

## PART A

**Report to:** Audit Committee  
**Date of meeting:** 12<sup>th</sup> January 2012  
**Report of:** Audit Manager  
**Title:** Implementation of Internal Audit Recommendations

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### 1.0 **SUMMARY**

This is the 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.

#### **Contact Officer:**

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

### 3.0 **DETAILS**

#### 3.1 **Benefits, Council Tax and NNDR**

Work on implementing the recommendations from the external consultants report continues. The outstanding Internal Audit recommendations from previous years have been superseded by the recommendations arising from the 2010/2011 Internal Audit work.

The majority of recommendations relating to Benefits, Council Tax and NNDR audits for 2010/2011 are not due to be implemented until December 2011 or later. All of the recommendations that were due to be implemented by November 2011 have been reported as implemented by the Head of Revenues & Benefits.

#### 3.2 **Procurement.**

A Procurement Officer, Howard Hughes, has now been appointed and took up the post on 5 December. A copy of the Internal Audit report has been sent to the Procurement Officer and this will allow the recommendations relating to the promotion of good procurement practice to be moved forward.

#### 3.3 **Health & Safety Follow Up**

33 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 3 outstanding recommendations.

#### 3.4 **IT Service Desk / Change Management and IT BACS Payments**

Follow up of ICT implementation of recommendations has been put on hold until the conclusion of the 12 week change freeze. Follow up will recommence in February 2012 to allow the position to be reported to the March Audit Committee.

#### 3.5 **Reconciliations**

Follow up of the 2010/2011 recommendations has been undertaken as part of the 2011/2012 audit process.

The formalising of responsibilities for addressing differences arising from the reconciliation of the Academy systems to the eFinancials system is still outstanding pending analysis of the bespoke reports from the Academy system that will facilitate the reconciliations.

Following the successful implementation of the new income management system in October the two other outstanding recommendations, relating to harmonisation of reconciliation formats and the allocation of responsibility for reconciling the new income management system to other financial systems, are still to be fully implemented.

The work on implementation of the income management system has meant that the bank reconciliation for Watford was last performed in mid September 2011. The supporting reconciliations have continued to be performed and work is underway to bring the Watford bank reconciliation up to date following successful completion of the Three Rivers bank reconciliation for November 2011 using the new system.

3.6 There are no other outstanding recommendations from prior years to report to Committee. There are no outstanding recommendations to report for audits completed to date for 2011/2012.

#### 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

<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Overall score</b>
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.