

AUDIT & RISK COMMITTEE

27 March 2024

PROGRESS UPDATE REPORT FOR IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Report of the Strategic Director for Resources

Strategic Aim	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr P Browne , Portfolio Holder for Planning, Property and Economic Development	
Contact Officer(s):	Kirsty Nutton, Strategic Director for Resources (s.151) Andrew Gordon, Head of Property Services	Tel: 01572 758159 Email: KNutton@Rutland.gov.uk Tel: 01572 758246 Email:AGordon@Rutland.gov.uk
Ward Councillors	N/A	

1 SUMMARY AND RECOMMENDATIONS

1.1 Summary

- 1.1.1 This report provides the Committee with an update on the Internal Audit Recommendations that had been outstanding as at the last meeting. It details the work completed against the recommendation and where progress remains outstanding the approach to be adopted to complete the task.

1.2 Recommendations

1. To consider and gain assurance to the progress of the completion of recommendations made by Internal Audit.

1.3 Reasons for Recommendations

- 1.3.1 This report is for the Committee to consider under its Terms of Reference

6.1 b) to ensure that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk

6.2 e) to consider a report from Internal Audit on agreed recommendations not

implemented within a reasonable timescale.

2 REPORT

2.1 Background

- 2.1.1 Local authorities have a duty to ensure that buildings and land under their control comply with all relevant statutory, regulatory and corporate standards. This entails ensuring effective compliance arrangements for operational buildings and common areas under Council control; property inspection regime and documentation; maintenance regimes; and contractor management processes. The Council's property portfolio should also provide a source of income and the tenant management processes should be robust to manage associated risks.
- 2.1.2 In June 2022 Internal Audit issued the Asset Management 2021/22 report which made nine recommendations: two as high, six as medium and one as low.
- 2.1.3 In September and December 2023 Internal Audit provided an update report on progress made in delivering the 2023/24 Internal Audit plan. It was noted that there were 21 and 18 actions that were overdue for completion respectively, with two actions rated as 'High' priority that had outstanding for greater than three months for each update. On both occasions the two high priority actions related to the Asset Management 2021/22 Audit.
- 2.1.4 Committee asked for an update on progress to be made at the next meeting. This report fulfils that request. This report considers the two high recommendations where 'High' priority is noted as being 'Action is imperative to ensure that the objectives for the area under review are met'. All other recommendations have been completed.
- 2.1.5 At the time of the audit the Property function had been within the Places Directorate, and since the 1 January 2024 the function has successfully transferred to the Resources Directorate in recognition of the corporate nature of Council assets for all service functions.
- 2.1.6 A further factor in the management of the function during this period was the resignation of the former Head of Property services. Since November 2023 the role is fulfilled by use of an interim agency arrangement. This enables the Council to procure a specific skill set that can lead and manage the Asset Review linked with the transformation programme, ensure the Council's assets remain fit for purpose during any transition phase, and linked to these objectives complete a review of the structure of the function so that the right skill sets in the team are present for the immediate term and into the future operating state.
- 2.1.7 Progress against the recommendations is detailed in Appendix A.

3 IMPLICATIONS OF THE RECOMMENDATION

3.1 FINANCIAL IMPLICATIONS

- 3.1.1 This section has been approved by member of Finance Team
- 3.1.2 There are costs associated with the system of £5,000, and the data migration one-off costs of £5,000. These costs are included within the budget for Property

Services.

3.2 LEGAL IMPLICATIONS

3.2.1 This section has been approved by Sarah Khawaja, Head of Legal & Democratic Services

3.2.2 There are no legal implications.

3.3 Risk Management Implications

3.3.1 The main risks to this Report and the Council achieving its objectives are as follows:

Risk 1	Risk
Resourcing issues with the right skill sets prevent the ability to complete the work.	Medium
Mitigation 1	Residual Risk
Mangement resources have been brought into the team from November 2023. Skill sets for data migration have been addressed through agreement of overtime payments to existing team members. This enables existing knowledge to be utilised to populate the correct information to the system and spot errors quickly.	Low
Record of risk 1	Directorate Risk Register

3.4 DATA PROTECTION IMPLICATIONS

3.4.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no identified risks or issues to the rights and freedoms of individuals.

3.5 EQUALITY IMPLICATIONS

3.5.1 An Equality Impact Assessment (EqIA) has not been completed as this report considers the Council's approach to securing economy, efficiency and effectiveness in the way activities are undertaken.

