

**BABERGH DISTRICT COUNCIL**

**FROM:** Director of Finance

**REPORT NUMBER:** **H114**

**TO:** OVERVIEW AND SCRUTINY  
(STEWARDSHIP)

**DATE OF MEETING:** 30 September 2008

**2007/08 INTERNAL AUDIT OUTSTANDING HIGH / MEDIUM RISK  
RECOMMENDATIONS**

1. **PURPOSE OF REPORT**

1.1 The purpose of this report is to update Members with the progress made on implementing high and medium risk recommendations from the 2007/08 Internal Audit work programme.

2. **RECOMMENDATIONS**

2.1 That the progress on implementing the Internal Audit recommendations, as detailed in Appendix A attached, be noted.

The Committee is able to resolve this matter.

3. **FINANCIAL IMPLICATIONS**

3.1 There are no direct financial implications as a result of this report.

4. **RISK MANAGEMENT**

4.1 This report is most closely linked with the Council's Significant Business Risk No. 7 - Financial, Performance and Risk Management. Key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Seriousness or Impact</b>	<b>Mitigation Measures</b>
Agreed actions may not be implemented leaving the authority open to identified risk.	High	Critical	Internal Audit staff will follow-up outstanding recommendations on a regular basis and report progress to Members of the O&S (S) Committee.
If the Council does not monitor and review recommendations which have been accepted, but not implemented, an opportunity to make service or organisational improvements will be lost.	Significant	Critical	As above.

5. **KEY INFORMATION**

**Background**

- 5.1 The 12 August 2008 meeting was provided with details of previous Internal Audit recommendations whose implementation was overdue. The results of further follow-up work carried out by Internal Audit are shown in Appendix A. Table 1 of the Appendix shows the position as at June 2008, which was reported to Members on the 12 August. Table 2 shows the position as at 18 September, in respect of high and medium risk recommendations that were either ongoing or outstanding in June 2008.
- 5.2 The vast majority of recommendations are complete, making good progress or are not required and Internal Audit are satisfied with the progress made to date. Internal Audit will continue to follow-up the implementation of recommendations and report their findings to Members on a regular basis.

**Brief Details of Recommendations Assessed As Not Progressing**

- 5.3 The following recommendations are not progressing:
- 5.4 **Payroll** - Recommendations concerning the HR Staff List Spreadsheet and Delphi system, which included reconciliations; failure to use the Delphi system to its full potential; checking of PRP payroll output to the authorised supporting documentation, and the introduction of error and variation reports. The HR Manager and Special Projects Co-ordinator are committed to completing these recommendations. Internal Audit will continue to monitor progress and will report back to Members in November.

6. **APPENDICES**

- (A) Progress on Implementing Internal Audit Recommendations Made During 2007/08.

7. **BACKGROUND PAPERS REFERRED TO:**

None

**CONTACT:** Barry Hunter  
Director of Finance

**EMAIL:** [barry.hunter@babergh.gov.uk](mailto:barry.hunter@babergh.gov.uk)

Elfreda Walker  
Audit Manager

[Elfreda.walker@babergh.gov.uk](mailto:Elfreda.walker@babergh.gov.uk)

## Appendix A

## Progress on Implementing Internal Audit Recommendations Made During 2007/08

TABLE 1 Audit	Auditors Initial Opinion	Position as at June 2008											
		Accepted			Completed by June 08			Ongoing June 08			Outstanding June 08		
		H	M	L	H	M	L	H	M	L	H	M	L
Cash & Bank	Not Acceptable	4	6		1	5		3	1				
Debtors	Not Acceptable	8	6	8	5	2	6	3	4	2			
E claims	Not Acceptable	10	6	10	6	2					4	4	10
Email Archiving	Acceptable	2	6	4		3	4	2	3				
General Ledger	Acceptable		4			2			2				
ICT Management	Acceptable		13	5		3	1		9	4		1	
Local Taxation	Acceptable	3	3		2	2		1	1				
Partnerships	Not Acceptable	4			2			2					
Payroll	Acceptable	3	24	1	1	13					4	9	1
Rents	Not Acceptable	4	9		3	7		1	2				
Treasury Management	Acceptable	1	7		1	6			1				

TABLE 2 Audit	Auditors Revised Opinion	Position as at September 2008 of Recommendations Ongoing or Outstanding in June								
		Completed		Good Progress		Not Required		Not Progressing		Comments
		H	M	H	M	H	M	H	M	
Cash & Bank	Acceptable	1		2	1					
Debtors	Acceptable	1	2	2	2					
E claims	Acceptable	1	1	2	3	1				
Email Archiving	Acceptable			1	3	1				Not appropriate given LGR
General Ledger	Acceptable				2					
ICT Management	Acceptable		1		5		4			Not good use of resources / too resource hungry given LGR
Local Taxation	Acceptable			1	1					
Partnerships	Acceptable			2						
Payroll	Acceptable	1	1		7			3	1	
Rents	Acceptable				1	1	1			Delegated authority issues - being progressed through the Creditors and E-Procurement audits carried
Treasury Management	Acceptable		1							

**Key:**

**H** = High - Necessary due to statutory obligations, legal requirements, BDC policies or major risk of loss or damage.

**M** = Medium - Necessary in order for sound internal control and confidence in the system.

**L** = Low - Of benefit to the efficient operation of the system.

**Acceptable** - All key controls in place and working effectively - some exceptions.

**Not acceptable** - Not all key controls in place or working effectively.