

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

1 (High)

Long Definition

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.

Short Definition – for use in Audit Reports

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.

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

Nine 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.

Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in June 2016. In all cases the recommendations made have been accepted by management, and will be followed up by internal audit.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Gas Servicing	High Assurance	0	0	0	<p>The audit primarily focussed on the council's arrangements for ensuring that it carries out annual gas servicing in council houses, in accordance with its obligations as a landlord.</p> <p>The review confirmed that procedures are in place to ensure that relevant statutory requirements are being complied with, including:</p> <ul style="list-style-type: none">• landlord gas safety certificates being held for all council houses• safety certificates being retained for a

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		P1	P2	P3	
					<p>minimum of 2 years</p> <ul style="list-style-type: none"> gas safety checks being carried out by Gas Safe registered engineers.
High Needs SEN	High Assurance	0	0	2	<p>A review of arrangements for payments to providers for High Needs Special Educational Needs (SEN).</p> <p>The audit found that processes for making payments would ensure that they were correct, and supported by appropriate documentation.</p> <p>Clear information is available to all people including council staff, external institutions, funding recipients and parents to support funding decisions and reviews.</p>
Canon Lee Secondary School	Substantial Assurance	0	1	5	<p>A routine audit of financial, operational and governance procedures at the school. Systems were generally working well.</p>

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Data Quality	Substantial Assurance	0	2	2	<p>A review of arrangements for ensuring that key performance information compiled by the Business Intelligence Hub is accurate.</p> <p>Overall, there were good procedures in place to ensure that data is processed correctly and that calculated performance indicators are accurate. A number of actions were agreed which related to:</p> <ul style="list-style-type: none"> • undertaking periodic checks to reconcile data extracted to source data, and ensure data extraction arrangements remain robust • drawing up guidance to inform officers judgements on determining the “direction of travel” • clearly defining performance indicators.
Implementation of Schools Finance System	Substantial Assurance	0	0	5	<p>This audit reviewed the operation of the new schools financial management system, which was introduced in April 2015. A sample of</p>

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		P1	P2	P3	
					<p>schools was visited to ensure that key financial controls were working effectively using the new system.</p> <p>Overall, controls were operating well across all five of the sites visited. There were specific issues with some procedures at some schools. These have been reported to the schools concerned.</p>
Members' Allowances	Substantial Assurance	0	0	2	<p>The audit looked at the arrangements for paying allowances to councillors. Overall, procedures were good although improvements were needed to ensure:</p> <ul style="list-style-type: none"> • pre-booked travel (where the council book tickets at a councillors request) is authorised by officers with knowledge of the allowances scheme • receipts are provided by councillors to support all travel and subsistence claims.
Schools Themed Audit:	Reasonable	0	0	10	Schools are directly responsible for their own

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		P1	P2	P3	
Procurement	Assurance				<p>procurement decisions within the overall council framework for schools financing. They are required to adhere to council financial regulations. The audit looked at a sample of schools to assess whether, as a whole, procurement in schools is well controlled.</p> <p>In most of the schools reviewed there was evidence to confirm that an effective purchasing system was in place and there were reasonable controls in operation to manage the procurement process.</p> <p>However, there were a number of issues identified. These have been fed back directly to the schools concerned. They have also been discussed with the Schools Finance team who agreed to undertake a number of actions to target issues across all schools including:</p> <ul style="list-style-type: none"> reminders about specific requirements through the schools' bulletin

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		P1	P2	P3	
					<ul style="list-style-type: none"> • training on procurement and financial regulations • provision of guidance to schools and access to procurement tools.
Direct Payments	Limited Assurance	0	5	3	<p>The audit reviewed procedures for monitoring and reviewing direct payments to customers, for the purchase of care.</p> <p>The audit report is attached at annex 6 of the monitoring report.</p>
Staff Register of Interests and Gifts & Hospitality	Limited Assurance	0	5	0	<p>An audit of the process for maintaining staff registers of interests and gifts & hospitality.</p> <p>The audit report is attached at annex 7 of the monitoring report.</p>
Sub-Contracting Arrangements (Civil Engineering and Building	Limited Assurance	2	2	0	<p>The audit looked at whether work involving specialist sub-contractors for buildings maintenance and small civil works is</p>

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		P1	P2	P3	
Maintenance)					<p>appropriately scoped, and that work undertaken is appropriately authorised.</p> <p>The audit report is attached at annex 8 of the monitoring report.</p>

Other non-opinion audit work completed

Area of work	Work done / significant weaknesses / issues identified
Health and Safety follow-up	<p>This was a follow-up of outstanding actions from the 2013/14 and 2014/15 Health and Safety audits. The areas audited included lone working, health and safety arrangements at council properties, health and safety audits, asbestos reviews and legionella monitoring.</p> <p>It was found that reasonable progress has been made towards the agreed actions but that there are a number of outstanding issues for which timescales have been revised and/or the appropriateness of the action which was originally agreed has been reviewed.</p>
Older Person's Homes project	<p>A review was carried out of the risk reporting arrangements for this project. No formal report was produced, however some support and advice was provided.</p>
Partnerships	<p>This work followed-up the agreed actions from the 2013/14 partnerships audit. It was found that the actions from the previous audit have largely been implemented although one action is incomplete. A list of partnerships the council is involved in has been drawn up, but this needs further refining to identify the size, importance and financial commitment by the council so that key partnerships can be identified.</p> <p>The audit also looked at arrangements for two key partnerships.</p>