

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Final audit reports issued:

Audit Title:	Contact Point	Date of Audit:	September 2009
Number of High Priority Recommendations:	N/A	Current Audit Opinion:	N/A
Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	No opinion given
<p><u>Key Findings and Recommendations</u></p> <p>A review of the policies and procedures produced by the Contact Point Project Manager were reviewed to:</p> <ul style="list-style-type: none"> • ensure they comply with the guidance issued by the DCSF; • confirm that there is a process in place for the development and approval of the policy; • confirm that this process had been appropriately followed for all Contact Point policies. <p>The overall findings of the review identified some gaps in the existing policies and procedures that need to be filled in order to ensure that the policies meet the requirements of the DCSF. A number of specific recommendations have been made and agreed with the Contact Point Implementation Manager.</p>			

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Audit Title:	Deputyships			Date of Audit:	October 2009		
Number of High Priority Recommendations:	9	Current Audit Opinion:	3	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Of Concern

Key Findings and Recommendations

A review has been carried out to provide assurance to the Director for Housing and Social Care that the Deputyship system is robust and efficient.

The key recommendations are as follows:

- A Service Level Agreement (SLA) between Adult Social Care and the Central Finance Team (Deputy Team) should be devised and agreed in order to clearly state the roles and responsibilities of all parties involved in the administration of client accounts. This should include management of interface meetings to determine best interests where care planning is disputed.
- Formal documented procedures should be created in order to govern the processes integral to the operating of deputyship accounts.
- Standardised forms and documents should be devised in order to provide consistency across all the procedures.
- The Group Director for Housing and Social Care should ensure that Adult Social Care provides an active monitoring role in the administration of client accounts.
- Purchases or allowances provided to the client should be receipted and signed by the client to confirm receipt of the money or goods.
- Best value should be demonstrated for all purchases made from a client's account and how this has been achieved should be clearly evidenced.

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Audit Title:	Housing Rents			Date of Audit:	November 2009		
Number of High Priority Recommendations:	1	Current Audit Opinion:	1	Previous Audit Opinion:	2	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u> <p>A review has been carried out to provide assurance to the Director of Housing and Social Care that the procedure for processing Housing Rents is robust. It is also part of the programme of managed audit work agreed between Internal Audit and the Council's external auditors.</p> <p>The following recommendations, with medium priority d in order to achieve the improvements required:</p> <ul style="list-style-type: none"> • Reconciliations of rent receipts and debits carried out by Capita should be documented and agreed by Capita and Housing Finance, so as to ensure continuity in the event of staff changes. • Where cash is received from tenants at Hay Lane and the Supported Housing Schemes that is not in respect of debts printed on the rent strips by OHS, the receipt should be written on a spare line on the rent strip printed by OHS and not on a blank rent strip. All cash receipts should be paid into Cashiers in the week in which they are received. • Where tenants are in arrears and not making regular payments, the Rent Arrears Progression Management Procedure should be followed and non-payment weeks should not be allowed. • Information on debt collection performance should be sought from the agency currently engaged. If this is not forthcoming or is unsatisfactory, alternative arrangements for debt collection should be considered. • Former tenants' arrears should be monitored during 2009/2010 to identify whether the increase during the year to date is seasonal or a longer-term trend. This monitoring should include comparisons with other local authorities. • Benchmarking with other local authorities and housing associations should be sought on current tenants' arrears, including new tenants and court referrals, and also former tenants' arrears. 							

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Audit Title:	Payroll			Date of Audit:	April – June 2009		
Number of High Priority Recommendations:	17	Current Audit Opinion:	3	Previous Audit Opinion:	2	Overall Evaluation (Risk):	Of Concern

Key Findings and Recommendations

A review has been carried out to provide assurance to the Group Director of Business Transformation that the Payroll system is robust and efficient.

