

To: Audit & Governance Committee

Date: 18th April 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.
3. Any recommendations that were noted as 100% complete at the last meeting have been removed from the tracker.

External Audit Recommendations

There are no red recommendations on the external audit recommendation tracker and therefore no outstanding recommendations which would give cause for concern.

- 4 There are two external audit recommendations. 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 now in progress, and due to be completed by end of May 2013. The other remaining recommendation relates to ensuring that all members complete the annual related party disclosures. These have now been sent out to all members and over 40% have already been returned. A process of chasing to ensure all returns are made will be carried out over the coming weeks.
- 5 There are no external audit recommendations that have exceeded their completion date.

Internal Audit recommendations

- 6 There are three new internal audit reports that have been finalised since the last meeting, covering HR policies; Housing Benefit and Fixed Assets. Recommendations have been made for each review and these have been added to the tracker :
 - HR policy review – This review concentrated on Organisational Change; Performance Improvement and Workforce Planning policies and procedures. Whilst there were four recommendations made on these policies the report also highlights twelve individual strengths across these policies. The original implementation date for three of these recommendation was 31st March, this have been revised to 30th Sept as a more realistic target date and to allow for Council approval of changes to policy where required.
 - Housing Benefit – Low risk rating. There is one low risk recommendation raised in this audit, and one low and one medium risk remaining from prior year audits. The current year finding relates to claims being process in a timely manner. The prior year findings relate to monitoring of quality checks, and ensuring parameter setting changes are reviewed.
 - Fixed Assets – Low risk rating - Two low risk recommendations have been raised in this audit, one relating to operating effectiveness and the physical verification of a small number of assets and the second relating to Control design and the approval of reconciliations. Both have now been resolved.
- 7 There are 6 recommendations on the internal audit recommendation tracker that are not 100% complete. Three of these recommendations relating to the HR policy review have had revised implementation dates. The recommendation relating to Garden waste reconciliation has not been

fully completed and is now over its revised implementation date, with work continuing in this area.

- 8 The recommendation relating to Housing Benefit quality checks is a follow up from prior year findings that had not been completed fully, 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.
- 9 There are 12 internal audit recommendations that are being reported as 100% complete and these will be removed from the next report.
- 10 There are three recommendations that have had a revised implementation date, these are IA395; IA396 & IA397 relating to HR policy review, this is to ensure that a full review can be made of these policies in a suitable timeline. The revised dates will be met.
- 11 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	12/13		11/12		10/11	
	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports
High	0	0%	1	7%	2	15%
Medium	3	27%	9	60%	8	62%
Low	8	73%	5	33%	3	23%
	11		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