

To: Audit & Governance Committee

Date: 6th February 2012

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.

Report Approved by:

Policy Framework: Financial Control

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

Summary

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.

Recommendation tracking

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 is one recommendation showing as red on the external audit recommendation tracker, and this is a medium risk recommendation. This recommendation is in relation to establishing a profit centre approach in relation to the investment portfolio. The Council does not currently have the information on its investment portfolio in one area in the manner required in the audit recommendation but it does recognise the usefulness of having this information. It is proposed that Corporate Assets will look to consolidate all information regarding the investment portfolio in an effort to meet the recommendation by 31st July 2012.
- 5 There are 7 recommendations arising from the audit of the 2010/11 accounts, which will be implemented as part of the 2011/12 close down process. The due date for these is 30th June 2012.
- 6 Of the recommendations that are not yet complete there are 4 that are more than 3 months passed their due date. However, work is progressing on these and they are all more than 50% complete. These have now been updated with forecast completion dates two of which will be complete by the end of February, one which relates to the red item in the paragraph above and will not be completed until July and one which will be completed by 31/12/2012.

Internal Audit recommendations

- 7 There have been six internal audit reports finalised since the last meeting and these recommendations have been added to the tracker, these are:
 - **Homelessness – Medium Risk Rating** – This report contains two medium and one low rated recommendation, giving an overall rating of Medium
 - **General Ledger – Medium Risk Rating** – This report contains two medium and three low rated recommendations, giving an overall rating of Medium
 - **Trade Waste – Medium Risk Rating** - This report contains three medium and five low rated recommendations, giving an overall rating of Medium
 - **Housing Rents – Low Risk Rating** – This report contains one medium and two low rated recommendation, giving an overall rating of Low
 - **Financial Planning and Efficiency – Low Risk Rating** – This is the highest possible score that can be given and is indicative of sound financial planning and efficiency, this report contains one medium and two low rated recommendations. The report also includes three advisory findings, but these do not form part of the overall rating.
 - **Payroll – Low Risk Rating**. This is the highest possible score that can be given to an audit and is indicative of sound processes and

procedures operating within this area. There are only two low rated recommendations from this audit.

- **Collection Fund – Medium Risk Rating.** This report contains 3 low risks and 1 high risk from a previous year
- **Debtors – Low Risk Rating** – There is only one risk raised in the current audit relating to reconciliations which has been implemented. In addition there is only 1 low risk for to a prior period relating to exception reports which will be implemented in March 2012. This rating is reflective of the work undertaken in Finance through the Corporate Modernisation Project.

8 There are no red recommendations on the internal audit recommendation tracker, due to the ongoing work of officers to ensure audit recommendations are complied with in a timely manner.

9 There are 18 internal audit recommendations that are being reported as 100% complete and will be removed from the next report.

10 Of those recommendations remaining on the tracker that are more than three months past their due date, there are:

- Reviewing superusers on the Financial System, Agresso – this will be completed by 29th February 2012 as part of the Healthcheck project.
- Monitoring of key PIs in relation to Health and Safety – this work is progressing and a report is due to be produced by 29th February 2012.
- Review of access to shared drives – access to sensitive areas has been reviewed and the remaining areas will be picked up as part of a larger project to review the network structure. This project will be fully completed by 30th September 2012.

Financial Implications

11 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

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

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Background papers: None

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