



# AUDIT AND PENSIONS COMMITTEE

22 September 2010

<b>CONTRIBUTORS</b>	<b>Subject</b>	<b>WARDS</b>
Internal Audit Manager	<b>Annual Governance Statement 2010 Action Plan</b>	<b>All</b>

This report presents an update to the action plan arising from the 2010 Annual Governance Statement.

**RECOMMENDATION:**

That the Audit Committee notes the report.

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext. of Holder of File/Copy</b>	<b>Department/ Location</b>
1.	Annual Governance Statement Action Plan	John Kanés Ext. 2505	Finance, Internal Audit Town Hall King Street Hammersmith W6 9JU

**Internal Audit**  
**Annual Governance Statement Action Plan**

The 2010 Annual Governance Statement (AGS) was first considered by the Pensions and Audit Committee at its June 2010 meeting.

Attached as Appendix 1 is the latest update to the action plan relating to the control weaknesses identified in the statement and report on its progress.

The action plan is a necessary result of producing the AGS. Because these issues are considered to be significant the action plan and the progress made in its implementation should be periodically reported to the Pensions and Audit Committee to agree and then to monitor progress. The action plan should provide sufficient evidence to show that the individual significant control weaknesses taken from the AGS will be resolved as soon as possible, preferably in-year before the next statement is due.

Failure to act effectively on the significant control issues would increase the exposure of the council to risk.

The schedule at Appendix 1 shows the current stated position as reported by the identified responsible officers. Internal Audit has not verified the current position and can therefore not give any independent assurance in respect of the reported position.

The Pensions and Audit Committee is invited to note the updates provided by operational management.

**2009/10 Annual Governance Statement**

**Action Plan**

AGS Finding re Significant Control Weakness	Responsible Officer	Update for September Pensions and Audit Committee meeting
<p><b>Budget Estimation</b></p> <p>Corporate Capital and Revenue monitoring identified variances to budgets during the 2009/10 year. These were brought to the attention of the council's Financial Strategy Board as part of the standard monitoring process. Consequently departmental procedures have been strengthened through more explicit standard setting by Corporate Finance complimented with written guidance. Financial Regulations were updated and republished in 2009. An internal Audit review of the process will be undertaken during the 2010/11 year to gain an assurance on the effectiveness of the process improvements.</p>		<p>Further assurance and recommendations as appropriate to be reported following the completion of further work by Internal Audit.</p>
<p><b>Reconciliation of Financial Systems</b></p> <p>The Council has progressed well in redeveloping financial systems and processes over the past few years and acknowledges the project to move towards World Class Financial Management. However there are outstanding recommendations from External Audit relating to reconciliations that remain to be fully resolved.</p>	<p>Head of Corporate Accountancy</p>	
<p><b>Business Continuity IT</b></p> <p>A paper has been submitted to Cabinet, and approved, recommending the implementation of a Business Continuity project to increase IT resilience. This will take some time to complete however it is anticipated that once in place arrangements should prove robust in the event of an IT service interruption.</p>	<p>Head of IT Strategy</p>	<p>The ICT Business Continuity paper was approved in February 2010. Since then H&amp;F Bridge Partnership have been negotiating with suppliers on data storage. Levels of usage are high and rising so a key aim is to contain the cost of storage and this has an impact on the BC proposal. Now these are reaching a conclusion, the project is starting with procurement taking place in August and implementation of the new BC service due to complete in December 2010.</p> <p><b>{Target Date 31/12/2010}</b></p>

AGS Finding re Significant Control Weakness	Responsible Officer	Update for September Pensions and Audit Committee meeting
<p><b>Contract Management of Consultants</b></p> <p>The Audit Committee has received a report that identifies a number of weaknesses in managing these contracts that need to be addressed. The corporate Procurement team are leading a piece of work across departments to strengthen the management of consultants and the area will be re-audited in the 2010/11 audit programme.</p>	<p>Principal Consultant (Strategic Procurement)</p>	<p>Further assurance and recommendations as appropriate to be reported following the completion of further work by Internal Audit.</p>