

## **Annex 1**

### **2007/08 Audits Completed and Reports Issued**

#### Systems/establishment audits

An overall opinion is given following each audit review. The opinion is based on the following five categories;

<b>Opinion</b>	<b>Assessment of internal control</b>
“High standard”	Few or no weaknesses
“Good”	Some weaknesses, but mostly insignificant
“Acceptable”	A number of weaknesses
“Weak”	A number of weaknesses, some significant
“Not acceptable”	Major control weaknesses

Recommendations are made where weaknesses in control are identified. The recommendations are prioritised using the following categories;

#### **Definition of Priority**

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|----------|--|
| 1 (High) | Action considered necessary to ensure that the Council is not exposed to high or catastrophic risks. For example significant financial loss, death or injury of Council staff or customers, damage to reputation, disruption to a service or continuity of operations. |
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Actions may be considered a high priority if the impact of a potential risk is high, even though its likelihood may be low.

Recommendations that address breaches of legislation or Council policies and procedures may also be rated as a high priority.

2 (Medium) Action considered necessary to avoid exposure or reduce exposure to significant risks. For example financial or other loss.

This will include areas where there are no controls to mitigate significant risks or where amendments are required to ensure that controls are effective and mitigate the risks to an acceptable level.

3 (Low) Action considered necessary to improve controls that are already in place and reasonably effective, although further improvements are required in order to mitigate risks to an acceptable level.

Recommendations that may result in efficiencies or better value for money will also be included in this category.

10 draft reports have been issued and are currently with management for consideration and comments. These reports are categorised as follows:

<b>Opinion</b>	<b>Number</b>
“High standard”	0
“Good”	0
“Acceptable”	7
“Weak”	1
“Not acceptable”	0
“Not given”	2

29 reports have been finalised. Of these, 17 relate to 2006/07 and 12 to 2007/08. In all cases the recommendations made have been accepted by management, and will be subject to follow up by Internal Audit. Details of the finalised reports are summarised below;

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number of 'high' priority	
Creditors 2006/07	10/10/07	High Standard	1	0	No significant weaknesses identified.
Debtors 2006/07	4/10/07	Weak	8	0	Procedures for recovering overdue debts needed to be improved.
Payroll 2006/07	10/10/07	Good	4	0	Additional fidelity guarantee insurance was required to cover IT staff processing BACS transactions.
Housing and Council Tax Benefits 2006/07	23/10/07	Good	2	0	No significant weaknesses identified.
Cashiers 2006/07	9/7/07	High Standard	2	0	No significant weaknesses identified.
National Land and Property Gazetteer 2006/07	18/10/07	High Standard	2	0	A review of controls over the operation of the database. No significant weaknesses were found.
Member support, Members allowances,	22/8/07	Good	5	0	No significant weaknesses were found.

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Members interests 2006/07					
Business Continuity 2006/07	5/12/07	Weak	4	0	Although the overall framework for business continuity planning was good, the lack of progress made by departments in developing continuity plans led us to conclude that the Council's overall controls in relation to business continuity were weak.
Education Development Service 2006/07	26/7/07	High Standard	1	0	No significant weaknesses identified.
Education Contracts 2006/07	23/7/07	High Standard	0	0	No significant weaknesses identified.
Housing Repairs and Maintenance 2006/07	26/6/07	Good	5	0	No significant weaknesses identified.
Clifton Without Junior School 2006/07	13/7/07	Acceptable	8	0	The school needed to adopt a policy and procedure for recording gifts and hospitality. Other recommendations were made in relation to income, the school fund, and formalising financial

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			Total number	Number of 'high' priority	
					delegations.
Skelton Primary School 2006/07	19/7/07	Weak	10	3	<p>The school needed to set up a register of governors' business interests as required by law. The school also needed to maintain accounts for the school fund and register the fund with the Charity Commission.</p> <p><b>High Priority Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Accounts must be maintained for the school fund and these should be subject to an annual external audit. Audited accounts should also be presented annually to the Governors.</li> <li>• As income through the school fund is in excess of £1K the Governors need to agree a constitution and register the fund with the Charity Commission (chapter 11.2 of the school's BAFS Finance Manual).</li> <li>• A register of business interests should be compiled and maintained for both the governors and the Headteacher (chapter 6.4.3 of the school's BAFS</li> </ul>

