

Eastern Internal Audit Services



SOUTH HOLLAND DISTRICT COUNCIL

Follow Up Report on Internal Audit Recommendations

Period Covered: 2 November 2021 to 8 March 2022

Responsible Officer: Faye Haywood, Head of Internal Audit

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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. FOLLOW UP PROCESS

Eastern Internal Audit Services Recommendations

- 2.1 As a result of audit recommendations raised by TIAA Ltd, management agree action to ensure implementation within a specific timeframe and by a responsible officer.
- 2.2 EIAS recommendations are subsequently uploaded on to the Council's performance management system – Pentana – with this alerting management to update progress in advance of the due date through email alerts. Management action to date is then input with internal audit then either verifying the evidence provided and closing the recommendation or agreeing to the extension date provided.
- 2.3 Ordinarily, escalation is also in place to deal with non-responses or recommendations which have been overdue for a long time through the Performance, Risk and Audit Board and through the Finance Board as required due to the statutory requirements of the Section 151 Officer to ensure that appropriate risk mitigation action is being taken. Ultimately further escalation is through the Executive Management Team and then the Committee.

Public Sector Partnership Services (PSPS) Audit Recommendations

- 2.4 Audit Lincolnshire (formally East Lindsay District Council) undertake the internal audit reviews of the Public Sector Partnership Services key finance functions. Recommendations raised are then subsequently monitored by Audit Lincolnshire, with updates provided to the Head of Internal Audit for South Holland on a quarterly basis. These recommendations are recorded on Pentana, which enables greater oversight by both PSPS and South Holland management.

3. STATUS OF RECOMMENDATIONS

- 3.1 **Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of all agreed internal audit recommendations and reflects the year in which the audit was undertaken to enable the Committee to easily identify old outstanding recommendations. The table also identifies outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding during this period.
- 3.2 In 2019/20 a total of 84 recommendations were agreed. Of these 78 have been completed, six are outstanding (three important and three needs attention). Outstanding important recommendations can be seen at **Appendix 2** of the report.

Number raised	84	
Complete	78	93%
Outstanding	6	7%

3.3 In 2020/21 a total of 28 recommendations were raised in total. Of these 20 have been completed. Eight in total (two important and six needs attention) recommendations are outstanding. Details of outstanding important recommendations can be found at **Appendix 3** of this report.

Number raised	28	
Complete	20	71%
Outstanding	8	29%

3.4 In 2021/22, so far, a total of 18 recommendations have been raised. Three of these have been completed, and 15 recommendations are not yet due.

Number raised	18	
Complete	3	17%
Outstanding	0	0%
Not yet due	15	83%

3.5 Progress continues to be made in addressing historical outstanding recommendations. The internal audit team will continue to work with management to verify and close recommendations.

APPENDIX 1 – SUMMARY POSITION ALL INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 02/11/2021 to 08/03/2022			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															
SH1809	Asset Management	Limited	1									0			
2019/20 Internal audit Reviews															
SH2002	Private Sector Housing	No assurance						1				1			
SH2003	Strategic Housing	Reasonable			1			1				1			
SH2010	Contracts and Procurement	Reasonable						1	1			2			
SH2020	Car Parks	Limited						1	1			2			
PSPS	Accountancy Services	Reasonable		1								0			
2020/21 Internal Audit Reviews															
PSPS SH2105	Income	Reasonable							2			2			
PSPS SH2104	Accounts Receivable	Reasonable									2	2			
SH2102	Corporate Governance	Substantial										1			
SH2108	Asset Management	Reasonable		2	2			2	1			3			
2021/22 Internal Audit Reviews															
SH2212	Cyber Security	Reasonable										0		3	8
PSPS	Payroll	Reasonable		1								0		2	
SH2208	Licencing	Substantial										0			2
TOTALS			1	4	3	0	5	7	0	0	2	14	0	5	10

APPENDIX 2 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Audit Area	Responsible Officer	Recommendations	Priority	Status Description	Original Date	Revised Date	Number of times revised	Latest Note
SH2003 Strategic Housing	Head of Delivery - Caroline Hannon Place based	A development strategy be produced to define the work of the Strategic Housing team, in terms of the different development routes available, objectives for of delivering new housing, the considerations in choosing a particular development route and the approval process to be followed.	Important	Outstanding	31/07/2020	30/09/2022	5	Capacity to deliver this project was impacted by the response to the pandemic with relevant officers redeployed and a focus in other areas. An extension has been requested, with several steps being taken to resolve the recommendation.
SH2020 Car Parks	Environmental Services Manager	The Council to undertake a formal review of its cash collection services in order to ensure compliance with Financial Procedure Rules in terms of demonstrating value for money and openness with competition. In doing so, to include any impact with cash holdings following the introduction in card payments.	Important	Outstanding	31/01/2021	31/03/2021	3	Initial meetings with Procurement have been undertaken and option documents are now being drafted to meet the requirements of this recommendation.
SH2010 Procurement and Contract Management	Assistance Director Finance	Financial Procedure Rules be updated to include processes to be adopted for individual non contractual suppliers where aggregated spend in year is likely to and or exceeds the tender threshold.	Important	Outstanding	31/05/2021	31/03/2022	2	Updates drafted by Breckland Procurement Team, these are currently being reviewed by the Assistant Director Finance, prior to be formally recommended to council for inclusion in Contract Standing Orders.

APPENDIX 3 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS 2020/21

Audit Area	Responsible Officer	Recommendations	Priority	Status Description	Original Date	Revised Date	Number of times revised	Latest Note
SH2108 Asset Management	Strategic and Operational Property Manager	The Asset Management Strategy (AMS), Corporate Land and Property Policy, and the Land Sales Procedure be updated and merged as one document and be made available to relevant staff members.	Medium	Outstanding	29/10/2021	16/09/2022	1	The Assistant Director for Assets is currently considering the approach to asset management across the Partnership, prompting a pause on the update and review of the existing policy.
SH2108 Asset Management	Strategic and Operational Property Manager	Recommendation 3. A planned maintenance programme be developed and complied with, for the Council's operational assets and this be subject to regular review.	Medium	Outstanding	31/08/2021	30/12/2022	1	Capital enhancements to the Council's operational assets have been identified and are individually going through the approval process. The next stage will be to work on developing the ongoing plan.