

**Report to the Audit and Governance
Committee**



**Epping Forest
District Council**

Report Reference: AGC-004-2009/10

Date of meeting: 22 June 2009

Portfolio: Finance & Economic Development

Subject: Internal Audit Monitoring Report January - March 2009

Responsible Officer: Joe Akerman (01992 564446)

Democratic Services: Gary Woodhall (01992 564470)

1. The Committee is requested to note the following issues arising from the Internal Audit Team's fourth quarter monitoring report for 2008/09:
 - (a) The reports issued between January and March 2009 and significant findings (Appendix 1);
 - (b) The Priority 1 Actions Status Report (Appendix 2)
 - (c) The Audit follow up status report (Appendix 3);
 - (d) The Work Plan April - June 2009 (Appendix 4);
 - (e) The 2008/09 Audit Plan status report (Appendix 5); and
 - (f) The Governance Statement 2007/08 Action Plan (Appendix 6)
2. The Committee is also requested to confirm that it is satisfied with the effectiveness of the work of Internal Audit in the fourth quarter 2008/09.

Summary

1. This report provides a summary of the work undertaken by the Internal Audit Unit between January and March 2009, and details the overall performance to date against the Audit Plan for 2008/09. The report also contains the Internal Audit work plan for the first quarter 2009/10 and a status report on previous audit recommendations.

2. Resources Available:	12 months Apr- Mar 09	12 months orig. Estimate 08/09
Number of days required to meet the audit plan	<u>900</u>¹	<u>900</u>¹
Number of days available based on staff in post	1250	1225
Less statutory and annual leave	(165) ²	(142)
Sick leave / hospital appointments	(41)	(40)
Training	(15)	(32)
Planning, supervision, management	(102)	(105)
Other non-chargeable	<u>(55)</u>	<u>(51)</u>
Available audit days	872	855
Add Bought in Days	52	45

Total Audit Days**924****900**

Note¹ audit days available if full establishment achieved

Note² reflects revised working arrangements for one employee, and leave carried over from 07/08

Current Staffing Position

3. The Unit had a full establishment of 4.8 full time equivalent (fte) posts throughout 2008/09. The agency budget provision of £16,830 in 2008/09 was utilised to meet the cost of agency and consultant auditors undertake audits of the IT network and data security, and the main ledger accounting system and corporate procurement. The number of bought-in days exceeded the estimate but the overall cost was within the budget by nearly £800 due to the competitive rates achieved.
4. Sickness and hospital appointments during the fourth quarter 2008/09 amounted to 18 days, compared to 6, 5, and 10 days respectively in the preceding three quarters. The final quarter includes nearly 5 days overall for hospital appointments for three members of staff, which exceeds a normal quarter. The average level of sickness per member of staff over the last 12 months has been approximately 8 days, and is below the current average for the Council as a whole.
5. The Chief Internal Auditor resigned in February and left his full time post in mid-April. A post of part time auditor also became vacant in April 2009 following the post holder's voluntary move to Accountancy. The post was subsequently cleared for filling as part of a corporate recruitment process, but has yet to be advertised pending the Executive's consideration of delivery options for Internal Audit, which includes outsourcing. In the meantime agency cover will be arranged to undertake specific topics in the Audit Plan.

Work carried out in the period

6. The audit reports issued in the fourth quarter are listed in paragraph 11 below. The audit opinions and main conclusions flowing from these reports are included in the Internal Audit Annual Report for 2008/09, elsewhere on this agenda, and are also included at Appendix 1 to this report for completeness. A summary of the key governance issues arising from the work of the Team in the quarter is provided in paragraph 12.
7. A number of systems audits and follow up reviews were carried out across a range of Services in the fourth quarter. Those finance systems audits undertaken included the follow up of agreed actions from the previous audit. The Audit Team has also provided support on a number of corporate issues and has performed a range of tasks including standing membership of project teams. Topic areas included the Review of Contract Standing Orders Group and Use of Resources process.
8. A further two half day in-house courses for managers and supervisors on finance and governance, facilitated by an external trainer, were held in January and attended by 20 staff. The feedback from these courses continues to be very positive.
9. Supervision and management time has included the normal management and review functions undertaken by the Chief Internal Auditor, who was also involved in the corporate activities referred to in the previous paragraphs.
10. The time taken on investigation work during this quarter amounted to 6 days and related mainly to contract and staffing related enquiries. A small amount of investigative work is also carried out occasionally in the course of systems audits and where this occurs may be included in the reported time spent on that particular audit.

Reports Issued and Significant Observations

11. The following audit reports were issued in the third quarter:

Substantial Assurance

Accounting and General Ledger*

Satisfactory Assurance

Creditors

Housing Rents

IT Network Security*

Sundry Debtors

Budgetary Control

Development Control

Revenues and Benefits IT

Leisure Contract Management

Limited Assurance

Waste Management Contract

Housing Contract Management

Building Maintenance Unit

Corporate Procurement*

No Assurance

None

* Audit undertaken by contractor/agency auditor

Audits of Reprographics (value for money) and contracts compliance were substantially complete at 31 March 2009, but had not reached final draft stage and are not included in the performance figures in paragraph 21.

12. The reports submitted to Directorate management identified a number of recommendations for improvement across Services, including a need to address weaknesses in supervisory checking, income reconciliation, and security of data.

The key findings from the 'limited assurance' audits in quarter 4 are outlined below:

Waste Management Contract

A number of processes within Waste Management had weaknesses in control, which in one case has resulted in a small loss of income... additional recording is required to maintain a management trail and greater control over stock held and issued.

