

INTERNAL AUDIT REPORTS FINALISED APRIL - JUNE 2010

Final audit reports issued:

Audit Title:	Cash Collection			Date of Audit:	March 2010		
Number of High Priority Recommendations:	2	Current Audit Opinion:	2	Previous Audit Opinion:	3	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> • Staff with access to the Cashier's area of the One Stop Shop should be reviewed on a regular basis to ensure that only people who require access to the Cashiering function are granted access. • CCTV coverage should be reviewed to establish the need and cost of installing coverage to the Cashier office where the strong room and safes are held. • CRB clearance for new starters should be received prior to their commencement in post. • Panic button alarms in the OSS should be silent alarms to avoid aggravating a potential attacker if pressed during an incident. • A panic button should be installed in the Cashier Office to ensure a quick response is given in the event of an incident requiring security response. • All inactive users should be removed from the till system when they no longer require access and user profiles should be reviewed on a regular basis to ensure they are both correct and appropriate. • Minus transactions that do not relate to reversals should be spot-checked on a regular basis to ensure that all such transactions are genuine. • All discrepancies should be recorded and action taken to resolve them should be clearly documented, along with any explanation for the differences. 							

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Audit Title:	Housing Repairs			Date of Audit:	March 2010		
Number of High Priority Recommendations:	11	Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Of concern
<u>Key Findings and Recommendations</u>							
The key recommendations made as a result of the review are:							
<ul style="list-style-type: none"> Housing Property should produce a service improvement plan based on the findings in this audit, and to adopt best practice and achieve strengths across the HQN assessment categories. Partnership governance arrangements must be enhanced between Housing Services and SCS to ensure that incremental service improvements are agreed and achieved. There should be effective scrutiny, challenge and visibility of performance review with reliable data and outcomes that feed into the Local Performance Action Review (LPAR) process in Housing and Leisure. A joint service risk register should be produced with action planning, monitoring and review at periodic partner meetings to mitigate risks in achieving aims and objectives. Risks relating to property repairs and maintenance, and the possibility of a short notice inspection, should be included in the risk register. Housing should control and monitor the setting up of repair work in TASK and IBS, including pre-work and post-work inspections, any further work to remedy deficiencies, invoicing and payment. Work should not be treated as closed until it is satisfactorily completed and payment made. Housing and SCS should work together to identify a means of bringing together all the jobs relating to a particular piece of work as a complete record of the work undertaken. Periodic reports from TASK and/or IBS should be identified, and produced as a tool to effectively manage the housing repairs service. This should include exception reporting of jobs in progress, but nearing target completion date. These should be monitored and reviewed by Housing Services and where necessary prompt and effective action should be taken to ensure housing repairs are performed to target and tenants receive a good quality service. Job records should be updated promptly by SCS through TASK with their latest status code. Following completion of the work, Housing should be invoiced as soon as possible through IBS so as to show the actual job cost, allow accurate reporting of costs for budgetary control and monitoring purposes, and ensure all costs to the Housing Revenue Account are included at year end. Quality of repair work should be explicitly demonstrated and accurately reported to LPAR. This should include carrying out post-work inspections in line with the contract agreed between the Council and SCS, and introduction of customer satisfaction surveys. Feedback should also be sought by other means, including tenants' working groups. In order to obtain effective feedback, guidance should be sought from local authorities identified as having best practice arrangements through benchmarking clubs. 							

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Audit Title:	Student Disregard		Date of Audit:		
Current Audit Opinion:	3	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> • A full review should be undertaken immediately to establish the reliability of existing student disregards/exemptions applications. • Exemptions and disregards should cease if the applicant cannot either produce an up to date Student certificate, or for where an annual review has not been returned to support the claim. • The class of exemption and applicant that this applies to, as entered into I-World, should be verified and independently checked to applications to ensure the correct class and person receives the disregard/discount. These controls will improve data quality for the production of performance indicators upon which Capita Finance are required to produce for the service. • Data quality and criteria of performance reported against KPI005 should be reviewed and if necessary the level of reported performance adjusted together with the risk rating. 					

