

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 4</b>
<b>26 SEPTEMBER 2011</b>	<b>PUBLIC REPORT</b>

Committee Member(s) responsible:	Resources portfolio holder, Cllr Seaton	
Contact Officer(s):	John Harrison, Executive Director Strategic Resources Steven Pilsworth, Head of Strategic Finance	Tel: 452398 Tel: 384564

**REPORT TO MANAGEMENT ON THE INTERIM AUDIT FOR THE 2010/11 ACCOUNTS**

<b>R E C O M M E N D A T I O N S</b>	
<b>FROM :</b> External Auditor - PriceWaterhouseCoopers	<b>Deadline date :</b> N/A
The Committee is asked to consider, and endorse the final reports produced by External Audit and to review and comment on the Report to Management: Interim Audit 2010/11 (Appendix 1).	

**1. ORIGIN OF REPORT**

- 1.1 This report is submitted to Audit Committee in line with the regular pattern of reporting on the Council's financial controls.

**2. PURPOSE AND REASON FOR REPORT**

- 2.1 The purpose of this report is to introduce the report prepared by the external auditors, PriceWaterhouseCoopers (PwC), which details matters identified during the interim audit for the 2010/11 accounts and their follow up on matters raised during the interim and final audits of the 2009/10 and 2008/09 accounts.
- 2.2 This is in accordance with the Committees' Terms of Reference – 2.2.6 To consider the external auditors annual letter, relevant reports, and the report to those charged with governance.

**3. TIMESCALE**

Is this a Major Policy Item / Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	N/A
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**4. KEY ISSUES**

- 4.1 During the year, PwC have undertaken various reviews on behalf of the authority. The following report sets out various control and system issues identified during the course of their interim audit work, and has been received and agreed with senior management. PwC will be in attendance to discuss matters arising.
- 4.2 Each recommendation has been allocated a priority rating to reflect the degree of importance in the context of the Council's internal controls. The priority ratings are defined as high, medium or low priority.
- 4.3 During the 2010/11 audit four new control issues are noted, of which three are of low priority and one of medium priority. The report contains no high priority from either the current, or from previous years.

4.4 The report identifies three IT control recommendations raised in previous years which had not been addressed at time the report was issued, and these are referred to in Appendix C as points 7, 8 and 9. The Council's ICT Client Team and Serco are working closely together to address these issues.

- Point 7 – use of generic and privilege user ID. This has now been completed and the Council comply with the recommendations that a unique user ID is created to improve accountability.
- Point 8 - review of ICT Policies. The ICT Client Team are currently reviewing all ICT Policies in line with the new front and back office functions being introduced by the Council and Serco. The Members ICT Policy and the Mobile Phone Policy have recently been amended and are awaiting final approval, and work is underway to complete the review of the remaining policies by year end.
- In reference to point 9 – lack of period testing of backup media, Serco have recently finished a project to overhaul and restructure the Councils backup system and procedures. Following the completion of this project a new periodic testing schedule is currently being reviewed to ensure the Council complies with the recommendations.

## **5. CONSULTATION**

5.1 The Report to Management and action plan has been shared with the Corporate Management Team, and actions agreed by senior management at various times before being finalised.

## **6. ANTICIPATED OUTCOMES**

6.1 Acknowledgement of the works undertaken by External Audit and to endorse the Action Plans produced in consultation with senior management.

## **7. REASONS FOR RECOMMENDATIONS**

7.1 Audit Committee to note the contents of the report and to comment on issues identified within the various commissioned works.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 None.

## **9. IMPLICATIONS**

9.1 Implications have been identified separately in each agreed Action Plan.

## **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

10.1 Report to Management – Interim Audit 2010/11

## **11. APPENDICIES**

11.1 Appendix 1 – PCC Report to Management 2010 - 2011