

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.

<u>Priority</u>	<u>Long Definition</u>	<u>Short Definition – for use in Audit Reports</u>
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	<p>Action considered necessary to improve or implement system controls so as to ensure an</p>	<p>A significant system weakness, whose impact or frequency presents risks to the system</p>

Priority

Long Definition

Short Definition – for use in Audit Reports

effective control environment exists to minimise exposure to significant risks such as financial or other loss.

objectives, and which needs to be addressed by management.

Such issues may require the input at Head of Service 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

11 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"	1
"Substantial Assurance"	5
"Moderate Assurance"	2
"Limited Assurance"	2
"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 2012. 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	
Project Management	06/06/12	Limited Assurance	6	0	This audit looked at arrangements across the council for project management. Weakness identified were mainly around a lack of clarity and understanding about

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					the council's project monitoring and control framework and a lack of consistency in the identification of projects and the management of project risks. A timescale of the end of October was agreed for implementing the agreed actions.
Office Move Project	06/06/12	Substantial Assurance	2	1	A review of the current position and plans in place specifically regarding preparations for the move related to scanning, paper reduction and storage arrangements. The 2 agreed actions have now been successfully implemented.
Health & Safety	21/06/12	No Assurance	9	2	The council delegates responsibility for health and safety issues at individual premises to a wide number of officers. The main issues identified during the audit arose from a lack of ownership of health and safety risks by the officers at those premises. This was exacerbated by a lack of central monitoring and enforcement. The findings principally related to fire, asbestos, and water/legionella risk assessments. However, a brief review of general premises workplace

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					<p>inspections indicated that the issues were more generic.</p> <p><u>Comment by Service Department</u> Senior Management and leading members have received briefings and a report detailing actions taken since the audit undertaken in 2011. This includes the letting of contracts for external inspection of the key areas of concern and improved accountability of senior officers for Health & Safety risks in their area. More work is to be undertaken on embedding Health & Safety management of risks at all levels, and this is a priority within a 3 year plan which will be received by the Joint H&S Committee with Trade Unions in November 2012.</p>
Commercial Waste	27/06/12	Moderate Assurance	8	0	<p>A review of procedures and controls in place in the Commercial Waste service. The main issues identified were:</p> <ul style="list-style-type: none"> waste disposal paperwork required by law is not being issued and retained for all customers

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					<ul style="list-style-type: none"> • debt chasing and income collection procedures could be improved • further action is needed regarding implementation of specialist software packages.
Housing Allocations	27/06/12	Substantial Assurance	2	0	An audit of the Choice Based Lettings Scheme looking at arrangements for processing applications and allocating properties. No significant weaknesses were identified.
Contract audit work – compliance with financial regulations	13/07/12	No Opinion Given	0	0	A detailed review of a large sample of council expenditure to ensure that contracts were in place where appropriate and expenditure was in line with relevant legislation and council financial regulations. No problems were identified with the majority of items tested. Specific instances of expired contracts were raised with service managers and will be followed up as part of similar work to be undertaken during 2012/13.
Huntington Secondary	17/07/12	Substantial Assurance	9	0	A schools audit. While a number of areas for improvement were identified, none represented

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School					significant system weaknesses.
St Paul's Nursery	17/07/12	Substantial Assurance	7	0	An audit of the council's maintained nursery school. No significant weaknesses were identified.
Handling Complaints	01/08/12	Substantial Assurance	2	0	An audit of procedures across the council for handling complaints. Actions agreed relate to ensuring consistency between departments in how complaints are recorded and classified.
Housing Benefits and Council Tax Benefits	01/08/12	Limited Assurance	3	2	<p>While many day to day operational controls and procedures were found to be operating well, there were a number of significant weaknesses that need to be addressed. These related to:</p> <ul style="list-style-type: none"> • high error rates identified by the benefit team's own quality assurance checks • a lack of interventions, to ensure ongoing benefit claims are accurate • actions required to improve functionality and usability of the LAGAN system.

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					<u>Comment by Service Department</u> <ul style="list-style-type: none"> • Staff with high error rates are still subject to monitor and have been given stretch targets to bring error rates to within acceptable levels. • An interventions policy is now in force following consultation with our Fraud partners and the first batch of targeted interventions (reviews) have been sent out. Interventions will continue on a rolling programme. • Lagan issues are being addressed by ICT developers. Significant progress has been made in the last 3 months and regular reviews and updates happening.
Main Accounting System	14/08/12	Substantial Assurance	1	0	No significant issues were identified but there is still work to be done to address weaknesses with the completion of bank reconciliations raised in previous audits. Follow up work in this area will continue until satisfactory action has been taken.

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Payroll	05/09/12	Substantial Assurance	1	0	An audit of payroll processes including those aspects of the new iTrent system which were implemented during 2011/12. The only issue identified is that evidence of authorisation by the relevant manager and chief officer is not always being retained when a new post is created or filled.