

To: Audit & Governance Committee

Date: 27th Sept 2012

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.

Policy Framework:

Recommendation(s):

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

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.
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 recommendation tracker.

- 5 There are only two remaining external audit recommendations, one of which is being reported as 100% complete and will be removed from the next report. The other recommendation relates to PC and Laptop assets being recorded with their location, this is being completed as part of the Windows 7 installation which is due to start in October, and completed by January 2013.

Internal Audit recommendations

- 6 There have been two new internal audit reports finalised since the last meeting, and these recommendations have been added to the tracker, these are:
- Health and Safety – Low risk Rating – there were only two low and one medium risk raised in this audit, and this is an improvement on the previous internal audit carried out in this area. The audit conclusion is supported by clear documented procedures for performance of risk assessments and reporting of accidents, and an appropriate mechanism to ensure that Health & Safety performance is monitored and challenged on a regular basis.
 - Insurance – Medium Risk Rating - there were two medium and four low risks identified during this audit. The main areas for improvement relate to internal controls to ensure that there is consistent processing and monitoring of claims carried out across the services and officers will be working on this over the coming months.
- 7 There are 12 recommendations on the internal audit recommendation tracker that are not 100% complete. Two of these have been given revised forecast completion dates and these are detailed in paragraph 10, the remaining have not breached their implementation date and progress is being made on each to ensure completion.
- 8 There are two recommendations which are likely to not be fully implemented by the stated implementation date, however work is in progress towards full implementation, they are:
- IA340 – Low risk – relating to issues of quality on Housing Benefit claims processed. There is still a vacant post in this area and once appointed to their responsibility will be to ensure the Quality process is fully reviewed
 - IA402 – Low risk – relating to implementation of Itrent for logging Health & Safety training. The system has been set up and milestones are in place to ensure that the system is rolled out to departments, and this is expected to be completed fully by 31st Dec 2012.
- 9 There are 2 internal audit recommendations that are being reported as 100% complete and these will be removed from the next report.
- 10 Two recommendation have been given a revised forecast completion date, which relate to the following:

- IA333 – this relates to the production of procedure notes in relation to the raising of invoices for trade waste services. The completion date has been amended to 30th Sept 2012 from 30th July. The delay in completing these procedure notes is due to a staff vacancy that arose. A new member of staff is now in post with the responsibility for managing this area and ensuring all procedures are in place.
- IA347 – this relates to the reconciliation between Agresso on Uniform for income raised. A large amount of work has been carried out on reconciling this information between the two systems and the reconciliation has been completed, but a small number of remaining items still need to be resolved. This is being worked on currently and is expected to be finalised by end of September.

11 There are no internal audit recommendations that are more than three months beyond their revised implementation date.

12 There has been an overall improvement in the outcome of our internal audit reviews over the last two years. The number of low risk audits has increased, whilst the number of high risk audits has reduced, this is an encouraging direction of travel. Whilst only two audits have been finalised in 2012/13, one of these is medium risk and one is low risk. The table below details the percentage of reports and their risk ratings.

Risk Rating	11/12		10/11	
	no of reports	% of reports	no of reports	% of reports
High	1	7%	2	15%
Medium	9	60%	8	62%
Low	5	33%	3	23%
	15		13	

13 Alongside the reduction in high risk rated audits the number of recommendations has also reduced and any recommendations made are now being dealt with in a timelier manner. The use of the audit tracker and reporting to Audit & Governance has increased the awareness of the importance of these recommendations and ensured that officers deal with them in a timely manner.

Financial Implications

14 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

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

Equalities Impact

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

Climate change/environmental Impact

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

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Background papers: None