

Annex 2

2006/07 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

- | | |
|----------|--|
| 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.

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

| Opinion | Number |
|------------------|---------------|
| “High standard” | 7 |
| “Good” | 4 |
| “Acceptable” | 2 |
| “Weak” | 7 |
| “Not acceptable” | 2 |
| “Not given” | 0 |

45 reports have been finalised. 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 below;

| Description | Date Final Issued | Opinion | Recommendations | | Work done / significant weaknesses / issues identified |
|---|-------------------|-----------|-----------------|---------------------------|--|
| | | | Total number | Number of 'high' priority | |
| Best Value Performance Indicators / Public Service Agreements | 11/9/06 | Not given | 6 | 0 | The review was undertaken in conjunction with the Audit Commission. 21 BVPI and local indicators were tested by Internal Audit. One of these indicators was found to be based on inaccurate data. Recommendations were made to improve the quality of data input for this indicator in the future. |
| City Mills Sheltered Housing Scheme | 13/12/06 | Good | 2 | 0 | No significant weaknesses identified. |
| Honeysuckle House Sheltered Housing Scheme | 22/12/06 | Good | 4 | 0 | No significant weaknesses identified. |
| Barstow House Social Care Scheme | 24/1/07 | Good | 4 | 0 | No significant weaknesses identified. |
| Lovell House Sheltered Housing Scheme | 24/1/07 | Weak | 6 | 0 | Controls over the administration of the amenity fund needed to be improved. |

| Description | Date Final Issued | Opinion | Recommendations | | Work done / significant weaknesses / issues identified |
|--------------------------------------|-------------------|------------|-----------------|---------------------------|--|
| | | | Total number | Number of 'high' priority | |
| Fordlands Road Elderly Persons Home | 8/1/07 | Acceptable | 5 | 0 | There was insufficient segregation of duties when handling residents' monies. Controls over the use of the amenity fund also needed to be improved. |
| Haxby Hall Elderly Persons Home | 5/1/07 | Good | 3 | 0 | No significant weaknesses identified. |
| Willow House Elderly Persons Home | 13/12/06 | Acceptable | 6 | 0 | Controls over income receipting and budget monitoring needed to be improved. |
| Windsor House Elderly Persons Home | 27/2/07 | Weak | 10 | 0 | Controls over budget monitoring and the handling of residents' money needed to be improved. Controls over the administration of the amenity fund also needed to be improved. |
| Delwood Sheltered Housing Scheme | 13/12/06 | Good | 3 | 0 | No significant weaknesses identified. |
| Glen Lodge Extra Care Housing Scheme | 22/12/06 | Good | 6 | 0 | The reconciliation of income and controls in respect of budget monitoring needed to be improved. |

| Description | Date Final Issued | Opinion | Recommendations | | Work done / significant weaknesses / issues identified |
|----------------------------|-------------------|---------------|-----------------|---------------------------|---|
| | | | Total number | Number of 'high' priority | |
| Supporting People | 13/11/06 | Acceptable | 5 | 2 | Improved controls needed to ensure the accuracy of contract payments. A strategy was also required for underperforming services. |
| Local Land Charges | 27/10/06 | High Standard | 0 | 0 | No significant weaknesses identified. |
| Future Prospects | 23/5/07 | Weak | 7 | 1 | The organisational status and associated governance arrangements of the service needed to be confirmed. Controls over ordering, income processing and inventory records also needed to be improved. |
| Nursery Education Grants | 11/5/07 | High Standard | 0 | 0 | No significant weaknesses identified. |
| Individual School Budgets | 26/2/07 | High Standard | 0 | 0 | No significant weaknesses identified. |
| Recoupment | 10/5/07 | High Standard | 2 | 0 | No significant weaknesses identified. |
| Private Finance Initiative | 8/1/07 | High | 2 | 0 | No significant weaknesses identified. |

