

**Report to the Audit and Governance
Committee**



Report reference: *AGC-017-2009/10*
Date of meeting: *30 November 2009*

**Epping Forest
District Council**

Portfolio: Finance and Economic Development
Subject: Internal Audit Monitoring Report July - September 2009
Responsible Officer: Brian Bassington (01992 564446).
Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) The Committee is requested to note the following issues arising from the Internal Audit Team's second quarter monitoring report for 2009/10:

- (a) The reports issued between July and September 2009 and significant findings therein (Appendix 1);
- (b) The Priority 1 Actions Status Report (Appendix 2);
- (c) The Limited Assurance Audits follow up status report (Appendix 3);
- (d) The 2009/10 Audit Plan status report (Appendix 4); and
- (e) The Governance Statement 2008/09 Action Plan (Appendix 5); and

(2) The Committee is also requested to confirm that it is satisfied with the effectiveness of the work of Internal Audit in the second quarter 2009/10.

Executive Summary:

This report provides a summary of the work undertaken by the Internal Audit Unit between July and September 2009, and details the overall performance to date against the Audit Plan for 2009/10. The report also contains a status report on previous audit recommendations.

Reasons for Proposed Decision:

Monitoring report as required by the Audit and Governance Committee Terms of Reference.

Other Options for Action:

No other options.

Report:

Work Carried Out in the Period

1. The audit reports issued in the second quarter are listed in paragraph 6 below. A summary of the key governance issues arising from the work of the Team in the quarter is provided in paragraph 8.

2. A number of systems audits and follow up reviews were carried out in the second quarter, which has included three systems which form part of the significant income flow to the Council, these being National Non Domestic Rates, Building Control, and Car Parking.

3. The Audit Team has provided advice and guidance on a range of subjects to management over the period which has ranged from the application and interpretation of Contract Standing Orders to Business Continuity.

4. Audit attendance on a number of Corporate officer groups continues and supervision and management time has included quality assurance of audit reports and working files.

5. No investigation work was required in the quarter. Work continues on the data provided under the National Fraud Initiative (NFI), which is the Audit Commission's biennial data matching exercise designed to identify potential fraudulent payments. Potential matches are being investigated by staff in Finance and ICT, the result of which will be reported to the Audit and Governance Committee at the next meeting.

Reports Issued and Significant Observations

6. The following audit reports were issued in the second quarter:

Substantial Assurance

Housing Maintenance Contracts.
National Non Domestic Rates.

Satisfactory Assurance

Bank Reconciliation.
Fleet Operations.
Grants to Voluntary Organisations.
Licensing Administration.*
Licensing Enforcement.*
Waltham Abbey Sports Centre.

Limited Assurance

Building Control.
Car Parking.
Pest Control.

No Assurance

None

* Combined in a single report

7. Audits of Payroll and Performance Indicators were in progress at 30 September 2009, but had not reached draft report stage and are not included in the performance figures at paragraph 17.

8. While none of the 'limited assurance' audits in the second quarter related to fundamental finance systems, two of the systems are part of the significant income flow to the Council and therefore need to be given immediate attention by Management.

9. The key findings from the 'limited assurance' audits in quarter 2 are outlined below:

(a) Building Control

This audit has concluded that whilst there are generally good procedures in place, there are

weaknesses in their application that put the Council's income at risk. The Building Control ring fenced account continues to be in deficit. Outstanding debts are not being monitored to ensure building control income due is collected, and whilst the number of consultants used has reduced, value for money is not being demonstrated when using consultants.

Outcome

Management are implementing the audit recommendations.

(b) Car Parking

There have been procedural changes with income reconciliation since the previous audit, which has resulted in significant control weaknesses being identified during this audit. Two priority one recommendations are still outstanding, which leaves a continuing lack of independent verification for cash collection and income processing. This risk reduces the Council's ability to demonstrate that the processing and receipt of some elements of its car parking income is controlled and monitored independently at all stages of the process.

Outcome

Management have put procedures in place to address the failings identified and these have been agreed with and confirmed by Internal Audit.

