

AUDIT COMMITTEE

26 MAY 2011

REPORT OF HEAD OF INTERNAL AUDIT

A.2 REPORT ON INTERNAL AUDIT – FEBRUARY – MARCH 2011, ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2010/11 AND ANNUAL REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

(Report prepared by Steve Blake)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide a periodic report on the Internal Audit function for the period mid February 2011 to 31st March 2011, the Head of Internal Audit's Annual Report, and the annual review of the effectiveness of the system of internal audit, as required to comply with legislative requirements and best practice.

EXECUTIVE SUMMARY

The periodic report provides a review of the activity of the Internal Audit function over the period mid February to 31st March 2011.

There were no significant issues arising from the audits completed in the period under review that required specific reporting to the Committee.

The Head of Internal Audit is required to include, in his Annual Report, an opinion on the overall adequacy and effectiveness of the Council's control environment. In reaching this opinion he needs to take account of any external reviews that have been undertaken during the year in addition to audits undertaken in house. For the year ending 31st March 2011, the Head of Internal Audit has concluded that qualified reasonable assurance can be given regarding the overall control environment of the Council. This assurance is qualified to reflect the concerns raised by the Audit Commission on reviews reported during the year in relation to Ethical Governance and Regeneration. The issues leading the Head of Internal Audit to provide qualified assurance have already been considered by and reported on by the Audit Commission and a number of actions have been and are being taken to address those issues.

It can be concluded from the annual review of the effectiveness of the system of internal audit that the Council has an effective system of internal audit.

RECOMMENDATION(S)

- (a) That the contents of the report be noted**
- (b) That Members determine which, if any, of the audit reports completed in the period they wish to receive for detailed consideration at the next Audit Committee meeting**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Provision of adequate and effective internal audit helps demonstrate the Council's commitment to corporate governance matters.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The Internal Audit function is operating within the budget set.

Risk

Review of the functions of the Council by Internal Audit assists in identifying exposure to risk, and its mitigation.

LEGAL

The Council has a statutory responsibility to maintain adequate and effective internal audit.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Internal Audit activity assists the Council to maintain a control environment that mitigates the opportunity for crime.

During the course of internal audit work issues regarding equality and diversity, and health inequalities may be identified and included in internal audit reports.

There is no specific effect on any particular ward.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2006) (the code) requires the Head of Internal Audit to make arrangements for reporting to the organisation during the course of the year, and for producing an annual report. The code identifies the types of issue that the Head of Internal Audit should bring to the attention of the Audit Committee.

The Accounts and Audit (Amendment)(England) Regulations 2006 made it a statutory requirement that the Council maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices relating to internal control. This requirement remains in the Accounts and Audit (England) Regulations 2011 which came into force on 31st March 2011.

CURRENT POSITION

REPORT ON INTERNAL AUDIT FOR THE PERIOD MID FEBRUARY TO 31ST MARCH

2011

CIPFA Code of Practice 2006

The code was published in December 2006. The code's requirements are mandatory for all local authorities subject to the Accounts and Audit Regulations.

The Internal Audit function is currently considered to be fully compliant with the requirements of the Code of Practice.

Internal Audit Objectives

The code requires the Head of Internal Audit to submit to the Audit Committee documents that describe how the Internal Audit function will fulfil its objectives. The documents are: -

Internal Audit Terms of Reference and Internal Audit Strategy – These were last approved by this committee on 16th December 2010, and are subject to an annual review.

Internal Audit Plan – The 2010/11 plan was approved by this committee on 1st April 2010. Progress regarding the plan is covered elsewhere in this report.

Progress Against Objectives

The code requires the Head of Internal Audit to report to the Audit Committee on progress made against objectives set. The progress made in the period under review is as set out below: -

Internal Audit Plan 2010/11 Progress – Appendix A provides detail of the status of each audit in the plan at 31st March 2011. Where an audit was not completed in 2010/11, it has been rolled forward into the 2011/12 plan unless no ongoing need for the audit exists. It is planned to complete all outstanding audits from the 2010/11 plan within six months as resolved by the Committee at its last meeting.

