

**Summary of Audit Reports****Appendix 1**

Period: February - May

Date: June 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**

#### **Part A. Specific Audit Report Summaries**

##### **A.1 Main Accounting 2009/10**

##### **A.2 Bank Reconciliation 2009/10**

The above are material systems but do not contain any high category recommendations.

### **Category Definitions**

#### **Category – High**

Necessary due to statutory obligation, legal requirement, council policy or involves major risk of loss/damage to Council assets, information or reputation.

Immediate management action required – should be reported to the Audit Committee.

#### **Category – Medium**

This could cause limited loss of assets, information or adverse publicity. Necessary for sound internal control and confidence in the system to exist.

Significant points are followed-up within the procedure (at the next audit for an annual audit and 6 months for all others).

#### **Category – Low**

Current procedure is not best practice and could lead to minor inefficiencies.

This is followed-up as for medium within the procedure