

Report

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Report to:	Finance and Information Technology
Date of Meeting:	19 May 2009
Report by:	Executive Director (Finance and Information Technology Resources)

Subject:	Internal Audit Annual Assurance Report 2008/2009
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Report on the progress of Internal Audit against plan for the full year 2008/09 and to provide an audit opinion on the strength of the Council's control environment.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that that they agree the adequate overall level of assurance and note that the opinion of Internal Audit will be an integral part of the Council's public governance statement.

3. Background

- 3.1. Internal audit activity is delivered in line with the Internal Audit Code of Practice for Local Authorities. Services are delivered for the Council as well as external clients.
- 3.2. The audit plan for 2008/09 took account of management concerns and the growing knowledge of key Council risks. External auditors were also consulted. Risk assessments were used to prioritise the assignments within the plan and as a result, there were operational reviews as well as traditional audits of financial and operational systems.

4. Internal Audit Performance

- 4.1. A summary of Internal Audit performance is included at Appendix One. Despite vacancies early and late in the year, the actual number of productive audit days was only marginally lower than plan and productivity exceeded target at 71%. Delivery of the 2008/09 plan was affected by unplanned operational and investigative work but overall the quality and coverage of reporting improved.
- 4.2. Unplanned jobs were added to the plan throughout the year, as concerns arose. In total the adjusted workload aimed to deliver 131 assignments. Over 90% of these were delivered to a draft stage by 30 April 2009 and only 4 reports from the original plan have been carried forward to 2009/10.

- 4.3. Appendix Two shows a full list of Council audit assignments completed during the year. Findings from assignments are discussed with the Risk Management and Audit Forum as they are concluded. Main areas covered are regulatory, investigative, computer, contract and external audit.
- 4.4. Appendices four and five show Resources performance in supporting the work of Internal Audit and the indicators generally show a positive approach to audit across the Council. Regrettably delivery of internal audit recommendations has deteriorated to 78% against a target of 80% by the due date but some constructive feedback is leading to further improvements in research, scoping and presentation of findings.

5. Management of Fraud Risks

- 5.1. Appendix Three shows the source and outcomes which relate to additional concerns reported to Internal Audit during the year. Of these, 14 were reported from outside the Council. In all, 12 were investigated by Internal Audit, 22 by Resource personnel and 7 were deemed too low a risk to warrant any investigation. A few cases were reported to the police including breach of the conduct code by a contracts manager, theft of £1600 from a cashier's office and preparation of a counterfeit building warrant by an outside developer.
- 5.2. Although confirmed thefts of Council equipment, fuel, time and money were very low during 2008/09 and amounted to only £12,980, there were also benefits frauds highlighted by investigations undertaken as part of the National Fraud Initiative and from routine benefits administration. In summary, total confirmed fraud identified during 2008/09 amounted to £401,030. This compares to only £294,880 last year.
- 5.3. A fraud management action plan has been prepared for delivery during 2009/10 with input from all Council Resources, following review of national guidance during 2008/09. The Fraudline for telephone reporting of concerns was launched on 1 April 2009.

6. Financial controls and findings

- 6.1. Overall there is an adequate level of control across the Council's main financial systems but some areas previously suggested for improvement have re-occurred during this year's audit work, namely cash and bank controls and procurement.
- 6.2. Control over Council cash and non Council money such as school funds (over £2M entrusted to Council officers) should be tighter. Changes to Trust fund and charity accounting regulations were recognised and revised accounting practices are being implemented. The need for more controlled access to, and tracking of transactions within, the banking IT system are also now underway. Bank reconciliations have improved but the overall arrangements for regular delivery supported by routine procedures and clearly allocated duties remain an area of concern. There was an over-reliance placed on Internal Audit to prepare reconciliations and although adjustments were necessary and late, these were low in value and number.
- 6.3. The relatively new income management system is being operated from a limited operational and IT skills base and procedures are still incomplete. There are a few issues with VAT, suspense items, backlogs and manual correcting journals. Further work is needed. Income generation in other areas, such as industrial lets, social care service user payments, rent collection and car parking would also benefit from closer management. For example, car park collection targets are not being set and debt

recovery is not following corporate standards resulting in £138,000 being outstanding.

