

Eden District Council
Accounts and Governance Committee
27 September 2018

Internal Audit: Implementation of Recommendations

Portfolio:	None
Report from:	Director of Finance
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 To set out progress on implementing the agreed recommendations from internal audit reports.

2 Recommendation

That progress against the agreed recommendations is noted.

3 Report Details

- 3.1 TIAA Limited, an external contractor, undertakes the Council's internal audit service, along with the Council's Senior (Internal) Auditor. This Committee receives a summary of the completed report. This includes full details of any recommendations not agreed by management.
- 3.2 All audits categorise their recommendations as 'Major', 'Important', or 'Minor'. All 'Major' or 'Important' recommendations outstanding at the last Committee meeting, plus any new recommendations from completed audits (except for those noted as 'implemented' in the audit report), are reported to this meeting. The Appendix to this report sets out the current position on these recommendations. If a recommendation has not been actioned by the due date, there is an explanatory note. Recommendations not due for action yet are shaded.
- 3.3 South Lakeland District Council track any recommendations relating to Information Technology (IT), as they are the employing authority for the shared service. The Shared IT Board considers IT audits.

4 Policy Framework

- 4.1 The Council has four corporate priorities, which are:
- Decent Homes for All;
 - Strong Economy, Rich Environment;
 - Thriving Communities; and
 - Quality Council.
- 4.2 Internal Audit supports all four corporate priority areas.

5 Consultation

- 5.1 There has been no consultation with Ward Councillors or Portfolio Holders.

6 Implications

6.1 Financial and Resources

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.

6.1.2 There are no implications.

6.2 Legal

6.2.1 There are no Legal implications.

6.3 Human Resources

6.3.1 There are no Human Resources implications.

6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	There are no implications
Health, Social Environmental and Economic Impact	There are no implications
Crime and Disorder	There are no implications
Children and Safeguarding	There are no implications

6.5 Risk Management

Risk	Consequence	Controls Required
Recommendations are not implemented in accordance with the agreed timescale	There is a risk that the Council's systems will not be as efficient and as effective as they should be	Effective internal audit and monitoring of implementation of recommendations

7 Other Options Considered

7.1 None.

8 Reasons for the Decision/Recommendation

8.1 Whilst some target dates remain outstanding, implementation of the agreed recommendations is progressing.

Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	9 August 2018
Monitoring Officer (or Deputy)	3 September 2018
Assistant Director	Not Applicable

Background Papers: TIAA Internal Audit reports
Senior Auditor reports

Appendices: Progress on Implementing Recommendations

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Progress on Implementing Recommendations

Audit Year 2015-2016							
Audit	Reported to Accounts and Governance Committee	Ref	Detail	Priority	Due By End Of	Responsible Officer	Current Position
Local Plans	25 June 15	1	The land supply should cover a five year period (plus a 20% buffer), in line with national guidance. The adoption of the Local Plan is key to resolution.	Important	To be adopted 30 Sep 2017	Principal Planning Officer (Policy)	The Local Plan was submitted on 23 December 2015 and, despite staff shortages, the hearings re-commenced in May 2017, followed by an unexpected interim consultation and the Major Modifications consultation. Following the Major Modifications consultation in July to August 2017, the Planning Inspector asked for a further 6-week consultation on part of the draft Local Plan. The inspector received the final consultation in February 2018. On receipt of the Inspector's draft report for fact checking, this checking was put on hold following an ECJ preliminary ruling on Habitat Regulation assessments. This required additional work on two sites and a further 3-week consultation. On conclusion, the Inspector received the report. In late August 2018 the Inspector published a decision recommending that the Local Plan, with agreed modifications, is sound and capable for adoption. A report to Council recommending adoption of the Local Plan is pending

Audit Year 2015-2016

Audit	Reported to Accounts and Governance Committee	Ref	Detail	Priority	Due By End Of	Responsible Officer	Current Position
		2	To improve accountability and ensure Members have sight over the methodology being applied and the current shortfall in land supply, the annual monitoring report and its publication date. To be included in the 2016-2017 annual report.	Important	30 Sept 17	Principal Planning Officer (Policy)	The next iteration of the five year Land Supply Statement will accompany the Local Plan when adopted.