Quality Assurance – The Internal Audit function uses four indicators as a measure of its performance. Detail regarding performance has been included in the Annual Report.

Adequacy of Management Response to Internal Audit Reports – At 31st March 2011 there were four audit reports where the response was overdue, but these were not at a stage requiring any action by the Committee.

Outcomes of Internal Audit Work

The code requires the Head of Internal Audit to report to the Audit Committee on the outcomes of internal audit work undertaken. Appendix B includes brief details from each audit report issued in the period.

All audits completed during the period received either a Satisfactory opinion, or were at Minor Exceptions level. At its last meeting the Committee resolved that if an audit issue came up twice in respect of a service it should be made clear to the Head of Service that this Committee feels that that is unacceptable. The relevant Heads of Service have now had this brought to their attention where relevant regarding issues raised in Appendix B.

As part of the Housing Rents audit, the Internal Audit function proactively assisted in identifying an automated solution to the authorisation of manual account adjustments, improving control and reducing the need for paper records. Proactive assistance has also been provided to the Housing Benefits function to streamline records regarding returned payments to the Council.

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2010/11

Head of Internal Audit Opinion on the Overall Adequacy and Effectiveness of the Council's Internal Control Environment

The Internal Audit function completed 76 audits during the year of which 65 were given a satisfactory opinion, 9 related to minor exceptions, 1 gave some cause for concern and 1 less than satisfactory.

The audit of two key financial systems remained in progress at 31st March 2011, and these have continued in early 2011/2012. Taking into account the issues identified to date on these audits, the audits completed in 2010/11, and reviews by other assurance providers, it is possible to provide a qualified reasonable assurance that the systems of internal control were generally operating adequately and effectively. If any material issues are subsequently identified in those incomplete audits prior to the Committee meeting a verbal update will be provided.

A summary of the issues identified in each audit completed in 2010/11, scored medium or higher, has been included in each periodic report produced during the year, and the committee's attention drawn to any significant issues and where the audit opinion was scored other than satisfactory.

There have been two special investigations undertaken during the year. In neither case was the issue in question of a level or nature that requires any qualification to be made to the Head of Internal Audit's opinion.

The Internal Audit function can only provide reasonable assurance. It is not possible to provide absolute assurance as many activities of the Council are audited on a less than annual frequency, and also it is not practical to examine every significant decision / transaction within those functions reviewed in any one year.

Qualification to the Head of Internal Audit Opinion

The opinion given above is based upon the level of Internal Audit activity that it proved possible to deliver with the resources available during the year. It was not possible to fully complete the planned work for the year, although all key audits have been undertaken or were in progress at the year-end. Issues affecting delivery of the audit plan were brought to the attention of members during the year. The level of coverage achieved is considered sufficient to be able to provide the assurance required.

That assurance has been qualified however, to take account of concerns raised by the Audit Commission on reviews already reported during the year to 31 March 2011 in relation to Ethical Governance and Regeneration.

Summary of the Internal Audit Work Undertaken to Formulate the Opinion, and Reliance Placed on the Work by Other Assurance Bodies

The 2010/11 plan made provision for the audit of all key systems. It also included audits of a selection of other functions of the Council, selected using a risk assessment process to produce the plan. In addition audits incomplete at 31st March 2010 were completed during 2010/11. For those audits completed brief details of findings were included in appendices to the periodic reports presented to the committee throughout the year. The committee requested further details regarding a number of audits completed during the year, including the Housing Benefits (2009/10) audit which had been given a less than satisfactory opinion.

The computer audit element of the plan was undertaken by TIAA Ltd. The programme of

work was delayed due to the severe weather experienced in December 2010, but the audits were substantially complete at the financial year end, with the draft reports awaited at that time.

The Internal Audit function undertakes contract audit. Issues arising from such work have been included in the appendices to the periodic reports. There were no material issues requiring specific reporting to the Committee.

The plan included for the production of anti fraud and corruption newsletters and the undertaking of anti fraud and corruption audits. A newsletter was produced, and some of the audits completed. Those audits incomplete at the year end and have been carried forward to be completed in 2011/12.

