

**Report to:** Audit Committee  
**Date of meeting:** 18<sup>th</sup> March 2009  
**Report of:** Audit Manager  
**Title:** Internal Audit Progress Report

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1.0 **SUMMARY**

This report and appendices provide information on the work undertaken by Internal Audit for the period 1<sup>st</sup> December 2008 to 28<sup>th</sup> February 2009.

2.0 **RECOMMENDATIONS**

2.1 The contents of the report be noted.

**Contact Officer:**

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**Report approved by:** Janice Maule – Director of Finance.

3.0 **DETAILS**

3.1 This report covers the work undertaken by Internal Audit during the three months ended 28<sup>th</sup> February 2009. Details are set out in the appendices:

1) The latest position on individual audits as at 28<sup>th</sup> February including cumulative time taken for the year compared to the time allocated in the annual audit plan.

2) Local performance measures to the same date.

3) Main issues arising from work undertaken.

The following paragraphs cover other items which the Audit Manager feels should be drawn to the Committee's attention.

3.2 There are no matters arising from the audit work completed to date that are likely to have a significant adverse impact on the effectiveness of the Council's control environment.

3.3 Discussions have taken place with senior staff at Three Rivers and with their external provider of the internal audit service to agree joint ways of working and ensure that there is no duplication of effort when auditing those key systems affected by Shared Services in 2009/2010.

3.4 The results of the 2008 National Fraud Initiative (data matching exercise) have recently been published by the Audit Commission. Those matches which indicate a high possibility of a fraudulent claim (e.g. benefits) or duplicate payment (creditor payment) will be investigated and the outcomes reported to a future meeting of this Committee.

3.5 It has been the practice at this time of year to ask Committee to approve any required changes to the Council's Anti-Fraud and Corruption Strategy (including the Whistleblowing Policy). As a joint strategy with Three Rivers is to be drawn up, this has now been deferred to a later meeting.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Director of Finance comments that there are no direct financial implications in this report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Legal and Democratic Services comments that there are no legal issues in the report. The Council has a responsibility to ensure that it maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.

4.3 **Potential Risks**

4.3.1

Potential Risk	Likelihood	Impact	Overall score
The most significant potential risk is the possibility that Internal Audit work is of poor quality and the service ineffective. This could lead to an increase in control weaknesses, in greater risks to the Council and to a loss of confidence by the external auditors in Internal Audit and the Council's control environment.	1	3	3

The external auditors commented in their report on the 2007/08 Accounts that they were able to place reliance on the work of internal audit in respect of the key accounting systems reviewed (Sept. 2008).

### Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Internal Audit Files

### File Reference

None.

Appendix 1

Work Progress on Individual Audits  
2008/2009

Project	Progress as at 28 <sup>th</sup> February 2009	Days Allocated 2008/09	Days Taken 2008/09
<b>Audits Brought forward – 2007/2008</b>			
Asset Management	Final report 04 06 08	-	12.5
Support Services Recharges	Final report 18 07 08	-	4
Accountancy Systems	Final report 31 07 08	-	6.25
Payroll	Final report 08 09 08	-	13.25
NNDR	Final report 02 07 08	-	1.5
Budget Monitoring	Final report 17 07 08	-	1.5
<b>Total 2007/08 Audits</b>		<b>-</b>	<b>39</b>
<b>2008/2009 Audits</b>			
Service Planning	Final report 17 10 08	15	15.75
Performance Indicators 2007/08	Final report 14 07 08	30	26.5
Fees and Charges	Final report 09 10 08	15	11.5
Bill Everett Centre	Final report 22 07 08	4	4.5
Fraud Awareness	Final report 30 06 08	6	6.5
Partnership Working	Final report 17 09 08	15	20
Procurement	Revised draft report 16 02 09	7	11
HSSA	Final report 03 07 08	5	4.75
Ethics	Final report 23 09 08	8	9.75
Post Implementation Review – Thin Client	Deleted from audit plan	10	1.75
Planning and Development - Projects	Final report 12 12 08	8	15
Benefit Subsidy Claim	Final report 17 10 08	15	16.5
WCHT – Service Level Agreements	Final report	8	9.5

Payroll - Establishment Review	07 11 08 Final report	5	4.5
Payroll – Recovery of Overpayments	17 12 08 Final report	5	5.5
Geographical Information System (GIS)	26 11 08 Final report	10	12.5
Cemeteries	24 11 08 Final report	8	9
Parking Control	27 10 08 Final report	8	9
National Fraud Initiative (NFI)	11 12 08 Work in progress	5	4.5
Treasury Management	At draft report stage	6	5.5
Benefits Administration	Draft report	30	31.5
Council Tax	13 02 09 At draft report stage	15	14.5
Creditors	Draft report	15	18.5
NNDR	20 01 09 Final report	10	12
Payroll	30 01 09 Final report	15	15.5
Aptos Reconciliations	10 02 09 Final report	25	25.5
Sundry Debtors	29 01 09 Final report	15	16
Building Control	10 02 09 Draft report	4	6
Leisure Facilities	05 02 09 Work in progress	5	7.5
(i) construction costs		8	1.5
(ii) monitoring operations		7	7.25
Budgetary Control	At draft report stage	7	7.25
Radius	At draft report stage	8	7
Cashiers	Work in progress	5	4
Accounting Officers	Work in progress	5	1
Risk Management	Work in progress	15	0.5
Data Quality	Work in progress	15	2
Corporate Governance	Work in progress	17	4
Asset Management	Work in progress	17	1.5

## LOCAL PERFORMANCE MEASURES 2008/2009

Criteria	Target p.a. (as per Audit Plan)	To 28 <sup>th</sup> February 2009	Comment
% of annual audit plan achieved. Based on number of audits.	90%	-	Best measured on an annual basis. (Actual 2007/08 – 87.7%). Progress throughout the year is regularly monitored by the Audit Manager.
Sickness – average	4	2.9	(Actual days for 2007/08 – 5)
Training – average	8.75	3.65	Time includes for internal and external seminars/training. All auditors now hold a relevant qualification. (Actual 2007/08 – 2.9).

Criteria	Target p.a.	Actual To 28 <sup>th</sup> February 2009	Comment
Final audit reports issued within 10 available working days of agreement to draft report.	100%	100%	Based on 20 reports issued. (Actual 2007/08 – 100%)
Level of customer satisfaction	85%	95.6%	Based on 12 questionnaires returned since 1 <sup>st</sup> April. (Actual 2007/08 – 94.2%).

**A Completed Audits**

The following notes relate to audits completed during the period where service management has been given the opportunity to agree the content of the report and its recommendations.

The audits of key systems completed during the period have raised no issues of concern to draw to Committees' attention. These audits include Payroll, Debtors, NNDR and Aptos Reconciliations.

**B Emerging Issues**

Ongoing work.  
No matters arising.