(c) Pest Control

The pest control contractor appears to be providing a satisfactory service to the public, however their income control procedures require improvement in order to provide data to the Council in an accurate and timely fashion. In addition regular contract monitoring needs to be undertaken by Environment and Street Scene management to ensure a consistent level of service performance.

Outcome

During the audit a meeting was held between the contractor and the Council and arrangements have now been made to ensure that the required information is provided.

Follow Up of Previous Limited Assurance Audits (Appendix 3)

10. Attached at Appendix 3 is a summary schedule designed to monitor the follow up of previous limited assurance audits as an aid to ensuring timely and adequate follow up both by Internal Audit and Service Management. The table will be populated during the year as follow up audits are completed, with specific reference to any failure to comply with priority one recommendations.

Audit Plan 2009/10 (Appendix 4)

11. The current status of the planned audits in the 2009/10 Audit Plan is set out at Appendix The Council's main financial systems will all be audited during 2009/10, and the Council's External Auditors, PKF (UK) LLP will review the Internal Audit work and report in due course on the reliance that can be placed on it for the purposes of their audit of the Authority's accounts for 2009/10.

Issues arising from Governance Statement 2008/09 (Appendix 5)

12. The Committee noted the Council's Annual Governance Statement for 2008/09 at the meeting in June 2009. The action plan arising from the Statement is attached at Appendix 5 and progress against the targets will be monitored throughout the year.

13. Resources Available:

	Actual 6 months	12 months Est
	April-Sept 09	Apr 09- Mar 10
Number of days required to meet the audit plan	<u>450</u>¹	<u>900</u>¹
Number of days available based on staff in post	523	1225
Less statutory and annual leave	(75)	(167)
Sick leave / hospital appointments	(47)	(30)
Training	(5)	(30)
Planning, supervision, management and non-chargeable	<u>(62)</u>	<u>(143)</u>
Available audit days	334	855
Add Bought in Days	-	45
Total Audit Days	<u>334</u>	<u>900</u>

Note¹ audit days available if full establishment achieved

Current Staffing Position

14. The Unit had an establishment of 4.8 full time equivalent (fte) posts at the beginning of the second quarter of 2009/10, with a vacancy factor of 0.5 in July and 1.0 through August and September, following the end of the temporary position held by the previous Chief Auditor. Temporary (3 month) cover was in place for the Auditor post from mid June through to mid September. The new Chief Auditor took up the post at the beginning of August with interviews for the vacated Senior Auditor post being held in October. One of the part time Auditors was appointed to this full time post and began in the post on 2 November 2009. The position vacated as a result of the promotion is currently being recruited.

15. Cabinet gave approval on 7 September 2009 for the external provision of part of the audit plan through a partnership contract, which following a tendering exercise, Deloitte and Touche Public Sector Internal Audit Limited have been appointed. This should ensure that the fundamental financial systems are reviewed each year and specialist ICT and Procurement audits are carried out. One of the vacant part time posts (0.5fte) has been deleted from the establishment and the budget transferred to the agency budget to fund this appointment. The contract is due to begin in December 2009.

16. The table on the previous page indicates that 56 productive days were lost in the second quarter (compared with 60 in the first quarter), again primarily as a result of vacancies, staff sickness and the seasonal effect of term time only posts. The effect on the work plan continues to be monitored and decision will be made at the end of the third quarter as to which of the lower priority audits will need to be deferred to 2010/11.

17. Sickness during the Second quarter 2009/10 amounted to 26 days, compared to 20,18 and 6 days respectively in the preceding three quarters. The second quarter figure includes 8 days in total for hospital appointments and is mainly attributable to the sickness of a member of the Team who is suffering from a long term illness. Sickness continues to be monitored and managed in accordance with the Council's management of absence policy with ongoing advice and support from Human Resources.

Performance Management

18. The Internal Audit Team has local performance indicator targets to meet in 2009/10, as set out below:

	Actual 2006/07	Actual 2007/0 8	Actual 2008/09	Target 2009/10	Actual July- Sept 2009/10
% Planned audits completed	82%	89%	95%	90%	37%
% chargeable "fee" staff time	67%	68%	71%	72%	64%
Average cost per audit day	£314	£307	£309	£320	£336
% User satisfaction	83%	81%	85%	85%	93%

19. The indicators are calculated as follows:

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

(b) % Chargeable fee time - a calculation is made each quarter based on reports produced from Internal Audit's time recording system;

(c) 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; and

(d) % 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.