Outcome

Of the five recommendations in the report, three have now been actioned. The remaining actions relate to the storage and recording of stock and the further development of the use of the vehicle tracking system.

Housing Contract Management

There are generally satisfactory procedures for managing the main Springfields (major works) contract, however the control arrangements, particularly for the smaller sub-contracts, could be improved in a number of areas.

Outcome

Management have indicated that the issues raised in this audit will be considered with other lessons learned from this contract, when arranging major contracts in the future.

Building Maintenance Unit

There has been only limited evidence of improvement in the operation and management of the Works Unit since the previous audit. Monitoring controls remain weak and productivity and job allocations remain in need of review (see Appendix 1). The ongoing Housing Management review will need to address the governance issues currently identified within the Building Maintenance function.

Outcome

Progress on the review of the function has been affected by senior management absence in the Directorate but is now being progressed as a matter of urgency. Call out arrangements have been reviewed, sickness absence is being managed more robustly, and options for managing stores are being considered. [The annual stocktake for 2009 will be reported to the next meeting].

Corporate Procurement

The progress during 2008/09 needs to be built upon by raising the awareness of staff, enforcing the use of framework agreements already in place, and developing the Essex Marketplace reporting facilities, to improve controls generally and assist the identification of value for money.

Outcome

The Procurement Steering Group will consider the issues raised in the audit report, in seeking to build on the progress to date and further improving the Authority's corporate procurement performance.

External Audit Action Plan status reports

13. This Committee, being "charged with governance", has monitored the action plan arising from the work undertaken by the Audit Commission (the former External Auditor) in reviewing the Council's financial statements and supporting systems for 2006/07. The one item outstanding reported previously, related to the implementation of a more robust fixed asset register to enable the Council to implement changes in capital accounting. A new asset register has now been implemented and went live in May 2009, following an exercise to reconcile discrepancies between records held by the Council and the Valuation Office.
14. At the last meeting the Committee considered the current External Auditor's final report on the results of the systems reviews completed in respect of the 2007/08 financial year. The report included an action plan summarising those areas where a need for improvement had been identified in accounting and internal control systems. The officer Corporate Governance Group is monitoring the action plan and none of the agreed actions are currently behind schedule.

Follow Up of Previous Audits (Appendix 3)

15. Attached at Appendix 3 is a summary schedule designed to monitor the follow up of previous audits as an aid to ensuring timely and adequate follow up both by Internal Audit and Directorate Management.

Three-month work plan (Appendix 4)

16. The work plan for the period April to June 2009 reflects the Audit Plan for 2009/10 approved at the last meeting. The work plan covers a broad range of Council services. The majority of finance system audits will be undertaken in quarters 2 and 3, in order to reduce the amount of 'top up' testing to verify the existence of robust controls throughout the financial year.

Audit Plan 2008/09 (Appendix 5)

17. The year end status of the planned audits in the 2008/09 Audit Plan, as approved in March 2008, reflects the work completed in the year. The Council's main financial systems were all audited during 2008/09, and the Council's External Auditors, PKF (UK) LLP have reviewed the Internal Audit work and will be reporting in due course on the reliance that can be placed on it for the purposes of their statutory audit.
18. Whilst the majority (95%) of planned audits were completed by 31 March 2009, a very small number slipped to 2009/10 or later years. The main topic needing to be re-phased was the audit of the Reprographics function, which incorporated both a systems and value for money element. The audit was completed in the first quarter 2009/10.
19. It was also agreed with the Service that the Land Charges data quality audit would be deferred in view of an operational difficulty posed by the proposed timing of the audit. It is now proposed that the audit will be carried out in the second quarter 2009/10.

Governance Statement Action Plan 2008/09 (Appendix 6)

20. This Committee is responsible for monitoring the Action Plan arising from the issues raised in the Annual Governance Statement (AGS). The Committee monitored the AGS for 2007/08 throughout the last year and all actions were satisfactorily carried out. The action plan arising from this year's AGS, included within the Council's Statutory Accounts reported elsewhere on this agenda, is attached at Appendix 6 and progress against the targets will again be monitored throughout the year.

Performance Management

21. The Internal Audit Team had local performance indicator targets to meet in 2008/09, as set out below:

	Actual 2006/07	Actual 2007/08	Target 2008/09	Cumulative Apr - Dec 2008/09	Actual Jan - Mar 2008/09	Actual Apr - Mar 2008/09
% Planned audits/work completed	82%	89%	90%	65% (9 months)	30%	95%
% chargeable "fee" staff time	67%	68%	70%	71%	71%	71%
Average cost per audit day (including contractors)	£314	£307	£320	£312	£299	£309
% User satisfaction	83%	81%	83%	84%	88%	85%

The indicators are calculated as follows:

% Planned audits completed...a cumulative calculation is made each quarter based on the approved plan as amended for additional work (eg investigations) during the year.

% Chargeable time...a calculation of 'fee earning' time against attendance time is made each quarter based on reports produced from Internal Audit's time recording system.

Average cost per audit day...the calculation is based on the costs for each quarter divided by the number of fee earning days extracted from the time recording system.

% User satisfaction...a calculation is made each quarter based on returned client surveys for each audit giving a score on a five point scale 0 (poor) – 5 (excellent). The score is backed up by the client's comments on a range of issues related to the audit, including consultation, value added, quality of report and working relationships. The returns for 2008/09 showed a consistent level of satisfaction, in line with previous years' returns.

