
| | | |
|--------------------------------|---|--|
| REPORT TO: | AUDIT SUB COMMITTEE | AGENDA ITEM: 8 |
| DATE OF MEETING: | 30th September 2009 | CATEGORY: RECOMMENDED |
| REPORT FROM: | DIRECTOR OF CORPORATE SERVICES | OPEN |
| MEMBERS' CONTACT POINT: | TONY STAMPER (595706) | DOC: |
| SUBJECT: | Summary of Internal Audit reports 2009/10 (June – Aug 2009). | REF: |
| WARD(S) AFFECTED: | ALL | TERMS OF REFERENCE: |

1.0 Recommendations

1.1 The Committee are asked to consider the Summary of Audit Reports and to make recommendations to Finance and Management Committee.

2.0 Purpose of Report

2.1 In accordance with the terms of reference to provide members with information on specific Internal Audit reports.

3.0 Executive Summary

3.1 In respect of the audit work undertaken, this report summarises recommendations, categorised as high, from individual audit reports. Internal Audit provides assurance that the Council's key financial systems can be relied upon and that a sound system of internal control exists.

4.0 Detail

4.1 The Internal Audit team carries out audit work in accordance with the Council's Strategic Audit Plan.

4.2 Reports and memorandum are produced for many of the areas of audit work detailing recommendations for improvements in internal control.

4.3 Recommendations are categorised dependent on the degree of risk identified.

4.4 Managers agree the recommendations and their implementation is planned.

4.5 A summary of reports, recommending improvements to potential high-risk control weaknesses, is attached (Appendix 1). The summary also includes, when appropriate, progress on the implementation of recommendations previously reported and any related detailed reports requested by Members.

4.6 During this period Internal Audit has undertaken work on:

- a. Council Tax – A routine audit has been undertaken on the Council Tax function. The work involves examining the varying components that make up the system from valuation to payment, identifying and evaluating the controls used at every stage.
- b. NNDR - A system audit has been undertaken on the NNDR function. The system is examined in much the same way as Council Tax as there are common processes. Previous problems encountered with the management control information have been resolved.
- c. Main Accounting System – This system has been audited with balances, cash postings, reconciliations, user access and feeder system controls all being examined. Management information and control reconciliations have all improved.
- d. Bank Reconciliation – The bank and cheque reconciliation processes have been examined. A new payments account reconciliation, used for cheques, has been adopted and this is working well with both this and the main bank reconciliation being up to date.
- e. Budgetary Control – work is being undertaken on the capital monitoring system. The main budgetary control function covers the revenue costs of the day-to-day delivery of services but expenditure on large projects and schemes are controlled using the capital programme. A significant proportion of the finance used to fund such schemes comes from partner organisations and other government sources. The monitoring is of particular importance in verifying that expenditure is in line with conditions imposed by external funding organisations.
- f. Treasury Management – a scheduled system audit is in progress. This function ensures that the Council's cash flow is properly managed throughout the financial year. Investments, loans and high interest earning bank accounts are used on a daily basis to minimise the use of the overdraft facilities. The Treasury Management Policy controls all these activities and the audit is undertaken to confirm this.
- g. Creditors – a scheduled system has been completed including the examination of the new ordering system. The ordering system has been evaluated and is being documented.
- h. Contract Audit – work has been undertaken on validating tender documentation, final accounts and procedure rules.

The audit service has given advice on control and corporate governance issues. Managers who are continually looking at improving their services and systems require internal control opinions on proposed changes to procedures and working practices.

4.7 The Internal Audit Service has completed 21.56% of the planned audit days up to the end of June 2009 and should meet the planned target 90%.

4.8 A more detailed analysis against the various elements of the Audit Plan is attached at Appendix 2.

5.0 Financial Implications

5.1 None stemming directly from this report.

6.0 Corporate Implications

6.1 Communicating the work of Internal Audit supports the Council's governance and control environment.

7.0 Community Implications

7.1 None stemming directly from this report.

8.0 Conclusions

8.1 Internal Audit reporting is a key process in ensuring the Council's internal control framework has effective systems to safeguard both the services and finances of the Council.

9.0 Background Papers

9.1 None