The following key recommendations should be implemented in order to achieve the improvements required:

- The processes for starters and leavers, including obtaining necessary evidence and recording required information should be followed comprehensively.
- Documented detailed procedures should be devised, agreed and issued for the following:
 - Payroll processes using the Midland Trent System (i.e. detailed procedures to support flowcharts of processes)
 - Honorariums
 - Overtime
 - Checking new and existing employees' entitlement to work in the UK
- Exception reports, showing the net pay variance of staff, should be produced during each payroll run. Also, for cases where net pay has increased/decreased by more than an acceptable level.
- The A1 form should be updated to include provision to record the credit side of the GL upload file, so the figures written on the A1 form match the control total, prior to the file being uploaded into the general ledger.
- Trent system access profiles should be reviewed to ensure that adequate segregation of duties is maintained between setting up a member of staff/new post on the system and attaching them to the Payroll to enable payment. Password access to the Payroll system should be reviewed to ensure access granted is authorised and appropriate.
- Copies of all required exception reports that are produced and checked when the payrolls are run should be retained on file.
- Changes made to the Payroll system should be fully tested and signed off before upgrades to the live system are made.

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Audit Title:	Recoupment				Date of Audit:	June – July 2009		
Number of High Priority Recommendations:	8	Current Audit Opinion:	4	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Of Concern	

Key Findings and Recommendations

A review has been carried out to provide assurance to the Group Director of Children's Services that the Recoupment system is robust and efficient.

The following key recommendations have been made to achieve the improvements required:

- The budget position for 2009/10 should be clarified by SENAT, with assistance from the Children's Finance Team, and reported as a matter of priority.
- Data and documentation used to prepare the budget should be maintained and developed to provide estimates of the future committed costs and income for recoupment.
- A detailed and accurate forecast of the 2009/10 recoupment budget outturn should be produced. Actions should be agreed by the senior management team to mitigate the impact of overspend on children services budgets. Actions taken and the position of the budget should be subject to regular and formal review.
- Accurate budget and activity forecasts should be made monthly, in accordance with Financial Regulations and the Budget Managers' Financial Standards.
- An exercise should be undertaken to ensure that the basis of charging other LEA's for recoupment costs is sufficient to meet the costs of the service.
- All processes carried out in delivery of the recoupment service should be fully documented in a procedural guide to ensure continuity and consistency in delivery of the service.
- Formal documentation should be sent to other LEA's each year to confirm their responsibility to monitor and maintain statements as well as meeting the costs of placements.

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Audit Title:	Anti-Fraud & Corruption - Mobile Phones			Date of Audit:	July 2009		
Number of High Priority Recommendations:	13	Current Audit Opinion:	4	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Of Concern

Key Findings and Recommendations

A review has been carried out to provide assurance to the Director of Business Transformation that there are adequate controls within the mobile phones process. The Council's External Auditor's also expect Internal Audit to cover fraud and corruption arrangements to prevent any material loss to the Council.

The following key recommendations were made to achieve the improvements required:

- A significant number of key system controls to prevent possible fraud and corruption, wastage and misuse of mobile phones are absent. In addition recommendations made in the audit report from March 2006 have not been implemented.
- A means of providing managers with an on-line bill approval process for their service area should be evaluated and where possible implemented to enable managers to monitor mobile phone and data usage or charges
- Premium lines should be barred; justification for international calls should be established. Monitoring should be conducted to identify any potential misuse of Council mobile phones in line with the corporate mobile phone policy.
- Formal procedures should be introduced for the informing of lost/stolen mobile phones ensuring that the relevant budget holder is informed at all times that a phone has been lost or stolen.
- A standard and consistent process should be established to ensure that there is a central record of all equipment issued to officers including mobile phones. The mobile phone inventory should be reviewed and updated to ensure that all mobile phones and SIM cards owned by the Council can be fully accounted for. The inventory should include mobile phones at SCS. There must be an effective process to trigger recover of all mobile phone equipment from staff leaving the employ of the Council or where SIM cards are no longer required for traffic light systems, etc.
- A full review should be conducted of the agreement in place with Vodafone for the provision of internet usage via 3G SIM card. The Council should establish if they are getting value for money in this area and whether other options of achieving cost savings on Internet usage are available.

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Audit Title:	Anti-Fraud & Corruption – Gifts and Hospitality			Date of Audit:	July 2009		
Number of High Priority Recommendations:	13	Current Audit Opinion:	4	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate

Key Findings and Recommendations

A review has been carried out to provide assurance to the Director of Business Transformation that there are adequate controls in place in relation to the declaration of Gifts and Hospitality. The Council's External Auditor's also expect Internal Audit to cover fraud and corruption arrangements to prevent any material loss to the Council.

