

## APPENDIX A

### Internal Audit Activity during 2012/13

The table below provides a summary of audit activity during 2012/13.

Review Title	Progress	Audit Opinion 2012/13	Audit Opinion 2011/12
<b>2012/13 Managed Audits</b>		(*indicates provisional Opinion)	
Accounts Payable	Final Phase 1 report issued.  Draft Phase 2 report in preparation.	Adequate	Adequate
Accounts Receivable	Final Phase 1 report issued.  Draft Phase 2 report in preparation.	Adequate	Adequate
Main Accounting System	Final Phase 1 report issued.  Draft Phase 2 report in preparation.	Adequate	Adequate
Cash and Banking	Final Phase 1 report issued.  No Phase 2 testing required.	Adequate	Adequate  Full
Payroll	Final Phase 1 report issued.  Phase 2 report being drafted.	Limited	Limited  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	Adequate.
SWIFT Financials	Draft report in preparation.	To be determined.	Limited

<b>Review Title</b>	<b>Progress</b>	<b>Audit Opinion 2012/13</b>	<b>Audit Opinion 2011/12</b>
Housing Rents	Final phase 1 report issued.  No Phase 2 testing required.	Adequate.	Adequate  Adequate
SAP Access and Security	Work is currently ongoing and a draft report will be issued shortly.	To be determined.	Adequate
IT Disaster Recovery (including Back Up and Restore Arrangements)	Work is currently ongoing and a draft report will be issued shortly.	To be determined.	Limited.
Treasury Management	Final Phase 1 report issued.  Phase 2 report being drafted.	Adequate	Adequate  Adequate
Council Tax	Final Phase 1 report issued.  Final Phase 2 report issued.	Full  Full	Adequate  Adequate
NNDR	Final Phase 1 report issued.  Final Phase 2 report issued.	Full  Full	Adequate  Adequate
Housing and Council Tax Benefits	Final Phase 1 report issued.  Draft Phase 2 report prepared.	Adequate	Adequate  Adequate

<b>Other Audit Reviews Completed</b>	<b>Progress</b>	<b>Opinion</b> (*indicates provisional Opinion)
<b>Children's Services</b>		
Commissioning/Out of Authority Placements	Final report issued	Adequate
<b>Social Care, Health and Housing</b>		
Linsell House	Final report issued	Adequate
Local Management of Establishments – Ampthill Day Centre	Final report issued	Adequate
Village Care Scheme	Final report issued	Full
Association of Directors of Adult Social Services Workbook (ADASS) – self assessment model for car providers	Final report issued	Full
Assurance on Client Charging	Final report issued	Adequate
<b>Sustainable Communities</b>		
Leighton Buzzard Theatre Follow Up	Final report issued	Satisfactory Progress
Section 106 Follow Up	Final report issued	Satisfactory Progress
<b>Governance</b>		
Ethical Governance	Draft report issued	Adequate*
<b>Corporate Services</b>		
Budget Management	Final report issued	Adequate
Debt Collection Arrangements	Final report issued	Adequate
<b>Contracts</b>		
Contract Management	Final report issued	Limited
Service Level Agreements (SLA) Follow Up	Draft report issued	Satisfactory Progress
<b>Pro Active Anti Fraud Reviews</b>		
Petty Cash Imprests	Final report issued	n/a
Cash Income	Final report issued	n/a
Appendix E Payments	Final report issued	n/a
<b>Grant Claims:</b>		
Local Transport Capital Block Funding	Work completed	n/a
Luton and South Bedfordshire Partnership	Work completed	n/a
NHS Grant 2011/12	Work completed	n/a
Re-enablement Grant	Work completed	n/a
Winter Pressures Grant	Work completed	n/a
<b>School Audits</b>		
Caldecote Lower	Final report issued	Limited
Derwent Lower	Final report issued	Limited
Downside Lower	Final report issued	Limited
Dunton Lower and Wrestlingworth Lower (combined visit)	Final report issued	Adequate

Edward Peake Middle	Final report issued	Adequate
Hillcrest	Final report issued	Adequate
Hockliffe Lower	Final report issued	Adequate
Kensworth Lower	Final report issued	Adequate
Ivel Valley Lower	Final report issued	Adequate
LInslade Lower	Final report issued	Adequate
Oakbank	Final report issued	Limited
Russell Lower	Final report issued	Limited
Sandy Upper	Final report issued	No assurance
St Mary's Lower, Caddington	Final report issued	Adequate
Watling Lower Follow Up	Final report issued	Satisfactory Progress

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

### **1. 2012/13 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. 2012/13 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. 2012/13 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.

### **4. 2012/13 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 and the contract for the provision of the Capita income system. The audit opinion for the Phase 1 review was adequate and no Phase 2 work was required.

### **5. 2012/13 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 2011/12. Some improvements have been noted at Phase 2 but these are unlikely to impact on the opinion given at Phase 1.

### **6. 2012/13 Asset Management**

The review covered policies and procedures, capital expenditure, depreciation, disposals, impairments and security of assets. The audit opinion for Phase 1 was adequate. Phase 2 will be undertaken after the closure of accounts has been finalised.

### **7. 2012/13 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. A number of control issues were identified.

### **8. 2012/13 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 for Phase 1 and no Phase 2 work was required.

**9. 2012/13 SAP Access and Security**

This review forms part of the managed audit process and focuses upon SAP Access and Security arrangements and included rudimentary testing of the SAP landscape/environment. There are a number of fundamental systems including Main Accounting System, Payroll, Accounts Payable, Accounts Receivable, Asset Management, Council Tax, NNDR and Housing Rents which rely on the robustness of the underlying SAP infrastructure.

