READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	19th September 2019		
TITLE:	IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE & CONSUMER SERVICES
SERVICE:	AUDIT	WARDS:	BOROUGHWIDE
LEAD OFFICER:	JACQUELINE YATES	TEL:	x74710
JOB TITLE:	EXECUTIVE DIRECTOR OF RESOURCES	E-MAIL:	Jackie.Yates @reading.gov.uk

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 At the April 2018 Audit and Governance Committee it was agreed 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. This is the sixth report on the tracker.

1.4 Appendix 1 attached sets out all of the current high and medium risk internal audit recommendations and the officer responsible for implementing them. Going forward all Internal and external audit recommendations will be added to the report.

Appendix 1 - Implementation of Audit Recommendations Tracker - September 2019.

2. **RECOMMENDED ACTION**

2.1 **The Committee are asked to note the report.**

3. **POLICY CONTEXT**

3.1 This report supports the Council's objective of ensuring that the council is fit for the future.

4. **THE PROPOSAL**

4.1 A summary of those high and medium risk Internal Audit recommendations which remained outstanding at the last Committee together with an updated management response is provided in Appendix 1 attached. Those recommendations which were reported as closed at the last meeting have

been removed from the tracker and 3 new recommendations have been added to the report since the last meeting.
Going forward all new Internal and External audit recommendations will be added to the tracker.

4.2 Prior to reporting to Committee officers responsible for implementing the specific recommendations are asked to update the 'implementation tracker'. Each recommendation is marked with a percentage complete which correlates to a red/amber/green rating depending on the percentage of completeness. 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.

4.3 Once recommendations are reported as being 100% complete to the Committee they are removed from subsequent reports.

4.4 Where there is a lack of progress with implementation, e.g. successive missing of implementation dates etc. The Assistant Director and responsible officer (if they are different) will be asked to attend a meeting of the Committee to explain the difficulties with implementation and the steps they are taking to address them.

4.5 There are 72 high and medium risk Internal Audit recommendations on the tracker attached at Appendix 1, of those

- 32 (44%) are currently green;
- 23 (32%) amber and
- 17 (24%) red

Compared to the previously reported position recommendations which are rated green have increased from 41% to 44%. Amber recommendations are unchanged and those rated red have decreased marginally (by 2%).

12 recommendations are completed and will be deleted from the next report.

The table below provides a comparison of progress against reports in the past year.

RAG Status	Audit & Governance meetings				
	Sept 18	Jan 19	April 19	July 2019	Sept 19
Green	42%	49%	53%	41%	44%
Amber	18%	34%	29%	32%	32%
Red	41%	16%	18%	26%	24%

5. **CONTRIBUTION TO STRATEGIC AIMS**

5.1 The proposals contained in the report support the Council's Corporate Plan priority to:
- Remain financially sustainable to deliver its service priorities.

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   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.

9.1   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.

9.2   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.

9.3   Whilst there are still a large number of 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

10.   **BACKGROUND PAPERS**

10.1   Internal Audit Reports presented to Audit and Governance Committee, Chief Internal Auditors Annual Report 2017 & 2018.