2010/11 AUDITS COMPLETED AND REPORTS ISSUED

The following categories of opinion are used for audit reports.

Opinion	Level of Assurance
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.
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.

Actions to address issues are agreed with managers where weaknesses in control are identified. The following categories are used to classify agreed actions.

Priority	Long Definition	Short Definition – for use in Audit Reports
1 (High)	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. 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. 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.	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
2 (Medium)	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. Such issues may require the input at Head of Service	A significant system weakness, whose impact or frequency presents risks to the system objectives, and which needs to be addressed by management.

Priority	Long Definition	Short Definition – for use in Audit Reports
	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. Such issues are usually matters that can be implemented through line management action and may result in efficiencies.	The system objectives are not exposed to significant risk, but the issue merits attention by management.

Draft Reports Issued

6 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. The draft reports are categorised as follows:

Opinion	Number
"High Assurance"	2
"Substantial Assurance"	1
"Moderate Assurance"	1
"Limited Assurance"	1
"No Assurance"	0
"Not given"	1

Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in June 2010. In all cases the recommendations made have been accepted by management, and will be followed up by internal audit.

Description	Date Final Report Issued	Opinion	Agreed Actions		Work done / significant weaknesses / issues identified
			Total number	Number which are priority 1	
On Street Parking & Car Parks	8/6/10	Substantial Assurance	3	0	There were some minor issues around the recording of cancelled penalty charge notices. It was also found that PCN debts had been written off without proper authorisation, as required by financial regulations (the write offs were legitimate).
Property Income & Lease Management	17/6/10	Substantial Assurance	2	0	There was a need to improve systems for recovering outstanding debts.
Contact Point Database	20/6/10	Substantial Assurance	4	0	A review of compliance against the conditions of accreditation for the database. A number of minor issues were found.
Poppleton Road Primary School	29/6/10	High Assurance	5	0	A school establishment audit. No significant issues were found.
Environment & Sustainability	9/7/10	Moderate Assurance	5	0	Issues identified included the need to review and update the council's strategy

Description	Date Final Report Issued	Opinion	Agreed Actions		Work done / significant weaknesses / issues identified
			Total number	Number which are priority 1	
					and work programme in relation to environment and sustainability issues, and to develop systems for ensuring members are aware of the sustainability implications of any decisions.
Dunnington Primary School	22/7/10	High Assurance	5	0	A school establishment audit. No significant issues were found.
Headlands Primary School	22/7/10	High Assurance	4	0	A school establishment audit. No significant issues were found.
Leisure Facilities (Energise)	2/8/10	High Assurance	0	0	There were no significant issues identified.
Main Accounting System	6/8/10	Moderate Assurance	7	1	There were a number of minor weaknesses around control account reconciliations, user access controls and the need to document procedures. The high priority issue related to the lack of ongoing bank reconciliation during the year (this issue has been reported to the committee previously)

Description	Date Final Report Issued	Opinion	Agreed Actions		Work done / significant weaknesses / issues identified
			Total number	Number which are priority 1	
Asset Management	27/8/10	Substantial Assurance	5	0	Actions were agreed to address a number of minor issues.
Libraries	7/9/10	Limited Assurance	9	3	There were significant concerns around the management of the budget for book purchases (£300k annually). Poor control has resulted in a projected overspend position for the current financial year. The service has agreed to draw up a plan setting out how the budget will be managed for the remainder of the current year. Other issues related to the management of book stocks and the need to improve procedures for recovering fines.

Other Work Completed in 2010/11

- Ongoing support and advice to departments across the council on control issues, and support in relation to specific projects eg HR transformation
- Review of progress made by management to implement actions agreed as a result of internal audit work – see separate report on this agenda
- Review of progress made by service departments to address Audit Commission recommendations
- Chargeable work including grant claim audits and support in relation to the community stadium project