22. The percentage of planned audits completed in the fourth quarter does not include three substantially completed audits, referenced in Appendix 5, which will now be reported in 2009/10. The final figure of 95% exceeded the target for 2008/09, assisted by the improved sickness position reported during the year. The high achievement for the final quarter was mainly due to the completion of a number of audits in progress at the end of the previous quarter. Furthermore two audits were contracted out in the final quarter.
23. The cumulative cost per productive audit day for the year was £309 and bettered the target of £320 due primarily to improved sickness levels.

Training

24. During the fourth quarter the Senior Auditor attended a short in-house course on the revised business planning model, and a part time Auditor completed the in house 'Springboard' Women's' development programme.

Staff Appraisals

25. The Chief Internal Auditor and Senior Auditor conducted individual appraisals for all Internal Audit staff in March 2009.

Resource Implications:

Within the report

Legal and Governance Implications:

Within the report

Safer, Cleaner and Greener Implications:

No specific implications

Consultation Undertaken:

Corporate Executive Forum

Background Papers:

Audit files and working papers

Impact Assessments:

Internal Audit has a primary objective to provide an independent and objective opinion on the adequacy of the Council's control environment, including its governance and risk management arrangements. The audit reports referred to in this monitoring report will assist managers to determine the adequacy and effectiveness of the arrangements in place in their services. Any delay in recruiting to the two vacant posts in the Internal Audit Team would present a risk to the achievement of the Team's objectives, and to the effectiveness of the system of Internal Audit within the Authority.

There are no specific equalities impacts.

ASSURANCE CLASSIFICATIONS

Substantial assurance	Substantial assurance that the system of internal control is designed to meet the organisation's objectives, and a robust framework of controls are consistently applied in all the areas reviewed with only minor lapses identified.
Satisfactory assurance	Satisfactory assurance that there is a generally sound system of control designed to meet the organisation's objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk;
Limited assurance	Limited assurance as weaknesses in the design of controls, absence of key controls, or the inconsistent application of controls put the achievement of the organisation's objectives at risk in the areas reviewed;
No assurance	No assurance as weaknesses in control, or consistent non-compliance with key controls, could result [or have resulted] in failure to achieve the organisation's objectives in the areas reviewed, including breakdown in the application of controls.

**Summary of Audits completed during Quarter 4 Jan – March 2009
(N.B Also included in Annual Internal Audit Report 2008/09)**

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
Waste Management	Environment and Street Scene	<p><i>Limited Assurance</i> A number of processes within Waste Management had weaknesses in control, which in one case has resulted in a small loss of income. Records examined showed that procedures are in place for contract monitoring and stock control, however additional recording is required to maintain a management trail and greater control over stock held and issued.</p>	<p>Greater control needs to be exercised over the authorisation procedures for the purchase of green waste sacks.</p> <p>Separation of duties within the purchasing process is generally good, although the same member of staff who authorised the original order certified two invoices for payment.</p> <p>The increase in fees for the collection of bulky waste approved by Finance and Performance Management Cabinet Committee in November 2007 was not applied, resulting in a loss of income of approximately £1,160.</p>
Housing Contract Management	Housing	<p><i>Limited Assurance</i> There are generally satisfactory procedures for managing the main Springfields (major works) contract, however the control arrangements, particularly for the smaller sub-contracts, could be improved in a number of areas. Improvement areas in reporting arrangements were identified and include the regular updating of target programmes and the prompt follow up of issues raised by the Clerk of Works. More professional care is required in the adherence to Contract Standing Orders.</p>	<p>An extension of time is being negotiated by the main contractor and will have budget implications. Some aspects of this outcome were due to unexpected extra works that were identified during the project. It is possible that the issues could have been identified sooner as there are some deficiencies in the project reporting process.</p> <p>Some errors in contract documentation were noted and the appointment of the Clerk of Works was not wholly in compliance with Contract Standing Orders.</p>

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
Building Maintenance Unit	Housing	<p><i>Limited Assurance</i></p> <p>There has been only limited evidence of improvement in the operation and management of the Works Unit since the previous audit. Monitoring controls remain weak and productivity and job allocations remain in need of review. The ongoing Housing Management review will need to address the governance issues currently identified within the Building Maintenance function.</p>	<p>Progress on implementing effective change to practices and procedures has been hampered by staffing issues during 2008/09.</p> <p>Further monitoring and management review of the arrangements for securing value for money should take place. There appears to be a significant amount of overtime for out of hours call out (additional payment of £43.25 per call out), with an average of 6-7 jobs completed per day per operative over the weekend period, which is significantly higher than the average number of routine jobs during normal working, even allowing for the different nature of the jobs in some cases.</p>
Corporate Procurement	Finance/All	<p><i>Limited Assurance</i></p> <p>The Authority has made progress in implementing the Procurement Strategy during 2008/09, particularly in establishing the Procurement Steering and User Groups to disseminate information and promote good practice across the Authority. The progress during 2008/09 needs to be built upon by raising the awareness of staff, enforcing the use of framework agreements already in place, and developing the Essex Marketplace reporting facilities, to improve controls generally and assist the identification of value for money.</p>	<p>While there is some good practice in terms of the ordering and receipt of goods, the audit identified some areas for development, in particular, in the areas of selection of suppliers, staff training and management information.</p> <p>The framework agreements in respect of purchasing furniture, stationery, cleaning materials, paper, IT hardware and consumables have yet to be enforced across the Authority. Therefore, the Council procures certain goods from a number of different suppliers whose ability to provide value for money goods or services has not been fully tested.</p>
Accounting and General Ledger	Finance	<p><i>Substantial Assurance</i></p> <p>A sound accounting system is in place and the controls were generally found to be operating satisfactorily.</p>	<p>Key controls in place and tested include standard account coding, loading of transactions from feeder systems (eg payroll), transfer of year end balances, systems access and journal entries.</p>

