

**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	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>

**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**

Eleven 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 December 2017. In all cases the actions have been agreed with management, and will be followed up by internal audit when the due date is reached.

<b>Audit</b>	<b>Opinion</b>	<b>Agreed actions</b>			<b>Work done / issues identified</b>
		<b>P1</b>	<b>P2</b>	<b>P3</b>	
Access to Key IT Systems (follow-up)	No Opinion Given	0	2	0	This audit followed-up the agreed actions from a previous audit finalised in April 2017. It found that the majority of actions had now been completed with the exception of those relating to the housing repairs system which is being replaced.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Concessionary Bus Passes	Substantial Assurance	0	0	7	<p>This audit reviewed the reliability and accuracy of data processing methods as well as analysis of heavily-used passes for possible misuse.</p> <p>No significant concerns were found with data processing methods. Hot-listing had not been implemented at the time of the audit, meaning that pass holders were able to continue using their original pass as well as their re-issued one.</p>
Copmanthorpe Primary School	High Assurance	0	0	4	<p>A routine audit of financial, operational and governance procedures at the school. Processes were found to be operating well but some minor areas of improvement were identified.</p>

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Financial Transactions and Income Management	<p><b>High Assurance</b> (Financial Transactions)</p> <p><b>Reasonable Assurance</b> (Income Management)</p>	0	0	1	This audit reviewed the financial transaction processes at the Council as well as cash handling procedures at a sample of satellite sites responsible for taking cash payments. No notable issues were found with financial transaction procedures. Some issues were observed with the cash handling procedures at the satellite sites.
Health & Safety	Reasonable Assurance	0	5	2	The audit reviewed health & safety arrangements in relation to public events. It found that arrangements are adequate, however resourcing of the Safety Advisory Groups and available guidance could be improved. The contract and SLA with Make it York could also be improved, particularly with respect to making responsibilities clear.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Health & Safety (follow-up)	No Opinion Given	0	2	3	This follow-up found that six of the actions raised in 2015/16 audit of Health & Safety had been addressed or that satisfactory progress had been made to address the control weakness while five actions were superseded and replaced with new actions.
Information Security Checks	Reasonable Assurance	0	4	0	A regular check of the extent to which confidential, personal or sensitive data is stored securely. It found that the council remains reasonably well protected against accidental disclosure of information. However, there remain improvements to be made to protect against deliberate unauthorised access by ensuring all personal and sensitive information is locked away across all areas of the council.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Ordering and Creditor Payments	Substantial Assurance	0	1	2	This audit reviewed the processes and procedures in place when placing orders and paying creditors. It was found that FMS permissions are such that is technically feasible for creditors staff to both process and authorise invoices, although no instances of this were noted during the audit. The team are working with the software supplier to address this issue.



Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Payment Card Industry Data Security Standard (PCI DSS)	Substantial Assurance	0	0	2	This audit reviewed the progress made towards implementing the actions agreed as part of the 2016/17 audit. It was found that significant progress had been made to ensure that the Council is compliant with the PCI DSS, with a PCI DSS Security Policy having been developed, roles and responsibilities clearly defined and an asset register compiled to document and monitor systems and processes subject to the standard. However, PCI DSS training had not yet been provided to all relevant staff and some transaction volume and value totals for merchant machines were not available at the time of the audit.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Performance Management	Reasonable Assurance	0	4	1	The audit reviewed the annual performance appraisal (PDR) process. PDRs completed electronically were of a good quality and effective guidance was available to staff. However, paper PDRs completed were of variable quality and on occasion used the wrong template. Completion rates were improving but were low at the end of the normal window for completing PDRs (May to July).
Procurement of Contracts (Building Maintenance, Civil Engineering & Public Realm) (follow-up)	No Opinion Given	0	2	0	This audit followed-up the agreed actions from a previous audit finalised in August 2016. It found that the majority of actions had now been completed, although some contracts remain to be put in place.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Schools Themed audit - Electronic Cash Collection	Substantial Assurance	0	0	6	This audit reviewed the usage of electronic income systems in council maintained schools. It was found that a number of schools do not use electronic income collection. For those that do, procurement procedures were found to vary; resulting in some schools achieving more favourable contracts than others and only one school had opted to go "cashless".
Supporting Vulnerable People	No Opinion Given	0	0	1	This review examined the council's arrangements for dealing with individuals with no recourse to public funds. The council does not have a large number of these to deal with but is now formulating a policy and procedures.
Westfield Community Primary School	High Assurance	0	0	2	A routine audit of financial, operational and governance procedures at the school. Processes were found to be operating well but some minor areas of improvement were identified.