

**2009/10 AUDITS COMPLETED AND REPORTS ISSUED**

(A) The following categories of opinion were used for those audit reports issued before 31 July 2009:

<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

(B) The following categories of opinion have been used for those audit reports issued after 1 August 2009:

<b>Opinion</b>	<b>Level of Assurance</b>
High Assurance	Overall, very good management of risk with no significant weaknesses identified. An effective control environment appears to be in operation.
Substantial	Overall, good management of risk with few significant weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate	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.

(C) Recommendations are made where weaknesses in control have been identified. For recommendations made before 31 July 2009, the following categories have been used:

**Priority**

**Definition**

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.

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.

(D) For recommendations made after 1 August 2009, the following categories have been used:

<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 recommendations 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>
2 (Medium)	<p>Action considered necessary to improve or implement system controls so as to ensure an effective control</p>	<p>A significant system weakness, whose impact or frequency presents risks to the system objectives,</p>

**Priority**

**Long Definition**

**Short Definition – for use in Audit Reports**

environment exists to minimise exposure to significant risks such as financial or other loss.

and which needs to be addressed by management.

Such recommendations may require the input at Head of Service or senior management level and may result in significantly revised or new controls.

3 (Low)

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 recommendations are usually matters that can be implemented through line management action and may result in efficiencies.

**(E) Draft Reports Issued**

9 draft reports have been issued since 1 June 2009 which have so far not been finalised. The reports are currently 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. The draft reports are categorised as follows:

<b>Opinion</b>	<b>Number</b>
“High Assurance”	2
“Substantial Assurance”	3
“Moderate Assurance”	2
“Limited Assurance”	0

"No Assurance"	0
"Not given"	2

**(F) Final Reports Issued**

The table below shows audit reports finalised since 1 June 2009. In all cases the recommendations made have been accepted by management, and will be subject to follow up by Internal Audit.

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
Main Accounting System	3/9/09	Good	3	0	A risk based audit of the council's main accounting systems. No significant weaknesses identified. Recommendations were made to improve the controls for processing changes to user access levels and the ongoing monitoring of user access.
Stores and Purchasing	10/11/09	Acceptable	10	0	The audit reviewed the arrangements introduced by Neighbourhood Services since September 2007 as a result of the new contract with Jewson Limited for the provision of building materials. A number of recommendations were made to improve the controls for checking and processing delivery notes, returned goods, invoices and van stocks.

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			Total number	Number which are a 'high' priority	
Performance Indicators and Data Quality	25/11/09	N/A	8	0	A review of the systems for collecting performance data. The audit reviewed 24 individual performance indicators to ensure that information was complete and accurate. One of the indicators needed to be amended as a result of the audit. A number of other changes were recommended to improve the systems being used to collect and collate the relevant data.
Homelessness Spend to Save Scheme	20/11/09	Limited Assurance	3	1	<p>A review of the systems for authorising grants and loans to people facing the risk of being made homeless. The audit was requested by the directorate.</p> <p>Improvements were recommended to authorisation procedures and the arrangements for determining the funding available as grants or loans under the existing system.</p> <p><u>High Priority Recommendation</u> The existing application and authorisation</p>

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
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					documentation for loans and grants should be made clearer so as to reduce potential ambiguity. Legal advice should also be obtained to ensure that the council can instigate recovery action if necessary. Management response – agreed and to be implemented.
Adults Independent Living	8/10/09	Weak	6	1	<p>A review of the arrangements for monitoring payments made to customers in receipt of Direct Payments. Recommendations were made to update and review standard documentation. Monitoring by Locality teams also needed to be improved so as to ensure that customers are managing the financial aspects of their care plans properly.</p> <p><u>High Priority Recommendation</u> Standard deadlines needed to be set for the return of Financial Record forms (DP2) by customers. Checks should also be performed to ensure that all DP2 forms are returned, and that any omissions are followed up. Management response –</p>

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
					agreed and to be implemented
Archbishop of York's CE Junior School	1/10/09	Substantial Assurance	6	0	A school establishment audit. A number of recommendations were made to improve controls in respect of declarations of interest, the review of policies and the school's publication scheme, ordering procedures and the arrangements for administering the school fund. Improvements also needed to be made in respect of income collection from school lettings.
Hob Moor Federation Primary School	26/11/09	Substantial Assurance	12	0	A school establishment audit. A number of recommendations were made to improve controls in respect of declarations of interest and the receipt of gifts and hospitality, the review and update of policies and the scheme of delegation, and the arrangements for administering the school fund. Improvements also needed to be made in respect of the administration of school lettings, and with the maintenance of inventory records.

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
York High School	2/6/09	Good	2	0	A school establishment audit. Improvements were recommended in respect of declarations of interest and in the administration of school meals.
Mental Health Services	5/6/09	Good	4	1	<p>A risk based audit of the service. Recommendations were made to improve the processing of contracts, management information and the maintenance of inventory records.</p> <p><u>High Priority Recommendation</u> The administration of crises loans needed to be improved to ensure that such loans are correctly accounted for.</p> <p>Management response – agreed and implemented.</p>
Grove House EPH	3/6/09	Good	1	0	An establishment audit. A recommendation was made to address minor issues in respect of the inventory records.
Oliver House EPH	3/6/09	Good	1	0	An establishment audit. A

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
					recommendation was made to address minor issues in respect of the inventory records.
Morrell House EMI	3/6/09	Good	1	0	An establishment audit. A recommendation was made to address minor issues in respect of the inventory records.
Oakhaven EPH	3/6/09	Good	2	0	An establishment audit. Recommendations were made to address minor issues in respect of the inventory and for administering death records.
Osbalwick Primary School	9/7/09	Good	5	0	A school establishment audit. A number of recommendations were made to improve controls in respect of declarations of interest, ordering procedures and the arrangements for administering the school fund. Improvements also needed to be made in respect of the inventory records.
Contract Audit – Peasholme Hostel	24/11/09	Acceptable	3	0	A review of the arrangements to let and manage the contract for the construction of the new hostel. Recommendations

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
					were made about the future financial vetting and risk assessment of potential contractors. Improvements were also recommended in respect of contract variations.
Contract Audit – Moor Lane Roundabout	12/10/09	Good	1	0	A review of the arrangements to let and manage the contract for the construction of the new roundabout. A recommendation was made to address minor issues in respect of document retention
Contract Audit – Gas Maintenance	5/10/09	Good	5	0	A review of the arrangements to let and manage the heating renewal and replacement contract. Recommendations were made about document retention, the agreement of additional schedule of rates items and the checking of invoiced costs.

**(G) Other Work Completed since 1 June 2009**

- Ongoing support and advice to departments across the council on control issues, and support in relation to specific projects eg new financial management system and void cleaning

- Review of progress made by management to implement previously agreed audit recommendations – see separate report on this agenda
- Review of progress made by service departments to address Audit Commission recommendations
- Chargeable work including grant claim audits (Scambusters Grant)
- Four internal investigations in respect of potential probity issues. Two of these investigations are ongoing whilst the other two have resulted in management taking action to improve processes.