

## Report of the Chief Auditor

Audit Committee – 16 February 2016

### FUNDAMENTAL AUDITS 2014/15 – RECOMMENDATIONS TRACKER

<b>Purpose:</b>	This report provides a summary of the recommendations made following the fundamental audits 2014/15 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, Access to Services
<b>Recommendation(s):</b>	It is recommended that Committee review and discuss the progress made in implementing the recommendations made following the fundamental audits 2014/15
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#### 1. Introduction

- 1.1 The Internal Audit Section has defined follow up procedures which are designed to provide assurance that agreed recommendations have been implemented by management within the agreed timescales. For fundamental audits, a Recommendations Tracker exercise is completed each year where the auditor will review the actions taken to implement e agreed recommendations.
- 1.2 The fundamental audits are the systems which are so significant to the achievement of the Council's objectives that they are audited ether annually or every 2 years.

- 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 This report summarises the position as at 31 December 2015 on the implementation of the recommendations made following the 2014/15 fundamental audits.

## 2. Recommendations Tracker 2014/15

2.1 The following systems are considered to be fundamental and until 31 March 2014 were subject to an annual audit.

- Main Accounting System (2)
- Fixed Assets (2)
- Housing and Council Tax Benefit (2)
- Council Tax (2)
- NNDR (1)
- Cash (2)
- Accounts Payable (1)
- Accounts Receivable (1)
- External Investments and Borrowing (2)
- Pension Fund Investments (2)
- Payroll (1)
- Pensions Administration (1)
- Teachers Pensions (1)
- Housing Rents (2)

2.2 For the 2014/15 Annual Plan, a risk based approach was taken to fundamental audits and any audits which had received the highest level of assurance for 3 consecutive years were moved to a 2 year cycle of audits. The number of years between each audit is shown in brackets above and is subject to an annual review as part of the audit planning process.

2.3 Appendix 1 shows, for each fundamental audit, the number of recommendations made following the 2014/15 audits and whether they have been implemented, partly implemented, not implemented or are not yet due.

2.4 The latest position on the 52 recommendations made is summarised in the following table

<b>Recommendations</b>	<b>Number</b>	<b>%</b>
Implemented	33	63.5
Partly Implemented	4	7.7
Not Implemented	5	9.6
Not Yet Due	10	19.2
<b>Total</b>	<b>52</b>	<b>100</b>

- 2.5 Ignoring the recommendations which are not yet due for implementation, the percentage of recommendations implemented by 31 December 2015 is 79%.
- 2.6 There are 10 recommendations which are not yet due of which 8 relate to Payroll where an electronic solution is being developed for the filing of Payroll documentation where relevant documents will be attached to the employee record on the Oracle Payroll System which will remove the need for paper files. The electronic solution is scheduled to be in place by 1 April 2016 and a review of the progress in developing the solution has shown that Payroll are on course due fully implement the electronic solution by the due date.
- 2.7 The other audit worthy of comments is Accounts Receivable where only 50% of the 12 agreed recommendations had been implemented by the end of December 2015. However, it was noted during the follow up visit that the Section has suffered from staffing issues including the Team Leader obtaining another job and a number of staff being absent due to long term sickness
- 2.8 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 a number of medium risk recommendations have not been fully implemented.
- 2.8 The recommendations which have been partly or not implemented are shown in Appendix 3.

### **3. Conclusion**

- 3.1 Overall the results of the Recommendations Tracker exercise to the end of December 2015 are positive with 79% of agreed recommendations due for implementation already implemented.
- 3.2 However a number of recommendations were not due for implementation by the end of December but a review of progress in implementing these recommendations has shown that progress is being made and it is expected that the recommendations will be implemented by the due date.
- 3.3 A further review of the recommendations which have been partly or not implemented will be undertaken during the fundamental audit for 2015/16.

### **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 2014/15

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