

# READING BOROUGH COUNCIL REPORT

BY DEPUTY CHIEF EXECUTIVE

<b>TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>		
<b>DATE:</b>	<b>20<sup>th</sup> APRIL 2021</b>		
<b>TITLE:</b>	<b>IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR EMBERSON</b>	<b>PORTFOLIO:</b>	<b>CORPORATE &amp; CONSUMER SERVICES</b>
<b>SERVICE:</b>	<b>AUDIT</b>	<b>WARDS:</b>	<b>BOROUGHWIDE</b>
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## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The outcomes of all internal and external audit reports are reported to this Committee.
- 1.2 The April 2018 Audit and Governance Committee agreed that, to provide a greater focus on the importance of implementation of agreed audit recommendations, an implementation tracker report would be reported to all future meetings of this Committee.
- 1.3 Appendix 1 attached sets out all audit recommendations, the status of each recommendation, the officer responsible for implementation and progress with delivery.

## 2. RECOMMENDED ACTION

- 2.1 The Committee are asked to consider the report.

**Appendix 1 - Implementation of Audit Recommendations Tracker - March 2021.**

## 3. POLICY CONTEXT

- 3.1 This report supports the Council's objective of ensuring that the Council is fit for the future.

## 4. THE PROPOSAL

- 4.1 A summary of Internal Audit recommendations and updated management responses since the last Committee are provided in Appendix 1 attached. For continuity, and ease of monitoring, a column has been added for a unique tracker recommendation number.

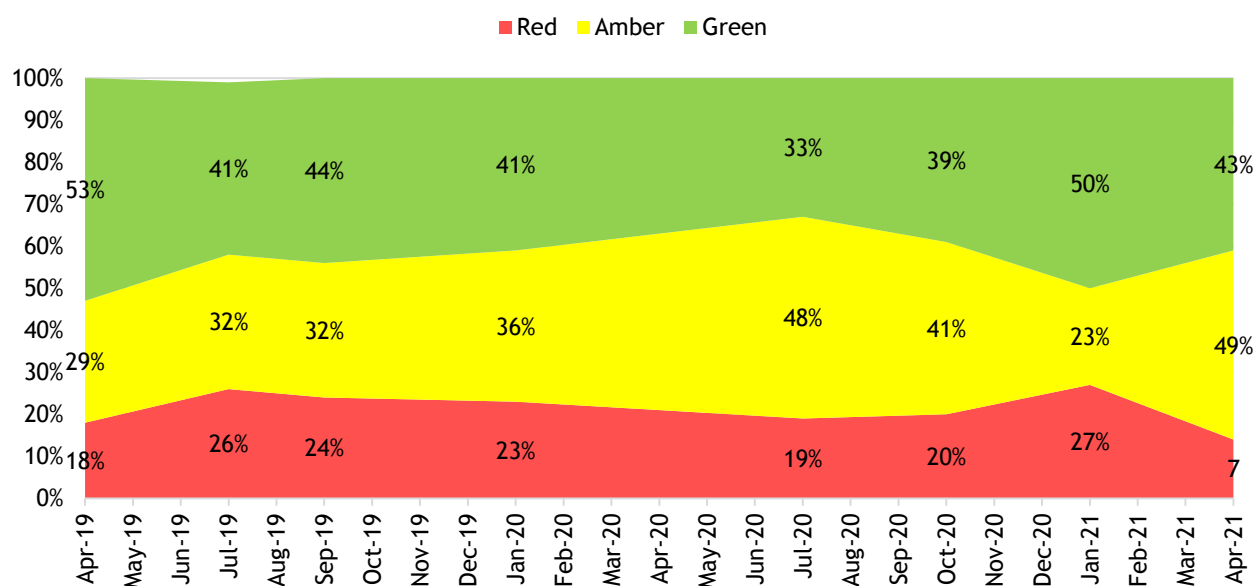
- 4.2 17 new recommendations have been added to the report since the last meeting in October. 33 completed recommendations have been removed.
- 4.3 Prior to reporting to Committee, officers responsible for implementing the specific recommendations are asked to update the 'Audit implementation tracker'. Each recommendation is marked with a percentage complete which correlates to a red/amber/green rating depending on the percentage of completeness. Up to 25% complete is marked red, between 26% and 75% complete is amber and over 75% complete is green. However, any recommendations that are less than 50% complete but have exceeded their agreed completion date are also marked red.
- 4.4 Where there is a lack of progress with implementation, e.g. successive missing of implementation dates etc., the Director/Assistant Director and responsible officer (if they are different) can be asked to attend a meeting of the Committee to explain the difficulties with implementation and the steps they are taking to address them.
- 4.5 There are 122 Internal Audit recommendations on the tracker attached at Appendix 1.
- 4.6 Of those rated red, 1 relates to new recommendations added to the tracker since the last report.
- 4.7 The status of the recommendations detailed in Appendix 1 is as follows:

Status	Percentage	Number
Complete	16%	20
Green	27%	33
Amber	49%	60
Red	7%	9

RAG Status	Audit & Governance Meetings				Trend
	July 20	Oct 20	Jan 21	April 21	
Green	33%	39%	50%	43%	decrease
Amber	48%	41%	23%	49%	increase
Red	19%	20%	27%	7%	decrease

The graph overleaf shows trends in status for recommendations presented to Audit & Governance meetings over the period from March 19 - March 21. There has been a 7% decrease in those rated green, a 26% increase in those which are amber, and 20% decrease in the proportion rated red.

## Audit Tracker RAG status trends Apr 19 - Apr 21



### 5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The proposals contained in the report support the Council’s Corporate Plan priority of “Ensuring the Council is Fit for the Future” and therefore remains financially sustainable to deliver its service priorities.

### 6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1. Audit plans and the implementation of recommendations tracker will continue to be reported to this Committee.

### 7. ENVIRONMENTAL IMPACT

- 7.1 The Council declared a Climate Emergency at its meeting on 26 February 2019. There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

### 8. EQUALITY IMPACT ASSESSMENT

- 8.1 The equality duty is relevant to the implementation of Audit recommendations. Specific recommendations are subject to consultation and equality impact assessments where required and are progressed as appropriate.

### 9. LEGAL IMPLICATIONS

- 9.1 The Council has a duty under the Accounts and Audit Regulations to ensure it has in place a financial control framework which is fit for purpose. It also has a duty to ensure Value for Money in the provision of services.

### 10. FINANCIAL IMPLICATIONS

- 10.1 Whilst there are no specific financial implications arising directly from this report, the timely implementation of audit recommendations is critical in strengthening

the Council's internal control and governance arrangements.

- 10.2 The Council's Chief Internal Auditor's reports have over several years repeatedly reported that audit recommendations made in previous audits have not been implemented. This does not represent value for money from either an audit or wider organisational perspective.
- 10.3 Poor systems of internal control and financial governance potentially leave the Council exposed to loss and will result in higher external audit costs due to the lack of assurance they provide, and the consequential higher testing thresholds required by the Council's external auditors.
- 10.4 Whilst there are still recommendations that are RAG rated red, there has been positive engagement with the arrangements and significant improvement since implementing the new tracking and reporting process and the number of red recommendations has reduced year on year

## **11. BACKGROUND PAPERS**

- 11.1 Internal Audit Reports presented to Audit and Governance Committee, Chief Internal Auditors Annual Reports.