

Audit and Governance Committee 27th September 2021

Report Title	Open audit actions	
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List of Appendices

None

1. Purpose of Report

- 1.1. For the Committee to note the approach adopted to follow up open audit actions from the legacy councils and the findings to date.

2. Executive Summary

- 2.1 Upon the closure of the legacy councils in North Northamptonshire, a number of actions arising from Internal Audit findings remained open. This report provides an overview of those actions which have been inherited – together with an update and proposed approach to ongoing follow up.

3. Recommendations

- 3.1 It is recommended that the Committee:
- a) Note the current status of the open actions and how Internal Audit will be seeking assurances that risks are addressed.

3.2 Reason for Recommendations –

- For the Committee to exercise its duties and responsibilities within its Terms of Reference and to support effective delivery of the Internal Audit service.

4. Report Background

- 4.1 In line with the Internal Audit Charter, where an Internal Audit review identifies areas of non-compliance, or gaps/weaknesses within the control environment, actions are agreed with the relevant service management to ensure the risks are suitably addressed. Progress made in completing such actions would then be subject to monitoring by Internal Audit in accordance with agreed timeframes. The Head of Internal Audit would regularly update the Audit and Governance Committee of implementation rates and highlight any overdue actions which represent a potential risk.
- 4.2 At 1st April 2021, a total of 223 such actions remained open across the legacy councils. Reports of these actions have been obtained and subject to the following stages of review by the Internal Audit service:
 - 4.2.1 Removal of any duplicated actions (6 in total) – examples include actions outstanding on IT related audits which applied to both East Northamptonshire and Wellingborough’s shared ICT service and featured on both councils’ open action reports; and
 - 4.2.2 Removal of any redundant actions or those which now relate to other bodies (68 in total) – such as actions which related specifically to the respective council which had been superseded by the transition to the unitary council.
- 4.3 This leaves a total of 149 actions which were assessed by Internal Audit as valid actions to follow up with North Northamptonshire Council. It is acknowledged by Internal Audit that some of the agreed actions may no longer be entirely applicable, or the most appropriate action under the new arrangements. Internal Audit are seeking, however, to confirm that the associated risk has been addressed by any relevant controls.
- 4.4 It was noted that a high proportion of the open actions related to areas of Internal Audit coverage which are scheduled for 2021/22. As such, it is proposed that thorough follow ups can be conducted as part of this fieldwork. Should the audit highlight that action is still required to address the respective risk, the actions will remain open and subject to ongoing monitoring. The action may be amended, however, to reflect the best course of action going forward and thereby ensure that the open actions remain valuable and reflect the latest approach to service delivery.
- 4.5 Follow up activity by Internal Audit, to date, has confirmed that 42 of the actions have now been implemented. There are a further 21 actions which have been confirmed as open and unimplemented and these will be subject to ongoing audit monitoring, with associated timeframes.
- 4.6 A breakdown of all of the open actions, by assigned priority rating (high, medium or low) is provided in Table 1 below.

Table 1: Breakdown of inherited open audit actions

	High priority	Medium priority	Low priority	Total
				
Number of open actions inherited	27	81	115	223
Duplicates removed	3	3	0	6
Redundant actions	5	37	26	68
Remaining actions valid for follow up	19	41	89	149
Confirmed as implemented	3	14	25	42
Confirmed as unimplemented	1	3	17	21
To be followed up in audit testing	15	24	47	86

4.7 A breakdown of the 86 actions to be followed up as part of Internal Audit testing in 2021/22 is provided in Table 2, below. This provides the committee with confirmation of the relevant audit assignment within which the actions will be followed up and the planned timing of this work.

Table 2: Actions to be followed up within planned Internal Audit coverage

Control areas	Number of actions	To be followed up within 2021/22 audit coverage of (timing):
S106 monitoring	2	S106 monitoring audit (Q2)
Asset management	2	Asset management audit (Q2)
Temporary accommodation	1	Homelessness & temporary accommodation audit (Q3)
IT	29	IT audits (Q2)
Data protection	13	Information governance audit (Q3)
Key financial systems	8	Key financial system audits (Q2)
Procurement	6	Procurement compliance (Q3)
Housing	4	Housing allocations and rent audit (Q2)
Social care	2	Eclipse system (Q2)
Safeguarding training and policies	17	Safeguarding (Q2)
Schools	2	School audits (Q3/4)
	86	

- 4.8 Those actions which remain open following audit review will form the starting point for monitoring of audit actions for the Council. All actions arising from Internal Audit reports finalised from the current year's plan will also be included in the action tracking. All future Internal Audit progress reports to the Audit and Governance Committee will include a section on implementation rates and will seek to draw Members' attention to any high risk actions which remain overdue beyond the agreed timeframe for completion. Internal Audit will adopt a monthly follow up process with management teams to feed into the committee reporting cycles.

5. Issues and Choices

- 5.1 The Committee is being requested to note the update on open actions and how these are to be followed up by the Internal Audit team.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 None specific to this report.

6.2 Legal

- 6.2.1 None specific to this report.

6.3 Risk

- 6.3.1 None specific to this report. Ensuring implementation of outstanding Internal Audit recommendations will, however, assist in effectively managing the Council's risks.

6.4 Consultation

- 6.4.1 None specific to this report.

6.5 Consideration by Scrutiny

- 6.5.1 Not required on this occasion.

6.6 Climate Impact

- 6.6.1 None specific to this report.

6.7 Community Impact

- 6.7.1 None specific to this report.

7. Background Papers

7.1 None.