

**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.             |
| Reasonable <sup>1</sup> | 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. |

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<sup>1</sup> This was previously moderate assurance – some reports below were issued prior to the change

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.

A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.

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.

**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.

A significant system weakness, whose impact or frequency presents risks to the system 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**

14 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> | <b>Reports</b>   |
|-----------------------|---------------|--|
| High Assurance        | 5             | Clifton with Rawcliffe Primary School, Copmanthorpe Primary School, Fulford Secondary School, Osbaldwick Primary School, Treasury Management   |
| Substantial Assurance | 5             | Fishergate Primary School, IT audit - Internet and Email Misuse, Safeguarding Adults, St Wilfrid's RC Primary School, Tang Hall Primary School |
| Reasonable Assurance  | 0             |  |
| Limited Assurance     | 2             | CANS and CES Charging for Private Works, Overtime  |
| No Assurance          | 0             |  |
| Not given             | 2             | Children's Social Care Records, Freedom of Information   |

## Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in December 2014. 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 |   |
| Badger Hill Primary School                          | High Assurance        | 3                        | 0          | A schools audit. No significant weaknesses were found.  |
| Carr Infant School                                  | High Assurance        | 4                        | 0          | A schools audit. No significant weaknesses were found.  |
| Knavesmire Primary School                           | High Assurance        | 2                        | 0          | A schools audit. No significant weaknesses were found.  |
| Contract Management for new Service Delivery Models | Substantial Assurance | 3                        | 0          | <p>Explore, Be Independent and Make it York were reviewed.</p> <p>While no significant weaknesses were identified, actions were required with respect to reporting arrangements in both Explore and Be Independent.</p> <p>It was acknowledged that all of the services</p> |

| Audit                          | Opinion               | Number of Agreed Actions |            | Work done / significant weaknesses / issues identified   |
|--------------------------------|-----------------------|--------------------------|------------|--|
|                                |                       | Total                    | Priority 1 |  |
|                                |                       |                          |            | reviewed were not fully mature at the time of the audit and therefore the opinions given relate to the services at the stage of development at the current time.   |
| CYC Encryption and User Access | Substantial Assurance | 2                        | 0          | <p>Effective processes to grant new users access to the council network were found to be in place. The council has defined which devices should be encrypted, and uses suitable proprietary encryption methods to secure its data on its equipment.</p> <p>However, users are currently able to save data from a Citrix session to their own machines. The council has no control over the security of these machines, or over how users may further process the data. Devices are unlikely to be encrypted, and the council cannot ensure that they are disposed of securely when no longer required.</p> <p>Several laptops have been authorised to be</p> |

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|-------------------------|-----------------------|--------------------------|------------|---|
|                         |                       | Total                    | Priority 1 |   |
|                         |                       |                          |            | exempt from encryption, despite the business cases not complying with the conditions for exemption.   |
| Joseph Rowntree School  | Substantial Assurance | 9                        | 0          | A schools audit. The control environment was generally effective although a number of areas requiring improvement were identified.  |
| Lakeside Primary School | Substantial Assurance | 6                        | 0          | A schools audit. The control environment was generally effective although a number of areas requiring improvement were identified.  |
| Milthorpe School        | Substantial Assurance | 7                        | 0          | A schools audit. The control environment was generally effective although a number of areas requiring improvement were identified.  |
| Right to Buy            | Substantial Assurance | 3                        | 0          | It was found that effective controls are in place to address potential risks, with applications correctly recorded, checked for validity and processed.<br><br>Issues were raised in relation to applying |

