



Report of the Chief Auditor

Audit Committee – 12 December 2017

Fundamental Audits 2016/17 – Recommendation Tracker

Purpose:	This report provides a summary of the recommendations made following the fundamental audits 2016/17 and identifies whether the agreed recommendations have been implemented
Policy Framework:	None
Consultation:	Legal, Finance, Access to Services
Recommendation(s):	It is recommended that Committee review and discuss the progress made in implementing the recommendations made following the fundamental audits 2016/17
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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 the 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 either 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 30 November 2017 on the implementation of the recommendations made following the 2016/17 fundamental audits.

2. Recommendations Tracker 2016/17

- 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 (2)
 - Cash (2)
 - Accounts Payable (2)
 - 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 2016/17 audits and whether they have been implemented, partly implemented, not implemented or are not yet due.
- 2.4 The latest position on the 40 recommendations made is summarised in the following table:

Recommendations	Number	%
Implemented	32	80
Partly Implemented	2	5.0
Not Implemented	3	7.5
Not Yet Due	3	7.5
Total	40	100.0

2.5 Ignoring the recommendations which are not yet due for implementation, the percentage of recommendations implemented by 30 November 2017 is 86%.

2.6 An analysis of the 5 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 1 recommendation which has not been implemented is classed as low risk and the other 2 are classed as good practice. Both partly implemented recommendations were classed as either low risk or good practice.

2.7 The recommendations which have been partly or not implemented are shown in Appendix 3.

3. Conclusion

3.1 The number of recommendations arising from the fundamental audits continues to decrease year on year. There were 40 recommendations made following the 2016/17 fundamental audits which is down by 6 on the previous year.

3.2 Overall the results of the Recommendations Tracker exercise to the end of November 2017 are positive with 32 (86%) of agreed recommendations due for implementation already implemented.

3.3 A small number of recommendations still require work to implement or are due for implementation prior to the end of the financial year. Progress on the implementation of these recommendations will be reviewed during the fundamental audits for 2017/18.

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 2016/17

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