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					Finance Manual)
Burnholme Community College 2006/07	5/6/07	Acceptable	5	0	No significant weaknesses identified.
Oaklands Secondary School 2006/07	9/7/07	Weak	9	1	<p>Payments to a part time member of staff were made through petty cash. Although the amounts were not significant, proper payroll procedures were not followed.</p> <p><b>High Priority Recommendations:</b></p> <ul style="list-style-type: none"> <li>All people working in the school must be paid through the payroll or (if they meet the required criteria) on a self employed basis.</li> </ul>
Budgetary Control 2006/07	11/10/07	Good	2	0	No significant weaknesses identified.
Petty Cash 2006/07	25/9/07	Weak	5	0	An additional unplanned review which looked at petty cash payments across the Council. This was in response to problems highlighted during a number of other audits. Systems were found to be generally poor.

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Youth Services 2007/08	12/10/07	Weak	13	1	<p>Not all staff employed to work with young people had received a Criminal Records Bureau (CRB) check. There were also a number of weaknesses in relation to budgetary control, petty cash, ordering, and income.</p> <p><b>High Priority Recommendations:</b></p> <ul style="list-style-type: none"> <li>A CRB check should be carried out for all Youth Service staff currently without one. In future, staff recruited to posts within the Youth Service should not be allowed to start employment until the disclosure has been received.</li> </ul>
Best Value Performance Indicators / Public Service Agreements 2007/08	11/9/06	Not given	5	0	The review was undertaken in conjunction with the Audit Commission. 19 BVPI and local indicators were tested by Internal Audit and it was found that one indicator could not be verified to the underlying data. Recommendations were made to improve data quality for the future.
Edmund Wilson	23/8/07	Acceptable	9	0	Controls over vending stock and income

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Swimming Pool 2007/08					needed to be improved.
Standards Fund 2007/08	23/11/07	High Standard	0	0	No significant weaknesses identified.
Blue Badge Scheme 2007/08	10/12/07	Acceptable	7	0	Recommendations were made to improve controls in relation to record keeping and the issue of badges.
Badger Hill Primary School 2007/08	5/7/07	Good	3	0	Banking arrangements for the school fund required amending to ensure that two signatories were required to sign cheques.
Carr Infant School 2007/08	18/9/07	Acceptable	7	0	The school needed to adopt a policy and procedure for recording gifts and hospitality. In addition, quorums for Governors' committee meetings needed establishing.
Clifton Green Primary School 2007/08	15/8/07	Good	5	0	The school needed to adopt a policy and procedure for recording gifts and hospitality.
St Paul's Nursery School 2007/08	13/9/07	Good	6	0	The school needed to adopt a policy and procedure for recording gifts and



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					hospitality and register the school fund with the Charity Commission.
St Wilfrid's RC Primary School 2007/08	21/11/07	Acceptable	7	0	The school needed to adopt a policy and procedure for recording gifts and hospitality and improve controls in relation to lettings.
Follow up report on the implementation of Internal Audit recommendations.	24/9/07	Not given	N/A	N/A	A review of the progress made by management to implement previously agreed audit recommendations. A copy of the report was presented to A&G on 24 September 2007.
Breaches and Waivers	24/9/07	Not given	N/A	N/A	A review of non compliance with Financial Regulations and EU Procurement legislation. A copy of the report was presented to A&G on 24 September 2007.

#### Other Work Completed

- Statement on Internal Control for 2006/07, prepared and published as part of the annual Statement of Accounts
- Report of the Chief Internal Auditor for 2006/07, prepared and presented to A&G on 26 June 2007.
- Support and advice to the Resources Directorate regarding problems connected with petty cash payments and the introduction of new guidance.

- Further development of procedures (in conjunction with staff from LCCS) for assessing schools' performance in relation to the Financial Management Standard in Schools including a report prepared for the Schools Forum setting out the process to be followed for 2007/08 and presentation to headteachers and school governors.
- Preparation of the Local Code of Corporate Governance reported to A&G on 24 September 2007.
- Data collected and submitted to the Audit Commission as part of the NFI exercise and report prepared for A&G setting out work completed in relation to the National Fraud Initiative data matches (presented to A&G on 24 September 2007).
- Report prepared for A&G setting out the results of the Audit Commission review of Internal Audit (presented to A&G on 24 September 2007).
- Shared Service Initiative – completion of work as part of the ongoing project (see separate item on agenda)
- DTI grant claim audited – chargeable work.
- 1 school fund audit completed – chargeable work.
- Audit of SSCF grant claim – chargeable work.