

**21<sup>st</sup> NOVEMBER 2024**

## **OUTSTANDING AUDIT RECOMMENDATIONS**

### **SUMMARY:**

This report provides an update on the approach taken to review outstanding audit recommendations (prior to 2022/23) given the changes since the recommendations were originally made. It also shows all outstanding recommendations to date.

### **RECOMMENDATION:**

Members are requested to:

- i. Note the changes made to recommendations being pursued for implementation to ensure the most effective use of council resources to improve the overall governance, risk management and control environment.
- ii. Note the overall audit recommendations which remain outstanding.

## **1 Introduction**

- 1.1 Audit recommendations are made to improve the Council's governance, risk management and control environment in areas reviewed. A level of assurance is taken from the implementation of the recommendations to support the Audit Managers annual assurance opinion.
- 1.2 A review of progress towards the implementation of audit recommendations has been carried out however due to changes with the economic climate and post covid changes some recommendations are potentially less significant or less relevant because environments have evolved.
- 1.3 Whilst some recommendations are high within the area being reviewed consideration needs to be given to the overall picture and importance across the Council from a wider perspective than just the area which has been reviewed.

## **2 Approach**

- 2.1 A review of all outstanding audit recommendations has been carried out with a view to re-evaluating them given the passage of time and evolution of processes post covid-19 and changes over this time. This will ensure that resources are more specifically utilised on improving areas of risk, governance and control weaknesses which will be most effective given the current environment. This approach has been taken for the remaining outstanding audits for 2019/20, 2020/21 and 2021/22.

- 2.2 For transparency this report will set out the changes that are being proposed and set out the outstanding audit recommendations which will continue to be pursued and progress on their implementation communicated quarterly to the CGAS Committee for monitoring.
- 2.3 There are 6 audits which will not be included within the figures as a follow up audit is being carried out due to the limited assurance previously provided. The follow ups will provide the Committee with a separate report on the progress towards implementation of the recommendations and an updated level of assurance. Following the follow up audits being carried out any outstanding recommendations will be included within the next update on outstanding audit recommendations to the Committee.

### 3 Outstanding recommendations

2019/20

#### High risk - 1

- **PCI DSS (1)** – A contractor was engaged to provide a feasibility review for the work and cost for the implementation of software to enable the Council to be further compliant with PCI DSS. The cost proposed exceeded the current budget by three times and would not deal with the separate issue of the theatre's compliance. Therefore, agreement is required from ELT on how the project should be taken forward.

#### Medium risk - 6

- **Capital Programme (4)** – Since this audit was carried out changes have occurred with the process and given the current financial situation the capital programme is minimal. An audit is scheduled to be carried out this financial year, therefore these recommendations will not continue to be followed up as a more up to date view will be provided to the Committee along with any necessary recommendations.
- **Estate Management (2)** – Relates to asset disposal process and Contracts for management agents.

#### Low risk – 2

- **Financial borrowing (1)** – This relates to procedure notes which are being addressed as part of the update to the Council's Financial procedures.
- **Treasury Management (1)** – This relates to procedure notes which are being addressed as part of the update to the Council's Financial procedures.

*(This recommendation was highlighted within the 2022/23 audit as not being implemented and therefore has not been duplicated within the 22/23 figures below)*

As these two low recommendations are being addressed in the same way these will be condensed into one recommendation.

As a result of the above changes there is 1 High, 2 Medium and 1 Low recommendation to continue to follow up.

## 2020/21

### **High risk - 1**

- **Purchase Ledger (1)** – This recommendation relates to the implementation of the 'No PO No Pay'. There is a team in place to roll out this project. As this project will be requiring changes across the whole organisation for processes this needs to be managed in an appropriate way to ensure that it is effectively implemented.

*(This recommendation was highlighted within the 2023/24 audit as not being implemented and therefore has not been duplicated within the 23/24 figures below)*

### **Medium risk - 1**

- **External Tenants (1)** – Related to having signed contracts in place for rental of spaces within the Council Offices.

### **Low risk – 2**

- **Petty cash (2)** – Petty cash is seldom used. This will be covered within the update to the Financial Procedure rules for the occasional use of petty cash. As a result, these recommendations will no longer be followed up other than to ensure it is covered within the financial procedure rules.

As a result of the above changes there is 1 High and 1 Medium recommendation to continue to follow up.

## 2021/22

### **Medium risk – 1**

- **Risk Management (1)** – The updated Risk Management policy will be going to Cabinet in January 2025 for agreement. Following agreement, the work to develop the Council's risk appetite will be carried out.

**High Risk – 1**

- **IT Software Development (1)** – Relates to peer review of code prior to implementing.