- 6.4. Other reconciliation work such as payroll, car park income, waste invoicing, asset valuation and housing rents were not always in place which carries the risk that accounting information may be inaccurate or incomplete. Payroll controls are largely in place and working well but a proper system audit trail is still lacking. Payroll issues such as overpayment levels, slow recovery, high volumes of quickpays and user access have all been recognised and further improvements are planned but no firm plans have yet been put in place to replace the out-dated debtors IT system. IT developments are also needed to ensure that unitary payments for the secondary school contract continue to be correctly levied and checked, that robust figures are prepared for capital expenditure monitoring purposes and that actions from external reviews become embedded in the Council's governance framework.
- 6.5. Operational and long term costing techniques which apply to trading operations and long life projects such as schools' replacements could be improved. Transparent reporting of funding arrangements for major projects, including primary schools and IT systems, are also longer term development areas. Both, if left as is, carry the risk that efficiencies might be over-looked, that overspends could be incurred and that the Council's Financial Strategy might fail to plan for unforeseen constraints such as energy consumption. A review of capital projects could not determine the extent of over and under spending due to the annualisation of financial reporting for projects which mostly span several years. Application of a project management approach over the full life of these projects would help to improve the scrutiny and transparency of capital spending.
- 6.6. Year end stock valuations are materially sound as is the valuation of the Council's more valuable registered assets. However, full assurance cannot be provided on the completeness of the formal asset register due to a poor audit trail, under-developed policies and procedures and inconsistencies in treatment of assets between Resources. Furthermore, there are several property asset systems in place and few reconciliations with the financial register take place on a regular basis.
- 6.7. Few changes had been made during the preparation of the 2007/08 efficiency statement but this has recently improved and should impact on the 2008/09 statement. Further follow-up work in 2009/10 will reveal whether a clear distinction has been made, as suggested, between the annual savings exercise and additional cash and non cash efficiencies.
- 6.8. Procurement work received much focus in Internal Audit work during 2008/09. Issues were also raised as an improvement area in both the external financial audit and the audit of Best Value and Community Planning and a whole scale examination of service delivery is currently taking place.
- 6.9. A dedicated benefits audit service during 2008/09 has shown that benefits services continue to operate well; self awareness is good although the self audit process needs further development to include continual monitoring of key controls, processing times are the best in Scotland but this could be set against equally important accuracy measures, systems are protected but access and file housekeeping could be better. Routine controls work well in most areas with the exception of overpayments and appeals processes.

7. Operational controls and findings

- 7.1. As in previous years, a wide number of areas have been identified for improvement and for this reason the level of assurance provided over the operational control environment is deemed to be adequate rather than robust.
- 7.2. There has been a positive change in the Council's appetite for improved control. Nevertheless, some strategic improvement areas identified in last year's public statement remain largely undelivered including a formal governance improvement plan and review of the finance function. Formal governance arrangements for partnerships remain largely undeveloped however and left the Council exposed due to the lack of operational and financial accountability and a high value of uninsured assets within the SEEMIS group. A new Code of Governance has been prepared but awareness raising and training for officers and elected members have still to be delivered. Internal Audit expect that this will include open decision making which gives due consideration to costs, efficiencies, benefits and risks.
- 7.3. Despite a positive external inspection, management of corporate and Resource risks faltered during 2008/09. The annual review of the top risk register is late but almost complete and a full workplan focusing on training and embedding has been reviewed by the Risk Management and Audit Forum. Business continuity is an on-going top risk area which has not yet been addressed.
- 7.4. Assurance over the management of contracts was mixed with Education Resources controlling the secondary schools contracts well in most areas but overpaying on school furniture. Scaffolding contracts management was poor but is about to be re-tendered. The lack of a consolidated council wide contracts register inhibited central control. Classic contracts risks remain; late delivery, over budget and not to the quality intended.
- 7.5. There are key areas where longer term planning needs to be implemented, namely service delivery impacts of changing demographics, meeting the challenging waste diversion and CO2 emissions targets and associated tax bills. Sustainable development is one of the Council's priority areas where links to other work could be stronger. Previously good progress is slipping and responsibility is spread.
- 7.6. 2008/09 assignments again highlighted the need to align reporting of physical project progress to capital spending, industrial income to letting performance, Social Work income to client case load and trading surpluses or deficits to numbers of meals supplied or areas cleaned. This was also listed as an improvement area in the Council's governance review last year.
- 7.7. Although relatively few material losses were identified, a tightening of security controls were recommended in relation to the use, storage and issue of lower value tools and equipment including computers and higher value attractive stores items such as home fittings to protect against theft. Fuel security improved but further control at a local level is still required. Computer audits revealed that financial system security controls in Community Resources were good; 93% of financial and personnel user accounts were correct with little evidence of password sharing. However, other systems were less well controlled.
- 7.8. Some personal and business sensitive data was still being stored insecurely or on unencrypted mobile devices. Awareness of the need for good data management was high but structures, instructions and routine practices to properly manage information

