

## **Annex 2**

### **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.

30 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”	1
“Good”	7
“Acceptable”	14
“Weak”	2
“Not acceptable”	1
“Not given”	5

25 2007/08 audit reports were finalised during the year. In all cases the recommendations made have been accepted by management, and will be subject to follow up by Internal Audit. The table below shows reports finalised since the last report to this committee on 15 January 2008.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number of 'high' priority	
Community Equipment and Loans Store	22/5/08	Good	3	0	Improvements to arrangements for delivering and collecting equipment were required.
Derwent Infant School	27/3/08	Good	5	0	No significant weaknesses identified.
Dunnington CE Primary School	31/1/08	Acceptable	10	0	The school needed to adopt a policy and procedure for recording gifts and hospitality, review other policies including those relating to budget management and free staff meals, and update committee terms of reference.
Follow up report (2) on the implementation of Internal Audit recommendations.	13/5/08	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 13 May 2008.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number of 'high' priority	
Hob Moor Primary School	27/5/08	Acceptable	7	0	Recommendations included the need to improve record keeping in relation to Governor's meetings.
Lord Deramore's Primary School	27/5/08	Acceptable	10	0	The school needed to improve procedures for declaring business interests, budget monitoring, and administering the school fund.
On Street Parking and Car Parks	29/4/08	Acceptable	5	0	It was found that progress was being made to address the significant weaknesses previously highlighted by the Audit Commission. A number of additional recommendations were made, including the need to improve record keeping and reconciliation procedures in relation to penalty charge notice income.
Poppleton Ousebank Primary School	31/12/07	Acceptable	10	0	The school needed to adopt a policy and procedure for recording gifts and hospitality. Other recommendations included the need to maintain a charging policy, and ensuring orders are raised for repair and maintenance work.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number of 'high' priority	
Poppleton Road Primary School	31/1/08	Acceptable	9	0	The school needed to adopt a policy and procedure for recording gifts and hospitality. It also needed to register the school fund with the Charity Commission and ensure its accounts were independently examined on an annual basis.
St Mary's CE Primary School	26/3/08	Acceptable	10	0	Improvements to letting arrangements were required including the need to finalise contracts with external providers of the breakfast and after school clubs. The school also needed to review security arrangements in relation to keyholders and consider lone working issues.
Stockton on the Forest Primary School	11/2/08	Acceptable	8	0	The school needed to adopt a policy and procedure for recording gifts and hospitality and ensure proper records of controlled stationary are maintained.
Treasury Management	15/4/08	High Standard	0	0	No significant weaknesses identified.
York High School	27/5/08	Acceptable	8	0	Improvements to record keeping were required. It was also found that salary

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			Total number	Number of 'high' priority	
					advances to staff were made using the BAFS account rather than by using the Council payroll service which normally processes pay for staff at the school. This increased the risk that salary advances may not have been correctly recovered.

#### Other Work Completed during 2007/08

- 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. The service assessed 37 schools (26 primary, 2 special, and 9 secondary schools) for compliance with the standard and carried out an additional external assessment against the standard for Huntington Secondary School (chargeable work).
- 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.
- Annual update of the strategic audit plan and preparation of the 2008/09 Audit Plan.
- Internal Audit Mid Term Monitoring Report for A&G (15 January 2008).
- Follow up of action taken to address weaknesses identified in the 2006/07 Statement on Internal Control (reported to A&G on 13 May 2008) and the introduction of updated procedures to enable production of the new Annual Governance Statement for the 2007/08 Statement of Accounts (reported to A&G on 15 January 2008).
- Preparation of the Counter Fraud and Corruption Policy and update of the Fraud and Corruption Prosecution Policy (adopted on 18 March 2008 and presented to A&G on 13 May 2008).
- Chargeable work including one school fund audit, grant claim audits (Safer Cities Community Fund, Supporting People, DTI grant), North Yorkshire Audit Partnership Internal Audit, Museums Trust Internal Audit.