

INTERNAL AUDIT REPORTS ISSUED IN Q1 & 2 - 2012/13

1. The following reviews were finalised in quarter 1/quarter 2 of 2012/13:

| REPORT/ASSURANCE RATING | ISSUE DATE | SUMMARY OF CONTROLS OPERATING |
|--|------------|--|
| Petty Cash -Vaughan Primary School Assurance Rating = Amber | 02.04.12 | Overall 65% of the expected controls were found to be in place and operating effectively 12% was substantially operating with a further 23% partially operating. Although percentages indicate an assurance ranking of Amber/Green, due to 2 high recommendations this has been reduced to Amber. All 6 recommendations have been agreed for implementation. |
| Petty Cash – Stanburn First School Assurance Rating = Amber | 30.04.12 | Overall 65% of the expected controls were found to be in place and operating effectively, 12% were substantially operating with a further 23% partially in place. Although this indicates an amber/green ranking, an assurance rating of amber has been given as 2 high recommendations have been made. All 5 recommendations have been agreed for action. |
| Children’s Centres Income Collection & Banking Assurance Rating = Red | 22.08.12 | Overall 24% of the expected controls were found to be in place and operating effectively, 7% were substantially operating, 59% were partially in place with a further 10% not operating. All 18 recommendations have been agreed for implementation. |
| Energy Bills Assurance Rating = Amber | 24.08.12 | Five recommendations have been made to address the weaknesses identified, 1 was rated as high risk and 4 were rated as medium risk. From the sample of 312 (128 by the Climate Change Team and 184 by Internal Audit) energy bills inspected there was no evidence that the authority are paying 2 different suppliers for the same sites. 3 duplicate payments (1.5% of the sample) were identified totalling £1,449.88, of which 2 are within Children’s and 1 is within Adults. The cause of the duplications was due to the invoice being paid against 2 suppliers for Southern Electric. A total of 4 out of 5 recommendations have been agreed for implementation. One recommendation has not been agreed which relates to Procurement obtaining evidence to support their findings as well as using report from a system. This recommendation was made as had Procurement obtained evidence to support their report they would have identified there was no major concern in relation to Energy Bill duplicate payments. As this recommendation has not been accepted there remains a risk going forward that this situation reoccur causing unnecessary work for other areas. |

APPENDIX 3

2. The following draft reports were also issued in quarter 1/quarter 2 of 2012/13

| REPORT/ASSURANCE RATING | ISSUE DATE | SUMMARY OF CONTROLS OPERATING |
|--|------------|--|
| Housing Rents Key Control Review Assurance Rating = Green | 31.07.12 | Overall, 6 (67%) of the key controls were operating effectively, 2 (22%) were substantially operating with a further 1 (11%) partially operating. Each of the 9 key controls is made up of a number of individual elements that were each tested. |
| Debtors Key Control Review Assurance Rating = Amber | 31.07.12 | Overall, 79% (11) of the controls were operating effectively, with a further 21% (3) partially operating. Although these percentages indicate an amber/green assurance, the report has been rated as amber assurance due to the 4 high risk recommendations. Each of the 14 key controls is made up of a number of individual elements that were each tested. |
| Contract Monitoring – Community & Environment Assurance Rating = Red/Amber | 17.09.12 | Overall 49% of the expected controls were found to be in place and operating effectively, 2% were substantially operating, 44% were partially in place with a further 5% not operating. 17 recommendations have been made to address the weaknesses identified, 6 were rated as high risk and 10 were rated as medium risk and 1 was rated as low risk. The assurance rating of red/amber reflects the wider range of control weaknesses across all processes when looking at the overall system. The individual service reports are all rated as either amber or amber/green. |
| Capital Expenditure Programme Assurance Rating = Amber | 19.09.12 | Overall 57% of the expected controls were found to be in place and operating effectively, 16% were substantially operating, 22% were partially in place with a further 5% not operating. Although these percentages indicate an amber/green assurance, due to the 4 high risk recommendations and the number of recommendations made, the report has been rated as amber assurance. |