was lacking leading to duplicate and unnecessary retention of data. Freedom of Information requests were however properly recorded and well managed.

- 7.9. Examples of the need for more effective IT use included waste monitoring, workforce monitoring and fuel use. No assurance can yet be provided that the Council's reported waste tonnages are correct and contractors' information is relied upon for payment purposes. Workforce information is still prepared mostly on a manual basis and fuel losses continue to be regularly reported to Internal Audit.
- 7.10. Lack of routine anti-fraud and local management controls which include for example segregation of duties, clear allocation of responsibilities and routine management monitoring are identified in audit work every year. 2008/09 is no exception with weak control environments being exposed in the Council's Civic Amenity site, scrap rates and sales, collection of rent arrears from employees, overtime and other non salary payments for employees, use of Council vehicles, seized goods, employee conduct monitoring, repair jobs and technical job inspections.
- 7.11. In the regulatory arena, grant conditions were being met, IT strategies were generally being applied, steps had been taken to try to more fully comply with security requirements in relation to seized goods and property legislative compliance. Controls over the payment of construction industry tax may require further examination before a level of assurance can be decided for this area.
- 7.12. Committee members are asked to note the above findings which arose from delivery of the 2008/09 internal audit plan.

8. Employee Implications

- 8.1. The Internal Audit service is delivered with an establishment of 14.7 employees, six of whom are professionally qualified. Further development and training results from job reviews and the corporate performance process.

9. Financial Implications

- 9.1. The Internal Audit service, during 2008/09, spent £481,696 against a budget of £489,350.
- 9.2. The most significant savings identified this year through audit work were £104,000 by ceasing erroneous overtime payments, £30,000 recoverable from school furniture contracts, £24,000 from changes to purchasing of consumable goods and £6000 relating to CHAPS bank transfers. Further cash releases could accrue from better control over call out payments, debt control and management of the civic amenity site. Potential time releasing savings were also identified primarily in waste information processing, bank reconciliation and workforce monitoring.

10. Other Implications

- 10.1. Audit findings must be independently prepared, reflect the Council's control environment and be taken into account when preparing the Council's Governance Statement for the 2008 annual report. To this end a statement signed by the Risk and Audit Manager has been presented to the Risk Management and Audit Forum.
- 10.2. In addition to internal findings, Price Waterhousecoopers have highlighted that improvements are needed in Social work statistical returns, ledger coding, speed of invoice payments, recording of standing data in relation to non domestic rates, system password controls and testing of business continuity plans.

11. Equality Impact Assessment and Consultation Arrangements

- 11.1. There is no requirement to carry out an impact assessment in terms of the information contained within this report.
- 11.2. Resources are consulted during preparation of the annual plan and on completion of each assignment.

