**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.<br><br>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.<br><br>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.<br><br>Such issues may require the input at Head of Service or senior management level and may result in | 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 |
|---|---|---|
| | 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.<br><br>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**

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" | 0 |
| "Substantial Assurance" | 4 |
| "Moderate Assurance" | 2 |
| "Limited Assurance" | 3 |
| "No Assurance" | 1 |
| "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 issues raised have been accepted by management, and the agreed actions 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 | |
| Housing Repairs and Maintenance | 22/03/12 | Moderate Assurance | 7 | 0 | An audit of responsive repairs carried out to council properties. Issues identified included:<br><br>• Rechargeable repairs not being invoiced and income not being collected from tenants in a timely manner<br><br>• Authorisation of invoices from external contractors not taking place promptly |
| Lord Deramore's Primary School | 17/04/12 | High Assurance | 4 | 0 | A school audit. No significant weaknesses identified. |
| Debtors | 19/04/12 | Substantial Assurance | 2 | 0 | An audit of the council's debtors systems. No significant weaknesses were identified. |
| St. Lawrence's CE Primary School | 19/04/12 | High Assurance | 3 | 0 | A school audit. No significant weaknesses identified. |
| Procurement Cards | 25/04/12 | Not given | 0 | 0 | A review of the initial pilot use of procurement cards across the council. No significant issues were identified, but further work to |

| Audit | Date Of Final Report | Opinion | Number of Agreed Actions | | Work done / significant weaknesses / issues identified |
|---|---|---|---|---|---|
| | | | Total | Priority 1 | |
| | | | | | be undertaken in 2012/13. |
| Corporate Procurement | 25/04/12 | Not given | 0 | 0 | An initial review of the council's corporate procurement arrangements. Further work to be undertaken in 2012/13. |
| Redundancy and Workforce Planning | 27/04/12 | Moderate Assurance | 2 | 0 | This audit looked at redundancy consultation, selection criteria, notice arrangements and payment calculations as well as redeployment procedures. Some errors were identified in payment calculations and some supporting documents were not available. |
| All Saints RC Secondary School | 02/05/12 | High Assurance | 4 | 0 | A school audit. No significant weaknesses identified. |
| Joseph Rowntree Secondary School | 03/05/12 | Substantial Assurance | 6 | 0 | A school audit. No significant weaknesses identified. |
| Knavesmire Primary School | 07/05/12 | Substantial Assurance | 4 | 0 | A school audit. No significant weaknesses identified. |
| Council Tax and NNDR | 14/05/12 | High Assurance | 0 | 0 | A review of arrangements for billing and collection of Council Tax and NNDR. Controls were found to be working well. |

| Audit | Date Of Final Report | Opinion | Number of Agreed Actions | | Work done / significant weaknesses / issues identified |
| --- | --- | --- | --- | --- | --- |
| | | | Total | Priority 1 | |
| | | | | | |
| Nursery Education Grants | 15/05/12 | High Assurance | 2 | 0 | A review of procedures for making payments to private providers of nursery education for free entitlement. Procedures were found to be generally working well. |
| Agency Staff | 16/05/12 | Moderate Assurance | 6 | 1 | This audit looked at procedures for the use of external temporary staff and the use of internal council staff pools. Weaknesses identified related to a lack of supporting documentation for pre-employment checks (including evidence of right to work in the UK), a lack of management information reports about the use of agency staff and some evidence of external temporary staff being engaged outside of current council policy. |
| Treasury Management and Prudential Code | 18/05/12 | High Assurance | 0 | 0 | An audit of arrangements for managing the council's cash balances through loans and investments. Controls were found to be working well. |
| Ordering and Creditor Payments | 23/05/12 | Moderate Assurance | 7 | 0 | An audit of the council's systems for ordering goods and services and making payments to suppliers. Steps are being taken to improve controls, increase the proper use of purchase orders and increase the efficiency of the purchasing process. |
| Housing Rents | 23/05/12 | Substantial Assurance | 3 | 0 | No significant issues identified. Minor issues to be addressed relating to refunding accounts with large credit balances and |

| Audit | Date Of Final Report | Opinion | Number of Agreed Actions | | Work done / significant weaknesses / issues identified |
|---|---|---|---|---|---|
| | | | Total | Priority 1 | |
| | | | | | retaining more comprehensive details to support debt write offs. |
| Personalisation and Direct Payments | 23/05/12 | Limited Assurance | 7 | 1 | The audit looked at procedures for implementing the Personalisation agenda within adult social care as well as specifically looking at the administration and monitoring of direct payments. The main weaknesses relate to a lack of monitoring of how direct payments are spent by customers. Other issues identified were a lack of consistency in the monitoring of care outcomes and in the monitoring and receipt of signed documents from customers. |
| Data Quality | 24/05/12 | Not Given | 0 | 0 | A review of the processes for calculating key performance indicators in various council departments. No significant issues identified. |