20. The figure for planned audits completed of 37% falls short of the target of 45% for the first two quarters, mainly due to the vacancy factor and the work in progress not counted at the end of the period. There is also a seasonal effect on this indicator due to the term time posts within the team.

21. The indicators for chargeable time and the cost per productive day have not met their targets due to sickness levels and the vacancy factor while the overheads remain.

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:

Risk Management

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.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?

There are no specific equalities impacts.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

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 2
July - September 2009**

Appendix 1

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
Building Control	Planning and Economic Development	<p>Limited Assurance This audit has concluded that whilst there are generally good procedures in place, there are weaknesses in their application that put the Council's income at risk.</p>	<p>The Building Control ring fenced account continues to be in deficit. Outstanding debts are not being monitored to ensure building control income due is collected, and whilst the number of consultants used has reduced, value for money is not being demonstrated when using consultants.</p>
Car Parking	Environment and Street Scene	<p>Limited Assurance There have been procedural changes with income reconciliation since the previous audit, which has resulted in significant control weaknesses being identified during this audit.</p>	<p>Two priority one recommendations are still outstanding, which leaves a continuing lack of independent verification for cash collection and income processing. This risk reduces the Council's ability to demonstrate that the processing and receipt of some elements of its car parking income is controlled and monitored independently at all stages of the process.</p>
Pest Control	Environment and Street Scene	<p>Limited Assurance The pest control contractor appears to be providing a satisfactory service to the public, however their income control procedures require improvement in order to provide data to the Council in an accurate and timely fashion.</p>	<p>Regular contract monitoring needs to be undertaken by Environment and Street Scene management to ensure a consistent level of service performance.</p>
Bank reconciliation	Finance and ICT	<p>Satisfactory Assurance The procedures for completing bank reconciliations are operating satisfactorily. An IT systems issue surrounding the cancelling of</p>	<p>All bank accounts are reconciled on a monthly basis with the exception of the payments account which is reconciled weekly. All reconciliations are independently reviewed. Journals relating to bank</p>

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
		cheques is already being investigated by ICT.	transfers should be processed promptly to ensure that general ledger accurately reflects the account balance.
Fleet Operations	Corporate Support Services	<p>Satisfactory Assurance Improvements to systems of internal control have been made with the introduction of the Marketplace ordering system, and the continuing operation of Fleet Operations has been formalised by Member approval pending the outcome of the review of the Council's depot facilities.</p>	The two outstanding recommendations have been addressed with Member approval given to the continuing operation of Fleet Operations and the adoption of the Marketplace ordering system by the Service.
Grants to Voluntary Organisations	Office of the Chief Executive Office of the Deputy Chief Executive	<p>Satisfactory Assurance There has been an improvement with the processing, approving and monitoring procedures of group and individual grants awarded by the Authority.</p>	It is pleasing to note only two recommendations from the 15 made in the last audit are outstanding. The areas identified for improvement relate mainly to administration issues and have been raised with the relevant officers.
Licensing Administration and Enforcement	Corporate Support Services Environment and Street Scene	<p>Satisfactory Assurance There has been a good improvement in the system for processing and controlling licensing income and the risks identified previously have been addressed.</p>	Of the 14 recommendations made in the last review only three require more action. Some weaknesses were identified with the reconciliation of income.
Waltham Abbey Sports Centre	Environment and Street Scene	<p>Satisfactory Assurance There are generally sound procedures in place and improvements have been made since the previous audit. However, one petty cash claim was not in accordance with guidelines in financial regulations.</p>	There are sound procedures in place for the processing of orders and invoices, income collection and banking, and overtime claims. The audit identified that improvements have been made and 4 of 5 agreed actions have been implemented since the previous audit.