Audit Year 2017-2018

Audit	Reported to Accounts and Governance Committee	Ref	Detail	Priority	Due By End Of	Responsible Officer	Current Position
Assurance Review of the National Non-Domestic Rates Arrangements 2016-2017	29 June 2017	3	Procedures relating to Business Rates be redrafted as part of the implementation of the new Business Rates system, ensuring they cover system procedures as well as those tasks that sit outside of the system.	Important	1 Apr 18	Shared Local Taxation Manager	Guides are completed and due to be tested with a new member of staff starting in September 2018.
		4	Testing the application of the annual parameters be formally evidenced, with confirmation provided by someone other than the person who applied the updates.	Important	30 Jun 18	Shared Local Taxation Manager	Completed.
Appraisal Review of the Corporate Planning Arrangements 2016-2017	29 June 2017	5	A six monthly monitoring report on the progress against the Council Plan be produced to be published on the website easily identifying the links to the priorities within the Council Plan.	Important	Jan 18	Assistant Director Legal Services	A link to the monitoring report is on the Council Plan web page during the lifetime of the Council Plan 2019-2023.

Audit Year 2017-2018

Audit	Reported to Accounts and Governance Committee	Ref	Detail	Priority	Due By End Of	Responsible Officer	Current Position
Appraisal Review of the Corporate Planning Arrangements 2016-2017 (continued)	29 June 2017	6	A process be implemented to ensure all staff have an annual appraisal, with a six monthly review, which is linked to the Strategic Actions within the Portfolio Plans.	Important	Summer 2017	Assistant Director Organisational Development	<p>Reminders have been provided and all managers are in the process of undertaking this year's appraisals with Part 2 to take place in January. Further work is progressing on the strategic review of performance management of staff, including the appraisal process and the outcome of that is expected to be presented to Management Team in early winter, with staff consultation to follow and implementation of a revised process for the next appraisal cycle in June 2018.</p> <p>Update June 2018</p> <p>Progress on this activity was considerably slowed due to the recruitment and selection activity for the Chief Executive post (the process was very labour-intensive). We are working towards a pilot of the new scheme taking place in June 2018, with a full roll-out in time for the mid-year appraisal process (around December 2018/January 2019).</p> <p>Update September 2018</p> <p>The pilot has been postponed pending input from the new Chief Executive and a review of performance management at the council generally. An update on the way forward will be provided for the next meeting.</p>

Audit Year 2018-2019							
Audit	Reported to Accounts and Governance Committee	Ref	Detail	Priority	Due By End Of	Responsible Officer	Current Position
Sundry Debtors System	28 June 2018	7	Management approve a full review of ways in which the operation of the Sundry Debtors System could be improved, including consideration of the re-allocation of responsibilities and alternative charging and payment methods as outlined in the Internal Audit Consultancy Report being submitted to Management Team on 12 June 2018 and Accounts and Governance Committee on 28 June 2018.	Important	To be confirmed	Assistant Director Revenues and Benefits	It is agreed that a review is needed but no timescale has been agreed for the review to take place. The re-allocation of resources will be considered as part of a review of the Revenues and Benefits Section due to be carried out in the autumn. However, the ongoing digital project and the recent change of ownership of the current payments system will have an impact on both the review of the Section and the wider review of the Sundry Debtors system.
Creditor Payments and Orders	28 June 2018	8	It should be ensured that the value of the order is entered as part of the order description text in cases where the cost is known or fixed.	Important	31 Jul 18	Assistant Director Financial Services	Finance staff continue to reiterate this message with Services to ensure orders are raised with appropriate information.

Audit Year 2018-2019

Audit	Reported to Accounts and Governance Committee	Ref	Detail	Priority	Due By End Of	Responsible Officer	Current Position
Assurance Review of Heart of Cumbria Limited	28 June 2018	9	Article 15 and/or Article 55 be revised to ensure that compliance with Article 55, whereby minutes of Directors' resolutions must be retained for seven years, cannot lead to non-compliance with Article 15, whereby a record of Directors' decisions must be kept for 10 years.	Important	31 Jul 18	Senior Legal Advisor and Solicitor	The Board of Directors has considered this recommendation. The Directors will propose to the Company's AGM that the retention period is 7 years in both instances.
		10	Directors' Decision D2/12/16 be effected, in that the Company Secretary be instructed to seek amendment to Article 9.1 and 9.3 to indicate that notice of Directors' meetings be given in writing. Alternatively it be minuted as to why the Decision need not now be effected.	Important	31 Jul 18	Senior Legal Advisor and Solicitor	This recommendation, re-considered by the Board of Directors, will be raised at the Company's AGM as a proposed revision to the Articles.
		11	Outstanding Directors' Decisions from previous Directors' meetings be noted at each subsequent Directors' meeting until such Decisions have been implemented.	Important	31 Jul 18	Senior Legal Advisor and Solicitor	The Board of Directors has considered this recommendation and the practice will be formally adopted. There was an informal process to this effect.