

19 July 2012		ITEM 9
Audit Committee		
AUDIT COMMISSION: INTERIM AUDIT PROGRESS REPORT 2011/12		
Wards and communities affected: N/A	Key Decision: N/A	
Accountable Head of Service: Sean Clark, Head of Corporate Finance		
Accountable Director: Martin Hone, Corporate Director of Finance and Corporate Governance		
This report is Public		
Purpose of Report: To receive the Audit Commission's Interim Audit Report for 2011/12		

1 RECOMMENDATIONS:

That the Audit Committee receive and note the Audit Commission's Interim Audit Report for 2011/12 and the recommendations arising from their findings.

2 INTRODUCTION AND BACKGROUND:

- 2.1 Attached as an Appendix to this report is the Audit Commission's interim audit report for their work during financial year 2011/12. The main conclusions (pp3-5) show that most systems are working as designed and that controls are operating effectively in a number of systems. The conclusion for the Council's IT control environment is that overall it is low risk, and generally IT controls are good.
- 2.2 There are however areas of weakness, including: Some of the main weaknesses include:
- Raising and processing journals;
 - Evidencing operation of controls within a number of systems;
 - Approving debtor invoices raised;
 - Reconciliation between payroll system and general ledger, and completing and approving leaver forms;
 - Cash and bank reconciliation, including suspense accounts;
 - Matching work orders with invoices quickly and gaining assurance over completion of housing repair works; and

- Reconciling adult social care income and expenditure systems to the general ledger system and other issues relating to adult social care expenditure.

2.3 A series of recommendations are set out in the Appendix to this report, with the response from management where it has been possible to obtain comments in advance of the dispatch of the Audit Committee agenda.

3 ISSUES AND/OR OPTIONS

3.1 As the Audit Commission point out, a number of the weaknesses identified and have been evident for a number of years and have been included in previous reports. It is absolutely imperative that these matters are addresses once and for all as a result of this latest audit. Regular updates on progress in implementing the recommendations will be brought to future meetings of the Committee.

4 IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

4.1 The interim audit report provides the Audit Committee, the Council and its partners with assurance that the Council's procedures and controls can be relied upon to safeguard the assets of the organisation and ensure the risks to these procedures and controls are identified and mitigated where possible.

5 IMPLICATIONS

5.1 Financial

Implications verified by: **Martin Hone**
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There are no financial implications arising from this report.

5.2 Legal

Implications verified by: **David Lawson**
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There are no legal implications arising from this report.

6.3 Diversity and Equality

Implications verified by: **Samson DeAlyn**
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There are no direct equality, diversity or human rights implications noted in this report.

6.4 Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

None.

7 CONCLUSION

7.1 As stated in the attached report, the Council's auditors have sought to obtain an understanding of the organisation and its environment, including its internal control, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and sufficient to design and perform further audit procedures.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

None.

APPENDICES TO THIS REPORT:

Appendix 1: Interim Audit Report 2011/12 [NB: The Action Plan is also attached as a Word document, with comments from relevant officers.]

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