

**AUDITS COMPLETED AND REPORTS ISSUED**

The following categories of opinion are used for audit reports.

<b>Opinion</b>	<b>Level of Assurance</b>
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Actions to address issues are agreed with managers where weaknesses in control are identified. The following categories are used to classify agreed actions.

<b><u>Priority</u></b>	<b><u>Long Definition</u></b>	<b><u>Short Definition – for use in Audit Reports</u></b>
1 (High)	<p>Action considered both critical and mandatory to protect the organisation from exposure to high or catastrophic risks. For example, death or injury of staff or customers, significant financial loss or major disruption to service continuity.</p> <p>These are fundamental matters relating to factors critical to the success of the area under review or which may impact upon the organisation as a whole. Failure to implement such recommendations may result in material loss or error or have an adverse impact upon the organisation's reputation.</p> <p>Such issues may require the input at Corporate Director/Assistant Director level and may result in significant and immediate action to address the issues raised.</p>	<p>A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.</p>
2	<p>Action considered necessary to improve or implement system controls so as to ensure an</p>	<p>A significant system weakness, whose impact or frequency presents risks to the system</p>

**Priority**

**Long Definition**

**Short Definition – for use in Audit Reports**

effective control environment exists to minimise exposure to significant risks such as financial or other loss.

objectives, and which needs to be addressed by management.

Such issues may require the input at Head of Service or senior management level and may result in significantly revised or new controls.

3 Action considered prudent to improve existing system controls to provide an effective control environment in order to minimise exposure to significant risks such as financial or other loss.

The system objectives are not exposed to significant risk, but the issue merits attention by management.

Such issues are usually matters that can be implemented through line management action and may result in efficiencies.

### Draft Reports Issued

23 internal audit reports are currently in draft. These reports are with management for consideration and comments. Once the reports have been finalised, details of the key findings and issues will be reported to this committee. The draft reports are categorised as follows:

<b>Opinion</b>	<b>Number</b>
High Assurance	1
Substantial Assurance	13
Moderate Assurance	7
Limited Assurance	2
No Assurance	0
Not given	0

### Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in April 2014. In all cases the recommendations made have been accepted by management, and will be followed up by internal audit.

<b>Audit</b>	<b>Date Of Final Report</b>	<b>Opinion</b>	<b>Number of Agreed Actions</b>		<b>Work done / significant weaknesses / issues identified</b>
			<b>Total</b>	<b>Priority 1</b>	
Burnholme Community College	01/04/2014	Substantial Assurance	2	0	A schools audit, no significant issues were identified.

Audit	Date Of Final Report	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
			Total	Priority 1	
Treasury Management and Prudential Code	04/04/2014	High Assurance	0	0	No significant issues identified.
Public Health	30/04/2014	Moderate Assurance	5	0	The council has generally integrated the Public Health responsibilities well. However there are some concerns with respect to the identification and management of risk and the monitoring of the new contracts that have been established. It is accepted that this is a period of transition and change, however it is important that the council has robust monitoring arrangements in place and a clear plan which identifies role and responsibilities as the remainder of the contracts that were transferred are re-tendered.
Park Grove Primary School	06/05/2014	Substantial Assurance	6	0	A schools audit, no significant issues were identified.
VAT	06/05/2014	High	0	0	No significant issues identified.

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Accounting		Assurance			
Direct Payments	09/05/2014	Limited Assurance	3	1	<p>Prior to September 2013, when responsibility for monitoring the use of Direct Payments transferred to the Charging Unit within the Financial Procedures service area of CBSS, no effective monitoring of the use of Direct Payments had been undertaken. Since the transfer of responsibility a substantial amount of work has been undertaken in transferring customers to the Cash Plus account (prepaid cards). These accounts are managed by the council and provide transparency of spend allowing for proper reconciliation. In addressing the issues that emerged during this process including reconciling old customer bank accounts it has not been possible to undertake regular monitoring while the issues surrounding transfer and reconciliation have been in progress.</p> <p>If the lack of ongoing monitoring and reconciliation were not addressed this could result in the council</p>

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					<p>failing to identify instances where Direct Payments are not spent in line with the agreed support plan, potential fraud or cases of potential financial abuse. An escalation policy is needed to ensure that any issues raised as part of Direct Payments reconciliations or monitoring are effectively resolved. In addition, the latest annual review for the ILS by Adults contract is still outstanding.</p> <p>The actions agreed in this report, once implemented, should ensure that an effective control environment is in operation but based on the procedures and controls that have been in operation in the past and throughout the last year, a Limited Assurance opinion was necessary at the time of the audit.</p>
Housing Rents	30/05/2014	Substantial Assurance	2	0	The audit found that the systems in place to collect, record, reconcile and monitor housing rents were working satisfactorily together with the

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			Total	Priority 1	
					arrangements for debt recovery. Some amendments are needed to user access in order to effectively restrict access to high risk tasks within the system and improvements are needed to ensure that large credit balances are refunded to tenants.
Social Care Establishments	30/05/2014	Limited Assurance	4	1	There are currently no comprehensive assessments undertaken to establish whether customers have the capacity to manage their own finances. This has resulted in the cash handling procedures being applied inconsistently at council establishments. Customers are also not currently provided with secure storage facilities in their rooms for cash or other valuables. The weaknesses in controls surrounding handling customer's money increases the risks that money is lost or stolen, or that allegations of theft are made against members of staff.



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			Total	Priority 1	
Capital Programme	04/06/2014	Substantial Assurance	2	0	A review of the procedures in place supporting the approval and monitoring of the council's capital programme. No significant issues were identified.