

**AUDIT SERVICES MONITORING REPORT: THIRD QUARTER 2005/06**

**LEAD OFFICER:** Tim Capper

**AUTHOR:** Marilyn Robinson

**1.0 AUDIT WORK IN THE THIRD QUARTER 2005/06**

**1.1 Final reports issued**

Cleator Moor Bowls Centre Cash & Banking 2005/06

Loans and Investments 2005/06

Creditors 2005/06

Beacon / Tourist Information Centre Cash & Banking 2005/06

Cash Receipting 2005/06

**1.2 Issues arising**

The key recommendations are given in Appendix A.

The main issues related to:

- Capacity issues in Accountancy, due to additional work from revising the budget following the organizational restructure. This had impacted on other work priorities and affected various financial systems. However, by October, these issues were being addressed.
- Cash Collection – a decision was still to be made on a replacement safe and the third personal attack alarm for the main cash office. Cash takings were now reducing and it was rare for the cash taken to exceed the present insurance limit and for all 3 cash positions to be manned. A decision was to be based on further analysis of the above.

**1.3 Follow-up audits**

- Compliance with CIPFA Code of Practice for Internal Audit
- Corporate Governance 2004/05
- Main Accounting System 2004/05
- Statement on Internal Control 2004/05 – Interim follow up
- Wages 2004/05
- Sundry Debtors 2004/05
- Stores 2004/05
- PFI Payment Arrangements 2005/06

A running progress report is kept of all Priority 1 and 2 recommendations outstanding, since the first formal follow-ups were carried out in January 1997. Details of these are given at Appendix B.

**1.4 Issues arising from outstanding recommendations**

We can report that, with the approval of the Computer Security Policy, several of the outstanding recommendations have now been actioned. More of the IT recommendations should be progressed once the 2 additional staff have been recruited.

The organizational restructure and new appointments will take time to become fully effective. This has had a detrimental impact on the implementation of audit recommendations.

As at 11 January 2006, Corporate Team were reviewing the monitoring process for outstanding audit recommendations.

**2.0 EXTERNAL AUDIT**

There were no reports issued in the third quarter.

**3.0 INTERNAL AUDIT PERFORMANCE AGAINST AUDIT PLAN 2005/06**

- 3.1 We achieved 64% of planned audit work as at 31 December 2005, compared to the target of 90%. However, work has been done on the Main Accounting System and on Cash Receipting ahead of the Plan and this won't be included in the 64% of work covered. A summary of the audit performance measures for the first quarter is attached at Appendix C. The level of responsive work and implementing the restructure delayed progress in the first quarter. Staffing vacancies (see 4.1 below) had an impact in the second quarter and training of the 2 new recruits continued into the third quarter and is ongoing.
- 3.2 The introduction of the new Revenues and Benefits system has also slowed down audit work on Benefits and Council Tax, due to difficulties in accessing data from the system [gaining access to different screens within the system and having to request non-standard reports] and to changing responsibilities within Revenues and Benefits following the restructure.
- 3.3 Work which has had to be deferred whilst we concentrate on the main financial systems is detailed below:

MVM Implementation controls  
GIS Implementation controls  
Procurement arrangements [Procurement Officer not yet appointed]  
E. Government arrangements  
Benefits Assessment against Best Practice  
Community Regeneration – Grant Claims  
Risk Management / Business Continuity [Evaluating management of risk]  
Evaluating whether service objectives are met  
Follow up: Procurement VFM [Procurement Officer not yet appointed]  
Follow up: Development Control  
Follow up: Telephones & Mobiles

## AUDIT SERVICES QUARTERLY MONITORING REPORT

This work will be risk assessed at the year end and carried forward if appropriate to the 2006/07 Audit Plan.

### 4.0 STAFFING ISSUES

- 4.1 All staff were in post by 17 October 2005. However, as at 31 October, 68 planned days had been lost due to staff vacancies. This is the equivalent of 1 full time employee for 3 months. [Details of vacancies were reported in the monitoring report for the second quarter].
- 4.2 Also, the new full-time recruit has started the Association of Accounting Technicians course on a 1 day per week, day release basis. This had not been included in the annual audit plan, as the vacancy had not arisen at that time.

### 5.0 CURRENT AUDIT WORK

- 5.1 The audit section is currently undertaking the annual audits on Council Tax, Benefits, Sundry Debtors, Salaries, Wages and the Main Accounting System. Work will then start on National Non-Domestic Rates [NNDR] and the Budgetary Process, to complete the main financial systems for the year. Reports for these audits will be issued in the final quarter of the financial year.

### 6.0 CONCLUSION AND RECOMMENDATION

- 6.1 Audit work is progressing in line with the plan but there has been significant slippage. This is largely due to the extent of responsive work, additional management time needed in implementation of the new structure, staff vacancies, recruitment and training.
- 6.2 It is intended that audit resources will now be focused on completing the main financial systems audits, detailed at 5.1 above. The deferred work will be left until the main systems are completed and rolled forward to 2006/07 if necessary.
- 6.3 It is recommended that Members note this report.

**List of Appendices:**      [Appendix A – Key Findings Quarter 3 2005/06](#)  
                                     [Appendix B – Outstanding Key Recommendations](#)  
                                     [Appendix C – Performance Indicators for 3rd Quarter](#)

**Background papers:**      Audit Plan file 2005/06: Audit systems files 2005/06

**Officers Consulted:**      Corporate Team  
                                     Managers re. Outstanding Audit Recommendations