

Subject	Progress on Agreed Management Actions	Status	For Publication
Report to	Audit & Governance Committee	Date	05 December 2024
Report of	Head of Governance & Corporate Services		
Equality Impact Assessment	Not Required	Attached	No
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1. Purpose of the Report

- 1.1 To update Members on the actions being taken in response to audit review findings during the current financial year and in previous financial years.

2. Recommendations

- 2.1 Members are recommended to:
- a. **Note the progress being made on implementing agreed management actions; and**
 - b. **Consider if any further information or explanation is required from officers.**

3. Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

- 3.2 The reporting of audit findings and management actions being taken to address these is a key part of providing assurance on the adequacy of the Authority's corporate governance arrangements, particularly those relating to internal control and financial and risk management.

4. Implications for the Corporate Risk Register

- 4.1 The contents of this report do not link to a specific risk in the corporate risk register; instead, they set out the actions being taken in a number of areas that will contribute to addressing various risks in relation to operations and governance as detailed in the original audit reports.

5. Background and Options

- 5.1 The Authority's Local Code of Corporate Governance sets out the framework in which the Authority complies with the seven principles of good governance; one of which is "managing risks and performance through robust internal control and strong public financial management". One aspect of achieving this is having arrangements for assurance and effective accountability in place and ensuring that findings arising from the work of both external audit and internal audit are acted upon.
- 5.2 The Audit & Governance Committee receives reports of the external auditor and of the Head of Internal Audit at regular intervals throughout the financial year. The report attached at Appendix A summarises the actions taken, and progress being made on implementing the actions agreed in response to audit findings.

Information Governance – Agreed Management Actions

- 5.3 The table in Appendix A shows two actions that were due by 31 December 2024 that are now being deferred to March 2025. The details below provide some additional context regarding these, given the long period that has elapsed since the audit review was first issued.
- 5.4 An audit review of information governance was concluded in September 2020 with a positive opinion of reasonable assurance being issued. The detailed findings resulted in a total of six management actions being agreed – four of which have been fully completed and closed off. The remaining two actions are linked together and related to updating a written policy for Records Management and a Document Retention Schedule. Whilst these documents have not yet been fully completed to enable these audit actions to be closed, it is important to note that a significant amount of work has already been completed and is in progress in relation to the Authority's information governance framework and controls. An action plan was developed by the Governance Team in liaison with the corporate assurance (internal audit) team in a critical friend role. Phase 1 of the action plan is complete and concentrated on data protection policy and procedures, raising staff awareness and strengthening processes for data breaches and data protection impact assessments. A significant project to map the Authority's data assets and document a fully revised records management policy and data retention schedule forms part of Phase 2 of the action plan, with work due to commence from January.
- 5.5 Pending the completion of the above, assurance over the adequacy of information governance controls and systems is provided through annual coverage in the internal audit programme of data protection systems as part of ensuring that the Data Protection Officer can be satisfied with the Authority's arrangements.

Pensions Administration System Access – Agreed Management Action

- 5.6 The action agreed from this audit review, which concluded in October 2024, was to complete the regular review of users and their system permissions by the end of October, ensuring this is completed and documented every 6 months going forward. It was anticipated that the review would be complete by the end of October, and it is in progress but due to sickness absence causing a small delay, it is now expected to be complete by 31 December 2024.

External Audit Findings

- 5.7 The external audit of the Authority and the Fund statements of accounts for 2023/24 concluded in November 2024 and the final reports issued by the auditor included identification of a small number of control deficiencies and recommendations.
- 5.8 Three of these related to management review of assumptions used by experts (property valuers and actuaries) and of journals. In all three cases, the auditor is

required to report a deficiency because the controls in place do not satisfy the very stringent criteria specified in the auditing standards, which are onerous and would require the use of additional experts to review the work of our appointed experts, or in the case of journals, require the management review to involve independently creating a separate set of working papers and supporting documentation which would simply duplicate the work involved. Therefore, no actions have been agreed in respect of these findings. The external auditor has accepted this and has indicated that they were required to bring these to the Committee's attention but will not need to report these same findings in next year's report.

- 5.9 One finding related to a minor technical issue on a small number of journals where the system showed them being posted by 'BATCH' instead of the actual user identification, due to the method of upload. This had been identified and addressed by June 2023, therefore the action is already complete.
- 5.10 The final finding related to an issue discovered during the audit of the Fund's accounts – that quarterly investment monitoring reports used for valuing some of the investments in the statement of accounts did not include the impact of cash or debtors with Border to Coast. The action agreed to address this finding is that we will liaise with Border to Coast to arrange for cash and debtors to be included in these quarterly investment monitoring reports in future.
- 5.11 The progress of implementing agreed management actions will continue to be reported to the Audit & Governance Committee at regular intervals.

6. **Implications**

- 6.1 The proposals outlined in this report have the following implications

Financial	No additional financial implications; the costs of the internal audit service and the fees for the external audit are met from existing budgets.
Human Resources	None
ICT	None
Legal	None
Procurement	None

Jo Stone

Head of Governance & Corporate Services

Background Papers	
Document	Place of Inspection
None	-