
Meeting: **Audit Committee**

Date: **25 June 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 sets out the progress made in their implementation.

Advising Officer: Chief Finance Officer

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 arising directly from the report. However, the Audit Committee has a role in providing independent assurance on the adequacy of the risk management framework and associated control environment, in line with the Corporate Risk Management Strategy.

Staffing (including Trades Unions):

4. None directly from this report.

Equalities/Human Rights:

5. None directly from this report.

Public Health

6. None directly from this report.

Community Safety:

7. None directly from this report.

Sustainability:

8. None directly from this report.

Procurement:

9. None directly from this report.

RECOMMENDATION:

The Committee is asked to consider and comment on the updates as presented.

Background

10. 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.
11. 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.
12. 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

13. This report sets out the position as at the end of May 2012. 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.

14. 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-Resource s/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	57	3	5	5	1	71	95
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	4	0	0	0	0	4	5
No work started Deadline missed RED	0	0	0	0	0	0	0
Total Recs.	61	3	5	5	1	75	100

15. Appendix C provides details of the 4 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 slippage.
16. 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.

17. **Table 2- Summary of Additional High Priority Recommendations Made Since April 2011 Audit Committee**

	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	14	0	1	2	1	18	
Recs:							
Completed GREEN	30	0	14	4	1	49	92
Ongoing-On schedule for completion within timescales GREEN	2	0	0	0	0	2	4
No work started Within target GREEN	0	0	0	0	0	0	0
Ongoing with deadline missed AMBER	1	0	0	1	0	2	4
No work started Deadline missed RED	0	0	0	0	0	0	0
Total Recs.	33	0	14	5	1	53	100

18. Appendix D provides the details of the 2 recommendations contained in Table 2 where implementation of the recommendation is running behind planned completion dates.
19. 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.
20. Progress will continue to be monitored. The follow up of audit recommendations forms an integral part of the managed audit reviews.

Future Monitoring

21. 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

22. In total there are only 6 recommendations that are now amber (ongoing with deadline missed) and no new amber recommendations have been added since the last report to the Committee.
23. 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.
24. Further work is required to ensure that the outstanding recommendations are implemented and to monitor additional recommendations made during the year.
25. This continuous tracking and reporting of progress on Internal Audit inspections to the Audit Committee ensures 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