The Internal Audit function undertakes unscheduled investigations when required. There were two investigations undertaken during the year regarding the Youth Theatre and Pay and Display machines. Action has been agreed with the relevant services to rectify the issues identified. These investigations were also drawn to the attention of the Committee during the year.

In accordance with best practice and the requirements of the Code of Practice, the 2010/11 plan included for the follow up of issues found at previous audits. Where appropriate this work was undertaken within scheduled audits throughout the year. Some follow up work remained to be undertaken at the year end, and this is now due to be completed early in 2011/12. There were no issues that required bringing to the specific attention of the committee.

The Internal Audit function has also provided advice and assistance to services upon request during the year.

Detail of the audit work undertaken during 2010/11 is included at Appendix A.

Upon completion of each audit a report was issued to the appropriate Head of Service, containing details of any findings requiring addressing that had been identified. Heads of Service are required to confirm that they are to take the action required to resolve each finding. Reminders are periodically issued if no response is forthcoming. There were no instances during the year where it was necessary to bring to the attention of the Committee any issues regarding obtaining the confirmation required.

No specific reliance has been placed upon the work of any other assurance provider in lieu of internal audit coverage during the year. There is a requirement however for the Head of Internal Audit to take account in forming his annual opinion on the overall adequacy and effectiveness of the control environment, of the assurance given by other providers as well as directly by the Internal Audit function. The contents of reports issued by other providers have therefore been taken into account in the opinion made.

Issues Relevant to the Preparation of the Annual Governance Statement

No issues have been identified that are relevant to the preparation of the Annual Governance Statement.

Performance of the Internal Audit Function

Four performance measures were set for the Internal Audit function, including two of a qualitative nature.

Performance Measure	Target	Actual	Actual	Actual	Actual
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	Set	2010/11	2009/10	2008/09	2007/08
Percentage of Audit Plan Completed	90%	86%	77%	73%	83%
Target Deadlines for Issue of Draft and Final Audit Reports	90%	90%	65%	68%	85%
Percentage of Satisfactory Responses to Satisfaction Surveys Issued with Final Audit Reports	90%	98%	100%	96%	100%
Overall Satisfaction Level Following Periodic Satisfaction Survey	3 (on scale 1 – 5)	4	4	4	4

The quality of work on each audit undertaken was reviewed, and audits were not considered complete and reports were not issued until any quality issues had been addressed.

Compliance with the CIPFA Code of Practice for Internal Audit

The current Code was published by CIPFA in December 2006, and was applicable for the entire period under review.

The one previously remaining outstanding compliance issue was resolved during the year as part of the Committee's review of its effectiveness.

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

The review has been undertaken in accordance with guidance issued by CIPFA in 2009. It can be concluded that an effective system of internal audit exists based upon the four key elements the guidance identifies which are detailed below: -

The Risk Management System

The Council has risk management processes and maintains a Risk Management Strategy and a Strategic Risk Register, which were the subject of reports to the Audit Committee in September 2010 and March 2011. Arrangements exist to identify emerging risks, review existing risks and manage risks to limit exposure as far as is practical.

Assurance Gained Over Controls

The Head of Internal Audit, in his annual report above, has been able to form an opinion based on an adequate level of audit coverage across the key financial and other systems of the Council. Issues scored above low risk raised in Internal Audit reports were included in the appendices of his periodic reports throughout the year to the Audit Committee, and the specific attention of the Committee drawn to the more significant issues found – the number of instances where this was necessary was low in 2010/11. The Audit Committee took the opportunity where it had concerns over the control environment to seek additional assurance from the relevant Head of Service.

The Internal Audit function is not the sole provider of internal reviews of activities of the Council, for example Environmental Services undertake Health and Safety audits of the Council's services. All services were contacted and information regarding other internal reviews undertaken sought. No material issues were identified from the reviews undertaken.

Functions of the Council are also subject to external review, by organisations such as the

Audit Commission. All services were contacted and details of external reviews where the reports were received during 2010/11 sought. Significant issues have been referred to in the Head of Internal Audit's Annual report above.

