

Annex 1

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;

Opinion	Assessment of internal control
“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.

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

Opinion	Number
“High standard”	2
“Good”	6
“Acceptable”	4
“Weak”	1
“Not acceptable”	0
“Not given”	5

38 reports have been finalised to date this year. Of these, 24 relate to 2007/08 and 14 to 2008/09. 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 below¹.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number of 'high' priority	
York Training Centre 2007/08	26/6/08	Good	5	0	Recommendations included the need for grant claims to be reviewed and signed off by the manager of the service, and for purchase orders to be completed for all purchases.
Main Accounting System 2007/08	1/7/08	Acceptable	6	0	The audit looked at day to day procedures but did not consider year end closedown processes, which have already been highlighted as an issue by the Audit Commission. It was found that there were some ongoing issues with the management of control accounts, however, some of these may not be resolved until the introduction of the new financial management system.

¹ The table only includes standard systems audit work – for example special investigation reports are not included. In addition, the table does not include any audits already reported to A&G as part of the Report of the Chief Internal Auditor in June 2006.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number of 'high' priority	
Payroll 2007/08	2/7/08	Good	1	0	There were no significant weaknesses, although two issues from the previous audit had not yet been fully resolved. Progress in addressing these will be monitored through the follow up procedure.
Westfield Primary School 2007/08	2/7/08	Acceptable	8	0	Recommendations included the need to maintain a register of gifts and hospitality, the requirement to register the school fund as a charity, and the need to follow proper procurement practices.
Nursery Education Grants 2007/08	3/7/08	High Standard	2	0	No significant weaknesses identified.

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Neighbourhood Services Finance and Administration 2007/08	8/7/08	Acceptable	4	1	<p>Issues included insufficient information on source documents (eg timesheets, orders, and invoices) and the lack of an audit trail where amendments were made to some documents. A high proportion of errors were found in relation to orders including system input errors, orders amended to match invoices, and orders completed after receipt of an invoice.</p> <p>High priority recommendation: Current SB order processes should be reviewed, to identify why such a wide variety of errors occur.</p>
Asset Management 2007/08	21/7/08	None Given	0	0	This was a limited review to assess improvements made to systems following concerns raised by the Audit Commission in 2005/06 and 2006/07.
Housing and Council Tax Benefits 2007/08	21/7/08	Good	6	0	A number of minor recommendations were made. These included the need to adequately document and sign off any system upgrades.

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City Strategy Capital Programme 2007/08	23/7/08	Acceptable	7	0	Recommendations were made to improve procedures for ranking potential capital schemes, reporting to members, and maintaining project files.
Rufforth Primary School 2007/08	24/7/08	Good	6	0	The recommendations included the need to set up a register of gifts and hospitality.
Recruitment and Selection Processes 2007/08	25/7/08	None Given	N/A	N/A	This review was limited to a follow up of recommendations previously issued, and therefore no overall opinion was given. It was found that progress had been made in addressing the issues previously raised although further work was still required. Further progress will continue to be monitored through the follow up process.

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			Total number	Number of 'high' priority	
Sickness Management 2007/08	28/7/08	None Given	N/A	N/A	This review was limited to a follow up of recommendations previously issued, and therefore no overall opinion was given. It was found that progress had been made in addressing the issues previously raised although further work was still required. A number of variations to the original recommendations were agreed where appropriate. Further progress will continue to be monitored through the follow up process.
Debtors 2007/08	7/8/08	Acceptable	5	0	Issues identified included the timeliness of invoice processing and other activity, and the need to better prioritise the recovery of outstanding debts. There were also two outstanding issues from the previous audit and these are being followed up in accordance with the escalation procedure.

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			Total number	Number of 'high' priority	
Council Tax and NNDR 2007/08	8/8/08	Acceptable	6	0	The service needed to improve systems for ensuring the validity of discounts and exemptions. Other recommendations covered the need to improve the audit trail for transactions posted from the Lagan Frontline system, and review security arrangements at the customer contact centre.
Creditors 2007/08	21/8/08	Good	4	0	Procedures were generally good, although improvements to the system for managing lists of authorised officers are required.
LCCS Capital Programme 2007/08	1/9/08	Good	1	0	No significant weaknesses were identified.
Gifts and Hospitality 2007/08	9/9/08	Acceptable	3	0	Recommendations were made about the need to update corporate guidance on gifts and hospitality, issue periodic reminders to staff to complete the record, and ensure departments review their own records at least annually.

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Cashiers 2007/08	12/9/08	Good	6	0	While procedures were generally good, the opinion and recommendations do not reflect an incident that arose during the course of the audit that resulted in a further special investigation being undertaken.
IT Asset Management 2007/08	18/9/08	Good	4	0	Some minor issues about inventory procedures were raised, and it was recommended that the service consider whether introducing a server replacement policy would achieve better value for money.
Joseph Rowntree Secondary School 2007/08	13/10/08	Acceptable	6	0	Issues included the need to improve budgetary control procedures, and the need to adhere to proper procurement practices.
Oaklands Sports Centre 2008/09	14/7/08	High Standard	0	0	Additional audit carried out following changes to the management arrangements for the centre. No significant weaknesses were found.

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Bishopthorpe Infant School 2008/09	30/9/08	High Standard	3	0	No significant weaknesses were identified.
ABRO Contract 2008/09 (value for money audit)	4/11/08	None Given	12	4	The audit looked at the preparation, award, and operation of the ABRO contract. It was concluded that there were elements of the contract that were not providing value for money, and that there were weaknesses in some aspects of the contract letting process. The report made a number of recommendations to highlight issues that should be taken into account in any future procurement exercise.
Creditors 2008/09	27/11/08	Good	0	0	There were a number of ongoing weaknesses noted. However, plans were in place to address these as part of the FMS replacement project therefore no formal recommendations were made.
Treasury Management 2008/09	15/12/08	High Standard	0	0	No significant weaknesses identified.

Other Work Completed during 2008/09

- Four special investigations
- Annual Governance statement 2007/08 prepared and published as part of the statement of accounts
- Review of the effectiveness of Internal Audit completed and reported to A&G on 26 June 2008
- Report of the Chief Internal Auditor for 2007/08 prepared and presented to A&G on 26 June 2008
- A review of the progress made by management to implement previously agreed audit recommendations – reported to A&G on 24 September 2007
- Annual report on non-compliance with Financial Regulations and EU Procurement legislation (breaches and waivers) presented to A&G on 24 September 2008.
- Certification of LPSA2 indicators (further work on a number of outstanding indicators will be carried out in January 2009)
- Chargeable work including grant claim audits (LAA, Supporting People, DTI grant), North Yorkshire Audit Partnership Internal Audit, report to Museums Trust Audit Committee
- Ongoing work in relation to the shared service initiative