APPENDIX 4 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.	Project and Programme Managers	31/07/2021	31/10/2021	Outstanding	Clarification of what Senior Officers require in addition to InPhase updates is still being sought. At the point of writing the Cabinet working party has yet to meet to review large project progress. The Digital Transformation Programme no longer exists as it was.
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.	Chief Technical Accountant	31/07/2021	31/10/2021	Outstanding	We have been working with Finance to integrate funding requests with project proposals but it is not the role of the CDU to see/review/assess applications for funding. .
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.	Project and Programme Managers	31/07/2021	31/10/2021	Outstanding	Standard templates and guidelines have been provided for some time. Initial risks are identified at the project proposal stage. Boards have been asked to regularly review risk. We still need to bottom out CDU access to project files and documents as we shift from Sharepoint folders.
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.	Project and Programme Managers	31/07/2021	31/10/2021	Outstanding	At the point of writing the Cabinet working party has yet to meet to review large project progress. We do not currently have a good system in place for monitoring the range of large projects against milestones although we are reviewing this and looking at software to enable this to be easily accessible. At this stage individual project managers are expected to report against milestones through InPhase for their projects.
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.	Project and Programme Managers	31/07/2021	31/10/2021	Outstanding	At this stage no major projects have been completed since the CDU was set up so evidence of lessons learned is unavailable.

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.	AD Planning	30/04/2020	01/11/2021	Outstanding	Recommendation being progressed – On track
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 20202 meetings to be held on with group accountant quarterly to risk asses upcoming spend deadlines.	AD Planning	30/04/2020	01/11/2021	Outstanding	Recommendation being progressed – On track
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.	AD Planning	31/01/2020	01/11/2021	Outstanding	Recommendation being progressed – On track
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.	AD Planning	31/01/2020	01/11/2021	Outstanding	Recommendation being progressed – On track

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
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.	AD Planning	30/11/2019	01/11/2021	Outstanding	Recommendation being progressed – On track
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.	AD Planning	31/10/2020	01/11/2021	Outstanding	Recommendation being progressed – On track
NN2009 - Planning Applications and Development Management	Recommendation 4: Monthly reconciliations of planning fee income be reinstated and subject to independent review.	2	Agreed.	AD Planning / Director of Resources	01/04/2020	30/09/2021	Outstanding	Recommendation being progressed – On track
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	In progress as planned.

APPENDIX 5 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21 AUDIT REVIEWS

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN2111 Remote Access	Recommendation 4: ICT management to document the end-to-end Change Management process as part of a policy document. This should include requirements and controls regarding any third-party changes to Council owned systems. Management will also complete retrospective changes for any major changes completed as a result of the move to home working.	2	Agreed	Network Manager	31/08/2021	31/10/2021	Outstanding	Not completed due to current pressures – new target date 31/10/21
NN2107 Procurement Contract Management	Action 2: That management risk assess the ability of contractors to continue provision in light of the ongoing current economic challenges. This could be incorporated within business planning work currently underway.	2	Agreed.	Chief Technical Accountant	31/08/2021	31/10/2021	Outstanding	The work on updating the procurement templates and financial sustainability assessments has paused due to officers being involved in the Zero-Based Budgeting exercise and other recruitment pressures.
NN2107 Procurement Contract Management	Action 3: That management review and update the Business Continuity Plan, and other relevant policies in light of the COVID response, including reference to review of contracts.	2	Agreed.	Civil Contingencies Manager	31/08/2021	31/10/2021	Outstanding	We are currently managing staff absence in this service area and as such have not had the resource to conduct this review. Support is currently being arranged for this area and this task will form part of the work to be completed by the additional resource.
NN2112 Cromer Sports Hub Project	Recommendation 1: Terms of reference are drafted for all project group meetings making it clear the purpose of the group, the decision making responsibilities and a named officer for each of the key roles. These to be agreed in draft as part of the business case sign off, presented to the individual board or group for agreement and then presented back to the appropriate authorising body.	1	Agreed – this recommendation will be addressed through the Council's new Project Management Process which is to be promoted and overseen by a new Corporate Delivery Unit.	Project and Programme Managers, Corporate Delivery Unit	31/05/2021	07/12/2021	Outstanding	Individual roles have been defined in the Project Management Guide. A suggested set of draft TOR are available for Project Boards on the intranet. TOR exist for Sheringham Leisure Centre and Tree Planting projects. But the boards for these projects were set up after the business cases were agreed, Business case to include reference to the roles and TORs. Internal audit to verify completion through review of project management process and discussion with CDU.

