

## BRECKLAND COUNCIL

### Report of the Head of Internal Audit to the AUDIT COMMITTEE – 15 June 2012

#### Report on the Status of Audit Recommendations due for Implementation by 31 March 2012

##### **1** Purpose of Report

- 1.1 The purpose of this report is to inform members as to the progress made in implementing audit recommendations due at 31 March 2012.

##### **2** Recommendations

It is recommended that the Committee:

- 2.1 Note that implementation of agreed actions arising from audit reports has been progressing satisfactorily throughout 2011/12, with a much improved position being maintained compared to the previous financial year.

**Note:** In preparing this report, due regard has been had to equality of opportunity, human rights, prevention of crime and disorder, environmental and risk management considerations as appropriate. Relevant officers have been consulted in relation to any legal, financial or human resources implications and comments received are reflected in the report.

##### **3** Information, Issues and Options

###### 3.1 Background

- 3.1.1 We report the status of audit recommendations to this Committee on a 6 monthly basis, with our last report presented in 25 November 2011.
- 3.1.2 The process used to monitor the implementation of audit recommendations has remained broadly similar to that used previously; all audit recommendations are input on the TEN performance management system, with periodic verification reviews by the Deloitte internal auditors. The report is based on the latest information made available to Deloitte in respect of those recommendations due by 31 March 2012.

###### 3.2 Overall Position

- 3.2.1 The number of outstanding recommendations, listed per audit, is attached at **Appendix 1**. A summary of the current and previously reported position is provided below:

Recommendation status at:	01/10/10 to 31/03/11		01/04/11 to 30/09/11		01/10/11 to 31/03/12	
	No.	%	No.	%	No.	%
Due for implementation	56		58		65	
Completed/Superseded	22	39.3	35	60.3	35	53.8
Outstanding	34	60.7	23	39.7	30	46.2
Unable to confirm status	0	0	0	0	0	0

The above table essentially provides a snapshot of mid year and end of year positions – the figures are not cumulative but seek to permit an overview to be maintained as to the nature of progress being made in relation to implementing agreed actions at 6 monthly intervals.

- 3.2.2 Members will recall that when we last reported on the status of audit recommendations on 25 November 2011, we were able to comment on a much improved implementation level, compared with the previous June, when an unsatisfactory position had been noted whereby there had been a marked decrease in the proportion of audit recommendations that had been completed at that stage. Whilst the implementation level is still reasonable, there has been a reduction in activity since June 2011 – in the last six months, 21 systems and computer audit recommendations have had revised deadlines agreed and these are included in the number outstanding in the table at paragraph 3.2.1 above. Further details in respect of these outstanding recommendations are included at **Appendices 2 and 3**.
- 3.2.3 Historically, there have been a high percentage of ICT recommendations outstanding. Whilst 10 computer audit recommendations are currently outstanding, 18 agreed actions have been implemented over the second half of the financial year and this has proved possible as a consequence of the ICT Strategy being updated and then subject to formal approval.
- 3.2.4 It is appreciated that one high priority computer audit recommendation has yet to be completed, in respect of Internet & E-Mail. Whilst some firewalls are being backed up, there needs to be a review undertaken to establish whether all have been covered – this will be revisited again in Quarter 1 of 2012/13.
- 3.2.5 Revised deadlines have also been accepted for four high priority systems audit recommendations, two in respect of Asset Management, one in respect of Remittances and one for Housing and Council Tax Benefits. A draft Asset Management Plan has been written, with sign-off estimated for the end of Quarter 1 2012/13 and the management of street lighting is being reviewed, which might negate the need for a planned maintenance contract. The replacement system for CR2000 (the Council's Cash Receipting application) is due to be implemented during June 2012 and with extra resource requested, it is envisaged that a marked improvement in the overpayment arrears reports will be achieved by July 2012. Details of these recommendations are shown in **Appendix 2**.
- 3.2.6 More detailed management responses in respect of individual audit recommendations are provided at **Appendices 2 and 3**.

### 3.3 Options

- 3.3.1 None presented

### 3.4 Reasons for Recommendation

- 3.4.1 The Committee is being requested to note this report in order that it remains up-to-date and informed of the commitment by management to implementing internal audit recommendations.

## 4. **Risk and Financial Implications**

### 4.1 Risk

- 4.1.1 Failure to implement or improve internal controls may lead to the risks associated with those controls materialising.

4.2 Financial

4.2.1 None

5. Legal Implications

5.1 None

6. Other Implications

a) Equalities: None

b) Section 17, Crime & Disorder Act 1998: None

c) Section 40, Natural Environment & Rural Communities Act 2006: None

d) Human Resources: None

e) Human Rights: None

f) Other: None

7. Alignment to Council Priorities

7.1 Steps taken to implement audit recommendations will improve the internal control environment operating at the Council and effectively assist the Council in its pursuit of achieving corporate objectives.

8. Ward/Community Affected

8.1 All

Background Papers

None

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Key Decision Status (Executive Decisions only): Not Key

Appendices attached to this report:

Appendix 1 - Summary of Agreed Internal Audit Recommendations at 31 March 2012

Appendix 2 – Outstanding Systems Audit Recommendations as at 31 March 2012

Appendix 3 – Outstanding Computer Audit Recommendations as at 31 March 2012