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
			<p>There was a departure from Financial Regulations for one claim which exceeded the guideline limit and written authorisation was not obtained.</p>
<p>Housing Maintenance Contracts</p>	<p>Housing</p>	<p>Substantial Assurance Contracts are being operated within Contract Standing Orders, including tendering procedures, approval processes and quality of work and budget monitoring systems. No actions were identified as a result of this audit.</p>	<p>The audit has found that contracts are being tendered for in accordance with Contract Standing Orders. Contract payments are accurately recorded and properly monitored against the budget. The quality of the contract work is checked by regular inspections, and records are kept of all inspections carried out.</p>
<p>National Non Domestic Rates</p>	<p>Finance and ICT</p>	<p>Substantial Assurance There are effective controls in operation for NNDR, from calculation of the liability through to the collection and recovery of debts. The controls surrounding entitlement to reliefs and exemptions have been enhanced by the implementation of the previous audit recommendations.</p>	<p>Academy holds a complete and accurate record of hereditaments. The liability is correctly calculated by Academy with reference to the system parameters, rateable value and any applicable reliefs or exemptions.</p> <p>Weekly billing runs ensure that revised bills are sent out promptly following any changes and income is correctly posted to Academy and is reconciled monthly to the general ledger and cash receipting systems.</p>

PRIORITY 1 ACTIONS – STATUS AT QUARTER 2 2009/10

(Updates from last meeting in bold type in final column)
Reports marked * denote limited assurance audits

Report Title	Agreed Action	Responsible Officer	Target Date	Status	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	In progress	To be followed up in 2009/10
Fleet Operations*	<p>Other Servicing Private work will be reviewed annually to ensure that it falls within the legal criteria.</p>	Workshop Manager	Ongoing	Completed	
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)	Completed	

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
Fleet Operations*	<p>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.</p>	Director of Corporate Support Services	Sept 2008	Completed	
Fleet Operations*	<p>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.</p>	Director of Corporate Support Services	Sept 2008	Completed	
HR/Payroll Integration*	<p>Data Quality A one off data cleansing exercise will be carried out to ensure that standing data is accurate and up to date.</p> <p>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.</p>	Assistant Director (Human Resources)	<p>Jan 2009</p> <p>Aug 2008</p>	<p>In progress</p> <p>In progress</p>	<p>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.</p> <p>Audit scheduled for 3rd quarter</p>

Report Title	Agreed Action	Responsible Officer	Target Date	Status	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	In progress	To be followed up in 2009/10 Audit Plan
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	In progress	To be followed up in 2009/10 Audit Plan
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	In progress	To be reported to a future meeting
Housing Contracts	Retentions Retention monies, if stipulated in a contract, should be held back.	Senior Architectural Assistant	May 2009	In progress	To be followed up in 2009/10 Audit Plan
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	In progress	To be followed up in 2009/10 Audit Plan

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
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	Completed	
Contract Compliance	Contract documentation All contract documents will be retained in accordance with Contract Standing Order C24.	Direct of Environment and Street Scene	July 2009	In progress	To be followed up in 2009/10 Audit Plan
Contract Compliance	Tender evaluation schedule A tender evaluation schedule will be prepared for all future contracts to provide a trail of the decision making process from the tender submission to the award of the contract.	Director of Planning and Economic Development	August 2009	In progress	To be followed up in 2009/10 Audit Plan
Reprographics	Value for Money In recognition of the under-utilisation of staff under the current arrangements, Management should review the role of the Print Section and the functions of the staff.	Director of Corporate Support Services	Dec 2009	In Progress	To be reported to a future meeting

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
Building Control	Building Control ring fenced (fee earning) account Management should continue the monthly review of the ring fenced account and review charges and the level of temporary staff resources in order to eliminate the accumulated deficit on the account.	Assistant Director (Building)	October 2009	Completed	
Building Control	Income reconciliation Management will ensure that reconciliations of Building Control income to the corporate Finance system are completed on a regular basis.	Assistant Director (Building)	October 2009	Completed	
Building Control	Sundry Debtors and Aged Debts Management will ensure that priority is given to the recovery of outstanding debts. Outstanding debts over 42 days should be referred to Legal promptly in accordance with the Sundry Debt Policy.	Assistant Director (Building)	October 2009	Completed	
Licensing	Licensing Administration Reconciliations should be carried out in a timely fashion by a Senior Independent Officer.	Assistant Director (Legal)	October 2009	In progress	To be reported to a future meeting