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
Creditors	Finance/All	<p><i>Satisfactory Assurance</i></p> <p>There has been an improvement in the ordering and receipting processes within the Directorates, particularly in the areas relating to details and prices on the orders. However, there are still occasional lapses in the application of separation of duties between the raising and authorising of orders and invoices.</p>	<p>The key controls in relation to ordering, receipting and payments of goods and services are operating effectively, although the occasional breach of rules in relation to separation of duties in ordering and invoicing remains a concern. It is clear that the transaction identified from the sample was for normal Council business and no fraudulent intent was involved.</p>
Housing Rent Collection	Housing	<p><i>Satisfactory Assurance</i></p> <p>The systems for collecting housing rent income and reconciling income for all payments methods contain sound controls with an adequate level of documentation in place. Current rent arrears are increasing and should continue to be monitored by Housing Management.</p>	<p>Current rent arrears as at December 2008 for Council dwellings (£523k) and Garage tenants (£12.6k) had increased from December 2007, although former tenant arrears had decreased to £242k. The new Benefits IT system went live in January 2009 and the dip in benefits performance pending its implementation appears to have had an effect on the rents arrears figures.</p>
Leisure Contract Monitoring	Environment and Street Scene	<p><i>Satisfactory Assurance</i></p> <p>The Leisure Contract is being actively managed and where occasions of non-compliance have been noted, appropriate action is being taken to deal with them. Some issues were identified mainly relating to the timeliness in implementing action points raised by EFDC's monitoring officer, and the accuracy of data provided by SLM.</p>	<p>A number of the contract requirements appear not to have been complied with by the contracting firm, SLM. For example, the income share calculations have not been agreed yet and no income share payments have been made to EFDC. Officers should persist in their efforts to resolve these issues in order to protect the Council's operational and financial interests.</p>

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
IT Network Security	Finance and ICT	<p><i>Satisfactory Assurance</i></p> <p>The review of the network identified that it has sufficient capacity to meet the requirements of the Council. Key devices have been configured to minimise the threat of unauthorised access and the network management appears to be in a proactive controlled process. However, several areas have been identified where controls could be improved.</p>	<p>The configuration of system accounts was found to be at a basic level with a relatively low level of security.</p> <p>The audit recommended that a desktop project be setup and more secure desktop configurations implemented.</p>
Sundry Debtors	Finance/All	<p><i>Satisfactory Assurance</i></p> <p>There are generally satisfactory procedures in place for debt recovery, however there are a number of risks concerning the monitoring and recovery of aged debts, which weakens the overall level of assurance in the control environment.</p>	<p>The audit reviewed the key controls in place for the collection and recovery of sundry debts, including sample testing of recent debts, aged debts, referrals to Legal, arrangements, fees and charges, refunds, credit balances, reconciliation procedures and write offs. The value of debts aged over 180 days has increased since the last audit despite regular management reporting</p>
Budgetary Control	Finance/All	<p><i>Satisfactory Assurance</i></p> <p>Budgets are properly prepared, accurately loaded onto the general ledger, and estimates working papers retained which support the approved budget.</p> <p>There has been a general improvement in the budget monitoring processes within directorates.</p>	<p>There is a satisfactory system of quarterly financial monitoring based on reports prepared by Accountancy. The corporate budget monitoring standard has led to a number of adverse budget exception reports to senior management. The reporting of significant favourable variances would give a more rounded picture of the Authority's budgetary position.</p>

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
Development Control	Planning and Economic Development	<p><i>Satisfactory Assurance</i></p> <p>The systems and controls in place provide a good level of management assurance that planning applications are properly processed and fees are correctly charged, collected and banked.</p>	<p>Applications are dealt with promptly and treated consistently with adequate separation of duties being applied.</p> <p>Procedures for the charging and collection of planning fees are in accordance with Statute, and the Authority's Standing Orders and Financial Regulations. Documentary evidence is held to support applications and the fees received.</p>
Revenues and Benefits IT	Finance and ICT	<p><i>Satisfactory Assurance</i></p> <p>Testing and reconciliation was carried out to a level that gives management assurance in the quality and accuracy of the data within the Academy system for Council Tax and Benefits.</p>	<p>Some outstanding issues are interface specific and are either awaiting the next release of software or are currently being worked on in-house. While each outstanding issue presents a risk to the accurate posting of data, monitoring and manual intervention are in place as an interim measure, and have been tested during the audit.</p>

PRIORITY 1 ACTIONS – STATUS AT QUARTER 4 2008/09

(Updates from last meeting in bold type in final column)

Reports marked * denote limited assurance audits

Report Title	Agreed Action	Responsible Officer	Target Date	Completion Date / Comments
Estate Management	<p>System and Database Consideration should be given to using a single database to capture all property management data. In this event GVA as the main system used in Estate Management, should be updated to include all relevant information to allow the system to be used to its full capacity for property, lease and rent management.</p>	Principal Valuer and Estate Surveyor	Nov 2008	<i>To be followed up in 2009/10 Audit Plan</i>
Land Disposals*	<p>Consultants Procedures for the engagement of property consultants should have regard to the requirement to achieve value for money and should take account of the possible effect of variations in land values where this is a factor in determining the fee.</p>	Principal Valuer and Estate Surveyor	Dec 2007	Capping of fees will be considered for future land sales.
Fleet Operations*	<p>Other Servicing Private work will be reviewed annually to ensure that it falls within the legal criteria.</p>	Workshop Manager	Ongoing	<i>To be followed up in 2009/10 Audit Plan</i>
Fleet Operations*	<p>Continued Operation The current status of the earlier decision by Members should be clarified in the light of future options for the use or disposal of the site occupied by Fleet Operations.</p>	Director of Corporate Support Services	June 2008 (revised to September 2008)	<i>To be followed up in 2009/10 Audit Plan</i>

