

To: Audit & Governance Committee

Date: 23 April 2015

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. Those recommendations that will be completed up to one month later than their original expected completion date are also marked as amber.

3. Any recommendations that were noted as 100% complete at the last meeting of the Audit and Governance Committee have been removed from the tracker.

External Audit Recommendations

4. There are no new audit recommendations raised since the last report. The Council's Housing Benefit Subsidy for 2013/14 has been confirmed by the Department of Work and Pensions as £65.774 million. This is an increase of £115k on the original audited claim submitted due to additional sampling and subsequent testing by Ernst and Young, which had a positive effect on the Council's claim.

Internal Audit recommendations

5. There have been three new Internal Audit reports finalised since the last meeting of the Audit and Governance Committee:
 - a. **Discretionary Housing Payments – Low risk rating** - Two low risk recommendations relating to the time taken to process a DHP application and the length of time taken to deal with appeals.
 - b. **Housing Rents – Medium risk rating** – One medium risk and five low risk recommendations were identified. The medium risk recommendation relates to the timeliness of income reconciliations, and the low risk recommendations relate to refund reconciliations, processing new tenancies, right to buy processing and valuation and arrears recovery.
 - c. **Sports Pitch and Facility Bookings – Medium risk rating** – Four medium risk and three low risk recommendations were made. The medium risk recommendations relate to invoice accuracy, segregation of duties, banking of cash and cheques and compliance with Financial Regulations. The low risk recommendations relate to outstanding debt, invoicing of sports bookings and online payments.
6. There are two recommendations on the Internal Audit tracker that are not 100% complete and have passed their forecast completion date, the status of these is as follows :
 - a. **Community Centres and Associations** –
 - i. 18 of the 19 Community centres have an agreement in place
 - ii. The review of the process for repairs and maintenance is in progress but not yet finalised.
7. There are eight Internal Audit recommendations that are being reported as 100% complete and will be removed from the next report.
8. There are thirteen Internal Audit recommendations that are not yet complete, but have not yet exceeded their forecast completion date. Progress is being made on each of these recommendations and it is

expected that they will all complete in accordance with their expected dates.

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. There have been three medium risk audits this financial year, they are, Business Continuity Planning, Housing Rents and Sports Pitch Facility Bookings. The recommendations picked up in these reports are areas that have not been audited previously. The table below details the percentage of reports and their risk ratings.

Risk Rating	14/15		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	No of reports	% of reports
High	0	0%	1	8%	1	10%	1	7%	2	15%
Medium	3	43%	0	0%	3	30%	9	60%	8	62%
Low	4	57%	12	92%	6	60%	5	33%	3	23%
	7		13		10		15		13	

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 audit have highlighted areas of risk or areas for improvement.

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

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