

# Report

**Report subject:** Update on Internal Audit work 2006/7

**Report to:** Audit Committee

**Date:** 4<sup>th</sup> April 2007

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## 1 Background

1.1 This report provides updates on work undertaken in 2006/7 including the following up of management actions from previous audit work. The report shows new work or additional information since the report to the September meeting of the Committee. A complete review of the 2006/7 year will be presented at the June meeting and this will contain the overall audit opinion.

## 2 2006/7 Audit Plan

2.1 A summary of reports issued since the September report is included in the following table.

<b>Audit Area</b>	<b>Level of Assurance</b>	<b>Audit opinion on proposed management action at the point the report was issued</b>
Governance arrangements for the council's partnerships	Limited	Report agreed at Management Team but action plan not yet finalised.
Non domestic rates	Full	The improvement in internal control should maintain the high level of assurance.
Crematorium and cemeteries	Limited	The improvement in internal control should lead to a higher level of assurance.
Fleet and transport management	Limited	The improvement in internal control should lead to a higher level of assurance.
Officers and Members expenses	Substantive for officers and Limited for Members	Responses received covering officers expenses but response relating to Members not received at present.
Project Management	Substantive on policy and Limited on application	The improvement in internal control should lead to a higher level of assurance.
Tendering arrangements	Substantive	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.
Sickness absence management	Substantive on policy & Limited on compliance	The improvement in internal control should lead to a higher level of assurance.
Debtors	Substantive	Report not yet finalised
Insurance and Operational Risk Management	Substantive	The improvement in internal control should lead to a higher level of assurance.

Housing Benefits	Substantive	The improvement in internal control should lead to a higher level of assurance.
IT Security	Limited	Report not yet finalised
Housing Rents	Substantive	Report in draft, response not yet received.
Payroll	Limited	Report in draft, response not yet received.
Waste Management follow up	Substantive	Report in draft, response not yet received.

Work is in progress to issue the reports of the last few audits of the year. These include:

- Arrangement for value for money
- Main Accounting System
- Creditors
- Business Continuity follow up
- Software Licences
- Network follow up
- Virus controls

The draft reports on these audits will be issued in the next few weeks and the audit opinion will be included in the Annual Report at the June meeting.

### 3 Follow up Reviews Undertaken

3.1 Follow up reviews on the manager's action plan have been undertaken on the following audits since September.

<b>Audit Area</b>	<b>Level of Assurance</b>	<b>Audit opinion on proposed management action at the point the report was issued</b>	<b>Audit opinion on management actions at the point of the follow up review</b>
<b>2005/6 Audits</b>			
Budget management & reporting	Substantive on reporting, limited on management	The improvement in internal control should lead to a higher level of assurance.	The improvement in internal control should lead to a higher level of assurance.
Debtors	Substantive	The improvement in internal control should lead to a higher level of assurance.	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.
Housing rents	Substantive	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.
Creditors	Substantive	The improvement in internal control should lead to a higher level of assurance.	The improvement in internal control should lead to a higher level of assurance.
Section 106 Agreements	Limited	The improvement in internal control should lead to a higher level of assurance	All responses not yet received
Licences	Substantive	The improvement in internal control should lead to a higher level of assurance	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.
Information Management	Limited	The improvement in internal control should lead to a higher level of	The improvement in internal control should lead to a higher level of

		assurance	assurance
Teamspirit (personnel & payroll application system)	Limited	The improvement in internal control should lead to a higher level of assurance	The improvement in internal control should lead to a higher level of assurance
Durrington Pool	Limited	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.

#### 4 Key Issues Arising

- 4.1 Limited Assurance was given to five audits as shown in the table at paragraph 2.1 above. The key issues arising are outlined below.

##### Governance Arrangements for the Council's Partnerships

The audit identified the need to establish a partnership management framework for its key partnerships to ensure alignment with key objectives, ensure governance arrangements were appropriate and to ensure monitoring of effectiveness and value for money.

##### Crematorium and Cemeteries

Day to day operational procedures were effective but areas of risk were identified in business planning, management of arrears and future plans to meet legislation on mercury emissions.

##### Fleet and Transport Management

An area of good operational processes but where there was found to be no consistent corporate response to road risk management and patchy arrangements in place over pool vehicles.

##### IT Security

At the time the audit was undertaken the current work to develop a corporate policy was only beginning. A draft policy has now been developed.

##### Payroll

Support for the system administration role and key payroll functions are more secure than in previous years, however there remain issues over the flow of reliable information into payroll to support changes to pay such as leavers and honorariums.

#### 5 Recommendation

- 5.1 It is recommended that the Audit Committee note the results of Internal Audit's work during 2006/7.

#### Implications

Financial: None

Legal: None

Human Rights: None

Community Safety: None

Environmental Impact: None

Council's Core Values: All