

## Report of the Chief Auditor

Audit Committee – 9 January 2014

### FUNDAMENTAL AUDITS 2012/13 – RECOMMENDATIONS TRACKER

<b>Purpose:</b>	This report provides a summary of the recommendations made following the fundamental audits 2012/13 and identifies whether the agreed recommendations have been implemented
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	To allow the Audit Committee to fulfil its role in monitoring the implementation of audit recommendations
<b>Consultation:</b>	Legal, Finance.
<b>Recommendation(s):</b>	It is recommended that Committee review and discuss the progress made in implementing the recommendations made following the fundamental audits 2012/13
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#### 1. Introduction

- 1.1 The Internal Audit Section introduced a Recommendations Tracker in 2008/09 for fundamental audits in response to a recommendation made by PwC in their Interim Audit Report.
- 1.2 The fundamental audits are the systems which are so significant to the achievement of the Council's objectives that they are audited annually such as the Main Accounting System, Council Tax, Accounts Payable and Accounts Receivable.

- 1.3 The Recommendations Tracker identifies the actions agreed by management at the end of each fundamental audit and tracks whether they have been implemented by the agreed date.
- 1.4 The number of recommendations made following the fundamental audits 2012/13 was 89 which is an increase on the previous year where 72 recommendations were made.
- 1.5 This report summarises the position as at 30/11/13 on the implementation of the recommendations made following the 2012/13 fundamental audits.

## 2. Recommendations Tracker 2012/13

2.1 The following systems are considered to be fundamental and are subject to an annual audit

- Main Accounting System
- Fixed Assets
- Housing and Council Tax Benefit
- Council Tax
- NNDR
- Cash
- Accounts Payable
- Accounts Receivable
- External Investments and Borrowing
- Pension Fund Investments
- Payroll
- Pensions Administration
- Teachers Pensions
- Housing Rents

2.2 Appendix 1 shows, for each fundamental audit, the number of recommendations made following the 2012/13 audits and whether they have been implemented, partly implemented or not implemented

2.3 The latest position on the 89 recommendations made is summarised in the following table

<b>Recommendations</b>	<b>Number</b>	<b>%</b>
Implemented	68	76
Partly Implemented	6	7
Not Implemented	6	7
Not Yet Due	9	10
<b>Total</b>	<b>89</b>	<b>100</b>

2.4 Ignoring the recommendations which are not yet due for implementation, the percentage of recommendations implemented by 30/11/13 is 85% which compares favourably with previous years.

- 2.5 An analysis of the recommendations, which have been partly or not implemented over the classification of audit recommendations used by the Internal Audit Section, is attached in Appendix 2.
- 2.6 The number of recommendations which have been partly or not implemented is fairly small but they do range across the 'medium risk', 'low risk' and 'good practice' categories.
- 2.7 A list of the recommendations, which have been partly implemented is attached in Appendix 3 and the recommendations not implemented in Appendix 4.
- 2.8 The comments shown in Appendix 3 and 4 indicate that action is being taken by management to address the issues but further progress must be made during the remainder of this year to ensure that the recommendations are not raised again as findings in the fundamental audits for 2013/14.

### **3. Conclusion**

- 3.1 Overall the results of the Recommendations Tracker exercise are positive with 85% of agreed recommendations due for implementation by the end of November 2013 already implemented and action being taken by management to progress the remaining recommendations
- 3.2 It is felt that the action being taken by management to implement the remaining recommendations will ensure that they are in place before this year's fundamental audits are completed and they will not be repeated in this year's reports.

### **4. Equality and Engagement Implications**

- 4.1 There are no equality and engagement implications associated with this report

### **5. Financial Implications**

- 5.1 There are no financial implications associated with this report.

### **6. Legal Implications**

- 6.1 There are no legal implications associated with this report.

**Background Papers:** Fundamental Audit Reports 2012/13

**Appendices:** Appendix 1 – Implementation of Recommendations  
Appendix 2 – Classification of Recommendations  
Appendix 3 – Partly Implemented Recommendations  
Appendix 4 – Not Implemented Recommendations