| Description | Date Final Issued | Opinion | Recommendations | | Work done / significant weaknesses / issues identified |
|---|-------------------|------------------|-----------------|---------------------------|---|
| | | | Total number | Number of 'high' priority | |
| (PFI) | | Standard | | | |
| Clifton Family Centre | 9/5/07 | Good | 3 | 0 | A formal agreement was needed between the teams using the site, covering how the site will be managed in the future and, where appropriate, how costs will be shared. |
| Adult Education – Huntington Area | 27/3/07 | Good | 3 | 0 | No significant weaknesses identified. |
| All Saint's RC Secondary School | 19/4/07 | High Standard | 4 | 0 | The school needed to improve controls over the raising of debtor invoices. |
| Archbishop Holgates' CE Secondary School | 9/2/07 | High Standard | 2 | 0 | The school fund needed to be registered with the Charity Commission. |
| Copmanthorpe Primary School | 1/5/07 | High Standard | 2 | 0 | No significant weaknesses identified. |
| Fulford Secondary School | 9/2/07 | High Standard | 3 | 0 | The school needed to improve controls over lettings and the raising of debtor invoices. |
| Huntington Secondary | 9/5/07 | High | 4 | 0 | The school needed to improve controls |

| Description | Date Final Issued | Opinion | Recommendations | | Work done / significant weaknesses / issues identified |
|----------------------------------|-------------------|---------------|-----------------|---------------------------|--|
| | | | Total number | Number of 'high' priority | |
| School | | Standard | | | over lettings and income collection. |
| Joseph Rowntree Secondary School | 9/5/07 | Good | 4 | 0 | The school needed to review its budget management policy. |
| Lakeside | 30/5/07 | Acceptable | 9 | 0 | The school fund needed to be registered with the Charity Commission and be subject to an independent examination. Controls over school meals' income also needed to be improved. |
| Lowfield Secondary School | 2/4/07 | High Standard | 5 | 0 | The school needed to improve controls over lettings and income collection. A register of gifts and hospitality also needed to be introduced. |
| Millthorpe Secondary School | 2/4/07 | High Standard | 3 | 0 | A register of gifts and hospitality needed to be introduced. |
| Scarcroft Primary School | 12/9/06 | Good | 3 | 0 | The school fund needed to be registered with the Charity Commission and the recording of school fund income needed to be improved. |
| St. Barnabas' CE | 9/3/07 | Acceptable | 9 | 0 | Budget setting and monitoring |

| Description | Date Final Issued | Opinion | Recommendations | | Work done / significant weaknesses / issues identified |
|---|-------------------|---------------|-----------------|---------------------------|---|
| | | | Total number | Number of 'high' priority | |
| Primary School | | | | | arrangements needed to be improved. The school fund needed to be registered with the Charity Commission. Registers of business interests, and gifts and hospitality also needed to be introduced. |
| St Paul's CE Primary School | 19/12/06 | High Standard | 4 | 0 | A register of gifts and hospitality needed to be introduced and the school fund needed to be registered with the Charity Commission. |
| Wigginton Primary School | 9/5/07 | Acceptable | 7 | 0 | The school needed to improve controls over ordering and income processing. The school also needed to approve a budget management policy and terms of reference for its committees. |
| Yearsley Grove Primary School | 29/3/07 | High Standard | 3 | 0 | No significant weaknesses identified. |
| Food Safety, Environmental Health and Trading Standards | 23/3/07 | Good | 6 | 0 | Controls over the recording and storage of evidence needed to be improved. A system was also needed to allow court costs received to be reconciled. |

