

READING BOROUGH COUNCIL REPORT

REPORT BY DIRECTOR OF RESOURCES

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	24 JANUARY 2023		
TITLE:	IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER		
LEAD COUNCILLOR:	COUNCILLOR TERRY	PORTFOLIO:	CORPORATE SERVICES & RESOURCES
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 2023.

3. POLICY CONTEXT

- 3.1 This report supports the Council's Corporate Plan 2022-25, ensuring that the Council has fit for purpose processes and remains financially sustainable in order to deliver its service priorities.

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 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 99 recommendations on the tracker, attached at Appendix 1, of which 26 are reporting as completed since the last meeting and will be removed prior to the next meeting. 13 recommendations have been added to the tracker since the last report.
- 4.4 The age of the recommendations is shown in the table below:

	April 22		June 22		Sept 22		Jan 23	
20/21	28	27.7%	20	20.8%	16	17.6%	16	15.4%
21/22	73	72.3%	59	61.5%	62	68.1%	57	54.8%
22/23	-	-	17	17.7%	13	14.3%	26	26.3%
<i>Total</i>	<i>101</i>	<i>100%</i>	<i>96</i>	<i>100%</i>	<i>91</i>	<i>100%</i>	<i>99</i>	<i>100%</i>

- 4.5 Prior to reporting to Committee, officers responsible for implementing the specific recommendations are asked to update the Audit Tracker. Each recommendation is marked with a percentage complete which correlates to a red (up to 25%), amber (26%-75%), or green (76%+) rating. However, any recommendations that are less than 50% complete but have exceeded their agreed completion date are also marked red.
- 4.6 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.
- 4.7 The status of the recommendations detailed in Appendix 1 is as follows:

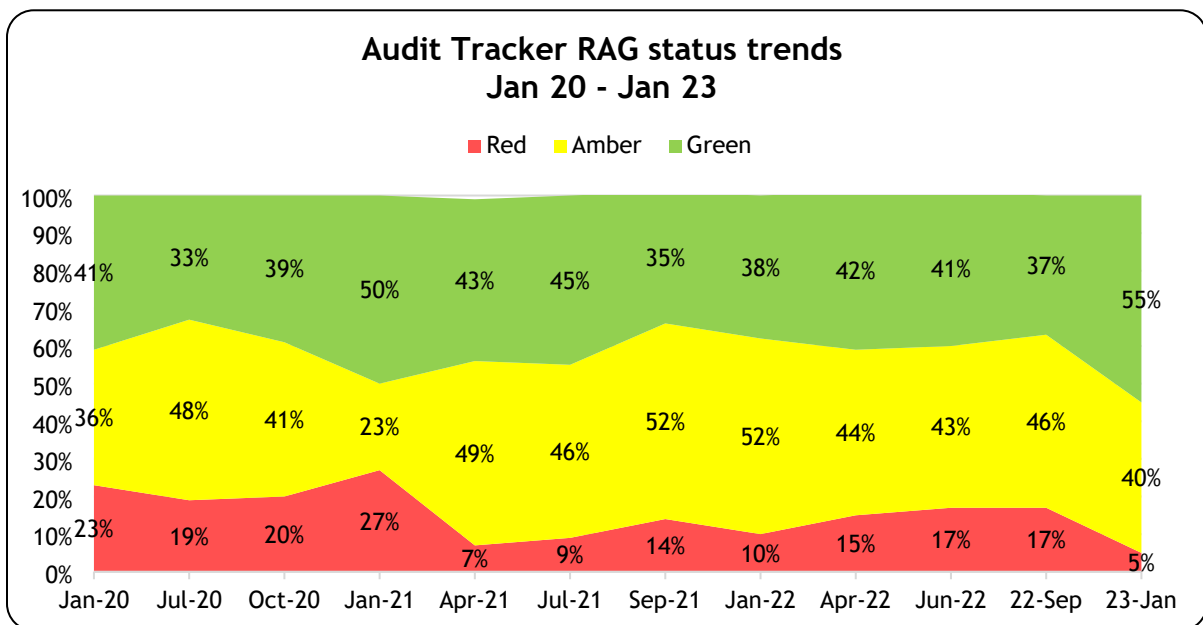
<i>RAG Status</i>	<i>Percentage</i>	<i>Number</i>
Complete	26	26.3%
Green (but not complete)	28	28.3%
Amber	40	40.4%
Red	5	5.1%

RAG Status	Audit & Governance Meetings				Trend since previous meeting
	April 22	June 22	Sept 22	Jan 23	
Green	42%	41%	37%	55%	Increase
Amber	44%	43%	46%	40%	Decrease
Red	15%	17%	17%	5%	Decrease

- 4.8 The percentage of red recommendations has decreased significantly to 5%. The number of recommendations which are more than 12 months old has increased since the last report in Sept at 39, as shown in the table below.

Audit recommendations more than 12 months old						
RAG Status	June 22		Sept 22		Jan 23	
	%	Number	%	Number	%	Number
Complete	21.4%	6	0%	0	12.8%	5
Green (but not complete)	28.6%	8	41.9%	13	38.5%	15
Amber	46.4%	13	58.1%	18	48.7%	19
Red	3.6%	1	0%	0	0%	0
Total	100%	28	100%	31	100%	39

4.9 The graph below shows trends in status for recommendations presented to Audit & Governance Committee meetings over the period from Jan 20 - Jan 23.



4.10 Further detail on how actions have progressed from the previous report is shown in the table below.

	Sept 22	Change between reporting periods	Jan 23 - new recommendations	Jan 23 - all recommendations
Complete	5	5 removed	1	26
Green	29	13 now complete 16 still green	7	28
Amber	42	7 now complete 4 now green 31 still amber	3	40
Red	15	5 now complete 1 now green 6 now amber 3 still red	2	5
Total	91	91	13	99

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The proposals contained in the report support the Council's Corporate Plan, ensuring that the Council remains financially sustainable in order 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.