

To: Audit & Governance Committee

Date: 31st January 2011

Item No:

Report of: Head of Finance

Title of Report: Progress on implementation of audit recommendations

Summary and Recommendations

Purpose of report: To report progress on implementation of audit recommendations.

Report Approved by:

Finance: Nigel Kennedy

Legal: Jeremy Thomas

Policy Framework: Financial stability

Recommendation(s):

The Audit and Governance Committee is asked to note progress with the recommendations as listed on Appendix A.

Appendix A – Internal Audit recommendation tracker

Appendix B – External Audit recommendation tracker

Summary

1. The outcomes of all internal audit reports are reported to this Committee. Each report includes recommendations, a summary of these and updated management responses are provided in Appendix A.
2. Any external audit recommendations are also tracked and updated management responses –where received – are included as Appendix B
3. Any recommendations that were marked as completed at the last committee have been removed.

Recommendation tracking

4. Each recommendation has now been marked with a % complete and this will mark them red/amber/green depending on their percentage complete. Upto 25% complete are marked red, between 25% and 75% are amber and over 75% complete are green.
5. There have been four internal audit reports since the last meeting and these recommendations have been added to the tracker, these reports are:

- Housing Rents audit, finalised November 2010, with a high assurance rating, there were three recommendations;
 - Housing Benefits audit, finalised in December 2010, with a Moderate Assurance, there were two recommendations;
 - General Ledger audit, finalised in January 2011, with a moderate assurance rating, there were seven recommendations;
 - Payroll audit, finalise in January 2011, with a high assurance rating, there were three recommendations
6. There are four recommendations that are showing as red on the External Audit recommendation tracker, this is because they will be carried out as part of the year end process starting in April 2011.
 7. There are 23 Red recommendations on the Internal Audit recommendation tracker, none of which are high risk recommendations. There are no areas of concern over any of the outstanding recommendations.
 8. Five of these recommendations will be undertaken once the Finance restructure and the debtors and creditors functions have been combined into a central function, with the implementation of purchase to pay.
 9. Two of these recommendations will be undertaken once the ICT team is in place, and the Business Partners are in their roles.
 10. The remaining recommendations are ongoing, with work being undertaken to ensure full compliance of the recommendation.
 11. There are 3 remaining high risk recommendations:
 - Segregation of duties on the debtors systems at City Works – work has been carried out on this and access to systems has been amended accordingly. Item outstanding is between contract management and raising charges for trade waste, and reports from Whitespace are being developed to facilitate monitoring of this.
 - Orders through Fleetplan – These issues have been looked at again in a subsequent audit of the creditors function, and work is being undertaken to ensure that orders are authorised and completed appropriately
 - Business Continuity Plans not tested – There is only one service area outstanding and this is due to a major restructure currently being underway, and will be resolved in the near future.

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Background papers: None

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