It was found that sufficient information regarding the policy for Gifts and Hospitality is produced by the Director of Law and Corporate Governance, such as reminders being published in Team Briefings, Newsround and bulletins. 91.6% of staff said that they were aware of the requirements of the policy in the latest staff survey.

The following key recommendations were made:

- A process should be established to ensure that all staff return the Council's Code of Conduct signed declaration, to confirm that they have read and understood the Code of Conduct.
- The Code of Conduct should be included in the staff induction process.
- In compliance with the Section 75 agreement for the commissioning and provision of Children's Services, arrangements should be put in place to ensure that staff in joint funded posts (both within Children Services and Adult Social care), have signed up to the Council's Code of Conduct.

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Audit Title:	Greendown School		Date of Audit:	June - September 2009	
Current Audit Opinion:	4	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Of Concern
<u>Key Findings and Recommendations</u> <p>Greendown School was externally assessed by Internal Audit against the DfES Financial Management Standard in Schools (FMSiS) and was found not to meet the standard.</p> <p>An audit of the school was also completed resulting in an overall opinion of 'of concern'. The following key recommendations were made:</p> <ul style="list-style-type: none"> • A review should be conducted of the information used when the 2009/10 predicted deficit budget was initially identified of £161k, to establish the reasons for the significant variance compared to the amount reported to the LA in June 2009 of £272,515 (69% increase), on the school's budget template. • The review should include detailed costings to establish whether all anticipated factors and historic trends have been accounted for and to confirm the budget set is realistic and achievable. The school should seek assistance from the LA's Finance Team in conducting this review. The results from the review should be submitted to the Group Financial Manager for Children Services to establish whether the budget needs to be restated and a revision to the licensed deficit agreed with the LA. • A detailed action plan should be produced to address the school's deficit budget, which should be monitored by the School's Finance Committee and regularly report on to the Full Governing Body. • A review of the current School Development Plan should be conducted to ensure all costs have been calculated and are affordable. • All actions identified in the School Development Plan, which have an associated financial implication to the school, should be fully costed and provision made for this expenditure in the school's budget. • Detailed budget monitoring information should be produced for Governors to allow for robust monitoring and challenge. • A central contract register should be devised and maintained detailing all contracts in place, their expiry date, annual cost and contract coverage. This register should also be used as a record to confirm that adequate insurances and policies are in place. • In accordance with Financial Regulations for schools, quotes and formal tendering procedures should be established when expenditure is expected to exceed, £1k and £50k respectively. • Segregation of duties should be established within the HR/Payroll function. • A review of the catering budgets should be conducted to confirm that the anticipated level of income is achievable. • An action plan to increase catering turnover should be devised, using information obtained from the school meals cashless system to identify areas where take up can be increased. • The school fund accounts for the year ending 30th June 2008 should be prepared and submitted for audit immediately. • School Fund bank reconciliations should be conducted promptly, upon receipt of the bank statement. • The school should seek assistance from the LA in developing a school specific Disaster Recovery, Business Continuity and Emergency Plan. 					

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Audit Title:	SCS Readiness 1		Date of Audit:	November 2009	
Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	None Given
<u>Key Findings and Recommendations</u> An initial assessment of readiness for the decoupling of SCS was carried out, by Internal Audit, against agreed checklists, and presented to the Transition Board and Leader's Advisory Group (LAG)					

Audit Title:	SCS Readiness 2		Date of Audit:	December 2009	
Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	None Given
<u>Key Findings and Recommendations</u> A further assessment of readiness for the decoupling of SCS was carried out and findings were presented to Cabinet.					

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Audit Title:	Annual Governance Statement			Date of Audit:	December 2009	
Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	None Given	
<u>Key Findings and Recommendations</u>						

Audit Title:	Orchid Vale Primary School		Date of Audit:	June 2009	
Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Minimal
<u>Key Findings and Recommendations</u>					
<p>Orchid Vale Primary School was externally assessed by Internal Audit against the DfES Financial Management Standard in Schools (FMSiS) and was found to meet the standard.</p> <p>An audit of the school was also completed resulting in an overall opinion of 'satisfactory'. Recommendations have been made and agreed to ensure that all weaknesses identified are addressed.</p>					