

Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Follow Up Report on Internal Audit Recommendations

Period Covered: 21 September 2021 to 29 November 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	5
APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18 AUDIT REVIEWS	6
APPENDIX 3 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19 AUDIT REVIEWS	6
APPENDIX 4 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20 AUDIT REVIEWS	7
APPENDIX 5 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21 AUDIT REVIEWS	9
APPENDIX 6 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – Project Management and Cromer Tennis Hub Audits	11

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; 49 of which have now been implemented. One important recommendation remains outstanding and can be seen at **Appendix 2** to the report.

Number raised to date	50	
Complete	49	98%
Outstanding	1	2%

- 2.4 A total of 40 recommendations were raised during 2018/19. A total of 37 have been completed. Three recommendations are outstanding (one important, two needs attention). The important recommendation can be seen at **Appendix 3** to the report.

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

- 2.5 A total of 56 recommendations were agreed in 2019/20. A total of 34 have now been completed. A total of 22 recommendations, 13 important and nine needs attention recommendations are outstanding. Outstanding important recommendations can be seen at **Appendix 4** to the report.

Number raised to date	56	
Complete	34	61%
Outstanding	22	39%

- 2.6 A total of five important recommendations included within the above total relate to the NN2001 audit of Project Management. All recommendations raised as part of this review will be followed up during the NN2205 audit of Project Management which is currently in progress. A full update will be provided on conclusion of this work and reported back to the Committee at its next meeting. Due to this, updates have not been provided. The outstanding recommendations from this review can be found at **Appendix 6** and will remain open until completion is verified.

- 2.7 A total of 33 recommendations were raised in 2020/21. A total of 12 have been completed. A total of 18 recommendations are outstanding, six urgent, 11 important and one needs attention. A total of three remain within deadline. The details of the important outstanding recommendations can be seen at **Appendix 5** to the report.

Number raised to date	33	
Complete	12	36%
Outstanding	18	55%
Within Deadline	3	9%

- 2.8 A total of six urgent and four important recommendations included within the above total relate to NN2112 audit of the Cromer Tennis Hub. All recommendations raised as part of this review will be followed up during the NN2205 audit of Project Management which is currently in progress. A full update will be provided on conclusion of this work and reported back to the Committee at its next meeting. Due to this, updates have not been provided. The outstanding recommendations from this review can be found at **Appendix 6** and will remain open until completion is verified.

2.9 A total of 7 recommendations have so far been raised in 2021/22. A total of two have now been completed and five are within deadline.

Number raised to date	7	
Complete	2	29%
Within Deadline	5	71%

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 21 September 2021 and 29 November 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								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		1			4					4			
NN2005	Accountancy Services	Substantial						1				1			
NN2006	Accounts Recievable	Reasonable						2				2			
NN2009	Planning and Development	Reasonable					2					2			
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					2	3				5			
2020/21 Internal Audit Reviews															
NN2103	Accounts Payable	Substantial			1							0			
NN2110	Private Sector Housing DFGs	Reasonable			1							0			
NN2106	Payroll and Human Resources	Substantial								1		1			
NN2112	Cromer Tennis Hub	No Assurance				6	4					10			
NN2111	Remote Access	Reasonable			1		1			3		4		1	2
NN2107	Procurement Contract Management	Position Statement								3		3			
2021/22 Internal Audit Reviews															
NN2203	Performance Management, Corporate Policy and Business Planning	Reasonable			2							1			2
NN2208	Income	Reasonable										0		2	1
TOTALS			0	2	5	6	20	11	0	6	1	44	0	3	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	<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	31/01/2022	Outstanding	Following the implementation of the new Uniform system, new Procedure Notes are now substantially complete with remaining action being to compile into a single document.

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	<p>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.</p>	2	Agreed	Environmental Protection Manager	30/05/2019	28/02/2021	Outstanding	IT have been working on Crystal Reports which pull the relevant data from the Environmental Health database into a format which can be published to the website. Due to the complexity of the various register requirements each different licensable activity needs a separate report to ensure it is compliant with the publishing requirements. The initial data quality testing of the data, produced through the crystal reports for the first registers, identified a small number of inaccuracies in the reports which would have led to inaccurate registers being published if used; these anomalies are currently being investigated, in order to ensure accurate registers are published. A priority order has been established based on risk for the production of the registers.

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
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	31/03/2021	Outstanding	Completion dependant on implementation of EXACOM (S106 software).
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	31/03/2022	Outstanding	UNIFORM project completed. EXACOM project (Section 106 software) is being commissioned. Section 106 monitoring officer post is included within the team plan and budget proposals for 2022. Target date for completion now end of March 2022 to coincide with EXACOM implementation target date.
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	31/03/2022	Outstanding	UNIFORM project completed. EXACOM project (Section 106 software) is being commissioned. Section 106 monitoring officer post is included within the Team Plan and budget proposals for 2022. Target date for completion 31 st March 20222 to coincide with EXACOM implementation target date.
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	31/03/2022	Outstanding	UNIFORM project completed. EXACOM project (Section 106 software) is being commissioned. Section 106 monitoring officer post is included within the team plan and budget proposals for 2022.

