

PROGRESS AGAINST DELIVERY OF OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

Governance and Audit Committee 24 July 2024

By Chris Blundell (Director of Corporate Services - Section 151)

Cabinet Portfolio Cllr Rob Yates, Portfolio Holder for Corporate Services

Key Decision No

Decision classification Unrestricted

Ward: All

Purpose of the Report

This report provides the committee with an update on the progress management have made on the delivery of Internal Audit recommendations that were classified of critical or high status and which remained outstanding after the initial follow up audit field work.

Recommendation(s):

The committee is asked to note and make comment on the progress that has been made to date on the delivery of outstanding internal audit recommendations.

1. Summary of Reasons

1.1 By considering the progress made in the delivery of outstanding internal audit recommendations the Committee is exercising its role in overseeing the overall internal control environment at the council, and through that review strengthening the delivery of good governance.

2. Background

2.1 The 2023/24 Annual Internal Audit Report was presented to the committee at its meeting on 26 July 2023. Within this report the East Kent Audit Partnership provided a Limited to No annual audit assurance opinion on the council's overall control environment, which was largely based on the number of Limited and No assurance audit opinions provided during the year and also the number of outstanding audit recommendations that had not yet been implemented.

2.2 Work to address these concerns began in earnest at the beginning of 2024/25, at which point the number of outstanding critical recommendations was eight and high recommendations was 51. Table 1 below details this at a departmental level.

2.3 **Table 1: Outstanding Recommendations (with intent to action) Post Follow Up - March 2024 - Summary by Department**

| Summary By Department | Critical | High |
|------------------------------|-----------------|-------------|
| Chief Executive | 1 | 5 |
| Place | 0 | 6 |
| Environment | 2 | 18 |
| Corporate Services | 4 | 22 |
| Total | 8 | 51 |

2.4 **Table 2: Outstanding Recommendations (with intent to action) Post Follow Up - March 2024 - Audit Review**

| Review | Critical | High |
|--|-----------------|-------------|
| Building Control 19-20 | 0 | 2 |
| Grounds Maintenance 19-20 | 0 | 5 |
| GDPR, FOI and Information Management 20-21 | 3 | 1 |
| Playgrounds 20-21 | 0 | 5 |
| Local Code of Corporate Governance 20-21 | 0 | 2 |
| Equality & Diversity 20-21 | 0 | 4 |
| Let Properties & Concessions | 0 | 11 |
| Right To Buy 21-22 | 0 | 3 |
| Tenancy & Estate Management 21-22 | 0 | 1 |
| Creditors & CIS 21-22 | 0 | 3 |
| Income & Cash Collection 21-22 | 0 | 5 |
| Street Cleansing 21-22 | 1 | 1 |
| Thanet Lottery 21-22 | 1 | 3 |
| CCTV 22-23 | 2 | 0 |
| Safeguarding 22-23 | 0 | 2 |
| DBS Checks Follow Up 21 | 1 | 3 |
| Total | 8 | 51 |

3. Establishment of a Governance Board

3.1 During 2023/24 the council has taken steps to improve the overall control environment and associated governance arrangements, of which part of this suite of improvement activities includes the establishment of a Governance Board.

3.2 The purpose of the TDC Corporate Governance Board is to keep under review the governance arrangements and related procedures of the Council to ensure best practice so that the highest standards are maintained with the overall objective to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities;
- There is sound and inclusive decision making; and
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

3.3 The full Terms of Reference of the Governance Board are included at Annex 1 to this report, but in relation to Internal Audit and the Control Environment its initial focus has been to Consider the detailed findings and recommendations of all internal audit reports where a 'limited' or 'no' assurance opinion has been provided. Its full responsibilities in this domain include:

Internal Audit and the Control Environment

- Review the Internal Audit Plan and monitor performance
- Consider the annual internal audit report and opinion of the East Kent Audit Partnership
- Consider the quarterly internal audit report to the Governance and Audit committee and ensure appropriate management comments are provided where required
- Consider the detailed findings and recommendations of all internal audit reports where a 'limited' or 'no' assurance opinion has been provided
- Consider summaries of 'substantial' or 'reasonable' assurance opinion internal audit reports, with the objective of identifying best practices that can be applied elsewhere across the organisation
- Monitor the progress of the implementation of internal audit recommendations
- Consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale

3.4 The membership of the Governance Board consist of the following officers of the council:

- Chief Executive - Chair
- Director of Corporate Services and Section 151 Officer
- Head of Legal and Monitoring Officer
- Director of Place
- Director of Environment
- Head of Finance

- Committee Services Manager and Deputy Monitoring Officer
- Head of Internal Audit (East Kent Audit Partnership)

3.5 Heads of Service and/or appropriate representatives will attend Corporate Governance Group board meetings when items they are responsible for are discussed.

