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.
Reasonable	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.

Priority	Long Definition	Short Definition – for use in Audit Reports
2	Action considered necessary to improve or implement system controls so as to ensure an effective control environment exists to minimise exposure to significant risks such as financial or other loss. Such issues may require the input at Head of Service or senior management level and may result in significantly revised or new controls.	A significant system weakness, whose impact or frequency presents risks to the system objectives, and which needs to be addressed by management.
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. Such issues are usually matters that can be implemented through line management action and may result in efficiencies.	The system objectives are not exposed to significant risk, but the issue merits attention by management.

Draft Reports Issued

5 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	Reports
High Assurance	1	Rufforth Primary School
Substantial Assurance	2	St.Lawrence's Primary School, Applefields School
Reasonable Assurance	1	Payroll
Limited Assurance	1	Public Health
No Assurance	0	

Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in June 2015. In all cases the recommendations made have been accepted by management, and will be followed up by internal audit.

Audit	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
		Total	Priority 1	
Council Tax & NNDR	High Assurance	1	0	Overall there is a strong control framework in operation in the council tax, business rates and recovery teams. The Northgate SX3 system ensures a large number of preventative controls are in place and this is supported by regular and varied monitoring reports which should enable the identification of issues.
Council Tax Support and Housing Benefits	High Assurance	2	0	The service has taken action to address issues raised in previous audits in relation to interventions, and quality assurance. There have also been significant improvements in processing times for claims.

Audit	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
		Total	Priority 1	
Debtors	High Assurance	2	0	An audit of invoicing and debt collection arrangements. No significant issues were found. The service is currently piloting electronic invoicing. The system is not fully functional yet and will be reviewed as part of the next audit in this area.
Housing Rents	High Assurance	0	0	An audit of housing rent calculation, income, and debt collection arrangements. There were no significant control weaknesses identified.
Procurement and Contract Management	High Assurance	0	0	The audit looked at whether contracts are signed or sealed in accordance with the council's contract procurement rules. It was difficult to identify who had authorised some historic contracts, however, a review of more recent documents indicates that contract procedure rules are being complied with. Contracts over £500,000 were sealed in

Audit	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
		Total	Priority 1	
				accordance with the constitution and contract procedure rules.
Burton Green Primary School	Substantial Assurance	4	0	A schools audit. The control environment was generally effective although a number of areas requiring improvement were identified.
Main Accounting System	Substantial Assurance	5	0	Overall, the system was well controlled with many areas operating effectively. Testing identified minor issues in relation to the use of virement and generic income codes, timing of payment account reconciliations and recurrent suspense account entries.
Ordering and Creditor Payments	Reasonable Assurance	3	0	The council continues to make improvements in compliance with the 'No PO, No Pay' policy, with the percentage of invoices matched to PO numbers rising from 80% to 84% since the previous financial year. A number of actions were agreed along with

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		Total	Priority 1	
				revised dates for outstanding actions not completed from previous audits.
Data Quality	Reasonable Assurance	5	0	An acceptable control environment is in operation, and individual indicators reviewed had been produced accurately. There were inconsistencies in checks of the accuracy of input data and insufficient guidance to officers on appropriate controls to ensure data quality. There were no formal definitions of the indicator or procedure notes / guidance on the data collection and calculation of the indicator. It was also found that there is a significant manual process of inputting data and no review of the performance indicator against the base data.
Health & Safety	Reasonable Assurance	12	0	It is the responsibility of line managers to manage health and safety risks. This audit looked at corporate arrangements for monitoring

Audit	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
		Total	Priority 1	
				and supporting managers, and overseeing risks across the organisation, rather than arrangements in areas of specific management responsibility. No specific health and safety issues came to light during the audit. However, there are a number of issues with the systems in place that may result in inefficiencies through duplication of effort, lack of coordination, large volumes of manual data entry and processing and scattered data making it difficult to evidence the work done and find information to provide assurance to senior managers.

Audit	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
		Total	**Priority 1**	
Information Security	Reasonable Assurance	6	0	Overall, there seemed to be an understanding throughout the council of the importance of information security, with staff and managers across all areas reviewed focussed particularly on maintaining customer confidentiality. There were some areas of weakness, including a lack of awareness of some of the corporate information governance measures. In particular, there was a lack of awareness of the information security incident management policy and procedure and a lack of understanding of the full range of events that constitute incidents and should be reported.

Other non-opinion audit work completed

	Work done / significant weaknesses / issues identified
Risk Management	Work is ongoing to further develop risk management arrangements within the council, following the review by Zurich in 2013. The purpose of this audit was to review progress in completing refreshed corporate and directorate risk registers, provision of risk management refresher training and engagement by directorate management teams.

	A lot of work has been done to refresh risk management across the council and this is reflected in the progress made in developing risk registers and identifying risks at directorate management teams. Further work is needed to maintain the momentum created and further embed risk management and ensure that risk management is seen as part of everyday practice and not a separate activity. Further internal audit work is planned in 2015/16 to follow-up the findings of this piece of work.
Safeguarding - Children	This was a targeted review of some specific areas to inform future development of IT systems. It was not a full system audit. Areas identified for development included: • management information, to reduce the amount of manual intervention / monitoring needed to manage cases • information to signpost the public and professionals to services, to reduce the risk that cases not relevant for safeguarding are processed through this route • processes for data capture/input to reduce demands on officer time and improve efficiency.
Use of Interims, Specialists and Consultants	A review of interim procedures for managing the appointment of interims, specialists and consultants. New procedures were expected to be introduced in early 2015/16. The review found that while not ideal, the interim processes have brought all appointments of consultants, interims and specialists under the oversight of the HR and Procurement services. The Head of Business HR is acting as the key control in his role as gatekeeper

	for appointments.
	The known issues are being addressed within the new contract with NEPRO and Veritau will be working with HR and Procurement to ensure that recommendations from previous audit reports are included in any new processes.