

To: Audit & Governance Committee

Date: 18th December 2014

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 internal and external audit recommendations.

Key decision: No

Executive Lead Member: Councillor Ed Turner

Policy Framework: Corporate Plan – Efficient, Effective Council

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 recommendations which remain outstanding together with updated management responses is provided in Appendix A.
2. Each recommendation is marked with a % complete which correlates to a red/amber/green rating depending on the percentage of completeness. Up to 25% complete is marked red, between 25% and 75% complete is amber and over 75% complete is green. However, any recommendations that are less than 50% complete but have not yet exceeded their original expected completion date are also marked red. For those recommendations that will be completed up to one month following their original expected completion date are marked amber.
3. Any recommendations that were noted as 100% complete at the last meeting have been removed from the tracker.

External Audit Recommendations

4. The Audit of the Housing Benefit subsidy claim for the period ending 31st March 2014 has been completed by Ernst and Young and a qualification letter has been issued for this grant, highlighting a number of areas where the Council has not fully complied with the relevant grant conditions. The Annual certification report will be issued in January which will include any recommendations Ernst and Young feel appropriate.
5. Two new recommendations have been added to the tracker following the completion of the annual audit of the statement of accounts. One relating to the establishment of effective accounting arrangements to eliminate internal recharges from the reported income and expenditure and the second to ensure that the council improves the arrangements for documenting and accounting for changes in the value of Council Dwellings.

Internal Audit recommendations

6. There have been two new Internal Audit reports finalised since the last meeting:
 - a. **Car Parking – Low risk rating** – One medium risk, one low risk, and one advisory recommendation were raised during the audit, two relating to the control design, including the advisory recommendation and one relating to the operating effectiveness. The medium risk recommendation relates to the reconciliation of Credit call to Agresso following the introduction of the facility to pay for car parking by credit and debit cards. The low risk recommendation relates to recording the use of shopmobility vehicles accurately. All of these recommendations are progressing and are noted on the tracker.
 - b. **Collection Fund – Medium risk rating** – Two medium risk and three low risk recommendations were raised during this audit, these were, in the main, relating to operating effectiveness. The medium risk recommendations relate to concerns over the debt recovery process and the need for a more regular reconciliation between Council NNDR data and Valuation Office Data. The low risk relates to concerns over the collection rates for Council Tax and NNDR for 2014/15. These recommendations are progressing and are noted on the tracker.
7. There are five recommendations on the Internal Audit tracker that are not 100% complete as follows. One of these relates to the internal reviews completed in November, for which work is underway and these will complete by their expected completion date. The status of the remaining four is as follows :
 - a. **Cash and Card Payments** – Cash is no longer in use at St Aldates Chambers. Those services still taking cash are seeing reduced volumes and use of card payments is being promoted and encouraged by staff;
 - b. **Community Centres and Associations** –

- i. 18 of the 19 Community centres have an existing agreement in place
 - ii. The review of the process for repairs and maintenance is in progress but not yet finalised;
 - c. **Fraud Risk Assessment –**
 - i. The implementation of a new case management system and data warehouse is currently being planned. This will facilitate the matching of data from multiple ICT systems.
8. There are seventeen Internal Audit recommendations that are being reported as 100% complete and will be removed from the next report.
9. 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	14/15		13/14		12/13		11/12	
	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports
High	0	0%	1	8%	1	10%	1	7%
Medium	1	50%	0	0%	3	30%	9	60%
Low	1	50%	12	92%	6	60%	5	33%
	2		13		10		15	

10. 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

11. 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

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

Equalities Impact

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

Climate change/environmental impact

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

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Background papers: None