**Medium risk – 16**

- **IT Software Development (8)** – Various findings associated with software development. Currently DevOps is being implemented and is in place across 80% of the systems however for some it is a bit more complex. Once fully implemented these recommendations will be complete. It is anticipated that this will be completed by the end of the financial year.
- **Information Governance (3)** – Relates to collation of data and guidance and work around protective marking of documents. Work is underway with the collation of data. Work around protective marking is progressing with a meeting with the Chief Executive (sponsor of the project) to discuss further to progress.
- **Cyber Security (4)** – Relates to delivery of the cyber plan, an IT service review has been carried out to inform this. A wider project relating to data management is underway but will take at least 18 months to implement. Some delays due to sickness/resources within the IT team.
- **Crematorium (1)** – Relates to having in place a business continuity arrangement with other local crematoriums. There is an informal agreement in place and a process has been set out but not formally agreed. Executive Head of Operations to determine if a written formal agreement would be required or an informal arrangement sufficient for business continuity processes.

**Low risk – 4**

- **IT Software Development (2)** – Various findings associated with software development. Currently DevOps is being implemented and is in place across 80% of the systems however for some it is a bit more complex. Once fully implemented these recommendations will be complete. It is anticipated that this will be completed by the end of the financial year.
- **Cyber Security (1)** – Implementation of the Cyber Assessment Framework is being scoped and will evolve over the year.
- **Guest House (1)** – A fraud awareness email is scheduled to be issued to all staff by the end of November 24.

2023/24

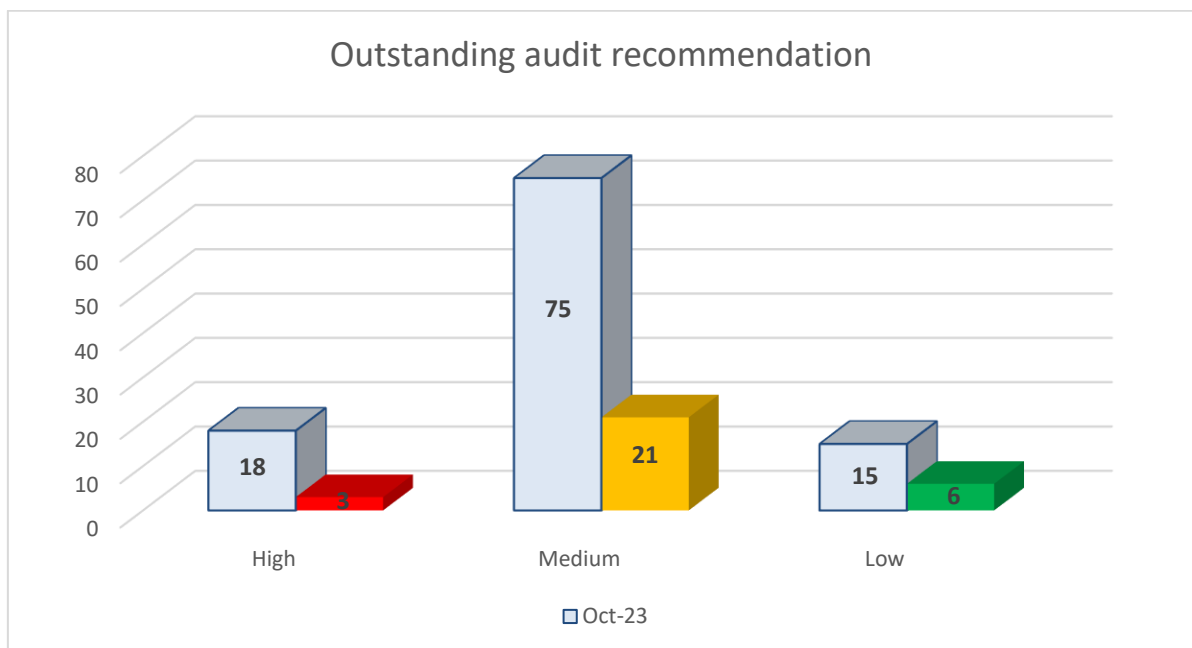
**Medium risk – 1**

- **Payroll (1)** – This relates to procedure notes which are in the draft stage and just require the manager to review and sign them off before circulating with the team.

**Low risk – 1**

- **Health & Safety of Council buildings (1)** – This relates to re-tendering for the Council’s lift maintenance to reduce the number of month services carried out. This will be reviewed as part of the whole general repairs and maintenance framework. In the next month the procurement work on this will commence. Due to lack of resources this has been delayed until now.

Based on the above changes the following chart shows the overall outstanding recommendations as 31<sup>st</sup> October 2024. These will continue to be pursued for implementation. As a comparison the grey blocks show the outstanding audit recommendations as at October 2023.



*(NB: The Oct 23 figures do not include the 23/24 audit recommendations which are included within the Oct 24 figures.)*

## **4 Recommendation**

- 4.1 Members are requested to note the content of the report and the further work to be carried out to implement the remaining outstanding audit recommendations.