

PART A

Report to: Audit Committee

Date of meeting: 27th June 2012

Report of: Audit Manager

Title: Implementation of Internal Audit Recommendations

1.0 **SUMMARY**

This is the Audit Manager's regular report on progress with the implementation of Internal Audit recommendations. It provides an update on those recommendations reported to Audit Committee as outstanding in March with information from the second round of follow up using a new follow up process.

2.0 **RECOMMENDATIONS**

2.1 That the contents of the report be noted.

Contact Officer:

For further information on this report please contact: Mark Allen – Audit Manager telephone extension 8104 (Watford) or (01923) 727463 (Three Rivers) email: mark.allen@watford.gov.uk

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

3.0 **DETAILS**

3.1 The majority of responses to the follow up requests were received promptly. However, one non-response to requests for written confirmation of the latest position has contributed to the number of recommendations shown as "outstanding" in the analysis at 3.2 below.

3.2 The table summarises progress in implementation of the recommendations for 2010/11 and 2011/12 to date.

Year	Total Recommendations made	Implemented	Not yet due	Request for extended time	Outstanding	% age Implemented
2010/11	213	196	1	13	3	92%
2011/12	64	43	11	9	1	67%

3.3 The 13 requests for extended time for 2010/2011 audits are broken down as follows (the page numbers in brackets relate to the corresponding page of Appendix 1 which details all current recommendations):

- IT Service Desk/Change Management = 2 on hold (page 1)
- Payroll = 1 (page 4)
- Health & Safety = 2 (page 7)
- Asset Management = 1 (page 9)
- IT Remote Working = 7 (page 16)

3.4 The 9 requests for extended time for 2011/2012 audits are broken down as follows:

- Museum = 2 (page 22)
- Money Laundering = 5 (page 23)
- Vehicle Maintenance = 1 (page 27)
- Gifts & Hospitality = 1 (page 29)

3.5 The 3 recommendations recorded as outstanding for 2010/11 are broken down as follows:

- Financial Management System (Reconciliations) = 2 (page 5)
- IT Remote Working = 1 (page 16)

3.6 The 1 recommendation recorded as outstanding for 2011/12 is broken down as follows:

- eFinancials – Post Implementation Review = 1 (page 31)

3.7 Internal Audit Reports for 2011/2012

Final reports have been issued for Section 106, Benefit Subsidy Claims, Watford Museum, IT Project Management, Decent Homes Assistance, Construction Industry Scheme, Money Laundering, Vehicle Maintenance, Insurance, Gifts & Hospitality, CSC Income, eFinancials Post Implementation Review. The remaining audits from the 2011/12 plan are either at draft report stage or are work in progress.

3.8 Appendix 1 provides the detail of the current status of recommendations reflecting responses to the follow up exercise conducted in May 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 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.