

Audit and Governance Committee

23 January 2024



Reading
Borough Council
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|------------------------------|--|
| Title | Audit Recommendations Tracker |
| Purpose of the report | To note the report for information |
| Report status | Public report |
| Report author | Charlie Stewart, Executive Director of Resources |
| Lead Councillor | Cllr Liz Terry |
| Corporate priority | Our Foundations |
| Recommendations | <ol style="list-style-type: none">1. That Committee consider the report.2. That progress against the audit recommendations for audits assigned a 'limited' or 'no assurance' opinion is noted |

1. Executive Summary

- 1.1. The outcomes of internal audit 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 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 which were assigned a 'limited' or 'no assurance' opinion only.

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. It was agreed in January 2023 only recommendations for audits with either a 'limited' or 'no assurance' opinion will be included in the report and the tracker appendix.
- 3.2. A summary of relevant Internal audit recommendations and progress since the last Committee are provided in Appendix 1, attached.
- 3.3. In addition, previously it was 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's 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 marked with 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%+)

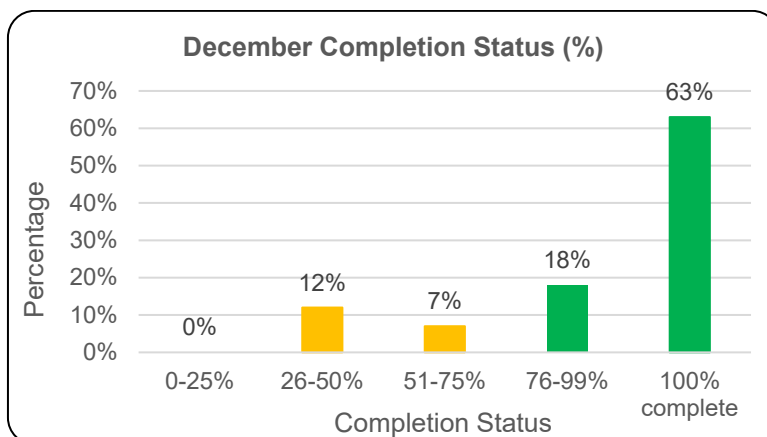
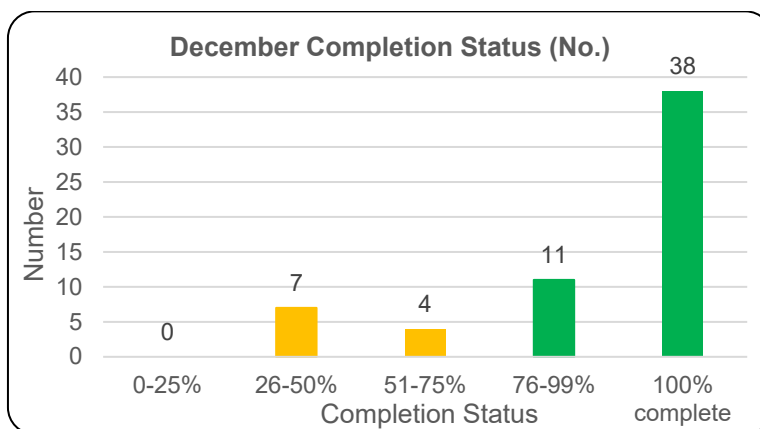
3.5. Where there is a lack of progress with implementation, for example, regularly missing implementation dates etc, the Director / Assistant Director and Responsible Officer (if different) can be asked to attend the committee meeting to explain the difficulties with implementation and the steps being taken to address them.

3.6. 18 recommendations have been added to the tracker and 9 completed recommendations removed since April. There are currently 60 recommendations on the tracker, of which 38 are reported as complete.

3.7. The age of the recommendations, Financial Year, which have not yet been completed are listed in the table below:

| Age of recommendations (not completed) | | |
|--|------------|-------------|
| | January 24 | |
| Year | Number | Percentage |
| 21/22 | 5 | 23% |
| 22/23 | 12 | 54% |
| 23/24 | 5 | 23% |
| Total | 22 | 100% |

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



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 which is 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 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.
- 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. **Audit Recommendations Tracker – January 2024**