

## APPENDIX A

### Internal Audit Activity during 2011/12

The table below provides a summary of audit activity during 2011/12.

Review Title	Progress	Audit Opinion 2011/12	Audit Opinion 2010/11
<b>2011/12 Managed Audits</b>		(*indicates provisional Opinion)	
Accounts Payable	Final Phase 1 report issued.  Draft Phase 2 report prepared.	Adequate  Adequate*	Adequate
Accounts Receivable	Final Phase 1 report issued.  Draft Phase 2 report prepared.	Adequate  Adequate*	Adequate
Main Accounting System	Final Phase 1 report issued.  Final Phase 2 report issued.	Adequate  Adequate	Limited
Cash and Banking	Final Phase 1 report issued.  Draft Phase 2 report prepared.	Adequate  Full*	Adequate  Adequate
Payroll	Final Phase 1 report issued.  Draft Phase 2 report prepared.	Limited  To be finalised	Limited
Asset Management	Final Phase 1 report issued.  Work on Phase 2 is ongoing and will be finalised following the year end accounts closure process.	Adequate.	n/a
SWIFT Financials	Draft report prepared.	To be finalised.	Limited

<b>Review Title</b>	<b>Progress</b>	<b>Audit Opinion 2011/12</b>	<b>Audit Opinion 2010/11</b>
Housing Rents	Final phase 1 report issued.  Draft Phase 2 report prepared.	Adequate	Adequate
SAP Access and Security (including IT Disaster Recovery)	Work is currently ongoing and a draft report will be issued shortly.	n/a	Limited.
Treasury Management	Final report issued.	Adequate	Adequate
Council Tax	Final Phase 1 report issued.  Draft Phase 2 report prepared.	Adequate  Adequate*	Adequate
NNDR	Final Phase 1 report issued.  Draft Phase 2 report prepared.	Adequate  Adequate*	Adequate
Housing and Council Tax Benefits	Final Phase 1 report issued.  Draft Phase 2 report prepared.	Adequate  Adequate*	Limited

<b>Other Audit Reviews Completed</b>	<b>Progress</b>	<b>Opinion</b> (*indicates provisional Opinion)
Amey Contract – Highways Services	Final report issued.	Adequate
Children’s Families and Learning - Commissioning	Final report issued.	Adequate
Procurement Issues – Children’s Services Commissioning	Final report issued.	Limited.
IT Governance, including IT Strategy)	Final report issued.	Adequate
Biggleswade Day Centre	Final report issued.	Adequate
Townsend Centre	Final report issued.	Adequate
Members Code of Conduct	Final report issued.	Full
Monitoring Section 106 Agreements	Final report issued.	Limited
Data Quality Management Follow Up	Final report issued.	Satisfactory progress
Post Implementation Review of Schools becoming Fully Funded	Final report issued.	n/a
<b>Grant Claims:</b>		
Luton and Beds Partnership – Grant claim.	Grant claim return audited.	n/a – grant claim
S256 Re-enablement Funding Grant Claim	Grant claim return audited.	n/a – grant claim
S256 Winter Pressures Funding Grant Claim	Grant claim return audited.	n/a – grant claim
<b>School Audits</b>		
Beecroft Lower	Final report issued.	Full
Brewers Hill Middle Follow Up	Final report issued.	Good progress
Caddington Village	Final report issued.	Adequate
Cedars Upper	Final report issued.	Adequate
Derwent Lower	Final report issued.	Limited.
Glenwood School	Final report issued.	Limited.
Gothic Mede Lower	Final report issued.	Limited.
Hawthorn Park Lower	Final report issued.	No assurance.
Holywell Middle	Final report issued.	Adequate
Kings Houghton Middle	Final report issued.	Adequate
Leedon Lower	Final report issued.	Adequate
Parkfields Middle	Final report issued.	Adequate
Priory Middle	Final report issued.	Full
Queensbury Upper	Final report issued.	Adequate
Southcott Lower	Final report issued.	Limited
St Georges’ Lower, Toddington – audit and follow up	Final report issued.	Limited/Good progress recorded at follow up
St. Vincent’s Lower	Final report issued.	Adequate
Stratton Upper	Final report issued.	Adequate
Watling Lower	Final report issued.	Unsatisfactory progress.

## **Key Issues arising from completed reviews**

### **1. 2011/12 Accounts Payable**

This review covered policies and procedures, and the Accounts Payable processes, including ordering, goods receipting, authorisation of invoices, reconciliations and controls over master data. The overall audit opinion was adequate.

### **2. 2011/12 Accounts Receivable**

This review covered policies and procedures, and the Accounts Receivable processes, including invoicing, amendments, accounting arrangements, debt monitoring and write offs. The overall audit opinion was adequate.

### **3. 2011/12 Main Accounting System**

This review covered policies and procedures, accounting for financial transactions, transfers from feeder systems, controls to ensure accuracy, and reporting mechanisms. The overall opinion was adequate, which demonstrates an improvement in the control environment over the previous year.

