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<b>REPORT TO:</b>	<b>AUDIT SUB COMMITTEE</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>16<sup>th</sup> December 2009</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>TONY STAMPER (595706)</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>Summary of Internal Audit reports 2009/10 (Sep – Nov 2009).</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

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## **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. Capital Programme and monitoring system – A review of the capital programme commenced in August when some issues arose around the funding of elements within the housing major repairs allowance. The monitoring process verifies that expenditure is fully financed as approved by committee. The capital programme is multi-funded and expenditure is in line with conditions imposed by external funding organisations. Additional checks and balances have been recommended.
- b. Treasury Management – The system audit has examined the investment and loan activity and how the controls over these functions are operating. Interest rates are at an historic low level and as a result our investment income has significantly reduced.
- c. Trade refuse – the Authority undertakes a trade refuse service (commercial refuse) throughout the district generating income in excess of £200k per annum. The service is integrated with the domestic collections and uses various types and sizes of commercial waste bins etc. The service operates in a commercial environment competing with private sector organisations. A review of the system of administration, pricing and charging has been undertaken and a number of recommendations have been made.
- d. Etwell Leisure Centre – This new centre offers more activities than the previous centre in particular health and fitness facilities. New systems of administration and income collection have been introduced. Internal audit has been involved in examining daily income balancing and direct debit issues. The documentation of the systems has commenced with an establishment audit planned for early 2010.
- e. Gas Safety Regulations – The Council is a local housing authority responsible for over three thousand houses, this landlord status carries many responsibilities. Health and safety is one issue and within this is the requirement to conform to the gas safety regulations. Internal Audit has commenced an audit to confirm adherence to the regulations.
- f. The revised programme of section 151 financial work has commenced for the 2009/10 accounts year. This is a reduced programme as it is being commenced earlier than in previous years to enable us to bring the majority of our material systems audit work into the year of account. Rents, Payroll and Cash/Income management are underway.
- g. 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 42.50% of the planned audit days up to the end of September 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