

**Report to the Audit and Governance
Committee**



Report reference: AGC-003-2009/10
Date of meeting: 21 June 2010

**Epping Forest
District Council**

Portfolio: Finance and Economic Development
Subject: Internal Audit Monitoring Report January - March 2010
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 fourth quarter monitoring report for 2009/10:

- (a) The reports issued between January and March 2010 and significant findings (Appendix 1);
- (b) The Outstanding 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 fourth quarter 2009/10.

Executive Summary:

This report provides a summary of the work undertaken by the Internal Audit Unit between January and March 2010, and details the overall performance to date against the Audit Plan for 2009/10. The report also contains a status report on previous priority 1 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 fourth quarter are listed in paragraph 5 below.

2. A number of systems audits were carried out in the fourth quarter, which have concentrated on the Council's main financial systems, ICT controls, procurement and contract compliance.

3. The Audit Team continues to provide advice and guidance on a range of subjects to management mainly on the application and interpretation of Contract Standing Orders and Financial Regulations. The Chief Internal Auditor, with the Director of Finance and ICT and an external facilitator provided two further "Bite Sized" finance training courses during March.

4. Attendance by the Chief Internal Auditor at a number of Corporate officer groups including Corporate Governance, review of Contract Standing Orders and Financial Regulations and Use of Resources continues and supervision and management time has included quality assurance of audit reports and working files.

Reports Issued and Significant Observations

5. The following audit reports were issued in the fourth quarter:

(a) Substantial Assurance:

- Council Tax;
- Treasury Management;
- Creditors; and
- Sundry Debtors.

(b) Satisfactory Assurance

- Housing and Council Tax Benefits;
- Recruitment and Selection; and
- Risk Management and Insurance.

(c) Limited Assurance

- Contracts Compliance;
- Stores Stocktake; and
- ICT System Logs.

(d) No Assurance

- None.

(e) Outstanding Reports from Contractor

- Network Security;
- Budgetary Control;
- Main Accounting System;
- Procurement; and
- ICT Procurement.

6. Due to the externalisation of a proportion of the audit plan to Deloitte and Touche Public Sector Internal Audit Limited during December, a number of financial and ICT audits were scheduled for completion during March. While the work had been carried out by 31 March not all of the reports had been received as they were within the contractor's quality control process. It is intended that the contracted out work will be spread throughout 2010/11 to ensure completion before 31 March 2011.

7. It should be noted that the assurance classifications used by Deloitte differ from those of the Council. These classifications are detailed at the end of this report and a proposal to align the Council's classification with those of Deloitte is included in the annual report.

Follow Up of Previous Limited Assurance Audits (Appendix 3)

8. Attached at Appendix 3 is a summary schedule of previous limited assurance audits to ensure follow up both by Internal Audit and Service Management. The table shows the situation as at 31 March.

Audit Plan 2009/10 (Appendix 4)

9. The status of the 2009/10 Audit Plan is set out at Appendix 4. The Council's main financial systems have all been be audited during 2009/10 and the Council's External Auditors, PKF (UK) LLP will be reviewing the Internal Audit and contracted out work in due course, in order to place reliance 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)

10. 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 is noted as at 31 March.

Performance Management

11. 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 2009/10
% Planned audits completed	82%	89%	95%	90%	87%
% chargeable "fee" staff time	67%	68%	71%	72%	69%
Average cost per audit day	£314	£307	£309	£320	£300
% User satisfaction	83%	81%	85%	85%	94%

12. 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 (eg 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.

13. The figure for planned audits completed of 87% falls short of the target of 90% due to the vacancy factor throughout the year. The addition of the contracted out work and the temporary employment of staff in the last quarter has enabled an improvement during the last

quarter.

Resource Implications:

Within the report.

Legal and Governance Implications:

Within the report.

Safer, Cleaner and Greener Implications:

No specific implications.

Consultation Undertaken:

Corporate Governance Group.

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.

EFDC 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.