Report Title	Agreed Action	Responsible Officer	Target Date	Completion Date / Comments
Fleet Operations*	Value for Money The costing and budgetary information supplied by Accountancy should be used as part of a market testing exercise to identify whether value for money is being achieved.	Director of Corporate Support Services	Sept 2008	<i>To be followed up in 2009/10 Audit Plan</i>
Fleet Operations*	Purchasing Implementation of the Marketplace should be considered by the Director of Corporate Support Services if the Service is to continue for the foreseeable future.	Director of Corporate Support Services	Sept 2008	<i>To be followed up in 2009/10 Audit Plan</i>
E-mail and internet usage*	Communications Policies declarations The remaining outstanding communications [email, internet and telephones] policy declarations will be followed up to ensure that all employees have certified that they have read and understood them.	Assistant Director (Human Resources)	July 2008	18 returns, including 13 from the Works Unit, were outstanding at the time of drafting this report and are being followed up by HR.
HR/Payroll Integration*	Data Quality A one off data cleansing exercise will be carried out to ensure that standing data is accurate and up to date. Procedures will be put in place for data input to be checked on a sample basis by a member of staff other than the person who has input the data.	Assistant Director (Human Resources)	Jan 2009 Aug 2008	As the system develops HR are adapting their working processes to take account of the separation of duties and other issues. As part of this process a member of staff will have responsibility for data quality.

Report Title	Agreed Action	Responsible Officer	Target Date	Completion Date / Comments
External Funding (Planning and Economic Development)*	Identification of External Funding The Planning and Economic Development Directorate should review its approach to the identification and pursuit of external funding opportunities, and increase the awareness of the external funding strategy amongst relevant staff.	Director of Planning and Economic Development	Dec 2008	<i>To be followed up in 2009/10 Audit Plan</i>
External Funding (Planning and Economic Development)*	Documentation and Accounting All new staff on externally funded projects should be issued with a contract of employment within 8 weeks of the start date.	Assistant Director (Human Resources)	Ongoing	<i>To be followed up in 2009/10 Audit Plan</i>
Partnership Governance	Protocols Systems should be developed to enable the effectiveness of Partnerships to be evaluated where the Council has a substantial involvement in terms of financial or staff resources.	Assistant to the Chief Executive	March 2009	This is included in the Overview and Scrutiny Work Programme for 2009/10 and will be dealt with by the Constitution and Members Services Scrutiny Standing Panel.
Creditors IT	Leavers' Forms Directors should ensure that leaver forms are completed and users are removed from main IT systems when they leave the Authority. Marketplace administrators should undertake a quarterly check of a sample of leavers to ensure the deletion of user access.	Assistant Director (Accountancy)	March 2009	Staff leavers' forms have been amended in line with this requirement. Marketplace administrators are also conducting checks to ensure that leavers have had user access deleted.

Report Title	Agreed Action	Responsible Officer	Target Date	Completion Date / Comments
Payroll	Calculations of pay for starters and leavers All salary adjustments should be independently checked prior to inputting onto the payroll system. The adjustment form should be signed as evidence of this check.	Payroll Manager	Jan 2009	All starters and leavers are now independently checked before they are put on the payroll.
Risk Management and Insurance	Business Planning Planning and Economic Development should incorporate a risk management action plan into their Business Plan for 2009/10.	Director of Planning and Economic Development	March 2009	Implemented
Housing Benefits	Monitoring and reporting 5% accuracy checks should be carried out and evidenced by the Senior Officers in new claims and changes.	Assistant Director (Benefits)	Jan 2009	The checks have been reinstated
Housing Benefits	Performance Management Performance figures should be closely monitored and a strategy developed to ensure improvement in performance.	Assistant Director (Benefits)	Jan 2009	An improvement Plan has been submitted to the Audit Commission under separate monitoring arrangements, and a progress report will be submitted to the Finance and Performance Management Cabinet Committee in June.
Concessionary Fares	Reconciliations On a quarterly basis the income should be reconciled to the Finance Report for that period by the Finance Officer and checked by the Senior Finance Officer. A record should be maintained of all reconciliations.	Senior Finance Officer	Feb 2009	The reconciliation is being prepared for the 2008/09 financial year and quarterly reconciliations will continue in 2009/10.

Report Title	Agreed Action	Responsible Officer	Target Date	Completion Date / Comments
Establishment List	<p>Reconciliations A reconciliation of each Directorate's establishment list will be conducted every other month, by reconciling separate halves of the list each month.</p>	Assistant Director (Human Resources)	Jan 2009	Implemented
Data Security*	<p>Use of storage mediums The use of USB flash drives or other storage device should be discouraged and only permitted after applying for permission from the Assistant Director (ICT). Software should be installed to lock down USB, CDROM and floppy drives to reduce access to data held on the Authority's computers.</p>	Assistant Director (ICT)	March 2009	All PC's now have the software deployed. Follow up assessments of user access were reviewed again in April, following the generation of current statistics, to ensure that all variations of access are covered. Monitoring and appropriate restrictions will then be carried out.
Commercial Property Management*	<p>Rent arrears and debt management Estates Management should monitor outstanding debts on a monthly basis to ensure that rental income is maximised.</p>	Principal Valuer & Estates Surveyor	Jan 2009	Now that staffing issues are resolved, a monthly review of all debt cases is being undertaken to ensure that timely and appropriate action takes place.
Commercial Property Management*	<p>Outstanding rent reviews and lease renewals Outstanding lease renewals and rent reviews will continue to be monitored to ensure that priority is given to high value reviews.</p>	Principal Valuer & Estates Surveyor (vacant post)	Ongoing	Included in the report by the Director of Corporate Support Services to the last meeting.

