

Summary of Audit Reports

Period: September - November

Date: December 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 Budgetary Control 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

Type: System

Date: December 2010

SUBJECT: Budgetary Control System**Introduction**

The budget setting and control system is a material system of the Authority and is subject to an annual audit.

The main part of the Budget, some 70% +, is made up of employee costs. There is about 6% of the overall budget involving supplies and services directly controlled by managers. The Constitution contains the Budgetary Framework, Policy, Regulations, Procedures and Virement process. A budget control document is produced for Members and Staff and the information is available on the Main Accounting System.

Scope and Coverage

The audit review was undertaken using the systems-based auditing approach, identifying the system and controls, evaluating and testing in relation to the system objectives.

All documentation has been updated as appropriate. Findings, conclusions and recommendations will be discussed with management prior to being included in a formal report or memorandum.

The audit examines the main internal controls of the budget compilation process, verifies the loading of the Budget onto the Ledger and confirms the budgetary control function. The setting process for 2010/11 and the control function for 2009/10 have been examined.

Recommendations

High/Significant risk recommendations – None

The few remaining issues will be addressed as part of the Agresso 5.5 upgrade.

Governance Statement Assessment

The assurance level for this system is high, with no major weaknesses identified. The implementation of version 5.5 of the Agresso system will include a budget compilation function and improved budgetary control and monitoring information.

AUDIT CATEGORY - 2010/11	Audit Team	Specialists	%	Qtr 1	Qtr2	Qtr3	Qtr4	Total
Total available days less leave etc	620	20						
PLANNED AUDITS/ AUDIT WORK	325		50.78%	44	52			96
CONTINUOUS AUDIT	4	4	0.63%	3	0			3
SPECIALIST AREAS:								
a. Computer	50	20	10.94%	7	6			13
b. Contract	44		6.88%	9	10			19
MANAGEMENT	60	60	9.38%	8	12			20
OTHER:	40	40	6.25%	6	5			11
TRAINING, FURTHER EDUCATION	40	40	6.25%	6	6			12
ROUTINE DUTIES	57	57	8.91%	17	24			41
TOTAL	620	20	100.00%	100	115	0	0	215
				15.63%	17.97%	0.00%	0.00%	33.59%
				Checksum			33.59%	215

Audit Reports	Type	Risk Rating	Risk Rating post Audit work	Recommendations			Time taken in days		Review date	Notes	
				High	Medium	Low	Plan	Actual			
Council Tax N.N.D.R.	System System	Low Low	No Change No Change	1			0 1	10 10	14 16	Apr-11 May-11	
Etwall Leisure Centre - Ph1 Main Accounting Bank Reconciliation Car Allowances	Establishment System System Routine	High Low Low Low	Low No Change No Change No Change	3	10		0 1 4	16 12 5 4	18 13 6 4	Dec-10 Aug-11 Aug-11 Mar-11	The annual audit was extended to examine the New Centre in two phases, this being the first phase.
Etwall Leisure Centre - Ph2 Capital Programme Monitoring	Contract System	N/A Medium	No Change Low	3	3		3 3 0 0 0	8 0 0 0	8 0 0 0	Apr-11 Feb-11	Report being drafted includes follow-up Draft

Performance Area	Measure	Previous Year actual	Target 2010/11	Profile Target 2nd Qtr	Actual to Qtr 2	On Target	Remarks
Productivity (see below)	Completion of Audit Plan (percentage)	90.78%	90.00%	45.00%	33.59%	No	Senior Auditor retired in April leading to a reduction in resources in the short term. Derby City Internal Audit Service have commenced their programme of audits which will improve the completion in the second half of the year.
	Operational Audit Time (days)	n/a	578	289	179		
	Non Productive time (days)	n/a	42	21	36		
	Draft audit reports issued within 10 working days of completion of audit fieldwork (percentage)	n/a	70.00%		50.00%	No	Although this indicator has been in use for a number of years, it has been hardened this year.
	Final audit reports issued within 20 working days of completion of audit fieldwork (percentage)	n/a	70.00%		40.00%	No	As above. In both cases we are looking to improve on these as the year progresses.
Financial	Total cost of Unit for the Year (£)	£176,963	£178,100		Year end		
	Cost per Audit Day (£)	£285	£287		Year end		
Staff	Sickness Absence (percentage)		n/a		0.00%		
	Staff Turnover (percentage)		n/a		Year end		
	Training Days	6.00%	6.00%		Year end		Percentage of audit plan allocated to Training and Seminars
Quality	Client satisfaction score (percentage)	n/a	80.00%		Year end		
	Recommendations agreed for implementation (percentage)	100.00%	100.00%		100.00%	Yes	
	Recommendations actually implemented (percentage)	100.00%	100.00%		100.00%	Yes	
	Number of Customer Complaints	0	0		0		
Operational Audit Time	Total days available Less Public Holidays, Leave	620	620	310	215		
	Less non-operational days (as below)	n/a	-42	-21	-36		
	Total - Operational Audit Days	620	578	289	179		
Non Productive Time	Sickness	n/a	0		0		
	Union Duties	n/a	18	9	23		
	Non-audit Duties	n/a	20	10	13		
	Other	n/a	4	2	0		
Total - Non-operational Audit Days		n/a	42	21	36		