



NORWICH City Council

Committee Name: Audit Committee Date: 08/03/2022

Report Title: Internal Audit Recommendations Update

Portfolio:	Cllr Paul Kendrick
Report from:	Internal Audit Manager – Norwich City Council
Wards:	‘All Wards’
OPEN PUBLIC ITEM	

Purpose

This report provides the committee with details of any high or medium priority outstanding internal audit recommendations.

Recommendation:

It is recommended that members note the progress against delivering outstanding high and medium priority internal audit recommendations.

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report helps to meet all above corporate priorities.

Report Details

1. The Public Sector Internal Audit Standards 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 council to determine.
2. This report therefore provides the committee with details of medium priority recommendations that are currently outstanding.

Consultation

3. Not applicable for this report.

Implications

Financial and Resources

4. Not applicable for this report.

Legal

None applicable for this report.

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	Not applicable for this report.
Health, Social and Economic Impact	Not applicable for this report.
Crime and Disorder	Not applicable for this report.
Children and Adults Safeguarding	Not applicable for this report.
Environmental Impact	Not applicable for this report.

Risk Management

Risk	Consequence	Controls Required
Recommendations raised by the Internal Audit team are not completed by responsible officers in a timely manner.	The Council is exposed to the risks identified during audit.	Progress against completing Internal Audit recommendation is regularly reviewed. A report on progress is provided to both CLT and the Audit Committee in

		accordance with the Public Sector Internal Audit Standards.
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Other Options Considered

5. Not applicable for this report.

Reasons for the decision/recommendation

6. The Committee receives this report in conformance with the Public Sector Internal Audit Standards.

Tracking Information

Governance Check	Name	Date Considered
Relevant Executive Director		
Legal opinion		
Relevant finance officer		
Chief Finance Officer (or Deputy)		
Monitoring Officer (or Deputy)		

Background papers: None

Appendices: Appendix 1 Internal Audit Quarter One Update.

Contact Officer:

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Norwich City Council

Follow Up Report on Internal Audit Recommendations

Period Covered: 13 November 2021 to 25 February 2022

Responsible Officer: Faye Haywood - Internal Audit Manger

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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 Auditor 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 Manager 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 to enable the Committee to easily identify outstanding recommendations from previous financial years. The table also distinguishes between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.
- 2.3 For 2018/19 a total of two low priority recommendations remain outstanding.
- 2.4 For 2019/20 a total of six audit recommendations (five medium and one low) are outstanding. A total of three recommendations have been recorded as completed within this period. All outstanding medium priority recommendations can be found at **Appendix 2** to the report.
- 2.5 A total of 13 recommendations from the Contract Management, Housing R&M report continue to be marked as no longer applicable in Appendix 1. Internal Audit is supporting the Council with the project to bring the repairs and maintenance function in-house from 1 April 2022. Once the new arrangements are up and running, internal audit will provide assurance that risks raised during this audit have been mitigated before closing the recommendations.
- 2.6 For 2020/21 a total of 17 audit recommendations (11 medium and six low) are outstanding. A total of six recommendations have been recorded as completed within this period. All medium priority recommendations can be found at **Appendix 3** to the report.

- 2.7 For 2021/22, a total of 14 recommendations have been raised so far. Nine of these are medium priority, and five are low priority. All of these recommendations are not yet due.

Recommendation Status	No.	%
Complete	0	0%
Outstanding	0	0%
Within Deadline	14	100%

- 2.8 Updates have been provided for most of the outstanding audit recommendations. Progress will continue to be monitored by the Internal Audit team and updates will be requested and presented to CLT for consideration before being presented to Audit Committee at each meeting.

APPENDIX 1 – SUMMARY STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

		Completed between 13 November 2021 and 25 February 2022			No Longer Applicable			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for Implementation		
		High	Medium	Low	High	Medium	Low	High	Medium	Low	High	Medium	Low		High	Medium	Low
Audit Area	Assurance Level																
2018/19 Audits																	
Procurement Compliance	Compliance: Satisfactory									2				2			
2019/20 Audits																	
Contract management - Housing repairs & responsive maintenance	Controls: Limited Compliance: Limited				1	6	6		1					1			
Information Security and GDPR	Controls: Satisfactory Compliance: Limited	1	1	1					2					2			
Payroll	Control: Satisfactory Compliance: Substantial								2	1				3			
2020/21 Audits																	
Contract Management - Waste Services	Limited			1					5					5			
Equality Duties	Limited		2							3				3			
Key Policies & Procedures	Limited		2									4	3	7			
Licensing	Reasonable		1						1					1			
Northgate pre-implementation (Core phase)	Reasonable											1		1			
2021/22 Audits																	
Risk Maturity Assessment	Reasonable													0		5	1
Business Support Grants	Reasonable													0		4	4
		1	6	2	1	6	6	0	11	6	0	5	3	25	0	9	5

APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Information security and GDPR	The Council should ensure all suppliers deemed to be high risk or high impact in the aforementioned review sign up to the amended terms and conditions.	Medium	Procurement team	2019/20	31 March 2022	Outstanding	This is currently in progress. The number of contracts which have not included a deed of variation for GDPR terms has now been reduced to 5, of which one contract expires at the end of the financial year. It is intended to work with services to conclude this work.
Information security and GDPR	The Council should complete the schedule such that all fields contain the relevant considerations.	Medium	Data Protection Security Team Leader	Q4 2020/2021	April 2022	Outstanding	This has been put as an agenda item for all Corporate Information Audit Governance meetings to review for completion and updates. Once the IAR work is complete, we will start the Schedule of processing.
Payroll	Complete the signing of the co-operation agreement with Sefton.	Medium	Head of HR and learning	January 2020	N/A	Outstanding	No update received.
Payroll	Continue to liaise with Sefton to obtain evidence of robust controls over their payroll IT system and processes.	Medium	Head of HR learning	January 2020	N/A	Outstanding	No update received.
Contract Management – Housing repairs & responsive maintenance	The council to conduct a review of other contracts to ensure that they have the recommended controls in place detailed in this report.	Medium	Director of corporate and commercial services	N/A	June 2022	Outstanding	<p>At the time the audit work was undertaken, the Council had in place a contract management process that had been in operation for some time. This required officers with oversight for higher risk contracts to complete a checklist, providing evidence where appropriate. However, there is a concern that this process was not adequately highlighting where there may be areas of significant risk of non-compliance.</p> <p>The Corporate Leadership Team have been considering the actions necessary to ensure that in future, robust contract management is consistently employed across the Council”</p>

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Contract Management – Waste Services	Ensure evidence is retained of the annual year-end contract discount which returns the achieved and applicable savings to the council. This should include supporting document of the savings achieved.	Medium	Environmental Services Manager	May 2021	May 2022	Outstanding	The Council is currently considering the position with regards this contract and the potential for efficiencies and savings with the contractor, supported by external consultancy. It is intended to conclude this work by March 2022.
Contract Management – Waste Services	Prepare a retrospective service plan document for 2020 which summarizes information about the agreed performance indicators incl. their targets and their consequences by non-compliance and how this is monitored by the council. Ensure a full service plan for 2021 is prepared with the contractor.	Medium	Environmental Services Manager	February 2021	N/A	Complete, pending Internal Audit verification	Internal Audit has been advised that this recommendation is now complete, awaiting evidence for independent verification.
Contract Management – Waste Services	Review the arrangements for the reporting of performance data in line with the contract requirements. Ensure that appropriate actions are taken and documented.	Medium	Environmental Services Manager	February 2021	N/A	Complete, pending Internal Audit verification	Internal Audit has been advised that this recommendation is now complete, awaiting evidence for independent verification.
Contract Management – Waste Services	Ensure that service performance data provided by the contractor are verified and independently checked by the council to prime records.	Medium	Environmental Services Manager	February 2021	N/A	Complete, pending Internal Audit verification	Internal Audit has been advised that this recommendation is now complete, awaiting evidence for independent verification.
Contract Management – Waste Services	Ensure that high-level meetings and decisions are documented and files are held in an accessible place.	Medium	Environmental Services Manager	December 2020	N/A	Complete, pending Internal Audit verification	Internal Audit has been advised that this recommendation is now complete, awaiting evidence for independent verification.
Key Policies and Procedures	Decide on a corporate level how often policies should be reviewed and ensure that all policies comply with this decision.	Medium	Strategy Manager	31/01/2022	31/03/2022	Outstanding	IT are working on pulling all policies and strategies into shared area (sharepoint) This shared information will include policy owners and review dates for each policy. Automated update reminders will be sent to all policy owners as and when each policy is due for review. The process will include how to add new policies and will highlight the sign off process for the policies.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Key Policies and Procedures	Once a decision on review frequency has been made, develop a review schedule of all key documents. This could be attached to the code of governance with a reference to this on all relating documents.	Medium	Strategy Manager	31/01/2022	31/03/2022	Outstanding	IT are working on pulling all policies and strategies into shared area (sharepoint) This shared information will include policy owners and review dates for each policy. Automated update reminders will be sent to all policy owners as and when each policy is due for review. The process will include how to add new policies and will highlight the sign off process for the policies.
Key Policies and Procedures	Develop a framework that gives guidance for developing a coherent and relevant policy and ensure the new framework is communicated to staff. The content could include multiple elements (see report).	Medium	Strategy Manager	31/01/2022	31/03/2022	Outstanding	We will develop a briefing note advising Heads of Service that all new corporate policies must be stored in the shared area and reviewed regularly. This will explain that HoS should use existing corporate policy documents as their model and secure agreement from their Director as to the appropriate approval route on a case by case basis.
Key Policies and Procedures	Ensure that all documents are reviewed in accordance with the framework during their next review.	Medium	Strategy Manager	31/01/2022	31/03/2022	Outstanding	The Strategy team will check the policies due for renewal in the shared area on a quarterly basis and highlight any issues to the Head of Strategy, Engagement and Culture, who will resolve with the relevant HoS or escalate to CLT if required.
Licensing	Complete a review of fees and obtain authorisation from licensing committee for implementation 2021-22.	Medium	Public protection (licensing) team leader and Public protection manager	30/04/2021	30/10/2022	Outstanding	Full review of all fees and charges across the service commenced, including discretionary licensing fees. View to implementation Sept/Oct 2022.
Northgate pre implementation	Council management to implement a process whereby Post-Implementation reviews are planned and conducted at appropriate milestones during the project's lifecycle and after implementation. An interim review during or after phase two may be appropriate in the first instance.	Medium	Project Manager	31/12/2021	31/03/2022	Outstanding	Go Live for Phase 1 was deferred until the 31/01/22. A review of Phase 1 implementation will be planned for March 2022. Phase 1a (Repairs module) will Go Live on 01/04/22. A review of Phase 1a implementation will be planned for May 2022. Phase 2 Go Live is currently planned for 01/07/22.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
							<p>A review of Phase 2 implementation will be planned for September 2022.</p> <p>Following the review of all the programmes a single system investment plan will be developed to ensure the system is maintained and used at its maximum efficiency into the future</p>