Linda Hardie

Executive Director (Finance and Information Technology Resources)

24 April 2009

Link(s) to Council Values and Objectives

- ◆ Value: Accountable, effective and efficient
- ◆ Action: Testing that high standards of governance are being implemented

Previous References

- ◆ 2008/09 reports to the Risk Management and Audit Forum

List of Background Papers

- ◆ Internal Audit reports
- ◆ Benefits Assurance Statement 2008/09
- ◆ NFI progress report May 2009
- ◆ Figtree statistical and assurance extracts
- ◆ Eureka time recording extracts
- ◆ Code of Practice for Internal Audit for Local Authorities - CIPFA

Contact for Further Information






If you would like to inspect the background papers or want further information, please contact:-





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Appendix One – Internal Audit section performance during 2008/09

Performance Indicator	Target	Actual	Assessment	Comment	Last year
Delivery of planned audit days	2555 days (net)	2527 days	 Source: eureka rpt 3	Although marginally below target, the loss of only 28 productive days when there were vacancies at the beginning and end of the year is an achievement.	2280 days
Completion of audit plan	100% planned assignments complete to draft by 30 April	95 %	 Source: figtree report YE 0809 WIP report	Formal follow-up bigger than expected, new purchase cards system delay and e procurement replaced by bank reconciliation work.	88% started on time
Completed assignments delivered within budget	80% within budgeted audit days specified in remit	72 %	 source: figtree rpt YE 0809 closed jobs within budget	7 significant overruns – 2 quality, 2 volume of findings and 2 client negotiations, 1 due to use of technician. 7 delivered well below budget.	74%
Drafts reports on time	85% of drafts prepared within 21 days of completion of fieldwork	79 %	 Source: figtree rpt ye 0809 delivery of drafts	Investigations and secondment impact on fixed assets, housing rents and PPP contract mgt. Also 3 delays for quality.	73%
Productive time	70% of available days	71%	 Source: Eureka report 3	Allows for an average of more than 30 training days per person.	73%

Performance Indicator	Target	Actual	Assessment	Comment	Last year
Audit work for Clients	Client bookings to be consistent with plan	Both Social Work and Community were significantly higher than plan. Others all around 20% higher.	 Source: eureka report by client (6b)	Investigative work for S/Wk and Commy. Others due to completion of old year work e.g. IT project funding and the level of bank reconciliation consultancy.	Largely on plan
Audit work by Category	Work Category bookings to be consistent with plan	Wide variations for most categories e.g. 40% short on consultancy and 90% over for contract.	 Source: eureka extract by work category (7)	I proc consultancy dropped due to need to assist in bank reconciliation and PPP contract mgt brought fwd from last year following prep of BV audit submission.	Contract, computer, follow-up and fraud prevention work all with significant variances but routine and operational largely on plan
NFI overpayments and frauds	90% of SPD matches to be investigated by year end and overpayments to be identified	5685/7494 i.e. 76% £82,029	  Source: draft NFI progress report	Figures relating to numbers of matches to be investigated changed near the turn of the financial year	N/A £313,100 overpayments £41,947 overpayments fraudulent