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Audit Title:	Growth Point Funding		Date of Audit:	March 2010	
Current Audit Opinion:	3	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Of Concern
<u>Key Findings and Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> • Contracts must be awarded in compliance with EU procurement regulations and the New Swindon Company's financial regulations. There should be no disaggregation of procurement awards and clear documented justifications for the use of a single supplier to demonstrate Value for Money. • The Public Realm Project Board meetings should take place at regular intervals during the course of delivery of the projects to ensure that Members and officers involved are kept up-to-date on the progress being made, and are advised of any issues that may require their attention and their approval for further action to be taken. • Visibility of decision making for approval and award of works, services and supplies must be evident at all stages i.e. approved budget provision and invitation to tender, receipt of tenders and acceptance of tenders. It is strongly recommended that the New Swindon Company (or Forward Swindon as the future delivery vehicle) be required to adopt a formal record of approval for each stage of the procurement process similar to the process currently used in the Council. • The legal position of the Council should be clearly documented in any contracts for work between the New Swindon Company and contractors with roles and responsibilities clearly defined. • Appointment of all consultants i.e. Gardner and Theobald must be subject to a formal quotation process in order to demonstrate value for money and comply with the New Swindon Company Financial Regulations to avoid the risk of commercial challenge. • The Public Realm Project Board Update risk register should be expanded to include procurement risks and the monitoring actions to mitigate those risks as identified in the audit review. 					

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Audit Title:	Main Accounting		Date of Audit:	December 2009	
Current Audit Opinion:	2	Previous Audit Opinion:	2	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> • A list of authorised members of staff for journals must be prepared and supplied to Capita. This will ensure that a source document is available to check the legitimacy of journal requests submitted by departmental finance staff for processing. • Journals should only be completed in a format that has been agreed with the Director of Finance as per Financial Regulations. • Segregation of duties should be demonstrated on all Journals i.e. the completing officer, the checking officer and the authorising officer. • Care should be taken when completing the batch control spreadsheet to ensure that no duplicate numbers are allocated to journals. • Control totals should be provided with the Swift feeder file in order that checks can be carried out prior to the upload being undertaken. An imbalance that was identified should be investigated and appropriate action taken to correct any mistakes identified. 					

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Audit Title:	National Indicator Set		Date of Audit:	March 2010	
Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> • The new Data Quality Strategy, currently in draft, should clearly reflect the relationship between corporate priorities, performance management, information management, and risk management, and should seek to challenge performance as well as inform it. • A formal statement of requirements, specification, and project plan should be drawn up for the upgrading of the Sharepoint site and implementation of improved functionality. The Performance and Risk Team should be fully involved in this development, which should also reflect the revised Data Quality Strategy and the Council's ICT Strategy. • Development of Destination Swindon should have regard to the robustness and relevance of using national indicators as performance measures, particularly in view of the National Indicator Set only running up to 2011. • Corporate and directorate risk registers should make explicit reference to local and national indicators, both in terms of where the potential of not delivering targets represents a risk, and where achievement of targets mitigates other risks. • A Diversity Impact Assessment should be carried out on the development and implementation of Destination Swindon and Connecting People Connecting Places, and identification of relevant indicators. • As part of the development of a new Data Quality Strategy for the Council and its partners, the most suitable arrangements for carrying out benchmarking with other Councils and Local Area Agreements should be identified. This should cover the practical use of facilities within The Hub, arrangements in individual service areas, and whether to continue paying a subscription to the PWC benchmarking club. 					

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Audit Title:	Payroll		Date of Audit:	Jan – March 2010	
Current Audit Opinion:	3	Previous Audit Opinion:	3	Overall Evaluation (Risk):	Of Concern
<u>Key Findings and Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> • The Council should define the level of control expected within the Payroll system, particularly relating to authorised signatory checks and segregation in duties. The Director of Human Resources and Change should consult with the Director of Finance on what level of control he, as Section 151 Officer, considers acceptable. Current compensating controls such as exception reports on variances over £500, budget-monitoring reports etc. should be considered when agreeing this control framework. • The new Honorariums and Higher Duty policy and process should be finalised and rolled out to officers as soon as possible. A process should be implemented to ensure that the requirements of the policy are enforced. All current Honorariums/Higher Duty in payment should be identified. Human Resources Business Partners should work with managers to identify if the awards should still be in payment. • There should be authorised supporting documentation on file to support all temporary additions/deductions to pay. • Departments should submit copies of timesheet spreadsheets electronically to the Payroll section for processing, in the standard format, clearly identifying the officer making the request as a budget manager. All timesheets should be signed by originating officers and an appropriate authorised signatory. • The root causes of overpayments should be analysed and guidance/reminders should be issued to managers and HR/Payroll staff, to ensure that overpayments are minimised (e.g. reminders to line managers of the importance of notifying Payroll on a timely basis of leavers, with a specification of a deadline for notification of leavers each month). • A second officer should check overpayment deduction calculations before they are processed and notified to staff. 					

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Audit Title:	Performance Indicators - NEETS		Date of Audit:	November 2009	
Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> • The detailed NEET Action Plan should be agreed and signed off by the Children's Trust, or other appropriate body. • Progress against the Action Plan should be monitored and followed up according to the timescales within the Action Plan so as to ensure that projects are completed and problems resolved, and that actions not completed within timescales are highlighted. 					

