

**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	<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

17 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	5
Moderate Assurance	5
Limited Assurance	0
No Assurance	0
Not given	2

### Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in April 2013. In all cases the recommendations made have been accepted by management, and will be followed up by internal audit.

<b>Audit</b>	<b>Date Of Final Report</b>	<b>Opinion</b>	<b>Number of Agreed Actions</b>		<b>Work done / significant weaknesses / issues identified</b>
			<b>Total</b>	<b>Priority 1</b>	
Nursery Education Grants	08/04/2013	Substantial Assurance	4	0	A review of procedures for making payments to private providers of nursery education for free entitlement. Overall, procedures were found to be operating well but minor weaknesses identified included:

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			Total	Priority 1	
					<ul style="list-style-type: none"> <li>• some nurseries not applying the most recent government guidance about how free hours can be used</li> <li>• some nurseries not registering correctly with the information commissioner</li> <li>• some nurseries not complying with best practice with how to invoice parents for additional hours.</li> </ul>
Federation of Hob Moor Oaks and Hob Moor Community Primary School	17/04/2013	Substantial Assurance	7	0	A schools audit, no significant issues were identified.
Our Lady Queen of Martyrs Primary School	17/04/2013	High Assurance	5	0	A schools audit, no significant issues were identified.
Canon Lee School	22/04/2013	Moderate Assurance	10	0	A schools audit. While a number of issues were identified, none represent significant weaknesses. The

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			Total	Priority 1	
					weaknesses seem to be largely a result of past circumstances (staffing changes and absences) and not necessarily indicative of the likely level of control going forward.
Heworth CE Primary School	24/04/2013	Substantial Assurance	5	0	A schools audit, no significant issues were identified.
Housing Rents	26/04/2013	High Assurance	0	0	No significant issues identified.
Health & Safety	09/05/2013	No opinion given	0	0	This audit was a follow up of the 2011/12 audit which was given a "limited assurance" opinion. Significant progress has been made towards implementation of the agreed actions. Six of the nine actions have been fully implemented and one partially implemented. For the remaining actions, a revised implementation date has been agreed with the service.
Budgetary Control	21/05/2013	Moderate Assurance	2	0	A review of the budget monitoring procedures used across the council. Weaknesses identified relate to

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			Total	Priority 1	
					inconsistencies in the way monitoring is performed in different directorates as well as with the records kept to support budget virements.
Charges for Care	21/05/2013	Substantial Assurance	2	0	An audit of the key risks relating to the calculation, invoicing and collection of charges for non residential care. Overall, controls were found to be operating well but weaknesses identified were: <ul style="list-style-type: none"> <li>• recovery plans were not always in place for accounts with long standing arrears</li> <li>• some cases were identified where inadequate evidence had been retained to support debts written off.</li> </ul>
Howe Hill for Young People	30/05/2013	Substantial Assurance	2	0	An establishment audit focussing on key controls at the Howe Hill for Young People hostel. No significant weaknesses were identified but improvements could be made to reduce reliance on petty cash and ensure adequate records are maintained for all cash purchases.

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			Total	Priority 1	
Council Tax Benefits & Housing Benefits	04/06/2013	Limited Assurance	4	2	<p>While no new significant weaknesses were identified, some actions agreed in the 2011/12 audit (also limited assurance) have not yet been successfully implemented. The main issues are:</p> <ul style="list-style-type: none"> <li>• there is no intervention strategy in place to identify changes in customers' circumstances</li> <li>• error rates identified in the department's quality assurance checks remain high and a documented and coordinated approach to addressing these errors and training needs is required.</li> </ul>
Data Quality	12/06/2013	Substantial Assurance	1	0	<p>The audit reviewed a number of performance indicators used across the council to ensure data collection, processing and reporting processes were accurate and robust. No significant issues were identified.</p>