

**2010/11 AUDITS COMPLETED AND REPORTS ISSUED**

The following categories of opinion are used for audit reports.

<b>Opinion</b>	<b>Level of Assurance</b>
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.

<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 issues 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 environment exists to minimise exposure to significant risks such as financial or other loss.</p> <p>Such issues may require the input at Head of Service</p>	<p>A significant system weakness, whose impact or frequency presents risks to the system objectives, and which needs to be addressed by management.</p>

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

3 (Low)

or senior management level and may result in significantly revised or new controls.

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**

16 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:

<b>Opinion</b>	<b>Number</b>
"High Assurance"	5
"Substantial Assurance"	6
"Moderate Assurance"	3
"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 December 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	
Wigginton Primary School	17/12/10	High Assurance	4	0	A school establishment audit. No significant issues were found.
Housing Rents	20/12/10	Substantial Assurance	6	0	<p>A number of minor actions to improve recovery procedures were agreed. Other issues related to the need to:</p> <ul style="list-style-type: none"> <li>periodically review accounts with credit balances</li> <li>adopt a more systematic approach to the application of supporting people charges to rent accounts</li> <li>align planned ICT development work with other operational business plans.</li> </ul>
Contract Audit - Crichton Avenue Cycling Scheme	23/12/10	Substantial Assurance	3	0	A review of contract letting and management arrangements. Actions were agreed to improve controls for future projects. These related to timetabling the procurement process, maintenance of

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			Total number	Number which are priority 1	
					records, and ensuring that variations are costed at the point they are agreed.
Burnholme Community College	4/1/11	Substantial Assurance	6	0	A school establishment audit. A number of issues were identified. These include the need to improve procedures for ensuring that staff approved to drive the minibus have the appropriate driving licence entitlement, and training.
VAT	6/1/11	None Given	0	0	This was a limited health check review. There were no significant issues identified.
Business Continuity	17/1/11	Moderate Assurance	4	0	<p>This was a cross cutting audit. The main issues identified relate to the need to:</p> <ul style="list-style-type: none"> <li>ensure that responsibilities for continuity planning are clearly defined, and training is provided, where services are undergoing significant change</li> <li>review continuity arrangements in areas where the council depends on key suppliers</li> </ul>

Description	Date Final Report Issued	Opinion	Agreed Actions		Work done / significant weaknesses / issues identified
			Total number	Number which are priority 1	
					<ul style="list-style-type: none"> <li>consider ICT continuity risks arising from the move to new administration accommodation (current continuity plans rely on the delivery of services from a number of sites).</li> </ul>
Highways Regulation	4/2/11	Substantial Assurance	1	0	One minor issue was identified, and action agreed, in relation to monitoring highway developments.
Poppleton Ousebank Primary School	15/2/11	Substantial Assurance	7	0	As school establishment audit. A number of minor issues were identified.
Budgetary Control	22/2/11	Substantial Assurance	4	0	A review of the council's budget monitoring and management processes. These were generally found to be robust though issues around the consistency of procedures and reporting were identified. New arrangements are being put in place, which will address these issues.
Financial Planning & Budget Setting	22/2/11	High Assurance	1	0	No significant control weaknesses were identified.
Customer Accounts	7/3/11	High	0	0	No significant control weaknesses were

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			Total number	Number which are priority 1	
		Assurance			identified.
Housing & Council Tax Benefits	11/3/11	Substantial Assurance	4	0	<p>Improvements to systems were agreed, to:</p> <ul style="list-style-type: none"> <li>• address relatively high rates of assessment error (training requirements)</li> <li>• tighten up overpayment recovery procedures</li> <li>• ensure the benefits system is regularly reconciled to the main accounting system</li> <li>• ensure system access is removed where no longer required.</li> </ul>
Contract Audit – Joseph Rowntree School	25/3/11	Substantial Assurance	1	0	A review of contract letting and management arrangements. One minor issue regarding the selection of criteria for assessing tenders was identified.
Cashiers and Income	31/3/11	High Assurance	0	0	No significant control weaknesses were identified.

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			Total number	Number which are priority 1	
Direct Payments	31/3/11	None Given	3	0	Ongoing audit review of the development of processes and controls around direct payments, and wider self directed care issues. Actions were agreed to address a number of control issues around documentation and ongoing monitoring of direct payments. Further work will be undertaken in 2011/12.