

**To:** Audit & Governance Committee

**Date:** 26<sup>th</sup> June 2014

**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:**

**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 and B.

Appendix A – Internal and External Audit Recommendation Tracker

Appendix B – Recommendations with Revised Completions Dates

## **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 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 expected completion date are also marked green, if they are within one month of their completion date they are marked amber.

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 External Audit risk recommendations included on the current tracker.

#### **Internal Audit recommendations**

5. There has been one new Internal Audit report finalised since the last meeting:
  - a. **Fraud Risk Assessment – Low risk rating** – Three low risk recommendations were raised during the audit. These related to the reporting of active investigations and the publicising of successful repossessions.
6. There are 15 recommendations on the Internal Audit tracker that are not 100% complete as follows:
  - a. **Cash and Card Payments** – Cash is no longer in use at St Aldates Chambers. Those services still taking cash are seeing reduced volumes and use of card payments is being promoted and encouraged by staff;
  - b. **Town Hall Income** – The Council's cash handling procedures are currently being reviewed and updated and will then be issued to all departments by September 2014.
  - c. **Community Centres and Associations** – Meetings have taken place between the Council and Federation of Community Associations to look at proposed leases, with a further meeting set for September. The review of the process for repairs and maintenance is in progress but not yet finalised;
  - d. **Information Technology General Controls (ITGCs) Audit** – Review work has started to delete inactive Agresso accounts. The implementation of single sign on has also helped as users cannot access the system without a network login;
  - e. **Asset Management** - The recommendations relating to this review will be incorporated into the next refresh of the Asset Management Plan which will be completed in October 2014.
7. There were fourteen recommendations that were not completed by their due dates and have now been given revised due dates as set out in the attached Appendix B.
8. The recommendation relating to Housing Benefit quality checks, IA 532 is a recurring recommendation. At least 10% of work processed is now being checked daily. The target is now consistently being met and is expected to continue in this way. These quality checks allow us to make any necessary amendments on a timely basis to ensure Benefits are assessed accurately.

9. There are twenty two Internal Audit recommendations that are being reported as 100% complete and will be removed from the next report.
10. 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	8%	1	10%	1	7%	2	15%
Medium	0	0%	3	30%	9	60%	8	62%
Low	12	92%	6	60%	5	33%	3	23%
	13		10		15		13	

11. 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**

12. 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**

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

### **Equalities Impact**

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

### **Climate change/environmental impact**

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

### **Name and contact details of author:**

Anna Winship  
Financial Accounting Manager  
Telephone: (01865) 252517  
awinship@oxford.gov.uk

**Background papers:** None

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