

READING BOROUGH COUNCIL REPORT

REPORT BY DIRECTOR OF RESOURCES

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	12th APRIL 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 As agreed at last Audit & Governance Committee in January 2023, Appendix 1 attached now sets out progress against the audit recommendations for audits which were assigned a 'limited' or 'no assurance' opinion only.

2. RECOMMENDED ACTION

- 2.1 The Committee are asked to consider the report.

Appendix 1 - Implementation of Audit Recommendations Tracker - April 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.
- 4.2 It was agreed at last Audit & Governance Committee in January 2023 that,

going forward, only recommendations for audits with either a ‘limited’ or ‘no assurance’ opinion will be included in this report and the tracker at Appendix 1. This means that there are currently no comparison figures; trends will start to be included in the report from the next Audit & Governance Committee.

- 4.3 In addition, previously it was 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.
- 4.4 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.
- 4.5 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 There is currently a total of 49 recommendations on the tracker, of which 9 are reporting as completed since the last meeting and will be removed prior to the next meeting. 11 recommendations have been added to the tracker since the last report.
- 4.7 The age of the recommendations is shown in the table below:

Age of recommendations		
Year	Percentage	Number
20/21	9	18.4%
21/22	26	53.1%
22/23	14	28.6%
Total	49	100%

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

RAG Status	Percentage	Number
Complete	18.4%	9
Green (but not complete)	26.5%	13
Amber	42.8%	21
Red	12.2%	6
Total	100%	49

- 4.9 The table below shows the status of the recommendations which are more than 12 months old:

Audit recommendations more than 12 months old		
<i>RAG Status</i>	<i>Percentage</i>	<i>Number</i>
Complete	20.7%	6
Green (but not complete)	41.4%	12
Amber	37.9%	11
Red	0%	0
<i>Total</i>	<i>100%</i>	<i>29</i>

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.