

Audit and Governance Committee

20 July 2023



Reading
Borough Council
Working better with you

Title	Implementation of Audit Recommendations Tracker
Purpose of the report	To note the report for information
Report status	Public report
Report author (name & job title)	Charlie Stewart, Director of Resources
Lead Councillor (name & title)	Cllr Liz Terry
Corporate priority	Our Foundations
Recommendations	<ol style="list-style-type: none">1. That Committee consider the report2. That progress against the audit recommendations for audits which assigned a 'limited' or 'no assurance' opinion are noted

1. Executive Summary

- 1.1. The outcomes of internal and external reports are reported to this committee.
- 1.2. In April 2018 Audit and Governance Committee (AGC) agreed to provide greater focus on the importance of the implementation of agreed audit recommendations. A tracker report would therefore be reported to all future meetings of this committee.
- 1.3. As agreed at the January 2023 meeting of AGC Appendix one attached sets out progress against audit recommendations for audits assigned a 'limited' or 'no assurance' opinion only.
- 1.4. Future reports will be automated, and a dashboard format developed using Power BI.

2. Policy Context

- 2.1. 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.

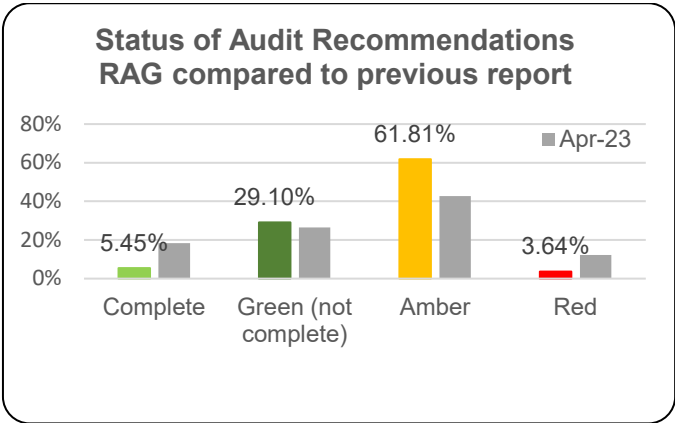
3. The Proposal

- 3.1. A summary of Internal Audit recommendations and updated management responses since the last Committee are provided in Appendix 1, attached.
- 3.2. In January 2023 it was agreed in future only recommendations for audits with either a 'limited' or 'no assurance' opinion will be included in the report and the tracker appendix.

- 3.3. In addition, previously agreed that priority three recommendations would not be added to the tracker in future 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 high to medium risk recommendations.
- 3.4. Prior to reporting to committee, officers responsible for implementing the specific recommendations are asked to update the Audit Tracker. Each recommendation is assigned a percentage complete which correlate to the following ratings:
 - Red (up to 25%) & less than 50% complete but have exceeded agreed completion date
 - Amber (26-75%) or
 - Green (76%+)
- 3.5. Where there is a lack of progress with implementation, for example, regularly missing implementation dates etc, the Director / Assistant Director and Responsible Officer (if different) can be asked to attend the committee meeting to explain the difficulties with implementation and the steps being taken to address them
- 3.6. Fifteen recommendations added to the tracker and nine completed recommendations removed since April. There are currently fifty-five recommendations on the tracker, of which three reported as complete.
- 3.7. The age of the recommendations is in the table below:

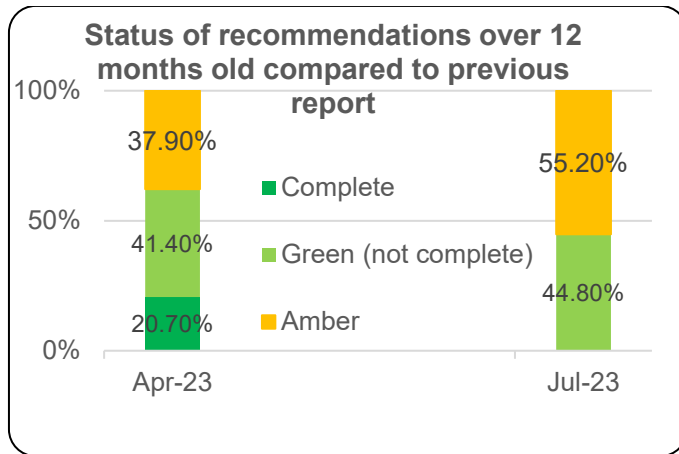
Age of recommendations				
	July 23		April 23	
Year	Number	Percentage	Number	Percentage
20/21	8	14.5%	9	18.4%
21/22	21	38.2%	26	53.1%
22/23	26	47.3%	14	28.6%
Total	55	100%	49	100%

3.8. The status of the recommendations detailed in Appendix one is as follows



There are no recommendations which have a RAG status in April & July 23.

3.9 The chart below shows the status of the recommendations which are more than 12 months old, compared to the previous report.



- 3.10 The next report, Appendix 1, will use Power BI and a dashboard format instead of Microsoft excel, used to date.
- 3.11 A timetable which aligns with performance reporting is also being considered.

4. Contribution to Strategic Aims

- 4.1. The proposals in this report support the Councils Corporate Plan, ensuring that the Council remains financially sustainable in order to deliver its service priorities.

5. Environmental and Climate Implications

- 5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers). There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

6. Community Engagement

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

7. Equality Implications

- 7.1. 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.

8. Legal Implications

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

9. Financial Implications

- 9.1. There are no specific financial implications arising directly from this report, the timely implementation of audit recommendations is critical in improving the Council's internal control and governance arrangements.
- 9.2. The Council's Chief Internal Auditor's reports have 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.
- 9.3. 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.
- 9.4. Whilst there are still recommendations that are RAG rated red, there has been positive engagement with the arrangements and significant improvement since implementing this tracking and reporting process and the number of red recommendations has reduced year on year.

10. Timetable for Implementation

- 10.1. Not applicable.

11. Background Papers

- 11.1. There are none.

Appendices

- 1. Implementation of Audit Recommendations Tracker – July 2023**