Adequacy And Effectiveness Of Remedial Action

The Internal Audit plan includes provision for follow up on issues identified and reported in Internal Audit reports, either as part of subsequent audits of functions or as stand alone follow up audits. Issues that remain unresolved and still relevant are included in Internal Audit reports and where the Head of Internal Audit identifies the unresolved issue as being sufficiently material would be brought to the attention of the Audit Committee. Whilst a number of unresolved findings were included in the appendices to the Head of Internal Audit's periodic reports in 2010/11, none were considered material.

The Audit Committee have the option to receive a further report from a Head of Service relating to any Internal Audit report issued and to seek assurance on the action being taken regarding the issues identified and reported. The Audit Committee exercised this option on a small number of occasions in 2010/11.

The need to seek assurance that appropriate actions are being taken in response to the Audit Commission's recommendations is a core activity undertaken by the Audit Committee. A mechanism is in place whereby the committee receives regular reports identifying progress made regarding each recommendation made, which provides the assurance required.

Operation Of The Audit Committee And Internal Audit To Current Codes and Standards

During the year under review the Audit Commission had indicated verbally that they considered the Audit Committee to be working effectively, although the self assessment by members of the Committee reported in December 2010 identified a number of areas where Members considered that action was required to improve effectiveness.

A self assessment of the Internal Audit function with regards to compliance with the CIPFA Code of Practice for Internal Audit 2006 has been undertaken. The function is currently considered to be compliant.

BACKGROUND PAPERS FOR THE DECISION

Internal Audit Reports
Reports to Audit Committee in 2010/11
CIPFA Code of Practice 2006 Self Assessment Working Papers 2010/11
External Review Reports
Reports by Other Internal Review functions

APPENDICES

A.2 Appendix A – Internal Audit Plan 2010/11 Progress Report
A.2 Appendix B – Internal Audit Reports Issued

Tendring District Council Internal Audit Plan 2010/11 - Progress Report - 31st March 2011

Appendix A

Audit Subject	Priority	Status	Opinion	Comments
Assurance Work - Compulsory				
Asset Management	Compulsory			
Asset Management (2009/10)		Completed	Some Cause for Concern	
Asset Management (2010/11)		Cancelled		2009/10 audit delayed at request of client until mid summer. 2010/11 audit cancelled as a result. Audit included in 2011/12 plan
Bank Account	Compulsory			
Bank Account (2009/10)		Completed	Satisfactory	
Bank Account (2010/11)		Completed	Satisfactory	
Business Rates	Compulsory	Completed	Satisfactory	
Cashiers	Compulsory			
Cashiers (2009/10)		Completed	Satisfactory	
Cashiers (2010/11)		Completed	Satisfactory	
Corporate Governance and Risk Management	Compulsory			
Corporate Governance and Risk Management (2009/10)		Completed	Satisfactory	
Corporate Governance and Risk Management (2010/11)		Fieldwork		
Council Tax	Compulsory			
Council Tax (2009/10)		Completed	Satisfactory	
Council Tax (2010/11)		Completed	Satisfactory	
Creditors - Central Functions	Compulsory			
Creditors - Central Functions (2009/10)		Completed	Satisfactory	
Creditors - Central Functions (2010/11)		Completed	Satisfactory	
Housing Benefits	Compulsory			
Housing Benefits (2009/10)		Completed	Less Than Satisfactory	
Housing Benefits (2010/11)		Completed	Minor Exceptions	
Housing Rents	Compulsory	Completed		
Main Accounting System	Compulsory			
Main Accounting System (2009/10)		Completed	Satisfactory	
Main Accounting System (2010/11)		Fieldwork		
Payroll - Central Functions	Compulsory			
Payroll - Central Functions (2009/10)		Completed	Satisfactory	
Payroll - Central Functions (2010/11)		Completed	Satisfactory	
Purchasing and Invoice Authorisation	Compulsory			
Planning Services Purchasing and Invoice Authorisation (2008/09)		Completed	Satisfactory	Deferred from previous plan
Benefits and Revenues Purchasing and Invoice Authorisation (2010/11)		Completed	Satisfactory	
Community Services Purchasing and Invoice Authorisation (2010/11)		Draft Report		
Financial Services Purchasing and Invoice Authorisation (2010/11)		Completed	Satisfactory	
Sundry Debtors - Central Function	Compulsory			
Sundry Debtors - Central Function (2009/10)		Completed	Satisfactory	