### **4. 2011/12 Cash and Banking**

This review covered policies and procedures and the processes for ensuring transactions are recorded and supported by appropriate documentation. It also reviewed the access controls to Capita. The audit opinion for the Phase 1 review was adequate. Phase 2 identified no issues of concern and resulted in a full assurance opinion.

### **5. 2011/12 Payroll**

The review covered policies and procedures, controls over standing data, the accuracy of payments and deductions, controls over payments to and received from statutory agencies, the accurate posting of data, and compliance with legislative requirements. The audit opinion for Phase 1 was limited, which was also the opinion given in 2010/11. Some improvements have been noted and a number of the control issues identified have been incorporated within the SAP Optimisation project which is currently ongoing. .

### **6. 2011/12 SWIFT Financials**

SWIFT financials provides key accounting functionality to directorates providing social care services. This review covered the security of the system including passwords and access rights, input processing and output controls, data back up arrangements, and the audit trail. It also considered the processes for the authorisation, reconciliation and interface of Foster Care Payments and Adult Social Care packages with SAP. A number of control issues were identified, (including outstanding recommendations from the previous audits).

### **7. 2011/12 Housing Rents**

This review covered policies and procedures and the processes to support the calculation, receipt and recording of amounts due. The audit opinion was adequate.

**8. 2011/12 Treasury Management**

This review covered policies and procedures, compliance with existing statutory and best practice guidance, performance monitoring, authorisations, accounting treatment, cash flow, investment and borrowing controls and separation of duties. The overall audit opinion was adequate.

**9. 2011/12 Council Tax**

The scope of this review was similar to the above, but covering Council Tax. The overall audit opinion was adequate. In arriving at this opinion, it is recognised that the majority of key controls are in place.

**10. 2011/12 NNDR**

This review covered the NNDR processes including the identification and recording of commercial properties, amendments to accounts, discount and exemption processes, overdue account monitoring and recovery action, the recording of transactions within the authority's accounts, billing processes and business continuity procedures. The overall audit opinion was adequate. In arriving at this opinion, it is recognised that the majority of key controls are in place.

**11. 2011/12 Housing and Council Tax Benefits**

This review covered processes from the receipt of correspondence, assessment of claims, supporting evidence, payment processes, fraud detection, system security arrangements compliance with DWP requirements and performance management. The overall audit opinion was adequate. In arriving at this opinion, it is recognised that good progress has been made in addressing some of the control weaknesses identified in 2010/11, when a limited assurance opinion had been given.

**12. Amey Contract – Highways Services**

This review covered processes for the management of the Highways Maintenance contract including financial management, quality assurance, health and safety and customer complaints. The overall opinion was satisfactory.

**13. Children's Families and Learning - Commissioning**

This review covered commissioning processes in relation to High Level Family Support Services including policies and procedures and performance monitoring. The overall opinion was adequate.

**14. Procurement Issues – Children's Services Commissioning**

This review covered processes for the procurement of High level Family Support Services including policies and procedures and performance monitoring. The overall opinion was limited. Action has been taken to address the issues identified.

**15. IT Governance, (including IT Strategy)**

This review covered the development of a formal IT strategy, financial management, IT standards and policies, and user requirements. The overall opinion was adequate.

**16. Biggleswade Day Centre**

This review covered the policies and procedures for administering the day centre including controls over budgets, payroll and staffing costs, client monies, imprest funds, amenity funds, income and food stick. The overall audit opinion was adequate.

**17. Townsend Centre**

This review covered the policies and procedures for administering the day centre including controls over budgets, payroll and staffing costs, client monies, imprest funds, amenity funds, income and food stick. The overall audit opinion was adequate.

**18. Members Code of Conduct**

This review covered the Council and its Members compliance with the model 2007 Code of Conduct. This included the Council's local code of conduct, Members' awareness of the Code, and the role of the Standards Committee. The overall audit opinion was full assurance.

**19. Monitoring Section 106 Agreements**

This review covered processes in relation to policies and procedures, statutory obligations, and financial management. The overall opinion was limited. Follow up audit work has demonstrated that financial management controls have improved.

**20. Data Quality Management Follow Up**

This review focused on the previously agreed Data Quality Management recommendations from 2009/10 and the extent of their implementation. The audit found that the rapidly changing corporate and national approach to performance and data management had had a significant impact on the Council's approach. An overall opinion of satisfactory progress was given.

**21. Post Implementation Review of Schools becoming Fully Funded**

This consultancy style review was planned at the time of the changes to school banking arrangements in order to review the extent to which the changes were well managed and implemented and the planned savings achieved. The review did not offer an overall opinion but did identify some key conclusions and lessons learned for future efficiency savings initiatives.

**22. School Audits**

The audit reviews for schools focus on the main systems, including purchasing, financial management, payroll, financial returns, governance, asset management and data management, bank accounts and the administration of the school fund. Consideration is also given to any concerns raised by the Schools Finance Team, or the Head Teacher.

Following each audit, an action plan is prepared and agreed with the school. Where any significant weaknesses are identified, a follow up audit visit is undertaken to provide assurance that the agreed actions have been implemented.