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

Draft Reports Issued

13 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"	3
"Substantial Assurance"	4
"Moderate Assurance"	3
"Limited Assurance"	0
"No Assurance"	0
"Not given"	3

Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in April 2011. In all cases the recommendations made have been accepted by management, and will be followed up by internal audit.

Audit	Date Of Final Report	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
			Total	Priority 1	
Information Security Checks	1/4/11	Limited Assurance	NA	NA	On 1 March 2011 the internal audit service undertook a series of early morning, unannounced, spot checks in a number of council offices. The purpose of the visits was to assess the extent to which data security is being considered by staff in ensuring that laptops and removable media are secured and that paper copy personal data is locked away. Although there were pockets of good practice the overall picture was poor. Issues included netbooks/laptops being left open to view in offices, cabinets of sensitive data left unlocked (with keys in locks), sensitive data left on desks overnight and unlocked drawers. There was a lack of available secure storage in some areas, where personal data is routinely stored without any security. In some areas which could be secured, for example by keypads, doors had been left open. The issues have been reported to the council's Corporate Information Governance Group (CIGG). Actions have been incorporated into CIGG's wider action plan which also includes actions arising from the recent Information Commissioner's Office (ICO) undertaking, following an information security breach in ACE.

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			Total	Priority 1	
Joseph Rowntree Secondary School	6/4/11	Moderate Assurance	9	0	A school establishment audit. There were no significant issues identified, though action was required to address control weaknesses in a number of different areas.
Hempland Primary School	8/4/11	High Assurance	5	0	A school establishment audit. No significant issues were found.
Yearsley Grove Primary School	8/4/11	High Assurance	5	0	A school establishment audit. No significant issues were found.
Treasury Management	14/4/11	High Assurance	1	0	An audit of arrangements for managing the council's cash balances through loans and investments. Controls were found to be working well. At the time of the audit it was noted that the contract period for treasury management advisory services was about to end. This service is now being re-tendered and a new contract will be let from 1 July 2011.
Agency Staff	21/4/11	Substantial Assurance	2	0	A review of procedures for procuring specialist and interim staff, and the council's own recruitment pool. This area was undergoing significant change at the time of the audit. While processes had not been finalised, controls being put into place appeared to be generally good. A number of issues for further review were highlighted by the audit. These

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			Total	Priority 1	
					included the need for management information to allow compliance with policy to be monitored and managed, and better pre-employment screening.
Payroll	26/4/11	Substantial Assurance	3	0	A few weaknesses were identified though none were individually significant. Actions were agreed to: • Review responsibilities and provide training, to address payroll coding, calculation and inputting errors • Undertake further checks on payments for recruitment pool staff • Remind departmental managers about deadlines for submitting information for payroll processing.
Recruitment Processes	26/4/11	Substantial Assurance	4	0	A review of procedures for staff recruitment including pre-employment screening (references, CRB checks etc). There were problems completing testing for this audit as there was a backlog of 4000 scanned documents awaiting allocation to individual electronic personnel files at the time the work was undertaken. It was agreed that the processes for scanning documents and for ensuring files contain complete sets of information would be reviewed. Other issues identified included the need to clarify which posts require CRB clearance, to improve authorisation processes where staff are taken on before CRB clearance is received, and to ensure staff involved

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			Total	Priority 1	
					in interviewing are trained.
Main Accounting System	11/5/11	Moderate Assurance	2	1	A review of the council's arrangements for accounting for expenditure. Procedures and controls in most areas are working well but there are weaknesses in two key areas. Bank reconciliation – while key elements of the bank reconciliation are undertaken on an ongoing basis there was no overall reconciliation during the financial year. This is a result of outstanding issues following the implementation of the new financial management system (FMS) although good progress is being made to address these. Control Accounts – regular control account reconciliation is undertaken for most feeder systems for the FMS. But there was insufficient evidence of the work undertaken and of review by senior officers to give full assurance in this area.
Nursery Education Free Entitlement	13/5/11	Substantial Assurance	3	0	A review of procedures for making payments to private providers of nursery education for free entitlement. The arrangements were generally good. Actions were agreed to improve the efficiency of payment systems by reducing overpayments (and the subsequent need to recover funds from providers) and to eliminate checks on cross-border provision which were duplicated by the council and Department of Education. As a result of the audit it was also agreed that the service would remind private providers of their responsibilities under data

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					protection legislation (some were unaware of requirements to issue privacy notices).