REPORT TO:	**AUDIT SUB COMMITTEE**	**AGENDA ITEM: 8**
DATE OF MEETING:	**25th February 2009**	**CATEGORY: RECOMMENDED**
		OPEN
REPORT FROM:	**DIRECTOR OF CORPORATE SERVICES**	
MEMBERS' CONTACT POINT:	**TONY STAMPER (595706)**	**DOC:**
SUBJECT:	**Summary of Internal Audit reports 2008/09 (September – January).**	**REF:**
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE:**

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. Treasury Management – a system audit has been completed covering investments and loans.

b. Travel and Subsistence – all payments made to staff and Members have been examined. These cover expenses for travelling by air, rail, public transport, taxi and car-related such as parking. Subsistence includes meal allowances, hospitality and some entertaining. Part of this work was in response to a Freedom of Information request.

c. Housing Benefits – the 2007/08 audit work was completed, encompassing verification of claims, including supporting documentation and accuracy of calculation; authorisation of payment, ie. each payment run is verified for payment by an authorised senior officer; 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. Further work is being undertaken on the documentation of the new Academy system's controls and security processes.

d. Cheque Reconciliation – a new payments account cheque reconciliation process has been introduced by Accountancy. This process verifies the matching of cheques raised to those paid by our bank and reconciles the uncashed cheques to the bank statements.

e. Housing Benefits Subsidy work has been undertaken. Verification of the old and new system benefits control information which forms the basis of the 2007/08 subsidy claim.

f. Cash and Banking – the Council's cash receipting and posting systems process thousands of payments each week. They range from cash and cheque to direct debit, card and internet payments. Anomalies arise from time to time and these are investigated and corrected.

g. Section 106 Agreements – these occur for applicable developments where payments are made to ensure the provision of sufficient infrastructure and services by the developer. A system audit has commenced covering the control aspects of each stage of the agreement, namely planning, negotiation, payment, receipt and expenditure.

h. Document retention – control over the length of time documents and electronic versions of documents should be held. Document retention schedules are used as guidance to an organisation and provide information. These have to be appropriate and meet legal requirements such as Freedom of Information and Data Protection.

i. Academy Revenue System – The Management control information used as part of the Academy system has been examined. Council Tax has been completed and the work on NNDR is progressing.

j. The 2008/09 material system audits have commenced.

k. Capital Schemes – a number of overspends have been identified on schemes within the Leisure area and these are being examined.

l. The Service has been through a two-stage office relocation.

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

4.7 The Internal Audit Service has completed 65.47% of the planned audit days up to the end of December 2008. This is less than anticipated 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 Conclusions

6.1 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.

7.0 Background Papers

7.1 None