3. The following follow up reports were in issued in quarter1/quarter 2 of 2012/13

| REPORT | DATE OF FOLLOW UP MEMO | CONCLUSION |
|---|------------------------|---|
| <p>Grants to Voluntary Organisations – Follow-up</p> <p>Original assurance rating = Red</p> <p>Re-assessed assurance rating - Amber</p> | <p>04.04.12</p> | <p>It was established that the action agreed to address 20 of the 32 recommendations has been fully implemented and evidence was obtained to support this. It was established that 10 of the remaining 12 agreed actions have been partially implemented. Follow up has established that it is now an amber report with 66% of expected controls now operating effectively, 4% substantially operating, and a further 28% partially in place (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested). The 30% of controls partially and not operating reflect the 12 recommendations yet to be fully implemented.</p> <p>The level of implementation made to date is not acceptable due to the 12 recommendations which have not been fully implemented, in accordance with the original action plan received, these have now exceeded the implementation dates.</p> <p>As an Amber assurance rating has now been given there will not be a further follow up by Internal Audit, however management should ensure that they monitor the progress of the 12 recommendations still to be fully implemented.</p> |
| <p>Customer Service Standards – Follow-up (Corporate Review)</p> <p>Original assurance rating = Amber</p> <p>Re-assessed assurance rating – Green</p> | <p>12.04.12</p> | <p>This was a corporate review and a report was issued with 13 recommendations made at a corporate level. These recommendations are to be rolled out to the whole authority. A sample of 10 service areas/teams were chosen to establish their level of customer service standards and individual reports were also issued and a total of 44 recommendations were made.</p> <p>It was established that all 13 recommendations made at a corporate level were implemented and evidence was obtained to support this.</p> <p>It was further established that of the action agreed across the 10 teams, 73% of recommendations made has been fully implemented and evidence was obtained to support this. It was further established that 18% are partially/in the process of being implemented, 2% are planned for implementation, 2% have not been implemented and 5% are no longer applicable.</p> <p>Follow up has established that for the overall corporate report it is now a Green report with 100% of the overall expected controls now operating effectively. (It has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).</p> |

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| <p>CCTV – Canon Lane Junior School – Follow-up</p> <p>Original assurance rating = Amber/green</p> <p>Re-assessed assurance rating - Green</p> | <p>20.04.12</p> | <p>It was established that the action agreed to address 3 of the 6 recommendations has been fully implemented and evidence was obtained to support this. It was identified that 1 of the remaining 3 agreed actions has been partially implemented. This relates to the updated CCTV policy which does not contain the retention period of images which was suggested by Internal Audit. Two recommendations are in the process of implementation. These relate to training being undertaken by staff once the CCTV policy has been approved and the school appointing an external service provider to carry out annual maintenance work on the CCTV system.</p> <p>Follow up has established that it is now a green report with 89% of the controls operating (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).</p> |
| <p>Contract Management – Highways Contract – Follow-up</p> <p>Original assurance rating = Amber/green</p> <p>Re-assessed assurance rating - Green</p> | <p>29.06.12</p> | <p>It was established that the action agreed to address 9 of the 11 recommendations has been fully implemented and evidence was obtained to support this. It was established the 2 remaining agreed actions are in progress. These relate to recruiting a dedicated Communications Officer. This new role will be based around a clear communications strategy including processes, standards and ensuring community involvement and to deliver a customer care strategy.</p> <p>Follow up has established that it is now a Green report with 90% of expected controls now operating effectively and a further 5% partially in place (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested). The 10% of controls partially operating reflects the 2 recommendations yet to be implemented.</p> |
| <p>Application of Contract Procedure Rules</p> <p>Original Assurance rating = Red</p> <p>Re-assessed assurance rating = Red</p> <p>NB: This will therefore be followed up again in 3 months.</p> | <p>20.09.12</p> | <p>It was established that the action agreed to address 2 of the 7 recommendations has been fully implemented and evidence was obtained to support this. It was established that the remaining 5 agreed actions are in progress. These relate to mandatory refresher training being provided to requisitioner’s approvers and budget holders that have appeared on the non compliance spreadsheets on more than 1 occasion, detailed procedure notes/guidance being compiled covering specific points, SAP being re-configured so that only the budget holder can approve any expenditure from their budget, a decision being made of the action that should be taken for areas of non compliance with Contract Procedure Rules and that once the mandatory training taking place has been completed, Senior Management and HR agreeing a Corporate process that fits in with the Capability Procedure. Many of these actions are linked to the SAP Procurement project which has been delayed.</p> <p>Follow up has established that this remains a red report with 29% of recommendations implemented and a further 71% of recommendations in progress.</p> |

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| <p>Roxbourne Junior School CCTV – Follow up</p> <p>Original assurance rating = Amber/green</p> <p>Re-assessed assurance rating = Green</p> | <p>26.09.12</p> | <p>It was established that the action to address 6 of the 7 recommendations has been fully implemented and evidence was obtained to support this. It was established that the remaining 1 agreed action is in progress of being implemented. This relates to the school appointing an external provider to carry out annual maintenance work on the CCTV system. The school has actioned a price comparison for the maintenance.</p> |
| <p>Weald Junior School – Financial Controls Follow up</p> <p>Original assurance rating = Amber</p> <p>Re-assessed assurance rating = Green</p> | <p>26.09.12</p> | <p>It was established that the action agreed to address 28 of the 30 recommendations has been fully implemented and evidence was obtained to support this. It was established that 1 of the remaining 2 agreed actions has been partially implemented. This relates to all delegations being updated to take out any reference to the old Finance Regulations & Standing Orders, it was identified that the delegations to the members of staff, Inclusion Manager and the Headteacher still all refer to either Standing Orders/Contract Procedures or Standing Orders. The remaining one recommendation is planned for implementation, this relates to various options being considered to obtain value for money at the renewal for the current agreement of rent free printers.</p> |