Deloitte – Definition of Levels of Assurance

Level	Evaluation opinion	Testing opinion
Full assurance	There is a sound system of control designed to achieve the system objective.	The controls are being consistently applied.
Substantial assurance	While there is a basically sound system, there are weaknesses that put some of the system's objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system's objectives at risk.
Limited assurance	Weaknesses in the system of controls are such as to put the system's objectives at risk.	The level of non-compliance puts the system's objectives at risk.
No assurance	Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

**Summary of Audits completed during Quarter 4
January - March 2010**

Appendix 1

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
Council Tax (Deloitte)	Finance and ICT	<p>Substantial Assurance While there is a basically sound system, there are weaknesses that put some of the system's objectives at risk.</p>	<p>Following the conversion to Academy, it was found from discussion with the Assistant Director of Finance and Local Taxation Officer that the Council Tax and Benefit modules are currently not reconciling. At the moment, manual reports are being produced and reviewed by the Local Taxation Officer and passed on to Benefits for them to update their system.</p>
Treasury Management	Finance and ICT	<p>Substantial Assurance The systems and controls in relation to treasury management are operating effectively. The policy surrounding the use of counterparties with negative ratings watch notices should be clarified.</p>	<p>The audit found that investments are made in accordance with the Authority's treasury management strategy. Changes to the strategy in relation to the permitted investment terms were made during the year by the Director of Finance & ICT with Portfolio Holder approval. The strategy places the emphasis on the security and liquidity of investments over the yield.</p>
Creditors (Deloitte)	Finance and ICT	<p>Substantial Assurance While there is a basically sound system, there are weaknesses that put some of the system's objectives at risk.</p>	<p>Five priority 2 recommendations made to address low risk findings.</p>
Sundry Debtors (Deloitte)	Finance and ICT	<p>Substantial Assurance While there is a basically sound system, there are weaknesses that put some of the system's objectives at risk.</p>	<p>Six recommendations were raised in the last audit of which one remains partially implemented and two not yet implemented. The partially implemented recommendation was that Service</p>

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
			Directors should be informed of the essential requirements of the Sundry Debt Policy as the policy was currently being updated but was pending approval by Members. The two recommendations that were not implemented related to the review of aged debts and the independent review and sign off of reconciliations performed by Finance. These issues have been reiterated in this report.
Network Security (Deloitte)	Finance and ICT		Awaiting Deloitte report
Budgetary Control (Deloitte)	Finance and ICT		Awaiting Deloitte report
Main Accounting System	Finance and ICT		Awaiting Deloitte report
Procurement	Finance and ICT		Awaiting Deloitte report
ICT Procurement (Deloitte)	Finance and ICT		Awaiting Deloitte report
Housing and Council Tax Benefits	Finance and ICT	<p>Satisfactory Assurance The controls surrounding the assessment and payment of benefits are operating satisfactorily. However, accuracy checks</p>	The audit demonstrated that benefits are only awarded where there is sufficient evidence to support the claim. However, the accuracy checks by the Senior Benefit Officers need to be

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
		<p>should be regularly carried out to reduce the risk of incorrect benefit payments, and rent allowances should be reconciled to the general ledger to provide assurance that benefits are accurately recorded.</p>	<p>regularly performed in order to ensure that assessments are accurately carried out.</p> <p>Benefit entitlement is calculated by Academy with reference to the system parameters. The system parameters are independently checked although evidence of this check should be retained.</p> <p>The problems with the reconciliation of the benefits module to the council tax module should continue to be investigated.</p> <p>There is adequate separation of duties between assessment and payment of benefit.</p>
Recruitment and Selection	Corporate Support Services	<p>Satisfactory Assurance Recruitment and selection procedures are operating satisfactorily. The Council must ensure that the documentation in respect of the applicants right to work in the UK is fully completed.</p>	<p>The audit found that there are well established procedures for obtaining authorisation to fill posts.</p> <p>Accurate job descriptions and person specifications ensure that suitable applicants are appointed and should, therefore, be reviewed and updated as necessary prior to advertising.</p> <p>HR should consider whether appointing officers should attend refresher recruitment and selection training courses to ensure they are up to date with current legislation and Council policy.</p>
Risk Management and Insurance	Finance and ICT	<p>Satisfactory Assurance The risk framework is embedded at management level and is being monitored effectively by Members and the Risk Management Group. There is however a need</p>	<p>There is management of the Corporate Risk Register and business plans are showing linkages to Directorate and Corporate Risk Registers.</p> <p>Risk management is embedded at senior</p>

