

PART A

Report to: Audit Committee
Date of meeting: 29th September 2011
Report of: Acting Audit Manager
Title: Implementation of Internal Audit Recommendations

1.0 **SUMMARY**

This is the Acting Audit Manager's regular report highlighting any lack of progress in implementing Internal Audit recommendations.

2.0 **RECOMMENDATIONS**

2.1 The contents of the report be noted.

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Report approved by: Bernard Clarke – Head of Strategic Finance.

3.0 **DETAILS**

3.1 As previously reported, recommendations relating to **Council Tax** and **NDR** remain subject to progress made in addressing the findings of the consultant's report on Revenues and Benefits. Progress continues to be reported to the Shared Services Joint Committee and Watford's Audit Committee. Subsequent Internal Audit work has identified further recommendations that will be subject to future follow up and reporting to the Audit Committee as necessary.

3.2 **Procurement.** An advert has been placed for appointment of a Corporate Procurement Officer and interviews have been provisionally scheduled for October 2011. The post holder will provide the resource for addressing the recommendations from the Internal Audit report relating to the promotion of good procurement practice and monitoring the associated savings.

3.3 **Health & Safety Follow Up**

28 of the original 36 recommendations are now reported to have been implemented or are no longer required. Progress continues to be made in implementing the 8 outstanding recommendations.

3.4 **IT Service Desk / Change Management**

There were 8 outstanding recommendations to be followed up for this report. Of these, four recommendations have now been implemented. The remainder, relating to production of a service catalogue and updating service response times, have been put on hold or postponed until December 2011/January 2012 pending the review of service delivery options.

3.5 **Payroll**

There is one outstanding recommendation that relates to the harmonisation of processes between Watford and Three Rivers for making third party payments. This is not currently a priority within Finance as the existing arrangements are working satisfactorily for operational purposes and it requires the interfaces between eFinancials and the Northgate system to be re-written. Implementation has been postponed to April 2012.

3.6 **Reconciliations**

There are three outstanding recommendations for this audit.

Of these, one relates to formalising the processes and responsibilities for producing the in-year reconciliations between the Academy Benefits system and the eFinancials system and for addressing differences arising from those reconciliations. A meeting between senior officers in Revenues & Benefits and Finance took place earlier this month to agree the way forward in addressing this issue. Progress will be monitored through further internal audit work this year as reconciliations have been a cause for concern in the past.

The other two recommendations relate to harmonisation of reconciliation formats and the allocation of responsibility for reconciling the new income management system to other financial systems. Implementation of these recommendations has been postponed pending implementation of the new income management system in October.

3.7 **IT BACS Payments**

Implementation of the three recommendations for this report has been delayed due to technical issues. The roll out of transmission of BACS payments and DD requests to Finance is now scheduled to occur by the end of October 2011 and Revenues & Benefits will follow on from that.

3.8 **Asset Management**

Procedure notes for updating the Finance asset register have yet to be written. The IFRS compliant asset module was installed on the eFinancials system late in the closing of accounts process for 2010/2011. Existing assets have been updated on the system, but no new assets have yet been added. New assets acquired during 2010/11 will be added to the register during the 2011/12 financial year. Procedure notes will be written as the eFinancials asset register is updated.

3.9 There are no other outstanding recommendations to report to Committee.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Head of Strategic Finance comments that there are no financial implications in this report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Legal and Property 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
Progress in implementing Internal Audit recommendations is not monitored, recommendations are not implemented and as a consequence, internal controls are weakened.	1	3	3

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