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<b>REPORT TO:</b>	<b>AUDIT SUB COMMITTEE</b>	<b>AGENDA ITEM: 11</b>
<b>DATE OF MEETING:</b>	<b>17<sup>th</sup> June 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 (February – May 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. Debtors – a system audit has been completed covering the debtors function and the accounts receivable module (AR) of the Agresso financial management system.
- b. Housing Benefits – the 2008/09 audit was completed, encompassing verification of claims, including supporting documentation and accuracy of calculation; authorisation of payment, cross-checks between other financial systems, ie. housing rents, council tax and creditors; arrangements for re-assessment in order to maintain a continuous review of high-risk cases. The system notes have been updated for the Academy system.
- c. Additional Housing Benefits Subsidy work has been undertaken in conjunction with the Audit Commission to confirm the cell populations on the subsidy claim.
- d. Section 106 Agreements – A system audit has been completed covering the control aspects of each stage of the agreement, namely planning, negotiation, payment, receipt and expenditure.
- e. The March 2009 bank reconciliation procedure has been audited and found to be satisfactory.
- f. Council Tax and NNDR system audits are in progress, the key controls in both these systems are being evaluated.
- g. The Creditors audit has commenced including the examination of the new ordering system.
- h. Contract Audit – work has been undertaken on tender documentation, company searches and bank references.
- i. Security access system – procedures have been established for the use of the new door entry system in the Civic Offices.
- j. Price Waterhouse Coopers has undertaken a review on the effectiveness of Internal Audit.

The service has given advice on security, contract, control and corporate governance issues.

4.7 The Internal Audit Service has completed 87.03% of the planned audit days up to the end of March 2009. This is less than the planned target of 90% and has occurred mainly as a result of illness earlier in the year.

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