Meeting:	**Audit Committee**
Date:	**21 January 2012**

Subject: Tracking of Audit Recommendations

Report of:	**Chief Finance Officer**
Summary:	This report summarises the high risk recommendations arising from Internal Audit reports and outlines how these will be monitored, tracked and reported to the Audit Committee.

Contact Officer:	Kathy Riches, Head of Internal Audit and Risk
Public/Exempt:	Public
Wards Affected:	All
Function of:	Audit Committee

CORPORATE IMPLICATIONS

Council Priorities:

An effective internal audit function will indirectly contribute to all of the Council's priorities.

Financial:

1.   Although there are no financial risks from the issues identified in the report, the outcome of implementing audit recommendations is for the Council to enhance internal control, and better manage its risks, thereby increasing protection from adverse events.

Legal:

2.   None arising directly from the report.

Risk Management:

3.   None specifically. The Audit Plan was produced using a risk based approach, following the completion of a detailed Audit Needs Assessment which took into account strategic and service area risks.

Staffing (including Trades Unions):

4.   None directly from this report.

Equalities/Human Rights:

5.   None directly from this report.

Community Safety:

6.   None directly from this report.

Sustainability:
7.   None directly from this report.

RECOMMENDATION:
That the Audit Committee notes and comments on the updates as presented.

Background

8.   One of the purposes of the Audit Committee is to provide independent assurance on the adequacy of the risk management framework and the associated control environment.

9.   To further strengthen the Audit Committee's role in monitoring the internal control environment within the Council, Internal Audit has developed a system for monitoring and reporting progress against high risk recommendations arising from internal audit inspections.

10.   This paper represents the regular summary of high risk recommendations made to date, along with the progress made against implementation of those recommendations.

Tracking High Risk Recommendations

11.   This report sets out the position as at the end of December 2011. In order to distinguish between recommendations made during 2010/11 and more recent recommendations, the tracking has been presented as two tables – one summarising the reports issued during 2010/11 and captured in previous monitoring reports to the Committee and the second table summarising reports containing high risk recommendations issued since the April 2011 Committee.

12. Appendix A provides detail of progress made to date in addressing high risk recommendations contained in reports issued during 2010/11 and previously reported to the Committee. The table below provides a summary by Directorate.

Table 1 – Summary of High Priority Recommendations Made and Included in tracking reports to the Audit Committee during 2010/11 and earlier

	Customer and Shared Services/ ACE-Resources /ACE-People	Office of The Chief Executive	Children's Services	Sustainable Communities	Social Care Health and Housing	Total	%
No. of reports	15	1	1	2	1	20	
Recs:							
Completed GREEN	55	3	5	4	1	68	91
Ongoing-On schedule for completion within timescales GREEN	0	0	0	0	0	0	0
No work started Within target GREEN	0	0	0	0	0	0	0
Ongoing with deadline missed AMBER	6	0	0	1	0	7	9
No work started Deadline missed RED	0	0	0	0	0	0	0
Total Recs.	61	3	5	5	1	75	100

Progress has been made on implementing the high risk recommendations, although 9% are ongoing with target missed within the agreed timescales.

13. Appendix C provides details of the 7 high risk recommendations contained in Table 1 where implementation of the recommendation is running behind planned completion dates. The appendix includes the rationale behind the audit recommendation and an explanation for the reason for the slippage.

14. Appendix B sets out the reports issued since the April Audit Committee that contain further high risk recommendations. The table below provides a summary by Directorate.

15. **Table 2- Summary of Additional High Priority Recommendations Made Since Last Audit Committee (April 2011)**

	Customer and Shared Services/ ACE-Resources /ACE-People	Office of The Chief Executive	Children's Services	Sustainable Communities	Social Care Health and Housing	Total	%
No. of reports	10	0	1	1	1	13	
Recs:							
Completed GREEN	21	0	13	2	1	37	84
Ongoing- On schedule for completion within timescales GREEN	3	0	0	1	0	4	9
No work started Within target GREEN	0	0	0	0	0	0	0
Ongoing with deadline missed AMBER	1	0	1	1	0	3	7
No work started Deadline missed RED	0	0	0	0	0	0	0
Total Recs.	25	0	14	4	1	44	100

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16. Appendix D provides the details of the 3 recommendations contained in Table 2 where implementation of the recommendation is running behind planned completion dates.

17. Wherever possible evidence has been obtained to support the implementation of recommendations. However, in some instances, verbal assurance has been obtained. Where this is the case, further evidence will be obtained to support the assurances given.

18. Progress will continue to be monitored. The follow up of audit recommendations forms an integral part of the managed audit reviews.

Future Monitoring

19.   Officers responsible for the implementation of recommendations will be contacted regularly to provide updates on progress made. Evidence will be required to support progress made. Where recommendations are ongoing these will continue to be monitored.

Conclusion

20.   Internal Audit recommendations are designed to introduce new controls and procedures or to enhance and strengthen existing controls.   This tracking report has demonstrated that action is being taken to implement these recommendations, thus improving the overall control environment.

21.   Further work is required to ensure that the outstanding recommendations are implemented and to monitor additional recommendations made during the year.

22.   This continuous tracking and reporting of progress on Internal Audit inspections to the Audit Committee will ensure that the Committee has the means to monitor how effectively the high risk recommendations have been implemented.

Appendices:

Appendix A – Details of monitoring of High Priority Internal Audit recommendations (2010/11)

Appendix B - Details of monitoring of High Priority Internal Audit recommendations- Reports issued since April Audit Committee

Appendix C - Details on those recommendations that are outstanding 2010/11

Appendix D - Details on those recommendations that are outstanding – Reports issued since April Audit Committee

Background Papers: None

Location of papers: N/A