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
		to clarify the responsibilities of the Directorate risk champions with regards to review of registers, risk matrix and action plans with managers.	<p>management level but it is more difficult to evidence that risk awareness has become part of the day to day operations of the Authority, and whether all relevant staff are aware of the extent to which risk assessment and monitoring should be part of their role.</p> <p>The increase in excesses levels for public liability insurance is making costs savings as projected and trends are being effectively monitored.</p>
Contracts Compliance	Corporate	<p>Limited Assurance Whilst there are examples of good practice where contracts are operated in compliance with Council procedures in the Housing and Finance Directorates, the audit has identified improvement areas in other Directorates relating to tender procedures, document retention policies and the need to raise awareness of internal controls where lapses have been identified.</p>	<p>Chief Officers should be reminded that a sufficient audit trail should be in place demonstrating compliance with CSO's at key stages of the procurement process, as there were various examples of departures from Contract Standing Orders.</p> <p>Documentation for unsuccessful tenders and the evaluation schedule was not provided during the audit for the Abandoned Vehicles contract and the evaluation schedule and documentation regarding the selection of contractors was not available for the PAT Testing contract. Management will ensure the tender process is documented for future contracts.</p>
Stores Stocktake	Housing	<p>Limited Assurance Although proper procedures were followed for the year end stocktake, the stock records for 2009/10 could not be relied upon. However, management have already put measures in place to ensure that stock is properly</p>	<p>Proper procedures were followed for the annual stocktake.</p> <p>Because of the problems with the old stock system the accuracy of the stock records could not be relied upon at the year end. Management</p>

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
		controlled and recorded, which should lead to a significant improvement in 2010/11.	have, however, already replaced the stock records system and ensured appropriate access has been given to the database. Procedures have also been implemented to ensure that stock records are checked to the stores stock on a regular basis.
ICT Systems Logs (Deloitte)	Corporate	<p>Limited Assurance Weaknesses in the system of controls are such as to put the system's objectives at risk.</p>	<p>Audit testing identified that access violation logs could not be produced or were unavailable for the 13 Council Systems reviewed. A network access violation report was provided which is reviewed by ICT on a monthly basis.</p> <p>Transaction logs could be provided for six out of the 13 systems tested. The logs that were provided for the remaining systems were not as detailed and comprehensive as required. It was identified that the logs are not produced and reviewed on a periodic basis. E-mail usage logs are generated and reviewed on a weekly basis and Internet logs are reviewed on a monthly basis.</p>

OUTSTANDING PRIORITY 1 ACTIONS – STATUS AT QUARTER 4 2009/10

Reports marked * denote limited assurance audits

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
<p>Estate Management</p>	<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>	<p>Principal Valuer and Estate Surveyor</p>	<p>Nov 2008</p>	<p>In progress</p>	<p>Follow up carried out Quarter 3 2009/10</p> <p>A new asset register is being implemented which, in addition to fulfilling the requirements of International Financial Reporting Standards (IFRS) which are a requirement of local government from 2010/11 onwards, should also provide more management information in relation to assets, including data for monitoring performance. The possibility that this may be further enhanced if the property module is used to replace the existing estates management system should continue to be explored.</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 quarter 4 2009/10.
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 quarter 4 2009/10.
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	Actioned	Process now in place.
Housing Contracts	Retentions Retention monies, if stipulated in a contract, should be held back.	Senior Architectural Assistant	May 2009	Actioned	
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 reviewed on completion of Depot reorganisation.

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
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	Further advice given following 4 th quarter audit.
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	Actioned	
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
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 followed up in quarter 4 2009/10.
Pest Control	Contract Monitoring Management should review and monitor performance on a regular basis, in line with the agreed contract terms.	Assistant Director of Environment & Street Scene (Environment and Neighbourhoods)	October 2009	In progress	To be included in 2010/2011 audit plan

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
HR/Payroll Integration (ICT)	Data Quality All identified errors should be rectified as soon as possible and management should ensure that data quality is continuing monitored.	Assistant Director (Human Resources)	January 2010	Actioned	
HR/Payroll Integration (ICT)	Members' Payroll The system should be updated to show all Councillors etc as such in the category field. Management should ensure that random checks are completed to ensure accurate data quality.	Assistant Director (Human Resources)	January 2010	Actioned	
Performance Indicators	Timely Submissions Directorates should be reminded to submit data in accordance with deadlines set by the Performance Improvement Unit.	Service Directors	January 2010	In progress	Some late submissions identified and Service Directors reminded again.
Performance Indicators	Data quality Directorates should be reminded that background data produced at the time should be retained to justify the calculation of Performance Indicators.	Service Directors	January 2010	In progress	Two indicators could not be verified, Service Directors reminded again.

