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**OXFORD
CITY
COUNCIL**

To: **Audit & Governance Committee**

Date: **29th November 2012**

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 seven external audit recommendations, one of which is being reported as 100% complete and will be removed from the next report. 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 installation which is due to start in October, and completed by January 2013.

6   The remaining five recommendations have been made following the final accounts audit by the Audit Commission. Two of these relate to ensuring that the Finance team are up to date with their knowledge and skills, to complete this recommendation training sessions have been scheduled for January 2013. The final three relate to ensuring working papers and statements are reviewed adequately and accurately to reflect the figures in the accounts, and will therefore will be completed prior to the completion of next years final accounts.

7   There are no recommendations that have exceeded their completion date.

Internal Audit recommendations

8   There have been three new internal audit reports finalised since the last meeting, and these recommendations have been added to the tracker, these are:

- Car Parking Review – Low risk Rating – there were four low risk rated recommendations raised in this audit. This has shown a continued improvement in controls and the majority of the previous recommendations have been addressed. All recommendations in this area have now been addressed in full.
- Garden Waste – Low Risk Rating - there were one medium and two low risk rated recommendations identified during this audit. Controls and processes were noted as being largely strong and only two control design issues were raised, these were in relation to there being no reconciliation between Lagan, Whitespace and Agresso, and the use of unique references in all system to easily recognise the income.
- Commercial Property – Low Risk Rating – this audit was following up on the previously High Risk rated review, showing a vastly improved direction of travel in this area. There were one medium and two low risk rated recommendations identified in the audit, with the main area being in relation to reconciliations. Whilst reconciliations have now been completed between the Fixed Asset Register and Uniform and between Uniform and Agresso income a number of reconciling items were identified which at the time of the audit had not been rectified. However work has continued on these items and they will be cleared with immediate effect.

9   There are 10 recommendations on the internal audit recommendation tracker that are not 100% complete. None of these have breached their implementation date and progress is being made on each to ensure completion.

10 There are 13 internal audit recommendations that are being reported as 100% complete and these will be removed from the next report.

11 There is one recommendation that has had a revised implementation date, this is IA354 – Health and Safety training and awareness. There has been progress on this recommendation and corporate training is now available, however self service and first aid training are still in the process of being implemented.

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. The table below details the percentage of reports and their risk ratings.

Risk Rating	12/13		11/12		10/11	
	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports
High	1	20%	1	7%	2	15%
Medium	1	20%	9	60%	8	62%
Low	3	60%	5	33%	3	23%
	5		**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