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<b>REPORT TO:</b>	<b>AUDIT SUB COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>29th September 2010</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 2010/11 (June – August).</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. Main Accounting – A system audit has been undertaken with balances, cash postings, reconciliations, user access and feeder system controls all being examined. There are very few problems with this system and those that do exist are scheduled to be addressed with the implementation of the next version of the software.
- b. Bank Reconciliation - The bank and cheque reconciliation processes have been examined. There are some minor issues relating to old cheques but overall the bank reconciliation process is operating well and is up to date.
- c. Etwall Leisure Centre – Phase one of the audit work dealt with the financial and administrative systems and is being reported separately to the Committee. The work on Phase two focussed on the contractual elements of the construction of the new centre and this is substantially complete.
- d. Capital Programme Monitoring – The monitoring process verifies that expenditure is fully financed as approved by committee. Work has been carried out on the monitoring where some issues arose over the funding used to formulate the budget.
- e. Rent – the audit examined stock control, rent debit, payments, write-offs, refunds, voids, arrears and recovery. The fieldwork on this audit has been substantially completed.
- f. Contract Audit – a number of contract final accounts were completed.

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 At the end of April our Senior Auditor retired from the Authority. This post has remained vacant pending a review of options.

4.8 In the meantime, the Authority has entered into a pilot arrangement with a neighbouring authority to buy in services, in the short term, to help meet the temporary loss of resources. A programme of audits has recently commenced and will largely be undertaken in the autumn.

4.9 The Internal Audit Service has completed 15.63% of the planned audit days up to the end of June 2010 against the planned target of 90%. The percentage completion for this period is lower than planned again as a result of the reduction in resources.

4.10 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