



**Internal Audit**

**2008-09**

**Progress Report**

**Final Accounts & Audit Committee**

**15<sup>th</sup> December 2008**

**Contents:**

- Introduction*
- Overall Progress against the Audit Plan 2008-09*
- Current Issues Arising*

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## **INTERNAL AUDIT PROGRESS REPORT**

### ***Introduction***

1. This progress report presents members of the Committee with the following:
  - an overview of the actual position reached at 30 November 2008, in delivering the agreed Audit Plan for 2008-09, and a projection of the expected final outturn against the original Audit Plan
  - brief details of the more significant issues relating to audit work carried out in the period since our last progress report at the end of August.

### ***Overall progress against the Audit Plan 2008-09***

#### **Productive Audit Days**

2. We base our Audit Plan for the year on being able to achieve an estimated number of productive audit days throughout the year. Most of this is earmarked for planned audits, with an element being retained to allow for unplanned work such as investigations or other reactive reviews. Taken to the end of November 2008, our actual performance against the overall plan was as set out in the following table:

	<b>No of Audit Days</b>
Total Audit Plan for 2008-09	2,000
Target productive days to 30 November 2008	1,315
Actual productive days to 30 November 2008	1,357

3. This shows that over the first eight months of the year we have achieved our overall plan, the excess being attributable to the temporary placement of a CIPFA trainee with the team as part of their professional training programme. Looking forward over the remainder of the year with our current staffing resources I would expect that we will fully achieve the plan in terms of overall productive days delivered.

## ***Current Issues Arising***

4. A summary of the more significant issues relating to audit work in the period since the last progress report is set out in the following paragraphs.

### **One Council for Wiltshire**

5. As the transition to One Council draws nearer, this is becoming an increasingly significant element of our work over the second half of the year. We have been involved in the following specific areas.

#### ***Business Management Programme (BMP)***

6. The Realisation phase of BMP is now well underway, and this includes the transformation to new working processes for the SAP system. As part of the transformation work, Business Process Re-Engineering workshops have been held in order to review and redesign end to end working processes. The workshops began by reviewing corporate processes, and have now moved into looking at departmental processes.
7. We have been active participants in the key workshops held to date, and will continue in this role until completion of the overall programme. Our role here has been to review working processes as they are developed, and provide input which ensures that proper controls are recognised and implemented consistently throughout the programme.
8. In addition, we are now holding regular meetings with Service Heads and Team Leads to ensure that all issues and risks which emerge as the programme develops are being adequately addressed and managed. This work will continue through to implementation of the programme.

#### ***Preparing for the Transitional to One Council***

9. In addition to the BMP, work has continued in a number of other areas connected with helping to make a successful transition. These have included the following:
  - Reviewing arrangements for migration of data to ensure this is organised and managed in a controlled way
  - Looking at procedures for the safeguarding of assets, including confirming the physical existence of a sample of assets and ensuring proper records of ownership exist
  - Working jointly with audit colleagues in the district councils to ensure key areas of audit plans are completed and expertise is spread across the whole team
  - Reviewing current internal audit working methods, and identifying best practice to be adopted by the new audit team for delivering the audit plan for 2009-10

- Reviewing cash handling procedures in the districts, and documenting controls and weaknesses to inform the new two newly-formed directorates prior to the transition.

10. Continuing work in connection with the One Council transition will mean putting more audit resources into this important project for the rest of the current operational year until 31 March 2009. This is consistent with our adopting a risk-based approach to our work, since a project of this size and complexity represents a major risk to the organisation as a whole. We have therefore revised our audit plan to make more resources available to the One Council project. As a result work in a number of areas will either be reduced or carried forward into the following year, as we feel they carry a relatively lower level of risk. These include:

- Highways
- Waste
- Individual Budgets
- Schools FMS assessments.

