

**REPORT OF:** CHIEF EXECUTIVE  
**TO:** ACCOUNTS AND AUDIT COMMITTEE  
**DATES:** 28<sup>th</sup> JANUARY 2020

**Report Author:** Dean Langton  
**Tel. No:** 01282 661602  
**E-mail:** [dean.langton@pendle.gov.uk](mailto:dean.langton@pendle.gov.uk)

## INTERNAL AUDIT: RECOMMENDATIONS DATABASE

### PURPOSE OF REPORT

1. The purpose of this report is provide the Committee with a review of the status of recommendations made by Internal Audit.

### RECOMMENDATION

2. That the Accounts and Audit Committee note the progress made on the implementation of Internal Audit Recommendations as at 20<sup>th</sup> January 2020.

### REASONS FOR RECOMMENDATION

3. To demonstrate that the Accounts and Audit Committee is monitoring the implementation of recommendations made by Internal Audit and that Management are acting accordingly.

### ISSUE

4. A key role of the Accounts and Audit Committee, as set out in the Terms of Reference of the Committee, is to:-

*'To act as a forum to ensure the rapid delivery and implementation of audit recommendations once agreed, ensuring that auditors and officers collaborate effectively'*

5. It has been previously agreed that the Committee's role in this respect should be discharged by considering a report on the status of the implementation of recommendations at each of its meetings. This summary report has been produced to satisfy this requirement.
6. **Appendix A** provides a summary of all agreed Priority 1 and 2 recommendations issued in each final report since 1<sup>st</sup> April 2018. All recommendations included in the database have been agreed with the respective Auditee in each case. The data in at **Appendix A** is based on Management's own assessment of the implementation except where Internal Audit has formerly followed up recommendations.

7. Of the 110 recommendations made by Internal Audit, 63 have been implemented and 38 are currently in the process of being implemented by Management. The balance are either overdue or not be implemented.
8. Mersey Internal Audit Agency (MIAA) has been tasked to follow up implementation of recommendations of reviews they have completed. There are 3 outstanding recommendations MIAA has previously judged to have been partially implemented these are in the process of being subject to management review and implementation will be confirmed by MIAA as part of their work programme for 2019/20.
9. There are 4 recommendations which are not to be implemented and details of these are provided at **Appendix B**.

## **IMPLICATIONS**

### **Policy**

10. There are no policy implications arising directly from the recommendations in this report.

### **Financial**

11. There are no financial implications arising directly as a consequence of the recommendations in this report.

### **Legal**

12. There are no new legal implications resulting directly from the recommendations in this report.

### **Risk Management**

13. There are no risk management implications resulting directly from the recommendations in this report.

### **Health and Safety**

14. There are no health and safety implications arising directly from the recommendations in this report.

### **Sustainability**

15. There are no sustainability implications arising directly from this report.

### **Community Safety**

16. There are no community safety issues arising directly from the contents of this report.

### **Equality and Diversity**

17. There are no equality and diversity issues arising from the contents of this report.

## **APPENDICES:**

**Appendix A** – Summary of Internal Audit Recommendations Database

**Appendix B** – Recommendations NOT to be implemented

## Internal Audit Recommendations Database

## Priority One

Service Grouping	Total	Implemented	In progress	Overdue	Not advised	Not to be Implemented
Corporate	27	15	9	2		1
Democratic and Legal	0					
Economic Developments & Tourism	0					
Engineering and Special Projects	0					
Environmental Health	0					
Financial Services	0					
Housing Regeneration Services	0					
HR	0					
ICT	1			1		
Waste Management	0					
Planning and Building Control	0					
Parks and Recreation	0					
Property Services	0					
Treasury Services	5		5			
Leisure Trust	0					
<b>Sub Total Priority One</b>	<b>33</b>	<b>15</b>	<b>14</b>	<b>3</b>	<b>0</b>	<b>1</b>
Percentage		45.45%	42.42%	9.09%	0.00%	3.03%
Percentage previous Report	19	5.26%	89.47%	5.26%	0.00%	0.00%