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|---|-----------------------|--------------------------|------------|---|
|   |                       | Total                    | Priority 1 |   |
|   |                       |                          |            | incorrect discounts, fraud prevention measures and scheme timescales.   |
| Westfield Community Primary School              | Substantial Assurance | 6                        | 0          | A schools audit. The control environment was generally effective although a number of areas requiring improvement were identified.  |
| Information Security Sweeps 1                   | Moderate Assurance    | n/a                      | n/a        | A number of issues were identified which were raised with individual departments.   |
| School Funding and Central Services for Schools | Moderate Assurance    | 4                        | 0          | <p>It was found that the arrangements for calculating and allocating school funding are well-controlled.</p> <p>In respect of Services to Schools, it was recognised that there were improvements to be made in this area. Whilst some improvements have already been made, there remain a number of weaknesses.</p> <p>It was apparent that no corporate guidance has been issued in respect of how charges should</p> |



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|-------------------------------|----------------------|--------------------------|------------|---|
|                               |                      | Total                    | Priority 1 |   |
|                               |                      |                          |            | be calculated for the provision of additional services and as a result there was no consistency in the charging information supplied.   |
| Information Security Sweeps 2 | Reasonable Assurance | n/a                      | n/a        | Overall, the council is well protected against accidental disclosure of information. The vast majority of information was found to be stored securely. However, the council could more effectively protect itself against deliberate unauthorised access, whether opportunistic or targeted.                                      |
| Partnership Arrangements      | Reasonable Assurance | 3                        | 0          | <p>The reviews of individual partnerships showed that satisfactory arrangements are in place regarding the governance of most of these partnerships but a number of weaknesses were identified.</p> <p>In addition, it was identified during the audit that there are no action plans in place to strengthen risk management.</p> |

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|-----------------------------------|-------------------|--------------------------|------------|--|
|                                   |                   | Total                    | Priority 1 |  |
| Amenity Funds                     | Limited Assurance | 4                        | 0          | <p>All individual items of expenditure tested were found to be reasonable and in line with the expected purposes of the funds.</p> <p>However, in both establishments visited, the management of the fund was inconsistent with previously issued guidance and displayed weaknesses which may lead to incorrect record keeping or loss of funds.</p> |
| Allocation of Highways Funding    | No opinion given  | n/a                      | n/a        | The report highlights a number of weaknesses in procedures for deciding which highway maintenance schemes should be undertaken within the overall budget. The work was undertaken following an investigation in this area.   |
| Democratic Governance (follow-up) | No opinion given  | n/a                      | n/a        | A report on Democratic Governance was issued on 16 December 2013. Actions were agreed to address weaknesses identified – for some of these detailed re-testing was undertaken to confirm whether these were effective.   |

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|--|------------------|--------------------------|------------|---|
|  |                  | Total                    | Priority 1 |   |
|  |                  |                          |            | The re-testing showed that some improvements can be seen in the categorisation and recording of decisions, but there remain further improvements that can be made.  |
| Subsidy to Greenwich Leisure Limited (GLL) for the Waterworld Leisure Centre | No opinion given | n/a                      | n/a        | <p>The purpose of the audit was to confirm the council is paying the correct amount of money to GLL, who ran the Waterworld leisure centre on behalf of the council.</p> <p>The work identified a number of issues to be queried, which are currently being followed up by the service.</p> |
| Transformation Programme – Community Hubs                                    | No opinion given | n/a                      | n/a        | <p>A memo was issued detailing the progress made to date and any recommendations.</p> <p>No major issues were noted, however it was recommended that individual project briefs need to be developed for each hub which should identify the associated risks. In addition, they</p>          |

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|---------------------------------------|------------------|--------------------------|------------|--|
|                                       |                  | Total                    | Priority 1 |  |
|                                       |                  |                          |            | should set down the timescales and costs for developing and maintaining each hub.  |
| Transformation Programme - Governance | No opinion given | n/a                      | n/a        | <p>A memo was issued following a review of the overall governance arrangements.</p> <p>The overall conclusion was that the governance arrangements in place at the time of the memo (October 2014) were robust and suitable.</p> <p>Whilst it was recognised that arrangements are effective at the time of the audit, there will be a need to review and adjust these as the transformation programme progresses.</p> |