**Item: 4**

**Monitoring and Audit Committee: 16 November 2023.**

**Internal Audit Actions – Progress Update.**

**Report by Chief Internal Auditor.**

# 1. Purpose of Report

To present an update on progress being made with the implementation of Internal Audit actions.

# 2. Recommendations

The Committee is invited to scrutinise:

## 2.1.

Progress made to date in completing the Internal Audit actions, as detailed in Appendix 1 to this report, in order to obtain assurance that issues found during internal audits are being actioned and followed up.

# 3. Background

## 3.1.

The Public Sector Internal Audit Standards require the Chief Internal Auditor to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. Progress with actions is monitored through the Council's performance management system, Pentana Risk.

## 3.2.

This report provides the Committee with an update on progress with implementing internal audit actions.

# 4. Progress to Date

## 4.1.

Attached as Appendix 1 to this report, is a progress update on internal audit recommendations made over the last four financial years. Of the 364 actions, 281 have been completed.

**4.2.**

The table on Page 2 of Appendix 1 gives an overview of the actions which are currently on the Pentana Risk system. On Page 3 there is a further breakdown which gives an indication of which audits the actions are associated with.

# 5. Corporate Governance

This report relates to the Council complying with governance and scrutiny and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

# 6. Financial Implications

There are no financial implications associated directly with this report.

# 7. Legal Aspects

Complying with recommendations made by the internal auditors helps the Council meet its statutory obligations to secure best value.

# 8. Contact Officer

Andrew Paterson, Chief Internal Auditor, extension 2107, email andrew.paterson@orkney.gov.uk.

# 9. Appendix

Appendix 1: Internal Audit Action Progress Report.

ORKNEY
ISLANDS COUNCIL

# Internal Audit

| Internal Audit Action Progress Report | |
|---|---|
| **Draft issue date:** | **23 October 2023** |
| **Final issue date:** | **3 November 2023** |
| **Distribution list:** | **Corporate Director for Strategy, Performance and Business Solutions** |
| | **Corporate Director for Enterprise and Sustainable Regeneration** |
| | **Corporate Director for Neighbourhood Services and Infrastructure** |
| | **Corporate Director for Education, Leisure and Housing** |
| | **Chief Officer Orkney Health and Care Partnership** |

# Contents

# Executive Summary

The Public Sector Internal Audit Standards require the Chief Internal Auditor to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

The Council's performance and risk management system, Pentana Risk, is used to monitor the implementation of agreed internal audit actions.

When internal audit reports have been finalised, the actions are uploaded to Pentana Risk and the officers responsible for implementing the actions are then required to provide updates on progress. The status of all recommendations is reported quarterly to the Corporate Leadership Team.

This report provides an update on progress with implementing the actions and highlights any actions which are overdue an update or have not been implemented by the agreed date.

To assist with the monitoring of actions, a traffic light system on Pentana classifies the performance of each action as follows:

- Blue: the agreed action has been progressed to completion.
- Green: the agreed action is likely to meet or exceed its target.
- Amber: the agreed action is experiencing minor underperformance, with a low risk of failure to meet its target.
- Red: the agreed action is experiencing significant underperformance, with a medium to high risk of failure to meet its target.

The system also highlights actions which are overdue for update. The table below details the number of internal audit actions on Pentana for each of the categories.

| Red | Amber | Green | Blue | Total no of Actions | Update Overdue |
|-----|-------|-------|------|---------------------|----------------|
| 52 | 2 | 29 | 27 | 110 | 3 |

## Introduction

Progress with internal audit actions is monitored through the Council's performance management system Pentana Risk. The system sends out automated email reminders to officers responsible for updating each action at the end of each reporting period. Where no update has been made for an action for a particular reporting period, this is noted on the system.

Once an action has been marked as complete on the system, Internal Audit will review the evidence to support the effective implementation of that action and once satisfied the action will be deactivated on the system.