Appendix Two – Internal Audit assignments completed during 2008/09

Job No.	Assignment name	Audit Status	A Draft Issue	A Final Issue
I210103	Main Financial Systems ICQ –Creditors	Closed	13/03/2008	21/04/2008
I210103/2	Main Financial Systems ICQ -Debtors	Closed	28/02/2008	23/04/2008
I211144	Foster Care Payments	Closed	24/09/2008	12/12/2008
I211911	SFR Creditors	Closed	13/02/2009	27/02/2009
I212107	Payroll controls	Closed	31/01/2008	30/04/2008
I212142	Payroll Controls	Closed	27/02/2009	31/03/2009
I214134	Unitary Charge	Closed	03/02/2009	23/03/2009
I214145	Long Term Planning	Closed	25/09/2008	12/12/2008
I215131	Capital Dbase Anlys of Project Overspend	Draft with client	31/03/2009	
I217109	Income management - SW	Closed	02/07/2008	13/10/2008
I217135	Car park and fine income	Closed	29/10/2008	12/12/2008
I218121	Stock count H&T Stores 0708	Closed	09/07/2008	25/07/2008
I218122	Stock count Forrest St year end 2007/08	Closed	19/05/2008	25/07/2008
I218141	Fixed Assets	Negotiating	24/03/2009	
I218901	SFR Property Sect Procurement (Ass Mgt)	Closed	28/04/2008	31/03/2009
I218910	SLL Stock Counts 08/09	Closed	30/06/2008	12/08/2008
I219110	Treasury - Bankline	Closed	28/07/2008	26/09/2008
I220133	Anti Social Behaviour Grant	Closed	25/08/2008	25/08/2008
I220136	CWSS Grant Certificate 2008	Closed	11/06/2008	17/06/2008
I220137	20MPH Grant Certificate 2008	Closed	09/06/2008	12/06/2008
I220138	Travel Co-ordinator Grant Cert 2008	Closed	21/05/2008	21/05/2008
I222140	Trust Funds and Charitable Accounts	Closed	11/11/2008	21/12/2008
I232123	Benefits System Overview/ AS Self asst	Closed	10/02/2009	26/03/2009
I232124	Benefits Rolling Programme of Audits	Closed	11/03/2009	06/04/2009
I232125	Subsidy Calculations & Benefit Payments	Closed	24/10/2008	11/11/2008
I232147	Benefits Administration	Closed	28/11/2008	16/01/2009
I234127	Bank Reconciliation	Client signing	29/01/2009	
I235143	Income Management System	Draft with client	31/03/2009	
I251106	Compliance with EU, national and tender	Closed	04/04/2008	08/05/2008
I251129	Procurement of Goods from High Street	Closed	03/10/2008	25/11/2008
I251132	Waste Invoice Authorisation	Negotiating	07/04/2009	
I252105	Education PPP contract management	Closed	18/08/2008	25/09/2008
I252108	New primary schools capital & revenue	Closed	25/01/2008	28/04/2008
I252128	School Furniture Contracts	Closed	29/10/2008	12/01/2009
I253130	E Tender post-implementation review	Closed	30/06/2008	30/06/2008
I310603	Formal F/up - Personal Care, Budgets etc	Closed	10/01/2008	04/04/2008
I310606	Formal F/up - Cap receipts, voids, plan	Closed	05/03/2008	02/04/2008
I310625	Follow-up High Priority Actions - Corp	Closed	08/08/2008	03/09/2008
I310626	Formal Follow-up D/Mining & investigatio	Finalising	29/01/2009	
I310629	Follow-up High Priority Actions F&IT	Closed	21/08/2008	28/08/2008
I310640	Benefits overpayments & assesst follow up	Closed	20/03/2009	24/03/2009
I310641	Council Tax discount follow up	Closed	20/03/2009	24/03/2009
I310661	Formal follow up efficiency statement	Draft with client	31/03/2009	
I311620	Informal Follow-up	Closed	30/09/2008	31/03/2009
I311632	SLL F/U TRIGGS	Closed	17/11/2008	18/03/2009
I311633	SFR F/U TRIGGS	Closed	11/11/2008	30/03/2009
I311638	Education Resources Follow-Up	Closed	31/03/2009	31/03/2009
I321630	SLL Shared Systems	Draft with client	31/03/2009	
I330003	LVJB Audit Planning	Closed	04/01/2008	02/04/2008
I330003/1	Audit Planning 0708	Closed	04/03/2008	08/04/2008
I330631	SLL Annual Plan and A&G	Closed	31/03/2009	31/03/2009
I330634	SFR Annual Plan/Fraud/A&G	Closed	25/02/2009	27/02/2009
I330635	Annual Audit Plan 2009/10	Closed	09/01/2009	31/03/2009