Report Title	Agreed Action	Responsible Officer	Target Date	Completion Date / Comments
Treasury Management*	Review of Investments with Heritable Bank Refers to six recommendations detailed in the previous monitoring report	Director of Finance and ICT	By March 2009	The recommendations have been implemented and a qualified accountant has been recruited as the main dealer.
Treasury Management*	Authorisation of investments (systems audit) Formal records of the options available and the decision arrived at should be maintained.	Finance Officer	Jan 2009	Full notes are now being retained.
Creditors	Manual Orders All authorising officers will ensure that orders are fully completed with details of the goods ordered and the price.	Assistant Director (Accountancy)	April 2009	A reminder has been sent by the AD (Accountancy). Compliance is the responsibility of service management.
Creditors	Invoice authorisation Authorising officers (in Environment and Street Scene) will be reminded that different officers must authorise the order and invoice in all cases.	Director of Environment and Street Scene	March 2009	Reminders have been issued and staff have attended the in-house training course.
Housing Rent Collection	Rent Calculation Housing Management should ensure that the annual rent increase is evidenced as checked by Finance, in advance of the implementation of the revised charges.	Housing Resources Manager Assistant Director (Accountancy)	March 2009	The checks were undertaken by Accountancy prior to being loaded onto the Housing system.
IT Network Security	Network TCP/IP ranges and subnets The Authority should risk assess the ownership issues surrounding the subnet in use and examine the feasibility of changing to a private subnet.	Assistant Director (IT)	July 2009	<i>To be reported to a future meeting</i>

Report Title	Agreed Action	Responsible Officer	Target Date	Completion Date / Comments
Sundry Debtors	Aged Debts over 180 days Service Directors, in liaison with Finance and Legal, should give priority to the review of aged debts.	Assistant Director (Accountancy)	Sept 2009	<i>To be reported to a future meeting</i>
Budgetary Control	Budgetary reporting to Corporate Executive Forum (CEF) Consideration will be given to reporting significant favourable variances to CEF as part of the budget monitoring process.	Director of Finance and ICT	April 2009	If any favourable variances are identified they will be reported.
Leisure Contract	Income Share Calculation A payment on account will be sought from the Contractor with regard to Income Share monies.	Assistant Director (Environment and Street Scene)	May 2009	A payment on account was received and final figures were subsequently agreed.
Leisure Contract	Extension of ESC Three Year contract Priority will be given to the formalisation of the ESC contract extension.	Assistant Director (Environment and Street Scene)	May 2009	In progress and being negotiated with the Contractor
Waste Management	Contract Standing Orders and Financial Regulations Staff should be reminded of the need to maintain the separation of duties between the authorisation of orders and certification of invoices.	Assistant Director (Performance and Operations)	March 2009	Reminder issued by the AD
Housing Contracts	Selection process for contractors Contract Standing Orders should be applied to the engagement of Clerks of Works.	Senior Architectural Assistant	Ongoing	To be arranged for future contracts.

Report Title	Agreed Action	Responsible Officer	Target Date	Completion Date / Comments
Housing Contracts	Retentions Retention monies, if stipulated in a contract, should be held back.	Senior Architectural Assistant	May 2009	<i>To be followed up in 2009/10 Audit Plan</i>
Building Maintenance Unit	Productivity Job allocations will be reviewed to ensure that an adequate number of jobs are allocated per operative per day. In addition a sample of overtime claim forms for emergency call outs should be verified by the Manager.	Assistant Director (Property)	June 2009	<i>To be followed up in 2009/10 Audit Plan</i>
Building Maintenance Unit	Sickness Absence Management should adopt a more robust system for monitoring staff sickness in accordance with the Authority's sickness absence policy.	Assistant Director (Property)	April 2009	All Housing Directorate managers have attended in house courses on absence management and the overall rate of sickness absence has reduced. A number of staff have been referred to Occupational Health.
Corporate Procurement	Declarations of Interest Officers involved in the evaluation of tenders/bids should be reminded to register any declarations of interest prior to the assessment of tenders.	Senior Finance Officer (Procurement and Administration)	May 2009	The Director of Finance and ICT has issued a reminder. The Procurement Steering Group will consider the issue.
Corporate Procurement	Tender Evaluation Guidance for evaluating tenders should be further developed to include guidance on how officers should conduct an evaluation of tenders to ensure fair competition and equal treatment of all tenderers.	Senior Finance Officer (Procurement and Administration)	Dec 2009	<i>To be reported to a future meeting</i>

Internal Audit Report Control Sheet – Follow Up Audits

(* denotes limited assurance audit)