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
Waltham Abbey Sports Centre	Overtime expenditure Management should note that overtime expenditure has increased since the previous audit. Expenditure will be monitored by the General Manager and Accountancy for the remainder of the current financial year.	General manager (WASC)	November 2009	In progress	To be reported to a future meeting
Waltham Abbey Sports Centre	Petty cash claims Management has stated the departure from Financial Regulations is an isolated example and written approval will be obtained in future.	General Manager (WASC)	November 2009	Completed	To be reported to a future meeting
Car Parking	Pay and Display Cash Collection The EFDC Parking Manager will ensure that the contractor is carrying out regular supervisory checks of the cash collection, reconciling the audit rolls to the cash collection record. In addition the EFDC Parking Manager will carry out his own random independent spot checks to include a full reconciliation between the audit rolls produced by the machines and the daily cash collection records. Evidence of all reconciliations will be signed and dated and retained. In addition, a list of banking shortages should be sent to the Parking Manager by Finance to assist in the monitoring of trends in cash collection and banking.	Director of Environment & Street Scene Assistant Director of Finance (Accountancy)	August 2009	Completed Completed	Procedures have been put in place following consultation with Internal Audit.

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
<p>Car Parking</p>	<p>Income Reconciliation of Penalty Charge Notices A further review of the system should be undertaken by Management and assisted by Audit, to address the issues raised in this audit, arising from changes in the timing of daily banking implemented by the Contractor. In the meantime, a spreadsheet system for daily reconciliations will be put in place by Management (Vinci/EFDC) to provide temporary controls in ensuring that all income is correctly receipted, banked and recorded to provide an effective audit trail. The EFDC Parking Manager will review the spreadsheet on a random basis.</p>	<p>Director of Environment & Street Scene</p>	<p>August 2009</p>	<p>Completed</p>	<p>Procedures have been put in place following consultation with Internal Audit.</p>
<p>Pest Control</p>	<p>Contract Monitoring Management should review and monitor performance on a regular basis, in line with the agreed contract terms.</p>	<p>Assistant Director of Environment & Street Scene (Environment and Neighbourhoods)</p>	<p>October 2009</p>	<p>In progress</p>	<p>To be reported to a future meeting</p>

Follow up of Limited Assurance Audits 2008/09

Appendix 3

Report Title	Directorate	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues / Comments
Procurement	Finance/All	March 09	14		Qtr 4	
Building Maintenance Stores Stock take	Works Unit	May 08	3	2	Qtr 1	Weakness in stock control, high error rate, outdated system
Parsonage Court (Housing) Stores	Housing	April 08	3	3	Qtr 1	Improved controls in place
Housing Contracts	Housing	March 09	7	7	Qtr 2	Improved controls in place
Waltham Abbey Sports Centre	Environment/ Street Scene	July 08	5	4	Qtr 2	Remaining action yet to be implemented
HR/Payroll Integration	Corp. Support	June 08	6		-	Follow up delayed due to promotion of Senior Auditor and consequent vacancy
Car Parking	Environment/ Street Scene	July 08	5	5	Qtr 2	Improved controls in place
Waste Management	Environment/ Street Scene	March 09	5		Qtr 4	
Use of Consultants	All	July 08	5		Qtr 3	Compliance with Standing Orders, use of standard agreement

Report Title	Directorate	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues / Comments
Data Security	Finance & ICT	Dec 08	10		Qtr 4	
Grants to Vol. Orgs.	Asst. to Chief Executive	June 08	15	13	Qtr 2	Remaining two actions currently being implemented
Commercial Property	Corp. Support	Jan 09	6		Qtr 4	
Treasury Management	Finance & ICT	Jan 09	16		Qtr 3	
External Funding	Planning/ Ec. Dev'ment	Oct 08	8		-	Follow up delayed due to audit staff vacancy
IT System logs	Finance & ICT	Sept 08	4		-	Follow up delayed due to promotion of Senior Auditor and consequent vacancy
Building Maintenance (Works Unit)	Housing	March 09	7		Qtr4	
Bank Reconciliation	Finance & ICT	Nov 08	9	8	Qtr 2	One action currently being addressed
Business Plans	All	June 08	1	1	Qtr 1	Implemented, substantial assurance April 2009

