REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	24th February 2010	CATEGORY: RECOMMENDED
		OPEN
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	
MEMBERS' CONTACT POINT:	TONY STAMPER (595706)	DOC:
SUBJECT:	Summary of Internal Audit reports 2009/10 (December – January).	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. **There are no reports during this period that meet the reporting criteria.**

4.6 During this period Internal Audit has undertaken work on:

a. Etwall Leisure Centre – Further work has been undertaken at the Centre in particular examining the credit/debit card payment facility as difficulties have been experienced in accepting this method of payment.

b. Gas Safety Regulations – This audit is a compliance audit and involves an examination of the system operated within the Housing Service to ensure all our council houses, which have a gas supply, conform to these regulations. The system has been examined and all field work has been completed.

c. Growth Point – Derby City are the accountable body for the distribution of growth point funds to projects within South Derbyshire. Internal Audit have examined all the expenditure and confirmed that it meets the conditions. A file has been prepared for the Coordinator to submit to Derby City for their auditors.

d. The programme of section 151 financial work continues for the 2009/10 accounts year. Council Tax, NNDR and Payroll are near completion with Rent and Cash/Income management underway.

e. Contract Audit – work has been undertaken on the corporate partnering contractual process and other contracts.

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 64.84% of the planned audit days up to the end of December 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

Period: December - January   Date: February 2010

Type: System and Probity

Reporting Criteria: Material Systems and audits with high category risks

Recommendation category: High

Introduction

Internal Audit undertakes a programme of work each year detailed in the annual audit plan. This work ranges from comprehensive system reviews, audits and investigations through to control advice and internal check responsibilities. Management is apprised of the outcome of such work in reports, memorandum, e-mails and personal contact. Recommendations are made and agreement is sought on the implementation of these, in the form of management responses and/or action plan.

Recommendations are categorised high, medium or low. The categorisation criteria are determined from a combination of the identified control weakness and the effect of not implementing the recommendation. The reporting criteria details audits with high category recommendations. South Derbyshire also includes details of those audits that are part of the joint working arrangements with the External Auditor, known as material systems.

Format

There are three types of report namely:

A.   Specific Audit Report Summary

Each audit, which meets the reporting criteria, is summarised on a standard form. The auditor details the nature and type of audit and the following:

1.   Introduction – this gives a background to the service, system or function that has been audited

2.   Scope of Audit – this states how the audit is undertaken and what has been examined.

3.   Recommendations – this section details the high category recommendations.

4.   Governance Statement Assessment – this part informs the annual audit assurance statement (part of the Governance Statement evidence) on the level of control and risk within the area being audited.

B.   Follow-up summary

This report monitors the progress in implementing high category recommendations previously found on an initial summary report. It is essentially an update that allows the Sub-Committee to see the progress being made on the implementation of each recommendation. It follows the same general layout as the previous report but includes a brief progress statement until such time as the recommendations are fully implemented.

C.   Detailed Reports requested by Members.

This requested report goes into greater detail than the previous two types of summaries and applies to any audit summary report containing high-risk weaknesses where Members request more information.

Summary Reports appended

There are no reports that meet the reporting criteria during this period

Internal Audit Plan - Quarterly Progress by Audit Category

Appendix 2

AUDIT CATEGORY - 2009/10	Audit Team	Specialists		%	Qtr 1	Qtr2	Qtr3	Qtr4	Total
Total available days less leave etc	620	20	640						
PLANNED AUDITS/ AUDIT WORK	325		325	50.78%	75	60	67		202
CONTINUOUS AUDIT	4		4	0.63%	1	1	1		3
SPECIALIST AREAS:									
a. Computer	50	20	70	10.94%	9	8	12		29
b. Contract	44		44	6.88%	9	9	10		28
MANAGEMENT	60		60	9.38%	11	10	12		33
OTHER:	40		40	6.25%	10	17	13		40
TRAINING, FURTHER EDUCATION	40		40	6.25%	6	8	15		29
ROUTINE DUTIES	57		57	8.91%	17	21	13		51
TOTAL	620	20	640	100.00%	138	134	143	0	415
					21.56%	20.94%	22.34%	0.00%	64.84%
							Checksum		64.84%
									415

Audit Reports Summary

May 2009 – January 2010

Audit Reports	Type	Risk Rating	Risk Rating post Audit work	Recommendations				Time taken in days		Review date	Notes
				High	Medium	Low	Total	Plan	Actual		
Sundry Debtors	System	Low	No Change			2	2	8	8	Mar-10	
Housing Benefits	System	Low	No Change		1		1	10	12	Mar-10	
Payments account reconciliation	System	Medium	Low				0	1	1	May-10	Reconciliation verified
Section 106 agreements	System	Medium	Low	1		4	5	6	10	Feb-10	A full review was undertaken
Council Tax	System	Low	No Change		1	1	2	10	10	Mar-10	
NNDR	System	Low	No Change		1	1	2	8	8	Mar-10	
Main Accounting	System	Low	No Change				0	10	9	Jun-10	
Academy Ctax management control information	Computer Application	Low	No Change				0	1	1	May-10	Computer audit
Academy NNDR management control information	Computer Application	Medium	Low				0	2	2	May-10	Computer audit
Bank Reconciliation	System	Low	No Change				0	4	4	Jun-10	
Creditors	System	Medium	Low			2	2	17	16	Sep-10	Full audit for 2008-09 & 2009-10
New Monthly Cheque reconciliation system.	IC assessment	High	Low				0	0	3	Jun-10	
Treasury Management	System	Low	No Change				0	8	8	Nov-10	
Capital Monitoring - MRA	Investigation	N/A			2	13	15	0	10	May-10	
Trade Refuse	System	Low	No Change			2	2	0	6	Apr-10	
Gas Safety	Compliance	N/A	New audit				5	10	9	Aug-10	Drafting Report - Provisional Recommendations
Risk Management	System	Low	Low				3	6	6	Aug-10	Drafting Report - Provisional Recommendations