I341611	Fire Risk Assessments	Closed	31/03/2008	17/06/2008
I341612	Tools, plant and equipment	Closed	31/03/2008	25/04/2008
I341615	Elect Mmbrs - Remuneration & Disclosures	Closed	21/11/2008	31/03/2009
I341616	Business Continuity	Closed	02/12/2008	04/02/2009
I341618	Sustainable Development	Draft with client	30/03/2009	
I342001	SLL Concession scheme	Closed	23/04/2008	23/05/2008
I342607	Catering and cleaning trading operation	Closed	08/04/2008	30/05/2008
I342609	Direct Payments relating to Care	Closed	01/02/2008	30/04/2008
I342622	Overview of School Funds	Client signing	06/03/2009	
I342623	Industrial and Commercial Voids	Closed	12/02/2009	16/03/2009
I342624	Housing Rents	Closed	20/01/2009	30/01/2009
I342627	SLL Workforce Planning	Closed	20/02/2009	24/03/2009
I342628	SLL Lifestyle Facility Visit	Closed	15/12/2008	02/03/2009
I514006	FMS/HRMS Rolling checks User Access	Closed	31/07/2008	06/08/2008
I532009	H&T - Acad/Serv/AMP System Sec & H/Keep	Closed	24/03/2009	02/04/2009
I532012	Benefits system security	Closed	06/03/2009	26/03/2009
I541001	Computer:Capital & Revenue funding IT	Closed	27/10/2008	12/02/2009
I541008	FIT Info Governance & Records Management	Negotiating	31/03/2009	
I542007	SEEMIS - System Controls (R: Governance)	Closed	12/01/2009	20/03/2009
I542010	LVJB Information Management	Closed	06/02/2009	09/03/2009
I542011	SFR Debtors	Closed	24/03/2009	27/03/2009
I610001	SLL Anti Fraud train/ Golf Course visits	Closed	18/04/2008	28/04/2008
I612004	Fraud Act Plan Payroll Data Mining- trav	Closed	08/04/2008	08/05/2008
I613049	Security Over Seized Goods	Closed	12/01/2009	27/01/2009
I613050	Prevention of Cyber Crime	Closed	29/03/2009	29/03/2009
I613051	High Value Consumables	Draft with client	31/03/2009	
I615006	Fraud Action Plan - Pre-employment check	Closed	08/04/2008	19/05/2008
I632003	National Fraud Initiative 2007/08	Closed	21/05/2008	23/05/2008
I632052	National Fraud Initiative 08/09	Finalising	26/03/2009	
I671069	Scrap Sales ex Forrest St (SI SU)	Closed	21/01/2009	20/03/2009
I671128	Missing PC Community	Draft with client	20/01/2009	
I671129	Missing PC (Education)	Finalising	20/01/2009	
I671130	Missing laptop S/Work	Draft with client	16/04/2009	
I672042	SW IT Breaches	Closed	02/05/2008	02/05/2008
I672064	SFR Payroll Checks	Closed	17/11/2008	17/11/2008
I672136	Forensic SIM card	Finalising	13/03/2009	
I674039	Charity Collection Theft	Closed	23/04/2008	24/04/2008
I674040	Carluka HS Cook	Closed	30/04/2008	16/05/2008
I674059	Roofing Fraud	Closed	30/07/2008	03/12/2009
I674060	Missing PCs - Social Work	Closed	09/07/2008	19/08/2008
I674066	Thefts - Early Learning Unit	Closed	03/09/2008	21/10/2008
I674072	District Court Theft 08/09 1	Closed	13/10/2008	13/10/2008
I674073	Forrest Street Tyre Theft	Closed	09/01/2009	09/01/2009
I674078	Missing Cash - Rutherglen QA	Closed	20/11/2008	19/12/2009
I674125	Theft of Money - Newberry Rooney Centre	Closed	20/02/2009	03/03/2009
I674131	Fuel theft from vehicles	Closed	18/02/2009	18/02/2009
I674133	Missing money - Rutherglen Housing Offic	Closed	21/01/2009	28/01/2009
I674135	Missing video equipment- Corporate	Draft with client	16/04/2009	
I674144	Stolen IPAC	Closed	15/02/2009	25/02/2009
I674145	Missing collection money Cambuslanggate	Closed	23/02/2009	23/02/2009
I675079	SI Stolen Laptop Advisory Service	Closed	03/12/2008	03/12/2008
I675124	Stolen PC and analysis equip - Advisory	Closed	03/12/2008	03/12/2008
I676058	Comm Missing Money- Stonehouse Inst	Closed	29/05/2008	23/09/2008
I676071	Carluka Community Hall	Finalising	10/11/2008	

