READING BOROUGH COUNCIL REPORT

REPORT BY DEPUTY CHIEF EXECUTIVE

TO:	**AUDIT & GOVERNANCE COMMITTEE**		
DATE:	**25th Jan 2022**	**AGENDA ITEM:**	
TITLE:	**IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER**		
LEAD COUNCILLOR:	**COUNCILLOR MCEWAN**	**PORTFOLIO:**	**CORPORATE & CONSUMER SERVICES**
SERVICE:	**AUDIT**	**WARDS:**	**BOROUGHWIDE**
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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 – Jan 2022.

3. POLICY CONTEXT

3.1 This report supports the 'our foundations' theme of the Council's Corporate Plan 2021/22.
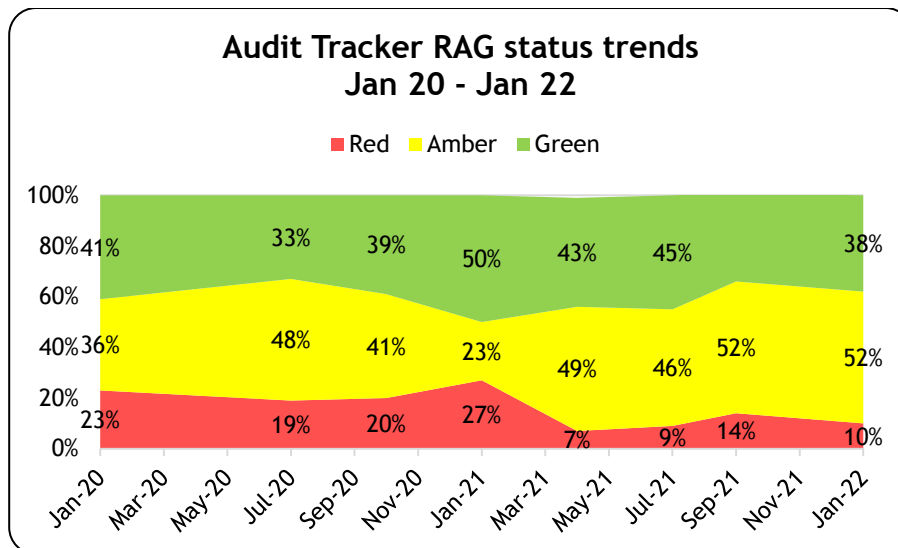
4. THE PROPOSAL

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 unique tracker recommendation number is assigned to each recommendation.

4.2 As reported previously the Audit Tracker has been cleansed to ensure it remains relevant and up-to-date and that recommendations are not duplicated as a result of follow up or subsequent audits. In addition, it has been agreed by the Director of Finance and Chief Auditor that priority 3 recommendations would not be added to the tracker going forward, as these are advisory points made by the Auditor. Whilst it is important that all agreed audit recommendations are implemented, the focus of the Committee should be on the high to medium risk recommendations.

4.3 There is currently a total of 61 recommendations on the tracker attached at Appendix 1, of which 11 are reporting as complete and will be removed prior to the next meeting.

4.4 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. 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.

4.5 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.

4.6 The status of the recommendations detailed in Appendix 1 is as follows:

RAG Status	Percentage	Number
Complete	18%	11
Green (but not complete)	20%	12
Amber	52%	32
Red	10%	6

RAG Status	Audit & Governance Meetings				Trend since previous meeting
	April 21	July 21	Sept 21	Jan 22	
Green	43%	45%	35%	38%	Increasing
Amber	49%	46%	52%	52%	No change
Red	7%	9%	14%	10%	Decreasing

4.7 Whilst there has been positive movement since the last meeting (there has been a 3% increase in those rated green, no change in those which are amber, and 4% decrease in the proportion rated red), more needs to be done to improve implementation times as there are a number of recommendations which are more than 12 months old.

4.8 The graph below shows trends in status for recommendations presented to Audit & Governance meetings over the period from Jan 21 – Jan 22.

Audit Tracker RAG status trends
Jan 20 - Jan 22

■ Red ■ Amber ■ Green

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 a 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.