## **Other Work**

### ***Care First System***

11. This audit aimed to determine whether the intended benefits of the CareFirst system have been achieved by way of:

- improved use of the CareFirst system by practitioners working in adult care services
- visible improvements in its use as an electronic social care record
- improved use as a source of performance rating data
- savings in time
- avoidance of data duplication from more effective use by practitioners.

12. The degree to which the system was being used was also assessed by visits to a number of different teams and locations.

13. We had concerns that the basic objectives of the system needed to be made clearer. Procedural guidance in the use of the system needed to be improved, and examples were found where the information contained within CareFirst was inaccurate and incomplete. There were also system access and performance problems.

14. However, there is evidence that progress is being made through a programme of work to improve the use and acceptance of the system, with improvements also resulting from the recent implementation of a system upgrade (CareAssess).

15. An Action Plan nominating responsible officers and dates for implementation of actions has been agreed with senior management, who will prepare regular progress reports for Internal Audit.

### ***Steria Contract***

16. We have completed an extensive review of the operation of the contract between WCC and Steria, our outsourced IT service provider. The review identified a number of contractual and operational areas where improvements are needed, and a series of high risk and medium risk issues are now being discussed with the CICTU and Steria management to agree a way forward.

### ***Schools Financial Regime***

17. This audit evaluated the arrangements in relation to the Schools Financial Regime, that is the financial rules and procedures under which schools are required to operate. This included a review of:

- the implementation of previous audit recommendations
- progress of the School Finance Manual update
- the adequacy and timeliness of the current school reporting arrangements
- the extent of school surpluses and deficits, and the related management and control processes.

18. The main issues arising were:

- the delay in updating the Schools Finance Manual, which has now been completed and issued
- the methods of sharing information with Internal Audit, which has been resolved and agreed for the future
- the systems required to enable close monitoring of schools' surpluses and deficits, since it is important to ensure these are consistently proactive where circumstances require this approach.

### ***Financial Management Standard in Schools (FMSiS)***

19. Our programme of reviewing schools against the FMSiS is progressing. Assessments completed so far have confirmed that 26 secondary and 70 primary schools are meeting the Standard, whilst we are currently working with a further eight schools to help them achieve the improvements needed to meet the Standard.

20. We have also issued our annual Internal Audit Schools Bulletin to all schools, this year focussing on issues arising from our assessments of the FMSiS. We identified the most common areas for improvement which have been highlighted and shared with all schools. These included:

- Registers of Business Interests – complete and up to date

- Schemes of Delegation – clearly defined and regularly reviewed
- School Development Plans – costed and linked to budget plans
- Statements on Internal Control – supported by an evidenced review process.

### **Government Grant Certification**

21. Over the past two years, grant awarding bodies such as the Government Office South West have relaxed the requirement for grant-earning expenditure to be certified by our external auditors. Instead, in an increasing number of cases it is acceptable for a statement of expenditure to be submitted by the Chief Financial Officer, provided that Internal Audit has given assurance that the expenditure is in accordance with the prevailing grant conditions. We have therefore provided this assurance for a number of grant returns this year.

### **Current Audits**

22. A number of audits are currently in progress and at various stages of completion. Those worthy of specific mention are:

- **Use of Temporary Staff:** We have reviewed the methods of recruitment and periods of employment of temporary staff. This work proved extensive as it needed to incorporate practices across all departments. The audit is now nearing completion, and its findings are due to be discussed with responsible officers in the near future.
- **Transport:** Over the past 2 years, a number of reviews, both by Internal Audit and consultants, have been carried out on aspects of Passenger Transport. As a result we are now part of a joint working party set up by the Director of ESD, to bring together progress on all previous recommendations.
- **Criminal Records Bureau (CRB) Checking:** An audit is getting underway to review the level of CRB checks being carried out across departments. The aim will be to confirm that the authority is meeting its requirements in this important area, and to determine whether a consistent approach is being applied in practice.

23. The outcomes of these audits will be included in our Progress Report to the next meeting of the Final Accounts and Audit Committee in March 2009.

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