I676077	Building Warrant - Clydesdale	Negotiating	19/02/2009	08/04/2009
I676134	SLL Cash missing from bankings and float	Closed	20/03/2009	31/03/2009
I676140	Mossneuk PS cook - cash borrowing	Finalising	12/02/2009	
I676141	Cash theft - Larkfield Hall	Finalising	12/02/2009	
I676143	East Kilbride Universal Connection Funds	Closed	27/02/2009	27/02/2009
I677041	Civic Amenity Sites	Closed	16/07/2008	10/10/2008
I677068	Cont Mgr Disc work	Closed	19/12/2008	23/12/2008
I677146	WB building material fraud	Draft with client	16/04/2009	
I678036	Community Council Grant - Larkhall	Closed	08/03/2008	09/07/2008
I678065	Supporting People Income and Expenditure	Closed	22/08/2008	11/12/2008
I678067	Bothwell CC	Closed	13/08/2008	13/08/2008
I678070	Transport contracts and use	Closed	29/12/2008	26/03/2009
I678076	CW E-Mail Breach of Conduct	Closed	28/11/2008	28/11/2008
I678142	Timesheet defalcation fleet	Finalising	12/02/2009	
I679063	CTB Fraud	Closed	30/06/2008	01/07/2008
I679116	BF 2008/09 No1	Closed	24/11/2008	24/11/2008
I679117	BF 2008/09 No2 non empee	Closed	24/11/2008	24/11/2008
I679118	BF 2008/09 No3	Closed	24/11/2008	24/11/2008
I679119	BF 2008/09 No4	Closed	24/11/2008	24/11/2008
I679120	BF 2008/09 No5	Closed	24/11/2008	24/11/2008
I679121	BF 2008/09 No6	Closed	24/11/2008	24/11/2008
I679122	BF 2008/09 No7	Closed	24/11/2008	24/11/2008
I679127	HB and CTB fraud	Closed	06/02/2009	06/02/2009
I679129	Missing Pc Education	Draft with client	16/04/2009	
I681048	Efficient Government Statement	Closed	15/07/2008	15/09/2008
I683045	Overview of BV Process & Procedures	Closed	12/01/2009	13/03/2009
I684044	Risk Management Arrangements	Closed	04/09/2008	28/10/2008
I684053	LVJB Risk Workshop	Closed	11/08/2008	28/08/2008
I685000	SLL Year end assurance audit report	Closed	01/05/2008	21/05/2008
I685001	LVJB Annual Int Audit Report	Closed	12/05/2008	12/05/2008
I685002	SFR Annual Internal Audit Report	Closed	16/05/2008	04/06/2008
I685055	SLL Annual Report	Draft with client	31/03/2009	
I685057	SFR Annual Report 08/09	Draft with client	31/03/2009	
I686046	Partnership Working	Client signing	19/03/2009	
I686047	Governance Checks	Closed	30/09/2008	12/12/2008
I686056	SLL - Corporate Governance checks	Closed	28/10/2008	25/11/2008

Appendix Three – Analysis of concerns reported to Internal Audit during the 2008/09 year

Source of Special Investigation	Total	Not Investigated	Internal Audit review	Resource Review
Whistleblowing - Letter/email/verbal	10		5	5
Whistleblowing - CRM	4		1	3
Local management	26	7	6	13
Data Mining	1			1
Other Audit Work				
Total number reported	41	7	12	22
Number WIP or still at draft			3	6
Number finalised			9	16
Number unsubstantiated i.e. insufficient information found			0	4
Number unfounded i.e. allegation not correct			4	3
Number founded i.e. allegation proved correct			5	9
Dismissed or resigned			1	5
Other formal disciplinary action			1	3
No disciplinary action			3	1

Appendix Four – Council's approach to audit during 2008/09 – Performance in delivering audit recommendations

