AUDITS COMPLETED AND REPORTS ISSUED

The following categories of opinion are used for audit reports.

Opinion	Level of Assurance
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.

Priority	Long Definition	Short Definition – for use in Audit Reports
1 (High)	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. 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. 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.	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
2	Action considered necessary to improve or implement system controls so as to ensure an	A significant system weakness, whose impact or frequency presents risks to the system

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

Twenty 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:

Opinion	Number
High Assurance	4
Substantial Assurance	8
Moderate Assurance	6
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 June 2014. In all cases the recommendations made have been accepted by management, and will be followed up by internal audit.

Audit	Date of Final Report	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
			Total	Priority 1	
Canon Lee Secondary School	07/4/14	Substantial Assurance	3	0	A schools audit. The control environment was generally effective. A small number of areas requiring improvement were however identified.

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			Total	Priority 1	
Wheldrake Primary School	11/6/14	High Assurance	4	0	A schools audit. The control environment was generally effective.
Payments for Foster Care	20/6/14	Substantial Assurance	2	0	The audit focused on the implementation and operation of the new accredited foster carer scheme. Controls were found to be working well in respect to the scheme itself. However, consideration needed to be given to the potential replacement of the IT system used to generate payments to foster carers and the need for a policy in relation to incidental payments.
Apprenticeships	25/6/14	Moderate Assurance	6	0	The apprenticeship programme has successfully increased the number of apprentices working within the council since its implementation, and has helped to equip young people with relevant skills and experience. Some areas for improvement were however noted particularly in respect to the overall management of the programme. These areas include the distribution of policy and guidance to managers, the production of management information and changes to exit

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			Total	Priority 1	
					procedures.
Free Early Education Funding	30/6/14	Substantial Assurance	2	0	Controls were found to be working well. The issues identified during the audit related to a number of individual Early Years settings failing to follow the correct policies or procedures. The areas for improvement included making sure parental declaration forms for two year olds were always completed and ensuring that settings registered as data controllers with the Information Commissioner.
New Earswick Primary School	07/7/14	Substantial Assurance	7	0	A schools audit. The control environment was generally effective. A number of areas requiring improvement were however identified.
Attendance Management	09/7/14	Limited Assurance	4	1	A number of inconsistencies were noted across the council. The most significant issue is that not all sickness absence is being recorded on iTrent and therefore the level of reported sickness absence is potentially understated. Other issues include a lack of supporting documentation for absences and insufficient

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			Total	Priority 1	
					action being taken by managers when trigger points are reached. In addition, there are currently delays in the scanning and indexing of documentation submitted to the HR Business Centre. As a result, employee records on Documentum are not sufficiently up to date.
Payroll	16/7/14	Substantial Assurance	2	0	Controls were found to be operating well. However, there was a backlog in the scanning and indexing of payroll documentation. As a result, various documents dating back a number of months were not easily accessible during the audit.
All Saints RC Secondary School	17/7/14	Substantial Assurance	9	0	A schools audit. The control environment was generally effective. A number of areas requiring improvement were identified.
Business Continuity	22/7/14	Substantial Assurance	3	0	Good progress is being made to refresh the council's approach to business continuity and in updating the individual plans to reflect the move to West Offices and other recent changes. Most service level plans have now been updated and reviewed. There are also plans

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			Total	Priority 1	
					in place to continue this process and produce directorate and corporate level plans. A few service areas still need to complete their plans and consideration also needs to be given to telephone service requirements and the availability of hard copy business continuity plans.
Ordering and Creditor Payments	28/7/14	Substantial Assurance	4	0	The overall control environment was found to be effective. In particular, it was noted that since the implementation of the 'No Purchase Order No Payment' policy, significant progress has been made to improve levels of compliance. However, problems remain with the volume of invoices that require manual intervention. Further work is therefore required to address the different causes.
Main Accounting	04/8/14	Substantial Assurance	4	0	Overall, it was found that most areas within the main accounting system were well controlled.

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			Total	Priority 1	
					However, audit testing revealed some continuing issues in respect of the bank reconciliation, including the number of historic adjustments being carried forward. There were also some issues identified relating to other control account reconciliation processes.
Cashiers and Income Management	08/8/14	Substantial Assurance	4	0	The overall control framework was found to be effective. A number of specific issues were raised in relation to individual departments and sites where cash is handled. These included the storage of cash, provision of receipts and reconciliation of income.