

Report of the Chief Auditor

Audit Committee – 27 November 2014

FUNDAMENTAL AUDITS 2013/14 – RECOMMENDATIONS TRACKER

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| Purpose: | This report provides a summary of the recommendations made following the fundamental audits 2013/14 and identifies whether the agreed recommendations have been implemented |
| Policy Framework: | None |
| Reason for Decision: | To allow the Audit Committee to fulfil its role in monitoring the implementation of audit recommendations |
| Consultation: | Legal, Finance. |
| Recommendation(s): | It is recommended that <ol style="list-style-type: none">1) Committee review and discuss the progress made in implementing the recommendations made following the fundamental audits 2013/142) A further update showing the position as at the end of January 2015 is provided to a future meeting of the Audit Committee |
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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 2013/14 was 71 which is a significant reduction on the previous year where 89 recommendations were made.
- 1.5 This report summarises the position as at 31/08/14 on the implementation of the recommendations made following the 2013/14 fundamental audits.

2. Recommendations Tracker 2013/14

- 2.1 The following systems are considered to be fundamental and are subject to an annual audit although going forward some audits which have received the highest level of assurance for 3 consecutive years will be moving to a 2 yearly cycle of audits.

- 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 The Fixed Assets audit had not been completed as at the end of August 2014 as the Auditor was seconded to the Accountancy Section in May 2014 to complete the Fixed Assets accounts for 2013/14 as the accountant suddenly went on sick leave with a serious illness. This audit will be completed during quarter 3 by a different member of staff.
- 2.3 Appendix 1 shows, for each fundamental audit, the number of recommendations made following the 2013/14 audits and whether they have been implemented, partly implemented, not implemented or are not yet due.

2.4 The latest position on the 71 recommendations made is summarised in the following table

| Recommendations | Number | % |
|------------------------|---------------|----------|
| Implemented | 40 | 57 |
| Partly Implemented | 1 | 1 |
| Not Implemented | 1 | 1 |
| Not Yet Due | 29 | 41 |
| Total | 71 | 100 |

2.5 Ignoring the recommendations which are not yet due for implementation, the percentage of recommendations implemented by 31/08/14 is 97% which far exceeds the implementation rate for previous years.

2.6 However, it is recognised that there are a large number of recommendations which are not yet due for implementation. Any failure to implement these recommendations over the remainder of the year will impact on the implementation rate.

2.7 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. The Appendix shows that the partly implemented recommendation is classed as low risk and the recommendation which had not been implemented is classed as medium risk.

2.8 The recommendation which has been partly implemented is shown in Appendix 3 and the recommendation not implemented in Appendix 4.

3. Conclusion

3.1 Overall the results of the Recommendations Tracker exercise to the end of August 2014 are extremely positive with 97% of agreed recommendations due for implementation already implemented.

3.2 However the large number of recommendations which were not due for implementation by the end of August means that it is too early to draw any firm conclusions regarding the Recommendations Tracker exercise for 2013/14.

3.3 A further update will be provided to a future Audit Committee meeting giving the position at the end of January 2015.

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 2013/14

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