Report Title	Directorate	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues / Comments
Inventory Control	All	May 08	5		Qtr 2	Follow up in progress – 3 rd quarter
Travel and Subsistence	All	May 08	4	2	Qtr 1	Errors from small sample, Directors reminded of need for greater accuracy

**Audit Plan 2009/10
Status Report at 30 September 2009**

Appendix 4

Audit area (L denotes past limited assurance audit rating)	Audit type	Days allocated	Completed/ Provisional Timescale	Auditor
FINANCE AND ICT				
Finance				
Bank Reconciliation (L)	system/follow up	15	Completed	SL
Sundry Debtors	system/follow up	20	Qtr 3	contractor
Creditors (L)	system/follow up	20	Qtr 3	contractor
Treasury Management (L)	system/follow up	15	Qtr 3	SL
Payroll	system/follow up	25	In Progress	DP
Budgetary Control (capital and revenue)	system/follow up	10	Qtr 4	contractor
Risk Management and Insurance	system/follow up	15	Qtr 4	NH
Main Accounting and Financial Ledger	system/follow up	15	Qtr 3	contractor
Housing Benefits	system/follow up	25	Qtr 3	SL
Council Tax	system/follow up	25	Qtr 3	contractor
National Non Domestic Rates	system/follow up	15	Completed	SL
Cash receipting and Income control	system/follow up	15	Qtr 3	NH
Cash receipting IT system	IT	5	Qtr 4	contractor
Provision for 'top up' testing	systems	15	Qtr 4	All
Cash Office spot checks	verification	5	Qtr 3	NH
ICT				
Data (L) and Network Security	system/follow up	20	Qtr 4	contractor
IT Procurement	system	10	Qtr 4	contractor
Revenues and Benefits IT system	follow up	5	Qtr 3	Tba
IT System Logs (L)	follow up	5	Qtr 3	Tba
TOTAL		280		
PLANNING AND ECONOMIC DEVELOPMENT				
Building Control (L)	system	20	Completed	NH
Countrycare	system	7	Qtr 3	NH
External Funding and Housing/Planning Delivery Grant (L)	follow up	6	Qtr 2	NH
Strategic Housing Assessment	system	3	Completed	BB
TOTAL		36		
ENVIRONMENT AND STREET SCENE				
Waste Management (L) and Recycling	system/follow up	25	Qtr 4	tba
Public Health	system	15	in progress	BB
Licensing Enforcement	system	12	Completed	temp
Pest Control	system	10	Completed	DP
Car Parking (L)	follow up	7	Completed	DP
Waltham Abbey Sports Centre (L)	follow up	5	Completed	NH
TOTAL		74		
HOUSING				
Housing Rent Collection and Arrears	system/follow up	25	Qtr 3	DP
Private Renewal Grants/DFG/'CARE'	system	25	completed	SL
House Sales and Leaseholder Services	system	20	Qtr 4	SL
Depot (L)	system/follow up	15	Qtr 4	DP
Housing maintenance contract	contract	10	Completed	BB
Stores - Depot stock take (L)	stocktake	4	completed	BB
Stores - Parsonage Court stock take (L)	stocktake	2	completed	DP
Housing Repairs Working Group	management review	5	-	BB
Sheltered Housing establishments	establishment	-	reserve	-
TOTAL		106		
PARTNERSHIPS AND VOLUNTARY SECTOR				
Local Area Agreements	system	15	Qtr 4	BB
Grants to Voluntary Organisations (L)	follow up	7	Completed	temp
TOTAL		22		