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
Members Gifts and Hospitalities	Registration of members' interests Members will be specifically reminded that they need to register all gifts and hospitality of over £25 within 28 days of receipt, and to include full details including the date, value and the nature of the gift/hospitality.	Assistant to the Chief Executive	Ongoing	In progress	Audit planned for 1 st quarter 2010/11.
Asset Management	Asset register (a) Assetmanager.net will be reconciled to the existing asset register to ensure it has been running correctly.	Assistant Director (Accountancy)	March 2010	In progress	Review in 1 st quarter 2010/11.
Verification of Cash Floats	Unders and Overs Management should continually monitor staff performance to ensure that trends are not developing and that errors are kept to a minimum.	Assistant Director of Finance (Revenues) Senior Cashier	January 2010	Actioned	

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		Completed	Deloitte draft report awaited.
Building Maintenance Stores Stocktake	Works Unit	May 08	3	2	Qtr 1	Subject to major review by Assistant Head of Housing. New stock system now in place following failure of old system.
Parsonage Court (Housing) Stores	Housing	April 08	3	3	Completed	Improved controls in place
Housing Contracts	Housing	March 09	7	7	Completed	Improved controls in place
Waltham Abbey Sports Centre	Environment/ Street Scene	July 08	5	4	Completed	Centre now closed
HR/Payroll Integration	Corp. Support	June 08	6	5	Qtr 4	The integration process has been put on hold for the foreseeable future while research is being carried out into the viability of a new system, therefore this recommendation has not been actioned at this time.
Car Parking	Environment/ Street Scene	July 08	5	5	Completed	Improved controls in place
Waste Management	Environment/ Street Scene	March 09	5	4	Qtr 4	One priority 2 to be reviewed at next audit. Further development of use of vehicle tracker system.
Use of Consultants	All	July 08	5		Completed	Deloitte draft report awaited.

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	6	Completed	Deloitte draft report awaited.
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	5	Qtr 4	One long term aim, acquisition of the property module – completion by March 2011
Treasury Management	Finance & ICT	Jan 09	16	16	Completed	Improved controls in place.
External Funding	Planning/ Ec. Dev'ment	Oct 08	8			Follow up audit in progress.
IT System logs	Finance & ICT	Sept 08	4		Completed	Deloitte draft report awaited.
Building Maintenance (Works Unit)	Housing	March 09	7		Qtr4	Subject to major review by Assistant Head of Housing
Bank Reconciliation	Finance & ICT	Nov 08	9	9	Completed	Improved controls in place.
Business Plans	All	June 08	1	1	Completed	Improved controls in place.

Report Title	Directorate	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues / Comments
Inventory Control	All	May 08	5	5	Completed	Improved controls in place.
Travel and Subsistence	All	May 09	2		Qtr 1 2010/11	Errors from small sample, Directors reminded of need for greater accuracy

