



Report of the Chief Auditor

Audit Committee – 11 December 2018

Fundamental Audits 2017/18 Recommendation Tracker

Purpose:	This report provides a summary of the recommendations made following the fundamental audits in 2017/18 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, 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 2017/18.
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Catherine Window

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 September 2018 on the implementation of the recommendations made following the 2017/18 fundamental audits.

2. Recommendations Tracker 2017/18

- 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)
 - Employee Services (Payroll) (1)
 - Pensions Administration (1)
 - Teachers Pensions (2)
 - Housing Rents (2)
- 2.2 From 2014/15, a risk based approach was taken to determine the required frequency of fundamental audits. Any audits which had received the highest level of assurance for 3 consecutive years were moved to a 2 year cycle. 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. It should also be noted that following the completion of the 2017/18 fundamental audits, 13 out of the 14 audits had received a High Assurance rating at the last time of audit.

- 2.3 Appendix 1 shows, for each fundamental audit, the number of recommendations made following the 2017/18 audits and whether they have been implemented, partly implemented, not implemented or are not yet due.
- 2.4 The latest position on the 51 recommendations made is summarised in the following table

Recommendations	Number	%
Implemented	35	68
Partly Implemented	5	10
Not Implemented	5	10
Not Yet Due	6	12
Total	51	100.0

- 2.5 Ignoring the recommendations which are not yet due for implementation, the percentage of recommendations implemented by 30 September 2018 is 78%.
- 2.6 An analysis of the 10 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 three recommendations that had been partly implemented were all classed as medium risk and related to the Accounts Receivable audit. This audit is continues to be completed on an annual basis, and as a result the implementation of the outstanding recommendations will be reviewed as part of the 2018/19 audit. The remaining 7 recommendations that had not been implemented were classed 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 Overall the results of the Recommendations Tracker exercise to the end of September 2018 are positive with 35 (78%) of agreed recommendations due for implementation already implemented.
- 3.2 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 2018/19.

4. Equality and Engagement Implications

- 4.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

4.2 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 2017/18

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