Report Title	Client	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues / Comments
Main Audits 07/08						
Sundry Debtors	Finance	2/08	8	6	Qtr 4	Review of debts recorded on old IT system, policy for use of tracing agents
Stores Stocktake*	Works Unit	5/07	3	1	Qtr 1	Weakness in stock control, outdated system
Accounting & General Ledger	Finance	1/08	6	5	Qtr 4	Production of centralised procedure manual
Best Value and Local Performance Indicators	Deputy C.Ex	9/07	3	2	Qtr 2	Isolated data quality issues
Cash Receipting & Income Control	Finance	10/07	7	6	Qtr 3	Review of system generated reports outstanding
Grants to Vol. Orgs.	Asst to C.Ex	7/07	20	15	Qtr 1	Aspects of awards process, monitoring, grant limits
Contracts Compliance*	All	2/08	7	-	09/10	-
Establishment List	HR	3/08	2	1	Qtr 3	The checking process between HR and Directorates' records needs to be resumed on a regular basis.
Commercial Properties	Estates	3/08	9	5	Qtr 3	Database and debt management issues are outstanding.
Use of Consultants*	All	3/08	4	2	Qtr 1	Compliance with Standing Orders, use of standard agreement
Gifts and Hospitality*	All	12/07	4	4	Qtr 1	Letters sent to 2 members of staff who failed to acknowledge receipt of the Code following reminders
District Museum*	Deputy C.Ex	8/07	9	8	Qtr 2	Use of personal monies to advance fund petty cash
Facilities Management*	Corp. Support	3/08	4	-	09/10	-
Concessionary Fares	Finance	7/07	5	3	Qtr 3	Reporting mechanisms and procedures outstanding

Report Title	Client	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues / Comments
Housing Rents	Housing	12/07	4	2	Qtr 4	IT system access and refund documentation
Housing & Council Tax Benefits	Finance	11/07	8	6	Qtr 3	Some supervisory checks have lapsed.
Treasury Management	Finance	2/08	7	6	Qtr 3	Records relating to investment decisions to be retained
Creditors*	Finance	12/07	10	7	Qtr 4	Review of IT system reports, postal procedures
Creditors IT	Finance	9/07	6	4	Qtr 3	Review of password parameters outstanding, volume of duplicate records remains high
Budgetary Control	Finance	3/08	9	8	Qtr 4	Deletion of old capital codes
Payroll	Corporate Support	7/07	9	7	Qtr 3	Independent checking of BACS file transmission, documentation of procedures
Building Maintenance (Works Unit) *	Housing	1/08	9	6	Qtr 4	Supervisory inspections, productivity, value for money, weekend and out of hours work monitoring
Non Domestic Rates	Finance	12/07	3	2	Qtr 2	Supervisory checks on NDR reliefs are outstanding
Risk Management & Insurance	Finance	12/07	6	5	Qtr 3	A review of assets that could be self insured will be undertaken taking into account claims patterns.
Bank Reconciliation	Finance	9/07	6	4	Qtr 2	Income/bank reconciliation for one account, mandate control
Council Tax	Finance	11/07	2	2	Qtr 3	Implemented
Building Control *	Planning and Econ. Dev	3/08	6	-	09/10	-
Communication policies * (email/internet/telephones)	All	3/08	9	-	09/10	-

INTERNAL AUDIT WORKPLAN APRIL – JUNE 09

Appendix 4

Week	Chief Auditor		Senior Auditor		Auditor		Part Time Auditor		Term time auditors (2 posts, 1xfte)		Agency Auditor	
	audit	days	audit	days	audit	days		days	audit	days	audit	days
30.3.09	Monitoring report/ Reports/ files/PDRs	3	Reprographics/ Housing Stores Stock takes	5	Leave	0	Top up testing	5	Top up Testing	3	-	0
6.04.09	Monitoring report/ Annual Report	4	Environ'l Health/ top up testing	4	National Fraud Initiative	4	Contract Compliance	3	Holiday	0	-	0
13.04.09	Annual Report/ Ext. Audit liaison	3	Environmental Health	4	National Fraud Initiative	4	Holiday	0	Holiday	0	-	0
20.04.09	-	0	Environmental Health	5	National Fraud Initiative	5	Communication policies	5	Leave/ vacancy	0	-	0
27.04.09	-	0	Environmental Health	5	Travel and Subsistence	5	CARE/Disabled Facilities Grant	5	Business Plans/ vacancy	3	-	0
4.05.09	Governance Statement	2	RIPA	4	Travel and Subsistence	4	CARE/Disabled Facilities Grant	4	Business Plans/ vacancy	2	-	0
11.05.09	Governance Statement	2.5	RIPA	4	Travel and Subsistence	5	CARE/Disabled Facilities Grant	5	Absence Management/vac	3	-	0
18.05.09	Benchmarking Return	2.5	Leave	0	Building Control	5	CARE/Disabled Facilities Grant	5	Absence Management/vac	3	-	0
25.05.09	Reports/files	2	Housing Maint'nce Contract	4	Building Control	4	Holiday	0	Holiday	0	-	0
1.06.09	Reports/files	2.5	Housing Maint'nce Contract	5	Building Control	5	CARE/Disabled Facilities Grant	5	Licensing Admin/ Enforcement	6	-	0
8.06.09	Reports/files	2.5	Housing Maint'nce Contract	5	Building Control	5	Leisure bookings follow up	5	Licensing Admin/ Enforcement	6	-	0
15.06.09	Monitoring report/ Reports/files	2.5	Car Parking Follow up	5	Building Control	5	Leisure bookings follow up	5	Licensing Admin/ Enforcement	6	-	0
22.06.09	Monitoring report	2.5	Car Parking Follow up	5	Gifts and Hospitality	5	Cash Offices	5	Licensing Admin/ Enforcement	6	-	0

Notes:

- Annual leave has been allocated where booked
- Team meetings and other non-chargeable work have not been included in the schedule

