

**To: Audit & Governance Committee**

**Date: 27<sup>th</sup> Sept 2013**

**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 internal and external audit recommendations.

**Policy Framework:**

**Recommendation(s):**

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

Appendix A – Internal and External Audit recommendation tracker

## **Background**

1. The outcomes of all internal and external audit reports are reported to this Committee. Each report includes recommendations or agreed actions, a summary of those which remain outstanding together with updated management responses are provided in Appendix A.
2. 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% complete are amber and over 75% complete are green. However, if there are any recommendations that are less than 50% complete but have not yet exceeded their expected completion date these are also marked as green or amber if they are within one month of their completion date.
3. Any recommendations that were noted as 100% complete at the last meeting have been removed from the tracker.

## **External Audit Recommendations**

- 4 There are no red recommendations on the external audit tracker and therefore no outstanding recommendations which would give cause for concern.
- 5 There is one remaining external audit recommendation:
  - There is one recommendation relating to PC and Laptop assets being recorded with their location which will be completed as part of the Windows 7 upgrade which is currently in progress. However, due to other technical upgrades within the Contact Centre this will not be finally complete until 30th September. Hence there will be a commensurate delay in meeting this target.
- 6 There are no external audit recommendations that have exceeded their completion date, and there are no additional recommendations made following the audit of the accounts.

## **Internal Audit recommendations**

- 7 There has been three new internal audit report finalised since the last meeting, one relating to Car Parks, one relating to Members Training and the final one relating to Health and Safety, recommendations made have been added to the tracker.
  - Car Parks – Low risk rating – Performance in this area is consistent with last year. Three low risk recommendations have been raised as part of this audit, two relating to the operating effectiveness of this area, and one relating to control design. All recommendations have now been fully implemented.
  - Member Development Survey – this was a value adding review, and therefore not provided with a risk scoring. This was originally planned as part of last years audit plan and following discussion at Cross Party Working Group the survey was carried out in June 2013, with the main finding identifying that further support was needed for scrutiny and challenge. There were three recommendations included within the report, they are:
    - Democratic services should take into account the results of this survey when considering any further review or scrutiny arrangements
    - Democratic services should analyse the skills held and communicated by members and assess the most effective way of utilising these
    - A training and development plan should be produced to address the main training needs identified
  - Health and Safety: Housing Stock and Corporate Assets – this was also a value adding review and not provided with a risk scoring. A number of strengths were recognised including effective communication within the team, user friendly system with reports

easily generated, and regular discussions on health and safety issues were discussed at the Capital Asset Management Group, however four recommendations were raised, all of which were relating to the system, Uniform and the quality and timeliness of the updates. These recommendations have been added to the tracker and good progress has been made on their implementation.

- 8 There are 3 recommendations on the internal audit recommendation tracker that are not 100% complete. Two of these recommendations relate to HR policy reviews, and work is progressing with the completion of each of these, however the revised forecast completion date has been moved to 31<sup>st</sup> January 2014, this is due to competing priorities. The first draft of the revised policies will be available by the end of Sept 2013 and following consultation and approval these will now be complete by end of January 2014. The recommendation relating to the M Drive project is expect to complete by the end of Sept 2013 as the Windows 7 project completes.
- 9 The recommendation relating to Housing Benefit quality checks is a follow up from prior year. This is the recommendation that the Committee have previously been keen to track, therefore although it is marked as 100% complete it is expected that this will remain on the tracker through the year. This will allow the Committee to follow its progress. The target of checking 10% of data is now being met, and will continue to be processed throughout the year.
- 10 There are six internal audit recommendations that are being reported as 100% complete and will be removed from the next report.
- 11 As previously reported there has been an overall improvement in the outcome of our internal audit reviews over the last two years, with the number of low risk audits increasing significantly, this is an encouraging direction of travel. The table below details the percentage of reports and their risk ratings.

Risk Rating	13/14		12/13		11/12		10/11	
	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports
High		0%	1	10%	1	7%	2	15%
Medium		0%	3	30%	9	60%	8	62%
Low	1	100%	6	60%	5	33%	3	23%
	1		10		15		13	

- 12 Alongside the reduction in risk rating the number of recommendations has also reduced and any recommendations made are now being dealt with in a much timelier manner. The use of the audit tracker and reporting to the Audit & Governance Committee has increased the focus placed on recommendations and ensured they are dealt with more swiftly.

**Financial Implications**

13 Whilst this report is primarily for noting there is the potential that financial implications could arise for the Council if recommendations are not implemented and the internal audit of processes and procedures highlight areas of risk.

**Legal Implications**

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

**Equalities Impact**

15 There are no Equalities implications arising from the recommendations in this report.

**Climate change/environmental Impact**

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

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**Background papers:** None