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|----------------------------------|-------------------|---------------|-----------------|---------------------------|--|
| | | | Total number | Number of 'high' priority | |
| Licensing | 2/8/06 | Good | 6 | 0 | Controls over the recording and reconciliation of income needed to be improved. The planning of enforcement activity needed to be changed so that resources were targeted to areas of greatest risk. |
| Building Cleaning | 28/2/07 | Acceptable | 10 | 2 | As planned, the service needed to ensure that new and existing staff are subject to a CRB check (where appropriate). Specifications needed to be developed for all buildings, listing the frequency and nature of each cleaning task. Controls over timesheets also needed to be improved. |
| Treasury Management | 24/1/07 | High Standard | 0 | 0 | No significant weaknesses identified. |
| Registrars | 9/1/07 | High Standard | 0 | 0 | No significant weaknesses identified. |
| Information Security – Databases | 2/2/07 | High Standard | 2 | 0 | Increased segregation of duty is required for administering access to the payroll system. |

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|---|-------------------|-----------|-----------------|---------------------------|--|
| | | | Total number | Number of 'high' priority | |
| Breaches and Waivers | 4/10/06 | Not given | N/A | N/A | A review of non compliance with Financial Regulations and EU Procurement legislation. A copy of the report was presented to A&G on 4 October 2006. |
| Oaklands Sports Centre Invoicing Arrangements | 6/2/07 | Not given | 3 | 0 | The sports centre needed to improve segregation of duty in respect of invoicing. A policy and procedure notes were required for debt collection and for raising credit notes. |
| Follow up report (first) on the implementation of Internal Audit recommendations | 4/10/06 | Not given | N/A | N/A | A review of the progress made by management to implement previously agreed audit recommendations. A copy of the report was presented to A&G on 4 October 2006. |
| Follow up report (second) on the implementation of Internal Audit recommendations | 3/4/07 | Not given | N/A | N/A | A review of the progress made by management to implement agreed audit recommendations, and address previously identified breaches of Financial Regulations. A copy of the report was presented to A&G on 3 April 2007. |

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|---|-------------------|-----------|-----------------|---------------------------|---|
| | | | Total number | Number of 'high' priority | |
| Travel and subsistence - follow up report | 27/10/06 | Not given | 3 | 0 | Although action had been taken to address the previous control weaknesses, it was found that annual checks on driving licences and insurance documents were still not always being completed. |

Other Work Completed

- Statement of Internal Control (SIC) for 2005/06, prepared and published as part of the annual Statement of Accounts. Follow up and monitoring of the SIC action plan and directorate action plans, undertaken during the year.
- Report of the Chief Internal Auditor for 2005/06, prepared and presented to A&G on 6 June 2006.
- Mid-term monitor presented to A&G on 31 January 2007.
- Data collected and submitted to the Audit Commission as part of the National Fraud Initiative (NFI) exercise. Investigations ongoing into suspected fraud and error identified as a result of the data matching exercise.
- Support and advice to Neighbourhood Services regarding the move to the new depot.
- Support and advice to the [easy@york](#) project on the development of appropriate controls
- Report prepared for A&G detailing their role in monitoring the implementation of the new Fraud and Corruption Prosecution Policy (presented to A&G on 4/10/06)
- The development of appropriate procedures (in conjunction with staff from Learning, Culture and Children's Services) to enable the introduction of the Financial Management Standard in Schools (FMSiS). Detailed review completed to assess whether the eleven secondary schools in York are at Standard (reported to the Officer Governance Group on 3 April 2007).
- Work undertaken (in conjunction with Legal Services) to strengthen the Council's arrangements for preventing, detecting and reporting money laundering

- Work undertaken (in conjunction with Human Resources) to strengthen the Council's arrangements for reporting and recording officer declarations of interest.
- Support and advice to Human Resources regarding changes to the Council's Whistleblowing Policy.
- 4 audits undertaken on behalf of the Learning and Skills Council (LSC) – chargeable work
- DTI grant claim audited – chargeable work
- 1 school fund audit completed – chargeable work
- Audit completed of the Museum's Trust – chargeable work
- Audit completed of the North Yorkshire Audit Partnership – chargeable work
- Identification and recovery of duplicate payments - £9,254 recovered in 2006/07.