**10. 2012/13 IT DR ( Disaster Recovery) – including Backup and Restore**

This review forms part of the managed audit process and focuses upon IT Disaster Recovery arrangements. There are a number of fundamental systems including Main Accounting, Payroll, Accounts Payable, Accounts Receivable, Asset Management, Council Tax, NNDR and Housing Rents which rely upon the robustness of the underlying IT infrastructure. Progress is being made to develop a comprehensive IT Disaster Recovery Plan. Further work is currently in progress. The Audit Committee has received regular updates on this during the year.

**11. 2012/13 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 for Phase 1 was adequate and this is not expected to change for the Phase 2 work.

**12. 2012/13 Council Tax**

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

**13. 2012/13 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 full assurance. In arriving at this opinion, it is recognised that the majority of key controls are in place.

**14. 2012/13 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 for Phase 1 was adequate. Phase 2 testing has focussed on controls and processes relating to the annual Housing Benefit Subsidy Claim as well as following up outstanding recommendations from Phase 1.

**15. Commissioning/Out of Authority Placements**

This review covered Out of Authority Placements. These are used where a young person's requirements as set out in their Statement of Special Education Needs either cannot be met locally or where the Council has been instructed via a tribunal. The overall audit opinion was adequate.

**16. Linsell House**

This audit reviewed the controls around policies and procedures, security of income and residents' funds as well as controls over payroll and purchasing expenditure. In addition the controls around unofficial (amenity) funds were tested. The overall opinion was adequate.

**17. Local Management of Establishments – Ampthill Day Centre**

This audit reviewed the controls around policies and procedures, security of income, controls over payroll and purchasing expenditure and amenity funds. The overall opinion was adequate.

**18. Village Care Scheme**

This review covered Village Care Schemes. These are groups set up and run by local residents to provide a structured "good neighbour" service to fellow residents without close family or friends living nearby. Central Bedfordshire Council has a contract with Bedfordshire Rural Communities Charity (BRCC) to provide these services on behalf of the Council. The review gave a full assurance opinion.

**19. Association of Directors of Adult Social Services Workbook (ADASS) – self assessment model for care providers**

This review covered the ADASS Self Assessment Workbook. The Care Quality Commission stopped awarding quality ratings ('star ratings') under the Care Standards Act 2000 in 2010 and, as a result of this, the Association of Directors of Adult Social Care (ADASS) implemented a self assessment process made up of 130 questions over 5 outcome areas. This exercise reviewed self assessment returns from providers and confirmed that Council Contract/Compliance officers had undertaken additional work to review the returns and request further information as appropriate. The review gave a full assurance opinion.

**20. Assurance on Client Charging**

This audit reviewed the controls over charging of clients using Adult Social Care services. A sample of clients across various service areas was selected and checked to provide assurance that they had received a financial assessment, that the assessment had been completed accurately and that they had been billed for any contributions due. The overall opinion was adequate.

**21. Leighton Buzzard Theatre Follow Up**

This review was an exercise to follow up the recommendations made in the original audit, undertaken during 2010/11, which had received a limited assurance opinion. Satisfactory progress had been made in implementing recommendations made.

**22. Section 106 Follow Up**

This review was an exercise to follow up the recommendations made in the original audit, undertaken during 2010/11, which had received a limited assurance opinion. Satisfactory progress had been made in implementing recommendations made.

**23. Ethical Governance**

This audit reviewed the arrangements and guidance for Members acting in an official, and unofficial, capacity on bodies external to the Council.

**24. Budget Management**

The purpose of the audit was to provide assurance to management that key controls associated with budget management are operating effectively and in doing so examined roles and responsibilities, adequacy of skills and training, budget management information and considered the extent key factors influencing individual budgets by Budget Managers and Finance Managers were considered and challenged. The overall opinion was adequate.

**25. Debt Collection Arrangements**

This review covered policies, procedures and other arrangements to ensure debts are collected promptly and in doing so debtors are treated appropriately and proportionately. The overall opinion was adequate.

**26. Contract Management**

This review focussed on the central guidance for Contract Management, the supporting documentation for a sample of the Council's key contracts and the processes for review and approval of contract extensions. A limited audit opinion was given, and the high recommendation arising has been regularly tracked by the Audit Committee.

**27. Service Level Agreements (SLA) Follow Up**

This follow up review sought to confirm the implementation of the recommendations arising from the original audit of SLAs in 2010-11. Overall given the reduction in the number of shared services since the original review and the actions taken by management following the original review, the follow up concluded that satisfactory progress had been made.

**28. Pro Active Anti Fraud Review- Petty Cash Imprests**

This review covered policies, procedures and other arrangements to ensure Petty Cash/imprest Bank Account Administration was operating effectively. No significant issues of concern were identified.

**29. Pro Active Anti Fraud Review – Cash Income**

This review covered policies, procedures and other arrangements to ensure cash is managed, recorded, and reported correctly. This audit focussed upon the areas of Library Services and Registration and Coroner Services. No significant issues of concern were identified.



**30. Pro Active Anti Fraud Review – Appendix E Payments**

The primary focus of this proactive anti fraud review was to examine the excess travel costs reimbursed to employees for potential fraudulent claims. It also considered the extent to which the assessed risks are being managed by Budget Managers and Human Resources (HR) and reviewed compliance with the Council's own agreed policies and procedures. No significant issues of concern were identified.

**31. 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.