

PART A

Report to: Audit Committee
Date of meeting: 14th March 2012
Report of: Head of Strategic Finance
Title: Three Reports from Grant Thornton

1.0 SUMMARY

- 1.1 Attached are three reports from the Council's External Auditor, Grant Thornton. The reports cover the following issues:
- Audit Progress Report March 2012
 - IT Shared Services Update
 - Accounts Audit Approach Memorandum

2.0 RECOMMENDATIONS

- 2.1 That the Committee considers carefully the reports and note the Council's brief response attached within this covering report.

Contact Officer:

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3.0 **Detail**

Dealing with the three reports in turn, the Head of Strategic Finance comments as follows:

3.1 **Audit Progress Report March 2012.**

3.2 This report provides an overview of work to date. It includes an early indication of the likely audit fee to be charged in 2012/2013 and suggests a potential circa £12k reduction. It also refers to the need to review current governance arrangements (a report will be produced for the next Audit Committee and will take into account best practice). Finally it refers to the need for the 'foreword' to the Statutory Statement of Accounts to provide more detail in an understandable format. The Head of Strategic Finance has always produced a covering report to the Statutory Statement as he has recognised it is not particularly meaningful to the lay person. To include the content of that covering report within the Statutory Statement itself should cause little problem and is supported.

3.3 **IT Shared Services Update**

3.4 This report covers a review into the arrangements for the future provision of ICT services to both councils. It largely endorses the approach and conclusions of Actica (the adviser working for the councils) and notes the next stage is to look at the current HCC Framework agreement whilst also testing the wider market. This is important in order to test where the best value service can be procured. The Audit Committee should note that financial figures are quoted within the report but these were provisional and only a proper market test will reveal the true situation.

3.5 **Accounts Audit Approach Memorandum**

This report indicates the interim audit work already carried out and proposals for an orderly closedown process. It is welcomed and provides clarity regarding what is expected of Shared Services and Watford officers. The one issue to draw to the Audit Committee's attention appears on Page 7 of the report and relates to reconciliations. Whilst higher priority work had originally been scheduled, the current situation is that reconciliations are substantially up to date and the situation is being closely monitored. It is genuinely the case that the problems in 2010/2011 should not recur.

4.0 **IMPLICATIONS**

4.1 **Financial Issues**

The Head of Strategic Finance comments that there are no financial implications arising directly out of this report.

4.2 **Legal Issues** (Monitoring Officer)

The Head of Legal and Property Services comments that there are no legal implications arising directly out of this report.

4.3 **Potential Risks**

Potential Risk	Likelihood	Impact	Overall score
That the market test of the ICT service draws a limited response with little quality or saving.	2	3	6
That the final accounts process does not meet statutory timetable	1	4	4

4.4 **Staffing**

None Directly

4.5 **Accommodation**

None Directly