## Actions Overview

The table below gives an overview of the number of actions by Directorate. To give some perspective to the figures presented in the table, there has been a total of 364 internal audit actions added to the performance management system over the last four financial years, of these 281 or 77% have been completed.

| Directorate | Red | Amber | Green | Blue | Total |
|---|---|---|---|---|---|
| Strategy Performance and Business Solutions | 12 | | 2 | 3 | **17** |
| Neighbourhood Services and Infrastructure | 8 | | 3 | 3 | **14** |
| Enterprise and Sustainable Regeneration | 16 | 1 | 5 | 2 | **24** |
| Education Leisure and Housing | 11 | 1 | 11 | 8 | **31** |
| Orkney Health and Social Care Partnership | 3 | | 1 | 10 | **14** |
| Integration Joint Board | 2 | | 2 | 1 | **5** |
| CLT | | | 5 | | **5** |
| **Totals** | **52** | **2** | **29** | **27** | **110** |

## Actions Breakdown

The table on the next page shows a further breakdown to provide an indication of which audits the actions are associated with and when the audits were performed.

| Year | Audit | Responsibility | Number of Actions | | | |
|---|---|---|---|---|---|---|
| | | | Red | Amber | Green | No Update |
| 2012/13 | Data Protection | E&SR | 1 | | | |
| | Data Protection | SPBS | 1 | | | 1 |
| 2017/18 | Housing Rents | E&SR | 1 | | | |
| 2019/20 | Council tax | E&SR | 1 | | | |
| | HEEPS/ABS | EL&H | 1 | | | |
| | Stromness Academy | EL&H | 1 | | | |
| | Housing Benefit & CTR | E&SR | 2 | | | |
| | Treasury Management | E&SR | 1 | | | |
| 2021/22 | Adoption & Kinship Allowances | OHASCP | 3 | | | |
| | Budget Monitoring Process | E&SR | 1 | | 2 | |
| | Business Continuity | SPBS | 1 | | | 1 |
| | Business Continuity | CLT | | | 5 | |
| | Lifestyles Service | E&SR | 2 | | | |
| | Non-Domestic Rates | E&SR | 3 | 1 | | |
| | Rent Arrears | E&SR | 1 | | | |
| | Rent Arrears | EL&H | 1 | | | |
| | Travel and Expenses | SPBS | 4 | | | |
| | Vehicle & Plant Disposal | NS&I | 5 | | | |
| 2022/23 | Corporate Governance & Risk Management | SPBS | 2 | | | |
| | Corporate Governance & Risk Man. | NS&I | 3 | | | |
| | Corporate Governance & Risk Man. | E&SR | 3 | | | |
| | Corporate Governance & Risk Man. | EL&H | 4 | | | |
| | Customer Services Platform | SPBS | 2 | | | |
| | EDRMS Project | SPBS | 2 | | | |
| | OHAC Contract Managed Services | SPBS | | | 1 | |
| | Rousay Community School | EL&H | 1 | | | |
| | Climate Change Reporting | NS&I | | | 1 | |
| | Disaster Recovery ICT | SPBS | | | 1 | |
| | Disaster Recovery ICT | NS&I | | | 2 | |
| | Following the Public Pound | E&SR | | | 1 | |
| | Following the Public Pound | EL&H | | | 1 | |
| | Following the Public Pound | OHACP | | | 1 | |
| | Housing Rents | EL&H | | 1 | 1 | |
| | IJB Workforce Planning | IJB | 1 | | | |
| | IJB performance Management | IJB | 1 | | 2 | |
| | Pension Administration | E&SR | | | 2 | |
| 2023/24 | North Walls School | EL&H | 2 | | 3 | |
| | Orkney College Business Units | EL&H | 1 | | 6 | 1 |
| | | Totals | 52 | 2 | 29 | 3 |

## Glossary

CLT        Corporate Leadership Team

EL&H       Education, Leisure and Housing

E&SR       Enterprise & Sustainable Regeneration

IJB        Integration Joint Board

NS&I       Neighbourhood Services and Infrastructure

OHASCP    Orkney Health and Social Care Partnership

SPBS      Strategy, Performance and Business Solutions