



Report to: Audit Sub-Committee

Subject: Follow-Up of Audit Recommendations

Date: 16th December 2008

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1. PURPOSE OF REPORT

To monitor departmental progress in the implementation of Internal Audit recommendations.

To identify to members where additional action needs to be considered in relation to any outstanding recommendations.

2. BACKGROUND

Internal Audit follow-up on the implementation of recommendations on a quarterly basis. The results of the initial follow-up are reported to the Head of Corporate Services, who requests any outstanding recommendations are actioned immediately.

Any recommendations remaining outstanding following this instruction are reported to this committee.

3. SUMMARY FINDINGS

Recommendations made in the following audit reports were followed-up during the period October – December 2008.

- IAR0708-06 Leisure Income
- IAR0708-08 Creditors
- IAR0708-16 NDR
- IAR0708-17 Council Tax
- IAR0708-22 Insurance & Inventory

IAR0708-06 Leisure Income

The report, issued in November 2007, provided **limited assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Nine medium and two low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in October 2008. The review confirmed that eight recommendations had been satisfactorily implemented. Of the remaining three, two had been partially implemented and one not implemented. These recommendations are reiterated in recommendations 2, 5, 6 and 7 of the recent review of Leisure Income (IAR0809-07), issued in November 2008, and provided later on the Committee's agenda.

Details of the outstanding recommendations are outlined below:

Recommendation 6 (IAR0708-06) – had a medium risk rating, and required that debts attributable to each leisure centre should be identified and reported separately. A development since the previous audit is that the department's Finance & Administration Office issues the report to all sites and also monitors debtors who have debts across several sites. Leisure Services management believe that issuing a list of all debtors has advantages as sites could check the list before taking new bookings. This recommendation has been reclassified as Low to reflect the action taken, and reaffirmed in recommendation 2 (IAR0809-07).

Recommendation 9 (IAR0708-06) – had a low risk rating, and required that cash and cheque income be accurately recorded on tills. Since the previous report, all staff have been reminded of procedures outlined in the Normal Operating Procedures, with memo's being issued. Despite this action, incorrect entries are still being made, however, this is recognised as an easy mistake to make (incorrect till key being entered). This recommendation has been reaffirmed in recommendation 5 (IAR0809-07).

Recommendation 10 (IAR0708-06) – had a low risk rating, and required that till cash sheets and bank paying in slips should be appropriately authorised. Since the previous report, all staff have been reminded of procedures outlined in the Normal Operating Procedures, with memo's being issued. Improvements have been made, however, despite the action taken, examples were identified where such documents were not adequately authorised. This recommendation has been reaffirmed in recommendations 6 and 7 (IAR0809-07).

IAR0708-08 Creditors

The report, issued in December 2007, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Eight low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in November 2008. The review confirmed that six recommendations had been fully implemented. The remaining two had been partially implemented, with an improvement in the control environment identified.

These two recommendations are reiterated in recommendations 1 and 4 of the recent review of Creditors (IAR0809-14), issued in November 2008, and provided later on the Committee's agenda.

IAR0708-16 NDR

The report, issued in January 2008, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Five low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in October 2008, confirming that four recommendations had been fully implemented. The remaining recommendation had been partially implemented, with an improvement in the control environment identified.

This recommendation has been reiterated in recommendation 2 of the recent NDR review (IAR0809-12), issued in November 2008, and provided later on the Committee's agenda.

IAR0708-17 Council Tax

The report, issued in January 2008, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Five low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in October 2008, confirming that four recommendations had been fully implemented. The remaining recommendation had been partially implemented, with an improvement in the control environment identified.

This recommendation has been reiterated in recommendation 2 of the recent Council Tax review (IAR0809-09), issued in November 2008, and provided later on the Committee's agenda.

IAR0708-22 Insurance & Inventory

The report, issued in May 2008, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. One medium and two low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in November 2008, confirming that all three recommendations had been adequately implemented.

4. RECOMMENDATION

Members are requested to note the report.