Tendring District Council Internal Audit Plan 2010/11 - Progress Report - 31st March 2011

Appendix A

Audit Subject	Priority	Status	Opinion	Comments
Sundry Debtors - Central Function (2010/11)	Compulsory	Fieldwork		
Treasury Management		Completed	Satisfactory	
Treasury Management (2009/10)		Completed	Satisfactory	
Treasury Management (2010/11)				
Assurance Work (Systems and Other Audits)				
Architectural and Building Services		Fieldwork		Carried forward from 2009/10. Was delayed at request of client.
Architectural and Building Services Term Contracts				
Repair on Demand UPVC Windows and Doors Contract (2009/10)		Deferred		Contract being retendered in 2010/11. Audit rescheduled to a later year
Gas Servicing Contracts (2009/10)		Deferred		Contract being retendered in 2010/11. Audit included in 2011/12 plan
SHU Boiler Maintenance (2010/11)		Completed	Satisfactory	
Lift Maintenance (2010/11)		Completed	Satisfactory	
BACS		Fieldwork		
Brightlingsea Pool		Completed	Satisfactory	
Brightlingsea Sports Centre		Allocated		
Building Control		Fieldwork		
Career Track		Completed	Satisfactory	
Cemeteries and Crematorium		Completed	Minor Exceptions	
Cheques		Completed	Satisfactory	
Clacton Leisure Centre and Lifestyles		Completed	Satisfactory	
Concessionary Fares		Allocated		Delayed due to system upgrade/ future role for Council in process
Contract Audit				
Vyntoner House Refurbishment Works		Completed	Satisfactory	
Kirby Pavilion		Completed	Satisfactory	
Structural Repairs - Manthorpe House		Completed	Satisfactory	
Remedial Works - 11 Gernon Road		Completed	Satisfactory	
Princes Theatre Boiler Replacement		Completed	Satisfactory	
Barnes House - Careline Relocation		Completed	Satisfactory	
Mace Park Play Area		Completed	Satisfactory	
Vyntoner House Refurbishment Phase 3		Fieldwork		
External Painting Group 4		Completed	Satisfactory	
Structural Repairs - Albermarle Street		Completed	Satisfactory	
Window and Door Replacement 2009/10		Completed	Satisfactory	
Elastocoast Armour Layer, West End, Dovercourt		Completed	Satisfactory	
Elastocoast Toe Protection, Cliff Parade, Walton		Completed	Satisfactory	
Windows and Doors 2009/10 - Belmans Court		Completed	Satisfactory	
Windows and Doors 2008/09 - Weeley and Great Bromley		Fieldwork		

Tendring District Council Internal Audit Plan 2010/11 - Progress Report - 31st March 2011

Appendix A

Audit Subject	Priority	Status	Opinion	Comments
External Door Replacement 2010		Completed	Satisfactory	
Development Control				
Development Control (2009/10)		Completed	Minor Exceptions	
Development Control (2010/11)		Cancelled		2009/10 audit delayed at request of client. No requirement for audit to be repeated in 2010/11
Dovercourt Pool		Completed	Satisfactory	
Elections and Electoral Registration		Completed	Satisfactory	
Fleet Management		Completed	Satisfactory	
Follow Up of Previous Audits				
Benefits and Revenues Follow Up (2010/11)		Fieldwork		
Corporate Performance Follow Up (2009/10)		Completed	Satisfactory	
Corporate Performance Follow Up (2010/11)		Not Required		
Environmental Services Follow Up (2009/10)		Completed	Minor Exceptions	
Environmental Services Follow Up (2010/11)		Allocated		
Financial Services Follow Up (2009/10)		Completed	Satisfactory	
Financial Services Follow Up (2010/11)		Fieldwork		
Housing Services Follow Up (2009/10)		Completed	Satisfactory	
Housing Services Follow Up (2010/11)		Completed	Minor Exceptions	
Human Resources and Customer Services Follow Up (2009/10)		Completed	Satisfactory	
Human Resources and Customer Services Follow Up (2010/11)		Allocated		
Legal Services Follow Up (2009/10)		Cancelled		Combined with Legal Services Follow Up 2010/11
Legal Services Follow Up (2010/11)		Fieldwork		
Leisure Services Follow Up (2009/10)		Cancelled		Combined with Leisure Services Follow Up 2010/11
Leisure Services Follow Up (2010/11)		Completed	Satisfactory	
Management Board Follow Up (2010/11)		Not Required		
Planning Services Follow Up (2009/10)		Completed	Minor Exceptions	
Planning Services Follow Up (2010/11)		Not Required		
Technical and Procurement Follow Up (2009/10)		Completed	Satisfactory	
Technical and Procurement Follow Up (2010/11)		Fieldwork		
Food and Health and Safety		Allocated		
Harwich and Manningtree Sports Centres		Completed	Satisfactory	
Housing Allocations		Deferred		Deferred to 2011/12 due to Choice Based Lettings
Human Resources		Allocated		
Land Charges		Completed	Satisfactory	
Legal Services		Unallocated		
Licensing		Completed	Satisfactory	
Major Capital Projects		Fieldwork		

