Meeting:	**Audit Committee**
Date:	**23 September 2013**

Subject: Tracking of Audit Recommendations

Report of: **Charles Warboys, Chief Finance Officer**

Summary: This report summarises the high priority recommendations arising from Internal Audit reports and sets out the progress made in their implementation.

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 priority recommendations arising from internal audit inspections.

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

Tracking High Priority Recommendations

13.   At the time of the last Audit Committee two high priority recommendations made prior to April 2012 remained outstanding. These related to the 2009/10 Payroll Audit and 2009/10 SAP Access and Security (including ITDR).

14. Since the last Committee the high priority recommendation relating to the 2009/10 Payroll audit has now been addressed. Travel claims and timesheets are now generally processed through the electronic Employee Self Service (ESS) system. The manual completion and authorisation of claim forms is expected to continue in some service areas for the next year due to restricted access to the necessary IT. A signatory list for all senior managers has recently been completed and is planned for use with manual expense claims. The revised processes will be reviewed as part of the 2013 /14 Audit Plan, to provide assurance that the revised procedures are robust.

15. The 2009/10 SAP Access and Security (including IT DR) recommendation remains outstanding. As has been reported to previous Committees, work is in progress to address this. There are a number of actions required to fully implement this recommendation. In order to enable the Committee to monitor progress made, the recommendation has been subdivided into a number of individual activities and progress against each of these elements is tracked at Appendix A.

16. Appendix B sets out the reports issued since during 2012/13 that contain high priority recommendations. The table below provides a summary by Directorate.

17. **Table 1 - Summary of Additional High Priority Recommendations Made during 2012/13**

	Corporate Services	Children's Services	Sustainable Communities	Social Care Health and Housing	Total	%
No. of Reports containing high recs.	3	0	0	3	6	
Recs:						
Completed GREEN	6	0	0	6	12	75
Ongoing- On schedule for completion within timescales GREEN	2	0	0	0	2	12.5
No work started Within target GREEN	0	0	0	0	0	0
Ongoing with deadline missed AMBER	2	0	0	0	2	12.5
No work started Deadline missed RED	0	0	0	0	0	0
Total Recs.	10	0	0	6	16	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. Three reports containing high priority recommendations have been issued since April 2013. These are detailed in Appendix C. Four high priority recommendations have been made. These have all either been completed by the due date, or are currently on schedule for completion by the due deadline.

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 now only 3 high priority recommendations that are amber (underway, with deadline missed). 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 priority recommendations have been implemented.

Appendices:

Appendix A – Detailed Tracking of the 2009/10 SAP Access and Security (incl. IT DR) Managed Audit Recommendation

Appendix B - Details of monitoring of High Priority Internal Audit recommendations - Reports issued during 2012/13

Appendix C - Details of monitoring of High Priority Internal Audit recommendations - Reports issued during 2013/14

Appendix D - Details of recommendations made prior to April 2013 that remain outstanding (excluding IT DR)

Background Papers:

None

Location of papers:

N/A