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN2112 Cromer Sports Hub Project	Recommendation 3: A business case, that includes both financial and non-financial benefits, is reviewed and tested to provide assurance of its accuracy with key stakeholders prior to submission to the appropriate authorising body. Improved and broader stakeholder engagement is also required to provide additional feedback.	1	Agreed – this recommendation will be addressed through the Council's new Project Management Process which is to be promoted and overseen by a new Corporate Delivery Unit.	Project and Programme Managers, Corporate Delivery Unit	31/05/2021	07/12/2021	Outstanding	<p>The CDU has created a template for project proposers to use to ensure the Business case or Cabinet report includes financial aspects. This has been done in consultation with the finance team. Proposers are encouraged to seek advice from the Group Accountant or Chief Finance Officer to ensure that financial aspects that are provided are as accurate as possible. The CDU uses a 'sieve' and checking system at the proposal stage to establish clear outputs including non-financial benefits.</p> <p>We would expect to see reference to any consultation elements in the project proposal as the both the scoring and sieve matrix seeks to clarify the number and type of consultation taking place.</p> <p>Internal audit to verify completion through review of project management process and discussion with CDU.</p>
NN2112 Cromer Sports Hub Project	<p>Recommendation 4: The Senior Responsible Officer for the project must ensure that key documentation is completed to help ensure projects run effectively and efficiently. This will include:</p> <ol style="list-style-type: none"> 1. That all decisions are properly recorded and reported to the Project Board and Group; 2. A realistic timelines for project delivery is agreed; 3. Critical dates are included in the timeline and complied with; 4. A risk log is regularly reviewed with clear mitigation actions where risk is identified; 5. Updates are regularly provided to the appropriate authorising body based on the most recent documentation. 	1	Agreed – this recommendation will be addressed through the Council's new Project Management Process which is to be promoted and overseen by a new Corporate Delivery Unit.	Project and Programme Managers, Corporate Delivery Unit	31/05/2021	07/12/2021	Outstanding	<p>Project Boards for the Sheringham Leisure Centre, Trees and HAZ projects have been set up according to the new governance arrangements. The corporate PAs are providing administration support to ensure minutes /actions are recorded.</p> <p>The CDU have provided an agenda template on the intranet for Boards to follow. This agenda includes:</p> <p>Project Updates Project Issues Timescales Risk Budget</p> <p>Updates are due to come to the first Cabinet Projects Working Party which is scheduled for 27/09/21</p> <p>Updates are also provided regularly on InPhase.</p> <p>Internal audit to verify completion through review of project management process and discussion with CDU.</p>

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN2112 Cromer Sports Hub Project	Recommendation 5: The most senior officer at the Council, i.e. the Chief Executive Officer, to operate at a strategic level without any formal involvement in project governance thereby allowing this officer to remain impartial in the event of dispute resolution.	1	Agreed – this recommendation will be addressed through the Council's new Project Management Process which is to be promoted and overseen by a new Corporate Delivery Unit.	Project and Programme Managers, Corporate Delivery Unit	31/05/2021	07/12/2021	Outstanding	<p>The CDU continue to promote the new project governance at every opportunity. The project management guidance states that the SRO is usually at Assistant Director Level.</p> <p>Internal audit to verify completion through review of project management process and discussion with CDU.</p>
NN2112 Cromer Sports Hub Project	Recommendation 6: The Council must ensure that challenge and market testing is applied to repeat contracts.	1	Agreed – this recommendation will be addressed through the Council's new Project Management Process which is to be promoted and overseen by a new Corporate Delivery Unit.	Procurement Manager	31/05/2021	07/12/2021	Outstanding	Internal audit to verify completion through review of project management process and discussion with CDU.
NN2112 Cromer Sports Hub Project	Recommendation 7: As part of business case development the opportunity costs of spending on a project are clearly laid out.	2	Agreed – this recommendation will be addressed through the Council's new Project Management Process which is to be promoted and overseen by a new Corporate Delivery Unit.	Project and Programme Managers, Corporate Delivery Unit	31/05/2021	07/12/2021	Outstanding	<p>Project proposers are encouraged to engage early with finance to ensure that all costs have been included in the business case.</p> <p>Internal audit to verify completion through review of project management process and discussion with CDU.</p>

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN2112 Cromer Sports Hub Project	Recommendation 8: Critical steps in project delivery are identified within an overarching project plan. This to include applications for securing funding. The Project Board to sign off all applications prior to their submission.	2	Agreed – this recommendation will be addressed through the Council's new Project Management Process which is to be promoted and overseen by a new Corporate Delivery Unit.	Project and Programme Managers, Corporate Delivery Unit	31/05/2021	07/12/2021	Outstanding	<p>This is the case where a board is in place before the funding application is made but sometimes a board is not created until funding is secured.</p> <p>Internal audit to verify completion through review of project management process and discussion with CDU.</p>
NN2112 Cromer Sports Hub Project	Recommendation 9: Prior to presenting to the appropriate authorising body all figures are robustly reviewed for reasonableness and accuracy. Consideration is given to testing the key assumptions with stakeholders.	2	Agreed – this recommendation will be addressed through the Council's new Project Management Process which is to be promoted and overseen by a new Corporate Delivery Unit.	Project and Programme Managers, Corporate Delivery Unit	31/05/2021	07/12/2021	Outstanding	<p>The new project management process guidelines does not currently go into this much detail about the financial requirements of the business case. However further guidance and templates are available from finance.</p> <p>Internal audit to verify completion through review of project management process and discussion with CDU.</p>
NN2112 Cromer Sports Hub Project	Recommendation 10: Stakeholder and public engagement are identified as a key part of business case development. It must be considered and programmed at project inception, and continued throughout the project.	2	Agreed – this recommendation will be addressed through the Council's new Project Management Process which is to be promoted and overseen by a new Corporate Delivery Unit.	Project and Programme Managers, Corporate Delivery Unit	31/05/2021	07/12/2021	Outstanding	<p>The need for stakeholder and community engagement and a detailed communication plan are clearly outlined in the new project management process guidelines.</p> <p>Internal audit to verify completion through review of project management process and discussion with CDU.</p>