

<b>MEETING:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>18 MARCH 2011</b>
<b>TITLE OF REPORT:</b>	<b>INTERIM AUDIT SERVICES ASSURANCE REPORT 2010/11 NO.4</b>
<b>PORTFOLIO AREA:</b>	<b>RESOURCES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

The purpose of the Interim Assurance Report is to update Members on the work status and bring to their attention any key internal control issues.

### **Key Decision**

This is not a Key Decision.

### **Recommendation**

**THAT: the report be noted.**

### **Key Points Summary**

- Seven key issues were identified in the Council's Annual Governance Statement five have been closed. (Appendix 1 refers).
- Subject to Committee agreement there are currently five Committee Resolutions that are open (Appendix 2 refers);
- Of the audits completed two were given an unsatisfactory audit opinion and four a marginal opinion ( Appendix 3 refers)

### **Alternative Options**

- 1 This report is for information therefore alternative options are not applicable.

### **Reasons for Recommendations**

- 2 To ensure compliance with good practice as set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

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Further information on the subject of this report is available from  
Tony Ford Chief Internal Auditor on (01432) 260425

## **Introduction and Background**

- 3 To ensure that the Committee is informed of progress on the Audit Plan and any key internal control issues identified.

## **Key Considerations**

### **Key Issues Identified in 2009/10**

- 4 The Audit and Governance Committee considered the Annual Assurance report for the year ending 31 March 2010 on 29 June 2009. In addition the Committee reviewed and adopted the Annual Governance Statement. The key issues identified for improvement are set out in Appendix 1 along with the comments of the lead officer regarding the current position. Five key issues have been closed. Of the two currently open one relates to risk management and the other to Good Environmental Management Auditing.

### **Audit and Corporate Governance Committee Resolutions**

- 5 Regarding resolutions made by the Committee to January 2011 (Appendix 2 refers) subject to committee approval there are five open and ongoing following the last meeting held on 17 January 2011. Replies received from relevant officers have been included in the updated version of the appendix.

### **Fundamental Systems**

- 6 The Council's target is that all fundamental systems achieve at least a satisfactory audit opinion. Work in this area is well advanced with nine audits being completed; of the nine four were given a good opinion and four given a satisfactory opinion. Education Transport was given a marginal audit opinion due to the need for improved risk management, improved income control and procedures, improved management checks and improved guidance to staff. As required under the Audit and Governance Code a copy of the report has been sent to the Chairman of the Audit and Governance Committee

### **Non Fundamental Systems**

- 7 The report on Car Park Income has been finalised and an unsatisfactory audit opinion issued, this was due to the need for improved procedures and controls, managers have taken speedy action in relation to the recommendations made. The service Manager has confirmed that all recommendations have been implemented. A follow up audit is in progress to ensure that actions are embedded. As required under the Audit and Governance Code a copy of the report has been sent to the Chairman of the Audit and Governance Committee. Other work is at various stages of progress.
- 8 A marginal audit opinion was given to the Homeless Persons Loan review as there was a need to update current procedures. In addition a marginal opinion was given to the Continuing Health Care review as there was a need for officers to ensure that cases were properly evidenced.

### **Governance and Anti-fraud**

- 9 Preliminary work in relation to the National Fraud Initiative (NFI) 2010 is complete, relevant offices have been requested to submit relevant data to the Audit Commission. All relevant data has been submitted. The NFI Data Protection Compliance Return has been completed and submitted.

- 10 The Annual Governance Statement for 2009/10 was presented to the Audit and Governance Committee on 29 June and now forms part of the Council's Statement of Accounts.

### **Other Key Systems**

- 11 Two reviews of Member's allowances and expenses have been completed a satisfactory and a good audit opinion has been given. The third review in this area is in progress.
- 12 CRB consultancy work to provide advice and guidance regarding the robustness of the new CRB system has now been completed.

### **ICT Protocols and Control (Council –Wide)**

- 13 Work within this area includes joint reports on Physical Security and Business Continuity covering both the Council and Primary Care Trust. The access controls review was given a good audit opinion.
- 14 Although some good practice was identified the Benefits Realisation Audit was given a marginal audit opinion as it was identified that there was a need to have regular reviews of benefit schedules to ensure that benefits have been realised.

### **Establishments**

- 15 Work continues to assess the financial management arrangements for schools in line with the Department for Children, Schools, and Families (DCSF) Standard, currently 23 schools, have met the standard, two reviews were out in draft. One school did not meet the standard.

### **Verification and Probity**

- 16 The review of the Good Environmental Management (GEM) has been completed and some minor non-compliances were found. However the Corporate GEM Audit Plan is still behind schedule.

### **Recommendations**

- 17 To date 99% of recommendations made have been accepted by officers.
- 18 Overall follow up work on past recommendations made can be summarised as follows

Status	Number	%
No longer relevant	14	7.4
Completed	110	58.2
Mostly Complete	17	9.0
Partly Complete	33	17.5
Not addressed	15	7.9
Total	189	100.0

- 19 As requested by the committee the unannounced follow up visit in relation to the Procurement and Contract Procedures – Resources (Asset Management and Property Services) was carried out in May 2010. The outcome was that of the 16 recommendations six were partly complete and five not addressed
- 20 It should be noted that at the time of the follow up visit Asset Management and Property Services, under the direction of the Head of Service was working to implement the remaining recommendations, it is pleasing to note that I have received confirmation from the Head of Service that all partly and all not completed recommendations have now been implemented. A further audit visit is planned to ensure actions are embedded.

### **Outsourcing update**

- 21 The Invitations to Tender has been sent out and are due to be returned on 11 March 2011, with scoring of tenders taking place after this date.

## **Community Impact**

- 22 n/a

## **Financial Implications**

21. There are no financial Implications.

## **Legal Implications**

- 22 There are no Legal Implications.

## **Risk Management**

23. There is a risk that the level of work required to give an opinion on the Council's systems of Internal Control is not achieved. The Audit Services Management Team monitor the plan on a weekly basis in order to mitigate this risk, the Director of Resources will receive monthly reports on progress.

## **Consultees**

24. Relevant officers have been requested to update action taken on key issues identified in 209/10 and past Audit and Corporate Governance Committee resolutions. Their replies have been included in the relevant appendices.

## **Appendices**

**Appendix 1- Annual Governance Statement 2009/10 Key Issues Identified.**

**Appendix 2 – Open and Ongoing Resolutions as at 17 January 2011**

**Appendix 3 – Status Audit Plan 2010/11**

## **Background Papers**

- Audit Plan 20010/11 previously approved by the Audit and Governance Committee on 29 June 2010.