**Audit Plan 2009/10
Status Report at 31 March 2010 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	Completed	contractor
Creditors (L)	system/follow up	20	Completed	contractor
Treasury Management (L)	system/follow up	15	Completed	SL
Payroll	system/follow up	25	Completed	DD
Budgetary Control (capital and revenue)	system/follow up	10	Completed	contractor
Risk Management and Insurance	system/follow up	15	Completed	Agency
Main Accounting and Financial Ledger	system/follow up	15	Completed	contractor
Housing Benefits	system/follow up	25	Completed	SL
Council Tax	system/follow up	25	Completed	contractor
National Non Domestic Rates	system/follow up	15	Completed	SL
Cash receipting and Income control	system/follow up	15	Completed	NH
Cash receipting IT system	IT	5	2010/11	contractor
Provision for 'top up' testing	systems	15	Completed	All
Cash Office spot checks	verification	5	Completed	NH
ICT				
Data (L) and Network Security	system/follow up	20	Completed	contractor
IT Procurement	system	10	Completed	contractor
Revenues and Benefits IT system	follow up	5	Completed	SL
IT System Logs (L)	follow up	5	Completed	DD
TOTAL		280		
PLANNING AND ECONOMIC DEVELOPMENT				
Building Control (L)	system	20	Completed	NH
Countrycare	system	7	2010/11	SL
External Funding and Housing/Planning Delivery Grant (L)	follow up	6	In Progress	SL
Strategic Housing Assessment	system	3	Completed	BB
TOTAL		36		
ENVIRONMENT AND STREET SCENE				
Waste Management (L) and Recycling	system/follow up	25	In progress	NH
Public Health	system	15	2010/11	tba
Licensing Enforcement	system	12	Completed	temp
Pest Control	system	10	Completed	DD
Car Parking (L)	follow up	7	Completed	DD
Waltham Abbey Sports Centre (L)	follow up	5	Completed	NH
TOTAL		74		
HOUSING				
Housing Rent Collection and Arrears	system/follow up	25	In progress	DD
Private Renewal Grants/DFG/'CARE'	system	25	Completed	SL
House Sales and Leaseholder Services	system	20	2010/11	tba
Depot (L)	system/follow up	15	2010/11	tba
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	DD
Housing Repairs Working Group	management review	5	Completed	BB
TOTAL		106		
PARTNERSHIPS AND VOLUNTARY SECTOR				
Local Area Agreements	system	15	2010/11	tba
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	Completed	SL
Bookings and Cash collection (L)	system/follow up	7	Completed	SL
TOTAL		27		
CORPORATE SUPPORT SERVICES				
Human Resources				
Recruitment and Selection	system	15	Completed	SL
Management of Sickness absence	system	10	Completed	DD
Travel and Subsistence claims (L)	follow up	10	Completed	NH
HR/Payroll Integration (L)	follow up	6	Completed	DD
Health and Safety Policy	system	5	2010/11	tba
Estates/Facilities Management/Other				
Commercial Property portfolio (L)	system/follow up	20	Completed	SL
Licensing	system	15	Completed	temp
Asset Management system	system	8	Completed	SL
Facilities Management (Mech. And Elec.) (L)	follow up	5	In Progress	BB
Non-HRA Repairs (L)	follow up	5	Completed	NH
Fleet Operations (L)	follow up	5	Completed	BB
Reprographics (commenced 2008/09)	vfm/systems	10*	Completed	BB
Legal				
Land Charges	system/vfm	15	Completed	Agency
Land Charges Data Quality	verification	10	Completed	Agency
* 10 days from contingency to facilitate completion				
TOTAL		139		
MISCELLANEOUS				
CPA and BEST VALUE				
Key and Local Performance Indicators	verification	15	Completed	NH
Business Plans (L)	verification	7	Completed	DD
CONTRACTS				
Contract Compliance (L) - commenced 2008/09	system	7	Completed	SL
Contract Compliance 2009/10	system	13	Completed	NH
CORPORATE				
Corporate Procurement (L)	system/follow up	10	Completed	contractor
Use of Consultants (L)	follow up	8	Completed	contractor
Gifts and Hospitality (L)	system/follow up	6	Completed	temp
Governance Statement	management review	5	Completed	BB
Use of Resources	management review	5	Ongoing	BB
Review of financial regulations and internal controls	management review	3	Completed	BB
Inventory Control (L)	follow up	8	Completed	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	Completed	BB
FRAUD AND CORRUPTION				
National Fraud Initiative (NFI)	c/fwd	15	in progress	NH
TOTAL DAYS ALLOCATED		805		
Contingency/Spot checks/Minor investigations		30	Ongoing	All
Corporate/Service Advice		65	Ongoing	BB
TOTAL		900		

Governance Statement Action Plan 2008/09

Appendix 5

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	Actioned – Audited in 4 th quarter – Substantial assurance given.
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 Actioned
Compliance with	To promote good practice and re-issue	2	Chief Internal Auditor	Internal and External Audit	Actioned – regular

Governance Statement Action Plan 2008/09

Appendix 5

Item	Recommendation	Priority 1 = High 2 = Med 3 = Low	Responsibility	Comments/Source	Actioned by/ Review Date
Financial Regulations and Contract Standing Orders	guidance notes as appropriate.			Reports	advice given and further training courses held.
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	Further recommendations made to improve controls.
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	Awaiting Deloitte report.