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**Meeting:** Audit Committee  
**Date:** 7 January 2013  
**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.

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**Advising Officer:** Charles Warboys, 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 direct 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 November 2012. In order to distinguish between the more recent recommendations made during 2012/13 and older outstanding recommendations, the tracking has been presented as two tables – one summarising the reports issued prior to April 2012 and captured in previous monitoring reports to the Committee and the second table summarising reports containing high risk recommendations issued since the April 2012 Committee.
14. Appendix A provides detail of progress made to date in addressing high risk recommendations contained in reports issued prior to April 2012 and previously reported to the Committee.
15. Appendix C provides details of the four high risk recommendations 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 deferred implementation.

16. **Table 1 – Summary of outstanding recommendations made prior to April 2012**

Review	Number of Outstanding Recommendations
Main Accounting System 2009-10	1
Payroll 2009-10	1
Teachers Pensions'	1
SAP Access and Security (incl IT DTR) 2009/10	1
<b>Total</b>	<b>4</b>

17. Appendix B sets out the reports issued since the April 2012 Audit Committee that contain further high risk recommendations. The table below provides a summary by Directorate.

18. **Table 2 - Summary of Additional High Priority Recommendations Made Since April 2012 Audit Committee**

	Corporate Resources/ ACE People and Organisation	Children's Services	Sustainable Communities	Social Care Health and Housing	Total	%
No. of Reports containing high recs.	2	0	0	1	3	
Recs:						
Completed GREEN	4	0	0	0	4	67
Ongoing- On schedule for completion within timescales GREEN	0	0	0	0	0	0
No work started Within target GREEN	0	0	0	0	0	0
Ongoing with deadline missed AMBER	1	0	0	1	2	33
No work started Deadline missed RED	0	0	0	0	0	0
<b>Total Recs.</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>6</b>	<b>100</b>

19. Appendix D provides the details of the two recommendations contained in Table 2 where implementation of the recommendation is running behind planned completion dates.
20. Wherever possible evidence has been obtained to verify 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.
21. Progress will continue to be monitored. The follow up of audit recommendations forms an integral part of the managed audit reviews.

### **Future Monitoring**

22. 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 still being implemented these will continue to be monitored.

### **Conclusion**

23. In total there are only six recommendations that are now amber (underway, with deadline missed). No additional amber recommendations have been added since the last report to the Committee. The number of high priority recommendations being made has reduced, which reflects the embedding of controls within the key financial systems as the authority has developed.
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 - Reports issued prior to April 2012

Appendix B - Details of monitoring of High Priority Internal Audit recommendations - Reports issued since April 2012

Appendix C - Details on those recommendations made prior to April 2012 that remain outstanding

Appendix D - Details on those recommendations made since April 2012 Audit Committee that remain outstanding

**Background Papers:**

None

**Location of papers:**

N/A