Audit Title:	Performance Indicators – Teenage Pregnancies		Date of Audit:	November 2009	
Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> • The Teenage Pregnancy Implementation Group should consider the risks relevant to NI 112 in the risk register for the Children and Young People's block of LAA2. The group should provide a response that will update the risk register and allow it to be used effectively over the long-term achievement of the targets in NI 112. • It should be ensured that members of the Teenage Pregnancy Group attend meetings whenever possible, so as to ensure that all partners are represented and fully engaged with the Action Plan. • Gaps in information concerning services provided by outreach nurses should be identified. Its availability should be taken up with NHS Swindon, and included in an information strategy for the management of teenage pregnancies. 					

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Audit Title:	Corporate Manslaughter		Date of Audit:	January 2010	
Current Audit Opinion:	3	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Of Concern
<u>Key Findings and Recommendations</u> <p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> • Operations Board, Corporate Board and the Chief Executive must ensure that urgent action is taken to ensure there is an effective framework and escalation process to improve the operation and consistency of health and safety management controls within the organisation, ensuring sharing of Health and Safety best practice and uniformity of implementation. • Governance arrangements for groups within the reporting structure with Health and Safety roles and responsibilities must be reviewed to ensure effective communication and escalation processes. • The Corporate Health and Safety Strategy and Policy must be updated to include the key controls identified in the Corporate Manslaughter Act. This should also reflect organisation changes in the Council and involvement of significant partners. An agreed project plan with RAG indicators should be put in place to underpin delivery of the strategy with regular progress reports to Operations Board and Corporate Board. • A Health and Safety risk, relating to Corporate Manslaughter is recorded on the Corporate Risk Register, but monitoring of the supporting departmental and service related action plans is not considered effective for mitigation. • The 2003 Health and Safety Strategy require all service areas and departments to include health and safety risks on their risk registers. This information should be forwarded to the Health, Safety and Wellbeing Team on a regular basis for prioritisation and work planning. This will enable the Health and Safety risks faced by the Council to be quantified and will inform both the compliance work, training and actions required in the Health and Safety Strategy project plan. • Health and Safety risks identified through risk registers should be co-ordinated to form a matrix of health and safety risks around which planning for mitigating actions can take place and responsibilities for actions can be allocated. Using the RAG (Red, Amber, Green) status to highlight the risks will enable officers and members at the different levels of the communication/escalation structure to monitor progress and ensure action is taken. 					

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Audit Title:	Treasury Management		Date of Audit:	February/March 2010	
Current Audit Opinion:	1	Previous Audit Opinion:	2	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u> The minor recommendations made as a result of the review are: <ul style="list-style-type: none"> Existing checklists should be expanded to include independent checks to be conducted by officers authorising prior to approving payments of funds for investment. A housekeeping exercise should be undertaken periodically, or as changes occur to ensure that all user rights on the Financial Director system are appropriate and up to date. Users no longer required to input or approve payments should be removed from this system and the Council's bankers advised to remove approval rights promptly. 					

Audit Title:	Use of Resources Pre-assessment		Date of Audit:	February 2010	
Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	None Given
<u>Key Findings and Recommendations</u> A file of evidence for the Use of Resources Pre-assessment was passed to External Audit. Their initial Use of Resources indicative score, based on the evidence provided, was a '3'.					

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Audit Title:	Voluntary Sector Grants		Date of Audit:	January/February 2010	
Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u> <p>The minor recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> • All organisations receiving Grassroots grants must provide statements and receipts showing how the grant was spent. • Assurances should be sought from the Volunteer Centre and Voluntary Action Swindon that they have the capacity to meet the key performance indicators (KPI's) within their contracts for commissioned services. • Where organisations providing commissioned services are unable to submit monitoring reports in sufficient detail, consideration should be given to withholding their grants and terminating their contracts. • Future KPI's for services commissioned from voluntary and community organisations should have a greater emphasis on outcomes achieved and contributions to partnership objectives through funding by the Council. This should include references to the National Indicator Set. • All organisations receiving one year community grants should be required, as part of their twelve month monitoring report, to state how their activities during 2009/2010 have made a positive impact on the achievement of the national indicators within LAA2. • The role of voluntary grants, and particularly Grassroots grants, should be reappraised in the light of the development of Destination Swindon and Connecting People Connecting Places. Specific emphasis should be given to: <ul style="list-style-type: none"> ○ the role of Council Members in supporting grant applications within the communities that they represent, and in demonstrating the achievements brought about by the grants. ○ provide capacity within the Council to monitor outcomes from closer working with community organisations in the context of Destination Swindon and Connecting People Connecting Places. 					

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Audit Title:	Nova Hreod School		Date of Audit:	March 2010	
Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u> <p>Nova Hreod School was externally assessed by Internal Audit against the DfES Financial Management Standard in Schools (FMSiS) and was given a pass.</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>					