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.	AD Planning	31/10/2020	30/06/2022	Outstanding	Action included in Team Plan. Process review of planning preapplication advice to be completed by June 2022.
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	31/03/2022	Outstanding	UNIFORM software now installed. Awaiting completion of the review of the reconciliation process between Planning and Finance systems. Action included in Team Plan process review.
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	31/03/2022	Outstanding	This work is delayed due to the post of Applications Manager being vacant and due to insufficient resources in the GIS team. measures to address this have been approved by CLT and a minor restructure and recruitment is currently in progress.
NN2017 – Cadcorp SIS (GIS) Application Audit	Recommendation 1: Management to ensure the GIS service is resourced appropriately according to workload to ensure that continued appropriate seamless support and resilience for the Cadcorp environment is put in place.	2	Agreed. The role of GIS administrator has been recruited and the successful candidate starts in post on 14 February 2020.	ICT Applications Manager	01/05/2020	31/03/2022	Outstanding	This work is delayed due to insufficient resources in the GIS team. Measures to address this have been approved by CLT and a minor restructure and recruitment is currently in progress.

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	30/11/2021	Outstanding	This will be finished by end of November following consultation with ICT managers.
NN2111 Remote Access	Recommendation 1: ICT management to make required updated to the ICT Security Policy to ensure policies and procedures are up-to-date and reflect the latest processes and controls.	2	Agreed.	Network Manager	30/09/2021	24/12/2021	Outstanding	Due to other pressures there hasn't been time to start this yet.
NN2111 Remote Access	Recommendation 2: ICT management to review the Information Security Incident Management Policy to ensure this is up-to-date and reflects the latest processes and controls.	2	Agreed.	Network Manager	31/10/2021	30/11/2021	Outstanding	This review will be finished by the end of November 2021.
NN2111 Remote Access	Recommendation 5: ICT management to implement activity logging of administrator and other high privilege accounts. The approach to management of administrator account logging should also be documented as part of the IT Security Policy.	2	Agreed.	Network Manager	30/09/2021	31/12/2021	Outstanding	Activity logging of administrator and other high privilege accounts has been implemented. This has been verified by Internal Audit. However, the approach to management of administrator account logging has not yet been documented within the IT Security Policy. This is currently being updated.

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
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	31/01/2022	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	31/12/2021	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.
NN2107 Procurement Contract Management	Action 6: A pragmatic and feasible process for regular review of 'off contract' spend is agreed. Consideration to be given to including the contracts register, and mechanisms for automatically identifying 'off contract' payments within the scope of the new finance system.	2	Agreed.	Chief Technical Accountant	30/09/2021	30/04/2022	Outstanding	This has been brought in-scope for the new Finance System that is due to be implemented by April 2023. The Procurement Officer is currently undertaking a review using a more manual process. Therefore, I suggest the due date be amended to April 2023. We will continue in the meantime with manual processes.

APPENDIX 6 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – Project Management and Cromer Tennis Hub Audits

Audit	Recommendation	Priority	Responsible Officer	Due Date
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.	Position Statement	Project and Programme Managers	31/07/2021
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	Position Statement	Chief Technical Accountant	31/07/2021
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.	Position Statement	Project and Programme Managers	31/07/2021
NN2001 Project Management Framework	Action point 8. Initial Risk assessments consistent - standard template and methodology	Position Statement	Project and Programme Managers	31/10/2021
NN2001 Project Management Framework	Action point 9: Project objectives and milestones defined and regularly reported on.	Position Statement	Project and Programme Managers	31/10/2021

Audit	Recommendation	Priority	Responsible Officer	Due Date
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	Project and Programme Managers, Corporate Delivery Unit	31/05/2021
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	Project and Programme Managers, Corporate Delivery Unit	31/05/2021

Audit	Recommendation	Priority	Responsible Officer	Due Date
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	Project and Programme Managers, Corporate Delivery Unit	31/05/2021
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	Project and Programme Managers, Corporate Delivery Unit	31/05/2021
NN2112 Cromer Sports Hub Project	Recommendation 6: The Council must ensure that challenge and market testing is applied to repeat contracts.	1	Procurement Manager	31/05/2021
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	Project and Programme Managers, Corporate Delivery Unit	31/05/2021
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	Project and Programme Managers, Corporate Delivery Unit	31/05/2021
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	Project and Programme Managers, Corporate Delivery Unit	31/05/2021
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	Project and Programme Managers, Corporate Delivery Unit	31/05/2021