3.6 COMMUNITY SAFETY IMPLICATIONS

3.6.1 The Council has a duty in accordance with S17 Crime and Disorder Act 1988, when exercising its functions, to have due regard to the likely effect of that exercise of those functions on and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social behaviour).

3.6.2 This duty has been considered and there are no community safety implications relating to the recommendations.

3.7 HEALTH AND WELLBEING IMPLICATIONS

3.7.1 There are no direct health and wellbeing implications of the Recommendations.

3.8 ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS

3.8.1 On 11 January 2021 Rutland County Council acknowledged that it was in a climate emergency. The Council understands that it needs to take urgent action to address it.

3.8.2 There are no direct environmental and climate change implications of this report.

3.9 PROCUREMENT IMPLICATIONS

3.9.1 There are the no direct procurement implications from this report.

3.10 HR IMPLICATIONS

3.10.1 There are no HR implications.

4 BACKGROUND PAPERS

4.1 [Internal Audit Update, Audit & Risk Committee, 26 September 2023, Item 10](#)

4.2 [Internal Audit Update, Audit & Risk Committee, 5 December 2023](#)

5 APPENDICES

5.1 Appendix A – Progress against the internal audit recommendations

An Accessible Version of this Report is available upon request – Contact 01572 722577.

Appendix A – Progress against the internal audit recommendations

Audit Title and Year	Service Area	Officer	Outstanding Action	Status Update	Original Date	Revised Date (if provided)
Asset Management 2021/22	Places 1 January 2024 - Resources	Head of Property Services	<p>Tenancy schedule</p> <p>An up-to-date record of all properties, current tenants and terms should be consistently maintained. This should enable:</p> <ul style="list-style-type: none"> • Forward planning for tenancies reaching the end of their term; • Budget forecasting of expected income reflecting exact details of current leases / licences and income due; • Consistent information in the case of changes in personnel or planned absence of key officers. <p>It is acknowledged that manual spreadsheet records introduce an element of risk and a bespoke system for maintained all property records may assist in this, subject to a cost benefit analysis.</p>	<p>As at 11 March 2024:</p> <p>Tenancy Records: 67 leases uploaded of which 90% - 95% of all elements located and recorded. To note:</p> <ul style="list-style-type: none"> • Several incomplete filing records identified necessitating use of multiple software systems and lateral thought investigation. • Missing workflow elements within some lease arrangements such as dates and activity records. • Most errors are associated with legacy lease contracts and will require further work potentially at lease review points etc. <p>Directory: This is 95% completed for stage one mobilisation and will be issued to contractor by the mid March to enable beta testing of intelligence.</p> <p>Compliance Data: Catmose House intelligence is 90% completed just supplier information and sub 6 month workflow activity dates to be uploaded (target end February) to enable migration and test protocols to be undertaken during March 2024 in preparation for wider intelligence upload before final mobilisation target date May 2024.</p> <p>Assets Schedule: 40% completed, ongoing clarification on non-core assets, occupancy use of asset and primary contact details. Additional query relating to formatting awaiting direction from software engineers.</p> <p>Sites Schedule:</p>	30/09/2022	<p>System populated with data – wb 18 March 2024</p> <p>Testing of the system wb 25 March 2024</p> <p>New system live wb 1 April 2024</p> <p>Training for team throughout April 2024</p> <p>Full mobilisation wb 29 April 2024</p>
Asset Management 2021/22	Places 1 January 2024 - Resources	Head of Property Services	<p>Remedial actions</p> <p>The central record should link to a clear action tracker for all remedial actions arising from inspections. This should be subject to monitoring and review as part of staff supervisions/team meetings, as appropriate, or automate the generation of works orders.</p>	<p>Assets Schedule: 40% completed, ongoing clarification on non-core assets, occupancy use of asset and primary contact details. Additional query relating to formatting awaiting direction from software engineers.</p> <p>Sites Schedule:</p>	31/03/2023	

Audit Title and Year	Service Area	Officer	Outstanding Action	Status Update	Original Date	Revised Date (if provided)
				<p>60% completed, address detail upload progressing. Clarification on non-core assets awaiting audit confirmation.</p> <p>Supplier Information: 10% completed workflow ongoing priority 3 item</p>		