Tendring District Council Internal Audit Plan 2010/11 - Progress Report - 31st March 2011

Appendix A

Audit Subject	Priority	Status	Opinion	Comments
Members Allowances		Completed	Satisfactory	
Performance Indicators				
Community Services Performance Indicators		Completed	Satisfactory	
Environmental Services Performance Indicators		Completed	Satisfactory	
Housing Services Performance Indicators		Completed	Satisfactory	
Leisure Services Performance Indicators		Completed	Satisfactory	
Pollution and Environment		Completed	Satisfactory	
Sheltered Units - Wardens		Allocated		
Strategic Regeneration		Cancelled		Obsolete due to changes in arrangements for Regeneration
Tenant Relations		Allocated		
Tendring Careline		Completed	Satisfactory	
Theatres and Entertainments		Fieldwork		
Timesheets and Allowance Claims				
Community Services Timesheets and Allowance Claims		Completed	Minor Exceptions	
Housing Services Timesheets and Allowance Claims		Deferred		Deferred due to timing of Housing services Staffing Anti Fraud audit
Planning Services Timesheets and Allowance Claims		Completed	Satisfactory	
Tourist Information Centres		Allocated		
VAT		Completed	Satisfactory	
Assurance Work (Computer Audit)				
Computer Audit				
Data Protection		Fieldwork		
IT Contract - Contractor / Client Management Data		Deferred		
CAPS Application Review		Fieldwork		
Computer Audit Follow Ups				
Computer Audit Follow Up (2009/10 and 2010/11)		Fieldwork		
Requested Audits				
Requested Audits				No audits requested
Anti Fraud				
Income				
Money Laundering		Fieldwork		
Council Tax Discounts		Deferred		Rescheduled for 2011/12
Cashiers Cash Ups		Completed	Satisfactory	
Leisure Facilities Cash Ups		Completed	Satisfactory	

Tendring District Council Internal Audit Plan 2010/11 - Progress Report - 31st March 2011

Appendix A

Audit Subject	Priority	Status	Opinion	Comments
Grants Paid		Deferred		Deferred to a later year
Purchasing				
Technical and Procurement Purchasing (2009/10)		Completed	Minor Exceptions	
Leisure Services Purchasing (2009/10)		Completed	Minor Exceptions	
Corporate Performance Purchasing (2009/10)		Deferred		
Staffing				
Benefits and Revenues Staffing (2009/10)		Deferred		
Housing Services Staffing (2009/10)		Completed	Satisfactory	
Financial Services Staffing (2009/10)		Completed	Satisfactory	
Recruitment Fraud		Allocated		
Tenancies				
Tenancy Fraud		Fieldwork		
Other				
Audit Certificates				
Coastal Change Pathfinder Grant		Completed	Satisfactory	

Internal Audit Reports Issued February 2011 - March 2011 (Appendix B)

This appendix lists only those Internal Audit reports with findings of a medium or higher risk