Audit area	Audit type	Days allocated	Completed/ Provisional Timescale	Auditor
COMMUNITY SERVICES AND CUSTOMER RELATIONS				
Arts and Sports Development	system	20	Qtr 4	NH
Bookings and Cash collection (L)	system/follow up	7	completed	SL
Information Desks	system	-	reserve	-
TOTAL		27		
CORPORATE SUPPORT SERVICES				
Human Resources				
Recruitment and Selection	system	15	Qtr 3	tba
Management of Sickness absence	system	10	completed	DP
Travel and Subsistence claims (L)	follow up	10	completed	NH
HR/Payroll Integration (L)	follow up	6	Qtr 3	NH
Health and Safety Policy	system	5	tba	tba
Estates/Facilities Management/Other				
Commercial Property portfolio (L)	system/follow up	20	Qtr 4	tba
Licensing	system	15	Completed	temp
Asset Management system	system	8	In Progress	SL
Facilities Management (Mech. And Elec.) (L)	follow up	5	Qtr 3	tba
Non-HRA Repairs (L)	follow up	5	Qtr 3	NH
Fleet Operations (L)	follow up	5	Completed	BB
Reprographics	vfm/systems	10*	completed	BB
Legal				
Land Charges	system/vfm	15	Qtr 4	DP
Land Charges Data Quality	verification	10	Qtr 2	tba
* 10 days from contingency to facilitate completion				
TOTAL		139		
MISCELLANEOUS				
CPA and BEST VALUE				
Key and Local Performance Indicators	verification	15	In Progress	NH
Business Plans (L)	verification	7	Completed	DP
CONTRACTS				
Contract Compliance (L) - commenced 2008/09	system	7	Completed	SL
Contract Compliance 2009/10	system	13	Qtr 4	SL
CORPORATE				
Corporate Procurement (L)	system/follow up	10	Qtr 4	contractor
Use of Consultants (L)	follow up	8	Qtr 3	NH
Gifts and Hospitality (L)	system/follow up	6	Completed	temp
Governance Statement	management review	5	Qtr 4	BB
Use of Resources work plan	management review	5	Ongoing	BB
Review of financial regulations and internal controls	management review	3	Ongoing	BB
Inventory Control (L)	follow up	8	In Progress	NH
Email, Internet and Telephone usage (L)	follow up	8	Completed	SL
Use of Regulation of Investigatory Powers Act	system	5	Completed	BB
Follow up of Priority 1 Audit recommendations	follow up	6	Ongoing	CIA
FRAUD AND CORRUPTION				
National Fraud Initiative (NFI) - 2008	c/fwd	15	In Progress	NH
TOTAL DAYS ALLOCATED				
Contingency/Spot checks/Minor investigations		30	Ongoing	All
Corporate/Service Advice		65	Ongoing	BB
TOTAL		900		

Governance Statement Action Plan 2008/09					
Item	Recommendation	Priority 1 = High 2 = Med 3 = Low	Responsibility	Comments/Source	Actioned by/ Review Date
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 Internal Audit Report	Ongoing
Treasury Management	To monitor compliance with the action plan in the Internal Audit Report, by all staff with responsibilities for treasury management activities.	1	Director of Finance and ICT	Internal Audit Report	30 Sept 2009 Audit rescheduled to 3 rd quarter
Financial Reporting	To deliver the action plan in the External Audit ISA 260 report, regarding the need for improved processes for the closure of accounts for 2008/09.	1	Director of Finance and ICT	External Audit ISA 260 Report	31 March 2009 Actioned
Data Security	To deliver the action plans in the Internal Audit Reports.	2	Assistant Director (ICT)	Internal Audit Reports	30 Sept 2009

Governance Statement Action Plan 2008/09

Item	Recommendation	Priority 1 = High 2 = Med 3 = Low	Responsibility	Comments/Source	Actioned by/ Review Date
Compliance with Financial Regulations and Contract Standing Orders	To promote good practice and re-issue guidance notes as appropriate.	2	Chief Internal Auditor	Internal and External Audit Reports	31 March 2010
Estates Management	To monitor Estates Management performance and compliance with the agreed actions in the Internal Audit Report.	2	Director of Corporate Support Services	Internal Audit Report	30 Sept 2009 Audit scheduled for 4 th quarter
Building Maintenance	To monitor the implementation of the strategy to re-organise the service.	2	Director of Housing	Cabinet Report and minutes	30 Sept 2009 Re-organisation in progress
Use of Consultants	To monitor compliance with the revised guidance for the engagement of consultants and temporary staff.	2	Service Directors	Council Reports and minutes Internal Audit Report	31 Dec 2009