

PART A

Report to: Audit Committee
Date of meeting: 27th June 2012
Report of: Audit Manager
Title: Internal Audit Progress Report

1.0 **SUMMARY**

This report and appendices provide updated information on the work undertaken by Internal Audit on the 2011/2012 Audit Plan in the period 1st April 2011 to 28th May 2012 and on the 2012/2013 Audit Plan from 1st April 2012 to 28th May 2012.

2.0 **RECOMMENDATIONS**

2.1 That 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 This report covers the work undertaken by Internal Audit since the last report to Audit Committee in March 2012 to progress the Audit Plan for 2011/2012. Appendix (1) shows the position on individual audits from the 2011/2012 Audit Plan as at 31 March 2012 including cumulative time taken for the year compared to the time allocated in the annual audit plan. Appendix (2) shows the position on audits carried forward from 2011/12 and with audits from the 2012/13 Audit Plan, including cumulative time taken for the year compared to the time allocated in the annual audit plan. Appendix (3) shows the local performance measures for 2012/13 to 28th May 2012.

3.2 The work undertaken to 28 May 2012 on the planned audits for 2011/2012 and 2012/2013 as listed in Appendix 1 has not, at this stage, generated issues that need to be brought to the attention of the Audit Committee, other than as previously reported and as subsequently detailed below.

3.3 **COA (eFinancials) Post Implementation Review 2011/12** – the final report for this audit has now been issued.

Key recommendations relating to the taking of corrective action to address weaknesses identified through future penetration testing and in the separation of duties relating to CHAPS payments have been accepted and have started to be actioned.

3.4 **Reconciliations 2011/12**

Since the last report to Audit Committee, work has been focused within Finance on the preparation of the final accounts and associated working for 2011/12.

This work includes the preparation of end of year reconciliations for all systems to eFinancials.

Once this work has been completed, the plan is to roll out the production of in-year reconciliations to staff within Finance to ensure that there is appropriate coverage during 2012/13.

3.5 Members are also asked to note that to minimise the amount of time spent on 2011/12 audits during 2012/13, it is proposed that the audit of follow up of external audit recommendations has now been transferred into the audit plan for 2012/13 as part of the corporate governance arrangements audit.

3.6 **Preparations For Closing of 2011/12 Accounts (2012/13 Audit)**

This audit has almost reached completion. The initial conclusions from this work are that the arrangements for closure of the 2011/12 accounts are robust and that the key lessons from the 2010/11 closure and audit process have been learnt and incorporated into revised procedures – particularly in respect of clarifying exactly what documents are required and when they are required well in advance.

Progress with closure of the 2011/12 has been very closely monitored within the Shared Finance Service and by the Head of Strategic Finance with regular meetings that are followed up with chasing of appropriate services within the council to provide the required information promptly.

The closure process has now entered the preparation of working papers phase and processes are in place to ensure that the required working papers can be provided electronically at the expected time.

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
	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

Appendices

Appendix 1 – Progress on individual audits 2011/2012

Appendix 2 – Progress on individual audits 2012/2013

Appendix 3 – Local Performance Measures 2012/13

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.

Audit Files

File Reference

None