

EAST HERTS COUNCIL

AUDIT COMMITTEE - 12 JULY 2011

REPORT BY INTERNAL AUDIT AND BUSINESS IMPROVEMENT
MANAGER

INTERNAL AUDIT SERVICE – POSITION STATEMENT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report provides a position statement on internal audit activity undertaken within the Internal Audit Service since the previous Audit Committee and provides an update on outstanding audit recommendations. This reflects the positions as at 31 May 2011 prior to responsibility for the Internal Audit Service being transferred to the Shared Internal Audit Service

<u>RECOMMENDATION:</u>

(A)	That the report be received.
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1.0 Background

1.1 The Internal Audit team appraises financial and non-financial systems and performs consultancy and value for money work. The remit of Internal Audit is found in three areas, namely providing independent assurance on internal controls, risk based auditing and efficiency reviews.

2.0 Report

2.1 Since the previous Audit Committee, reports have been issued on Main Accounting, Sundry Debtors, Carbon Reduction, Cashiers, Petty Cash, Advanced Payments, Building Control, Council Tax & NNDR, Creditors, Benefits, Recycling, Hertford Theatre, IT Procurement, Business Continuity, Cheque Accounting and Health and Safety. Internal Audit support has also been provided to various Town Councils.

- 2.2 The Refuse and Other Cleansing review has been carried forward to 2011/12 as the current contract will shortly be coming to an end and a more meaningful Internal Audit contribution can be made when the contractors change over. The other review to be carried forward is Asset Management; this area has received much audit attention during the past year and with key officers otherwise engaged in the contract works at Wallfields it has been agreed by all parties, including External Audit, to undertake the full review during 2011/12.
- 2.3 Eighty days work has been delivered off the Audit Plan during April and May 2011. This means that responsibility for delivery of the remaining 400 audit days has been handed over to the Shared Internal Audit Service from 1st June 2011. This position is shown as **Essential Reference Paper 'B'**.
- 2.4 **Essential Reference Paper 'C'** to this report details progress made against implementing outstanding audit recommendations. Items can only be removed from the follow-up templates when evidence exists to confirm that a recommendation has been actioned.
- 2.5 The current audit opinion on the status of recommendations is categorised as follows:
- **Continue to monitor:** This status is given where reports have only recently been issued and compliance has not been assessed or where partial action has been taken towards full compliance with the recommendation.
 - **Risk continues (with warning bell):** This status is given where the recommendation has not been implemented or where insufficient progress has taken place and where the matter is considered to represent a risk for the Council until implementation.
 - **Conditionally Resolved:** This status is given where management do not accept a recommendation. In these cases the Audit Committee require written explanation from the relevant manager.
 - **Resolved:** This status is given where sufficient evidence has been provided and/or testing has been carried out to conclude that the recommendation has been implemented. Once a resolved item is reported to the Audit Committee it is removed from the template.

2.6 Excellent progress has been made in clearing outstanding audit recommendations since the last Audit Committee. The template shows thirty two recommendations as resolved. In several instances management assurances have been given that recommendations have been actioned but these have yet to be evidenced.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Internal Audit and Business Improvement Service - Position Statement – Audit Committee 23 March 2011.

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ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/ Objectives:	Fit for purpose, services fit for you <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i>
Consultation:	No public consultations were required during the preparation of this report. External audit have been consulted in respect of the Asset Management deferral.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resource implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report.