

To: Audit & Governance Committee

Date: 28th March 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 the 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 in Appendix A and B.

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

Recommendation tracking

3. Each recommendation is marked with a % complete which correlates to a red/amber/green rating depending on their percentage complete. Up to 25% complete are marked red, between 25% and 75% are amber and over 75% complete are green.
4. Any recommendation that is 100% complete will be removed from the tracker and not be reported in future reports.

External Audit recommendations

5. There are 19 recommendations that are showing as red on the external audit recommendation tracker.
6. Thirteen of these recommendations were made as part of the closedown process for 2009/10, and are therefore recommendations we are taking forward into the 2010/11 process. These have all been noted and officers will ensure that these will all be implemented in the closure of the accounts for 2010/11.
7. The remaining of these recommendations are in relation to work that is currently being undertaken or will be undertaken in the coming months to ensure full compliance.

Internal Audit recommendations

8. There have been three internal audit reports finalised since the last meeting and these recommendations have been added to the tracker, these reports are:
 - Treasury Management, finalised March 2011, with a limited assurance rating and twelve recommendations;
 - Car Parking and Shopmobility, finalised March 2011, with a Moderate Assurance and eight recommendations;
 - City Works Fleetplan, finalised March 2011, with a moderate assurance rating and seven recommendations;
9. There are 15 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.
10. Six of the recommendations will be undertaken once the Finance restructure and the debtors and creditors functions have been combined into a central function, and workstreams such as electronic purchase to pay have been implemented. In the meantime remedial action to review the guidelines for debt collection and creditor payments is being carried out and will be distributed to all Managers involved in this process,
11. Three of the recommendations relate to Customer Services, where there are currently limited resources to carry out these recommendations, they are all rated as medium risk, but resources will be allocated in the new financial year.
12. Four of the recommendations will be undertaken once the ICT team is in place, and the Business Partners are in their roles, this will be effective from the 1st April 2011.
13. The remaining two recommendations are ongoing, with work being undertaken to ensure full compliance of the recommendation in the near future.
14. There are 2 remaining high risk recommendations:
 - Segregation of duties on the debtors systems at City Works – The Finance restructure to be implemented with effect from 1st April, will introduce best practice guidance for the processing of sundry debts, training on processes and ICT systems and look to standardise where

possible. Issues such as segregation of duties raised in the audit report will be addressed during this transformation.

- Business Continuity Plans not tested – There is only one service area outstanding. The service is currently undergoing a significant transformation change and this outstanding issue will be picked up in the near future.

Financial Implications

15. This report is for noting and therefore there are no financial implications directly arising from the recommendations in the report.

Legal Implications

16. There are no legal implications arising from the recommendations in this report.

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Background papers: None

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