**Audit Plan 2008/09
Status Report at 31 March 2009**

Appendix 5

Audit area	Audit type	Days allocated	Days spent 1 April – 31 March	Status at 31 March 2009	Auditor
FINANCE AND ICT					
Finance					
Bank Reconciliation	system/follow up	15	15	completed	LC
Sundry Debtors	system/follow up	20	23	completed	NH
Creditors	system/follow up	25	27	completed	SL
Creditors IT	follow up	5	5	completed	DP
Treasury Management	system/follow up	15	18	completed	SL
Payroll	system/follow up	25	28	completed	SL
Budgetary Control (capital and revenue)	system/follow up	10	13	completed	SL
Risk Management and Insurance	system/follow up	15	15	completed	DP
Main Accounting and Financial Ledger	system/follow up	15	15	completed	contractor
Concessionary Fares follow up	system/follow up	5	5	completed	DP
Housing Benefits	system/follow up	25	26	completed	LC
Council Tax	system/follow up	25	25	completed	BB
National Non Domestic Rates	system/follow up	15	16	completed	SL
Travel and Subsistence claims	system/follow up	15	14	completed	NH
Cash Office spot checks	verification	5	4	completed	LC
Cash receipting system and Income control	system/follow up	20	22	completed	NH
Provision for 'top up' testing on Qtr 1-3 audits	systems	15	29	completed	LC/DP
ICT					
Data Security	IT security	20	20	completed	contractor
Core Business Support (network controls)	management review	10	10	completed	contractor
Housing Benefits – Electronic Data Processing	IT	10	10	completed	BB
Revenues and Benefits IT system	IT	10	13	completed	BB
TOTAL		320	353		
PLANNING AND ECONOMIC DEVELOPMENT					
Development Control	system	20	19	completed	BB
IT System (MVM)	IT	15	18	completed	BB
External Funding	system	15	17	completed	LC
TOTAL		50	54		
ENVIRONMENT AND STREET SCENE					
Car Parking	system	20	23	completed	SL
Waste Management (including bulk collections)	system	20	23	completed	BB
Waltham Abbey Sports Centre	establishment	15	16	completed	NH
Pest Control	reserve	-	-	-	-
North Weald Airfield	system/follow up	10	10	completed	DP
Leisure Contract Monitoring	follow up	8	9	completed	LC
TOTAL		73	81		
HOUSING					
Housing Rent Collection	system/follow up	20	23	completed	NH
Contract Management	system	15	17	completed	LC
Depot	system/follow up	15	19	completed	DP
Stores (Depot stocktake – inc. 09 stocktake 31 3.09)	stocktake	2	5	completed	BB
Structural Works Contract	reserve	-	-	-	-
Housing Stores controls (commenced 07/08)	system	2*	1	completed	DP
Contract Partnerships (b/fwd from 07/08)	system	2*	3	completed	JA
* 2 days allocated from contingency					
TOTAL		56	68		

Audit area	Audit type	Days allocated	Days spent 1 April – 31 March	Status at 31 March 2009	Auditor
PARTNERSHIPS AND VOLUNTARY SECTOR					
Grants to Voluntary Organisations	system/follow up	20	20	completed	LC
Partnership Governance Arrangements	verification	20	23	completed	BB
TOTAL		40	43		
COMMUNITY AND CULTURAL SERVICES					
Bookings and Cash collection	system	15	16	completed	SL
External Funding	system	15	17	completed	NH
District Museum	follow up	5	6	completed	NH
TOTAL		35	39		
CORPORATE SUPPORT SERVICES					
Human Resources					
Temporary/Agency agreements	system/ vfm	13	13	completed	SL
HR/Payroll integration	system/ IT	15	16	completed	BB
Gifts and Hospitality	system/follow up	5	5	completed	NH
Gifts and Hospitality second follow up	follow up	3*	3	completed	JA/NH
Establishment list	follow up	5	6	completed	DP
* 3 days allocated from contingency					
Facilities Management					
Commercial Property Portfolio	system/follow up	20	23	completed	NH
Reprographics	system / vfm	20	11	in progress	BB
Legal					
Land Charges Data Quality	verification	10	1	defer	-
TOTAL		91	78		
MISCELLANEOUS					
CPA and BEST VALUE					
Business Plans	verification	5	7	completed	DP
Key/Local Performance Indicators	verification	20	12	completed	DP
CONTRACTS					
Contract Compliance	system	20	15	in progress	SL
CORPORATE					
Corporate Procurement	system	10*	12	completed	contractor
Governance Framework (Use of Consultants)	management review	10*	10	completed	DP
Governance Statement/Action Plan	management review	5	4	completed	JA
Use of Resources work plan	management review	5	5	completed	JA
Review of financial regulations and internal controls	management review	5	3	completed	JA
Inventory Control	system	10	13	completed	NH
Follow up of Priority 1 Audit recommendations	follow up	5	2	ongoing	JA
* 5 days transferred back to contingency					
FRAUD AND CORRUPTION					
National Fraud Initiative (NFI) - 2008	biennial review	30*	21	part completed	NH
Verification of Audit Logs	IT security	15	13	completed	BB
* 5 days allocated from contingency					
TOTAL DAYS ALLOCATED		805	833		
Contingency/Spot checks/Minor investigations		30	14	ongoing	All
Corporate/Service Advice		65*	77	ongoing	JA/BB
* 15 days allocated from contingency					
TOTAL		900	924		

Governance Statement Action Plan 2007/08					
Item	Recommendation	Priority 1 = High 2 = Med 3 = Low	Responsibility	Comments/Source	Actioned by Date/Comments
Governance	To promote a culture of good governance amongst all employees of the Authority, particularly in relation to ethical conduct (gifts and hospitality), and support to the Authority's anti-fraud and corruption policy.	1	Service Directors	Use of Resources KLOE 4.3	Various measures were adopted in 2008/09, including further advice to all staff on the treatment of offers of gifts and hospitality, and the updating of the Anti-fraud and corruption policy.