4. Work of the Governance Board

4.1. The Governance Board first met in February 2024, and since then it has also met in March, April and July. In relation to the resolution of outstanding audit issues, the following was discussed at the board's meetings.

4.2. March Meeting

4.2.1. Creation of a prioritised work plan for the review of outstanding audit recommendations

4.3. April Meeting

4.3.1. The following audit areas were discussed:

- General Data Protection Regulations (GDPR), Freedom of Information (FOI) and Information Management
- Disclosure and Barring Service (DBS) Checks Follow Up 21
- Equality & Diversity 20-21

4.4. July Meeting

4.4.1. The following audit areas were discussed:

- Housing and Tenancy Estate Management
- Right to Buy
- Let Commercial Properties

5. Current Position

5.1. Through the work of this board, and in a relatively short period of time, substantial progress has been made in closing down these outstanding audit recommendations, with the total number of critical audit recommendations reducing from eight to six and the number of high recommendations reducing from 51 to 29 respectively.

5.2. The current position across audit areas is broken down in the following table.

Table 3: Outstanding Recommendations (with intent to action) Post Follow Up - March 2024 - Audit Review

| Review | Critical | High |
|--|-----------------|-------------|
| Building Control 19-20 | 0 | 2 |
| Playgrounds 20-21 | 0 | 1 |
| Local Code of Corporate Governance 20-21 | 0 | 2 |
| Cloud Computing Digital 21-22 | 0 | 3 |
| Creditors & CIS 21-22 | 0 | 3 |
| Income & Cash Collection 21-22 | 0 | 5 |
| Street Cleansing 21-22 | 1 | 1 |
| Thanet Lottery 21-22 | 1 | 3 |
| CCTV 22-23 | 2 | 0 |
| Safeguarding 22-23 | 0 | 2 |
| Car Parking & Enforcement | 0 | 2 |
| Homelessness 23-24 | 1 | 0 |
| Rents 23-24 | 1 | 1 |
| Employee Health & Safety | 0 | 4 |
| Total | 6 | 29 |

6. Governance Board Forward Plan

- 6.1. The Governance Board meets monthly and a forward plan has been developed that schedules a timetable for review of the audits set out at table 3 above.
- 6.2. It is anticipated that all of the above areas will be covered by the end of 2024/25. The overall objective is to have no outstanding recommendations at the point of follow up, but if and when any new areas arise they will subsequently be added to the forward plan.

7. Alternative Options

- 7.1. The recommendations of this report asks the committee to note and make comments. There are no other options presented for the committee consideration.

8. Consultation

- 8.1. There is no duty to consult in relation to this matter.

9. Corporate Implications

- 9.1 Finance and Resources**

9.1.1 There are no resourcing implications arising from this report of its recommendations

9.2 Legal and Constitutional

9.2.1 The Council is required by statute (under the Accounts and Audit Regulations and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function.

9.3 Council Policies and Priorities

9.3.1 This report relates to the following corporate priorities: -

- *To work efficiently for you*

9.4 Risk

9.4.1 Effective risk management forms a fundamental part of the overall governance framework and control environment. Progress made in implementing the recommendations made by EKAP helps to reduce the councils' risk exposure.

9.5 Climate Change and Biodiversity

9.5.1 There are no Climate Change and Biodiversity implications arising from the recommendations within this report

10. Equality, Equity and Diversity Implications

10.1 There are no Equality and Diversity implications arising from the recommendations within this report, however councillors may wish to note that the outstanding recommendations relating to the 2020/21 audit of Equality and Diversity have now been closed. The next audit of Equality and Diversity is scheduled to take place in 2025/26.

11. Crime and Disorder Implications and Community Impact

11.1 There are no Crime and Disorder Implications arising from the recommendations within this report, however councillors may wish to note that there remain outstanding recommendations for review and implementation for both CCTV and Safeguarding.

12.0 Subject History

12.1 This is the first report of this nature that has been presented to the committee.

Annexes

Annex 1 - Governance Board Terms of Reference

Background Papers

- *None*

Report Author(s) Contact: Chris Blundell (Director of Corporate Services - Section 151)
email: chris.blundell@thanet.gov.uk

Report Sign Off / Signed off by / Date sent / Date signed off / Initials

Legal Ingrid Brown- Head of Legal and Democracy and Monitoring Officer

Finance Chris Blundell (Director of Corporate Services - Section 151)