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**OXFORD CITY COUNCIL**

**To:**          **Audit & Governance Committee**

**Date:**         **27<sup>th</sup> Feb 2014**

**Item No:**

**Report of:**      **Head of Finance**

**Title of Report:  Progress on Implementation of Audit Recommendations**

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**Summary and Recommendations**

**Purpose of report**:  To report progress on the implementation of internal and external audit recommendations.

**Policy Framework:**

**Report Approved by:**

**Finance:**    Jacqueline Yates – Executive Director, Organisational
          Development and Corporate Services
**Legal:**     Jeremy Thomas – Head of Law and Governance

**Recommendation(s):**

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

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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 or amber if they are within one month of their completion date.

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

**External Audit Recommendation**
4. There are no red recommendations on the external audit tracker and therefore no outstanding recommendations which would give cause for concern.

5. There is one remaining external audit recommendation:

- The Council should obtain a record of the laptop allocations and confirm their location: All service areas have been upgraded to Windows 7, alongside which an up-to-date list of asset numbers and their owners and locations has been consolidated. Only 1% of the organisation remains to be upgraded to Windows 7.

6. There are no external audit recommendations that have exceeded their completion date, and there were no additional recommendations made following the audit of the annual statement of accounts.

**Internal Audit recommendations**
7. There have been five new internal audit reports finalised since the last meeting, they are:
- Risk and Performance – Low risk rating – Performance in these areas has improved since the last review. Five low risk recommendations were raised relating to the updating of service and corporate risks for the reporting process, no recommendations were raised relating to Performance.
- General Ledger and Fixed Assets – Low risk rating – Performance in this area is consistent with the last review – Only one low risk recommendation was raised, this related to ensuring that the payroll reconciliation review process is documented.
- Housing Benefit – Low risk rating – Performance in this area has improved since the last review. Four low risk recommendations were raised relating to quality checking, the level of overpayments and the target for processing new claims and changes of circumstance not being met.
- Cash and Card Payments — One medium risk recommendation, relating to the balances held in cash suspense and two low risk recommendations, relating to the removal of leavers from the Cash System and monitoring of cash taken were made. No rating was provided as this was a value enhancement review.
- Asset Management Strategy Review – This review focused on the Council's existing Asset Management Strategy to identify areas of strength, weakness and key areas of risk, and provide suggested

areas of improvement for future iterations of the Asset Management Strategy.  No rating was provided as this was a value enhancement review.

8. Of the existing recommendations there are 7 on the internal audit recommendation tracker that are not 100% complete as follows:

   a. Reviewing HR policies – the first draft was expected by Sept 2013 for consultation with trade unions.  There has been a delay due to other priorities, a first draft will go to Trade Unions in early March.
   b. The recommendation relating to user access rights to network shared drives is being reviewed as part of the Windows 7 roll out. 99% of this project is now complete.
   c. Health & Safety -   updating of information within Uniform – All information is now up to date on Uniform and further work is being done to report and communicate the repairs data so that it can be update into Uniform in a timely manner.
   d. Business Continuity Planning (BCP) – work is ongoing and all Heads of Service are updating and reviewing their BCP's  these are expected to be finalised by the end of March.

9. The recommendation relating to Housing Benefit quality checks is a follow up from prior years, and has now been replaced by IA 532 as a follow up in this years audit.  A target of 10% of work processed should be checked daily, this is carried out every day, although some days through November were not completed and therefore the cumulative to date result is 9.2%. The team are committed to meeting the 10% target, and are expected to achieve this by the end of March.

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

11. 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 | 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 |
| High | 1 | 17% | 1 | 10% | 1 | 7% | 2 | 15% |
| Medium | | 0% | 3 | 30% | 9 | 60% | 8 | 62% |
| Low | 5 | 83% | 6 | 60% | 5 | 33% | 3 | 23% |
| | 6 | | 10 | | 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 processed 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