Delivery of Internal and External Audit Recommendations

Internal 2008/09 : April to March







Resource	Due	Closed On Time	Closed Late	% Complete [on time]	Outstanding 08/09	Outstanding 07/08	Outstanding 06/07	Comments
Community	51	40	6	78%	5	0	0	08/09 : Design and implement a methodology for identifying and apportioning management, Implement thresholds re defaults in service provision, Report significant deviations in unit cost per school to Internal Audit, Amend procedures to identify physical stock which may not be recorded on Fleetplan, Identify which stock items will become obsolete and update procedures to identify obsolete stock
Corporate	27	23	0	85%	4	0	0	08/09 : Decision should be taken whether governance checks are to be on rolling Resource basis or cross cutting basis, A programme to embed service continuity should be generated, Delivery of actions from external reviews should be reported to a central scrutiny area, The level and type of information to be presented to Committee should be advised to all Resources
Education	23	20	2	87%	1	0	0	08/09 : Education and Community Resources to review cleaning specifications and frequencies of cleaning
Enterprise	22	22	0	100%	0	0	0	-
Finance & IT	63	51	7	81%	5	0	0	08/09 : Develop a system for monitoring contractual expenditure based on Benefits Tracking Model ; All Resources should have a management process for measuring performance of a contract ; Specific best practice instruction to be issued to all Resource Procurement Managers ; Check of trust fund constitutions ; Governance structure in place for payments made by trust funds
Housing & Technical	81	54	18	67%	9	0	0	08/09 : Primary Schools - Capital & Revenue Budgets, Instigation of disciplinary procedures, Amendments detailed on returned spreadsheets should be actioned within one week of return, Overpayment procedures should be reviewed and updated where necessary, Adopt a risk based approach to the investigation of NFI matches, Properly complete and authorise rent refund requests, Monitor and improve the accuracy of data re terminated tenancies
Social Work	27	26	1	96%	0	0	0	-
Total	294	236	34	80%	24	0	0	

External 2008/09 : April to March

Resource	Due	Closed On Time	Closed Late	% Complete [on time]	Outstanding 08/09	Outstanding 07/08	Outstanding 06/07	
Community	0	0	0	N/A	0	0	0	-
Corporate	5	2	2	40%	1	0	0	08/09 : Externally advertise all Executive Director and Head of Service vacancies - approved by Council March 2009
Education	9	9	0	100%	0	0	0	-
Enterprise	2	2	0	100%	0	0	0	-
Finance & IT	18	18	0	100%	0	0	1	06/07 : Monitor disposal of land
Housing & Technical	10	8	2	80%	0	0	0	-
Social Work	0	0	0	N/A	0	0	0	-
Total	44	39	4	89%	1	0	1	

Grand Total	338	275	38	81%	25	0	1
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Appendix Five – Council's approach to audit during 2008/09 – Co-operation with Internal Audit

Performance Indicator	Target	Actual	Assessment	Comment	Last year
External audit recommendations on time	80%	78%	 source: Figtree actions reports	Same performance level as last year	78%
Numbers of external outstanding actions	0 from preceding year	2	 source: Figtree actions reports	Slight improvement from last year and all prior year recommendations appear to have been actioned	1 from 06/07 4 from 07/08
Internal audit recommendations on time	80%	76%	 source: Figtree actions reports	Deterioration in performance overall since last year	85%
Numbers of internal outstanding actions	0 from preceding year	30	 source: Figtree action reports	Despite high number of undelivered actions for 2008/09, previous years' recommendations all now appear to have been delivered	15 2 from 06/07 13 from 07/08
Closing meeting within 4 weeks of fieldwork completion	90%	74%	 source: figtree YE0809 client performance	Improvement on last year. On occasion the audit team fail to request a meeting before clearing their draft report. Taking this into account performance is still well below target at 79%, mainly in Finance and IT, Corporate and Social Work Resources.	66%
Signed Action Plan within 2 weeks of draft being agreed	90%	85%	 source: figtree YE0809 client signing performance	Further improvement on last year but still some issues with securing Head of Service signatures on reports following final agreement in almost all services with the exception of Enterprise Resources.	80%