Audit Opinion / Area	Issues Raised In Report	Severity
Bank Account (2010/11)		
Satisfactory		
1B Follow Up of Previous Audit Findings	The security of safe keys, and reconciliation of card payments account had not been satisfactorily resolved	2 - High Risk
Council Tax (2010/11)		
Satisfactory		
1B Follow Up of Previous Audit Findings	The monitoring of valuation requests had not been resolved, and the valuation office not contacted regarding outstanding valuation requests. This has subsequently been rectified.	3 - Medium Risk
Development Control (2010/11)		
Minor Exceptions		
3D Data Security	Current computer system password complexity format not fully compliant with IT Security Policy. To be resolved following system upgrade.	3 - Medium Risk
	Current computer system in use does not force periodic password changes, due to system limitations. To be resolved following system upgrade.	3 - Medium Risk
	Computer system not set to lock out users after a set number of failed login attempts. To be resolved following system upgrade.	3 - Medium Risk
3E Fees and Charges	No evidence available to demonstrate that applicant fee calculations had been checked by officers.	3 - Medium Risk
3F Planning Applications	No limits had been set regarding the maximum size of cash receipts acceptable. Limit now set.	3 - Medium Risk
	Testing identified some delays in the banking of fee income.	3 - Medium Risk
	Total fee income not reconciled to computer system or main accounting system.	3 - Medium Risk
3G Planning Application Processing and Decisions	A significant proportion of planning applications not date stamped upon receipt.	3 - Medium Risk
	Application quality reviews were not being undertaken at the frequency specified in procedures.	3 - Medium Risk
	Evidence not always available of the sign off of planning decisions by team leaders	3 - Medium Risk

Audit Opinion / Area	Issues Raised In Report	Severity
	Site inspection sheets on case files not always completed.	3 - Medium Risk
Financial Services Purchasing and Invoice Authorisation (2010/11)		
Satisfactory		
3C Procurement of Goods, Works or Services	Unnecessary paper copies of orders and invoices retained.	6 - Efficiency
Housing Benefits (2010/11)		
Minor Exceptions		
2I Overpayments	The write offs report could not be reconciled to the total of write offs identified as authorised. Service to work with Internal Audit to develop an effective reconciliation process.	3 - Medium Risk
	Computer system does not record or report details of officers making debt write offs. Officer details incorrectly reported by system for overpayment write offs. Issue raised by service with software supplier	2 - High Risk
3H Payments	Number of errors and unexplained differences found on the reconciliation of overpayments cash received to the main accounting system. Service to liaise with Accountancy function to resolve issue.	3 - Medium Risk
	Testing identified an incorrect main accounting system extract reconciliation report for BACS payments. Corrected during audit.	3 - Medium Risk
Housing Rents (2010/11)		
Minor Exceptions		
1B Follow Up of Previous Audit Findings	Production of a single management report covering former tenant arrears remained outstanding at the time of audit. Report now produced and planned to be produced and monitored on a regular basis.	3 - Medium Risk
2E Housing Rents Database	Instances identified where account adjustments had taken place prior to authorisation. Electronic authorisation using available system functionality has been implemented since the audit thus preventing future recurrence of this issue.	3 - Medium Risk
2H Arrears Management and Recovery	Insufficient evidence held to validate a small number of write offs.	3 - Medium Risk
3D Data Security	File containing personal data relating to tenants not held sufficiently securely. Action taken during audit to move file to a lockable cupboard.	3 - Medium Risk
	Computer system does not currently have functionality available to bulk delete records when retention period elapsed. Issue to be raised by service with software supplier.	3 - Medium Risk

Audit Opinion / Area	Issues Raised In Report	Severity
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Payroll - Central Functions (2010/11)

Satisfactory

1B Follow Up of Previous Audit Findings	The service conformation checks had not been successfully implemented. Checks to be undertaken April 2011 and at regular intervals thereafter.	3 - Medium Risk
	Automated reconciliation between Payroll and Human Resources systems had not yet been achieved. Manual reconciliation did not validate staff numbers shown by both systems.	3 - Medium Risk

SHU Boiler Maintenance Contract (2010/11)

Satisfactory

G Identification of and Ordering of Works	Ineffective checking process matching call out records to job sheets.	3 - Medium Risk
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