

To: Audit & Governance Committee

Date: 29th June 2015

Item No:

Report of: Head of Financial Services

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.

Key decision: No

Executive Lead Member: Councillor Ed Turner

Policy Framework: Corporate Plan – Efficient, Effective Council

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 recommendations which remain outstanding together with updated management responses is 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 original expected completion date are also marked red. Those recommendations that will be completed up to one month later than their original expected completion date are also marked as amber.

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

External Audit Recommendations

4. The remaining audit recommendations relating to the Annual Certification audit of the Housing Benefit claim have now all been completed and the current years audit is now underway.

Internal Audit recommendations

5. There have been seven new Internal Audit reports finalised since the last meeting of the Audit and Governance Committee:
 - a. **Void Properties – Low risk rating** - Three low risk recommendations relating to the achievement of the void target, total expenditure on voids and completion of pre-inspection reports.
 - b. **Planning Applications – Medium risk rating** – One medium risk and four low risk recommendations were identified. The medium risk recommendation relates to the signing off of applications by senior officers, and the low risk recommendations relate to system data, decision making, weekly banking and the appeals process.
 - c. **Health & Safety Housing Stock and Corporate Assets – Medium risk rating** – Three medium risk and two low risk recommendations were made. The medium risk recommendations relate to the health and safety checks being carried out and their frequency. The low risk recommendations relate to confirming compliance of checks and identifying where checks are overdue.
 - d. **Treasury Management and VAT – Low risk rating** – Three low risk recommendations were identified and relate to online banking system access, cash flow forecasting and completeness of paperwork.
 - e. **Risk Management and Budgetary Control - Low risk rating** – four low risk recommendations were identified relating to completeness of the data within the risk registers and the monitoring of efficiency savings.
 - f. **Creditors, Debtors and Cash Collection – Medium risk rating** – Two medium risks relating to Creditor Payments were identified relating to the process for checking amendments to supplier information and the embedding of P2P. Five low risks were also identified, these were in relation to delays in paying invoices, timeliness of raising debtor invoices and credit notes, and the totals of cash holdings.
 - g. **Rose Hill Community Centre – Advisory report** – Members will be aware that at the previous Audit and Governance Committee PWC presented an interim report on the construction of Rose Hill Community Centre, a project included within the Council's Capital Programme. Officers gave initial feedback on

the recommendations and agreed to report back to Committee with responses to individual recommendations. Twentytwo recommendations were made under the three subject headings of Procurement, Project Budget and Control, Governance and Performance Management. All the recommendations made have now been implemented with many included as part of the Council's project management training incorporating the Capital Gateway Process.

6. There is one recommendation relating to Community Centres that is not 100% complete and has passed its forecast completion date, the status of this is that the review of the process for repairs and maintenance is in progress but not yet finished.
7. There are also seven recommendations relating to the Sports Pitches and Bookings which are showing as 95% complete. Agresso is now being used to raise all invoices and cover to ensure segregation of duties is now in place and being embedded within the service.
8. There are 48 Internal Audit recommendations that are being reported as 100% complete and will be removed from the next report.
9. There are four Internal Audit recommendations that are not yet complete, but have not yet exceeded their forecast completion date. Progress is being made on each of these recommendations and it is expected that they will all complete in accordance with their expected dates.
10. Whilst it is noticeable that there are no high risk reports, unlike the previous 3 years, there are a larger proportion of medium risk reports compared to low risk reports. Many of the medium risk rated reviews are in areas that have not been audited in previous years and therefore officers will implement the audit recommendations contained within the reports and continue to improve processes and procedures.

Risk Rating	14/15		13/14		12/13		11/12	
	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports
High	0	0%	1	8%	1	10%	1	7%
Medium	6	46%	0	0%	3	30%	9	60%
Low	7	54%	12	92%	6	60%	5	33%
	13		13		10		15	

11. Alongside the reduction in risk rating all 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 will ensure these recommendations 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 audit have highlighted areas of risk or areas for improvement.

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.

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Background papers: None