## Priority Two

Service Grouping	Total	Implemented	In progress	Overdue	Not advised	Not to be Implemented
Corporate	27	16	9			2
Democratic and Legal	1	1				
Economic Developments & Tourism	0					
Engineering and Special Projects	1	1				
Environmental Health	0					
Financial Services	12	7	4			1
Housing Regeneration Services	11	11				
HR	1	1				
ICT	5	3		2		
Waste Management	5	2	3			
Planning and Building Control	2	2				
Parks and Recreation	0					
Property Services	1		1			
Treasury Services	11	4	7			
Leisure Trust	0					
<b>Sub Total Priority Two</b>	<b>77</b>	<b>48</b>	<b>24</b>	<b>2</b>	<b>0</b>	<b>3</b>
Percentage		62.34%	31.17%	2.60%	0.00%	3.90%
Previous Report	60	18.33%	76.67%	3.33%	0.00%	1.67%
<b>Total</b>	<b>110</b>	<b>63</b>	<b>38</b>	<b>5</b>	<b>0</b>	<b>4</b>
Percentage		57.27%	34.55%	4.55%	0.00%	3.64%
Previous Report	79	15.66%	79.52%	3.61%	0.00%	1.20%
<b>Movement since last report</b>	<b>31</b>	<b>41.61%</b>	<b>-44.97%</b>	<b>0.93%</b>	<b>0.00%</b>	<b>2.43%</b>

## KEY

	<b>Recommendation</b>	<b>Follow Up</b>
<i>Priority 1</i>	Major issues that we consider need to be brought to the attention of senior management. (MIAA – Critical/High)	Follow-up will be performed at specific dates agreed with senior management. The implementation of the recommendation will also be monitored quarterly in the IARD.
<i>Priority 2</i>	Important issues which should be addressed by management in their areas of responsibility. (MIAA – Medium)	Follow-up of the recommendations will be performed by the end of the next audit year. The implementation of the recommendation will also be monitored quarterly in the IARD.

<b>Implemented</b>	Management has advised recommendation implemented. In some cases this may have been confirmed by IA.
<b>In Progress</b>	Management has advised that implementation is in progress.
<b>Overdue</b>	Management has advised that implementation is in progress where the agreed deadline has passed.
<b>Not Advised</b>	Management has not indicated current position on the database.
<b>Not to be Implemented</b>	Recommendations where Management has advised that an agreed recommendation is not now to be implemented. These will be advised to Committee within our Progress Reports.

## Recommendations Not To Be Implemented

Service Grouping	Audit report	Report date	Recommendation	Comments by Management
Financial Services	Creditors and Purchasing	Mar-19	The BACS file should be encrypted to ensure data is secure before processing. That following the receipt of the BACSTEL-IP submission report, an independent member of staff in Accountancy (not responsible for file processing) checks and signs off the report.	We have not heard of anyone encrypting the bacs file from creditors. Some Authorities include the date and time to the export filename. Also as the file being exported from Creditors has to be read by the bacs transmissions software that you use, then that software would define the format of file that it would expect to read in. The BACS file created from Creditors is not usually kept in the Financials ExportOld area so no copy would be kept.
Corporate	ICT Systems - IDOX	Oct-19	Ensure a fix is applied to the system to remove the audit log vulnerability. It may be possible for the supplier to hide or disable the 'delete' button as a temporary workaround. In addition an user accounts with elevated privileges should be reviewed to ensure they are appropriately assigned and that they are managed effectively.	IDOX does not have a fix to disable the deletion of the Audit Trail and until the supplier addresses this issue in an update this recommendation cannot be implemented. Senior Officers will keep this issue on the agenda with IDOX in discussions about system up-grades and also contract renewal.
Corporate	GDPR	Oct-19	As a matter of priority, ensure a Privacy Notice for Staff is produced	It was recommended by the IGWG that only one Privacy Notice should be used. This would be comprehensive and apply equally to all. This would be a more efficient approach due to administration. This was endorsed by Management Team in September 2019.
Corporate	GDPR	Oct-19	Ensure a layered approach to privacy Notices for the different Data Subjects across the Council is Implemented	It was recommended by the IGWG that only one Privacy Notice should be used. This would be comprehensive and apply equally to all. This would be a more efficient approach due to administration. This was endorsed by Management Team in September 2019.