

ITEM 7

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

**LEAD OFFICER:** Sue Borwick, Head of Finance & Business Development

**AUTHOR:** Marilyn Robinson, Audit & Fraud Prevention Manager

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

**1.1 Final reports issued**

- Main Accounting System 2005/06
- Sundry Debtors 2005/06
- Council Tax 2005/06
- Benefits 2005/06

**1.2 Issues arising**

The key recommendations are given in Appendix A.

The main issues related to:

**Main Accounting System**

Control account reconciliations had slipped during the year due to other work priorities. However, these had been brought up to date by the year end.

**Sundry Debtors**

Progress had been made in reducing the value of debt outstanding. The Sundry Debtors Handbook was to be updated to reflect new procedures and responsibilities.

**Council Tax**

Due to implementation of new software in 2005, the review of discounts granted was out of date. A programme of reviews was to be carried out in 2006/07. Reconciliations were to be brought up to date, following implementation of the new structure and software, and management spot checks were to be introduced.

**Benefits**

Responsibilities were to be allocated to ensure that all control reports generated by the new software were reviewed and acted upon. In particular, interim payments and unrepresented cheques were to be regularly reviewed.

**Salaries**

Employees on the payroll were to be confirmed by section managers in an annual check to ensure that only bona fide employees were on the payroll. An annual reconciliation was also to be carried out between details held on the payroll system and details held on the Personnel database.

### 1.3 **Other work undertaken**

- The NNDR audit was completed but the final report awaited agreement with the Revenues and Benefits Manager. The final report was issued in May 2006.
- The Budgetary Process audit was completed and the final report issued in April 2006.

### 1.4 **Follow-up audits**

- Cash Receipting 2005/06
- Creditors 2005/06
- Audit Commission Interim report 2004/05
- Development Control

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.

### 1.5 **Issues arising from outstanding recommendations**

We can report significant progress in the implementation of outstanding audit recommendations. Any issues outstanding are largely due to staff resources pressures and other work priorities.

## 2.0 **EXTERNAL AUDIT**

- 2.1 There were no External Audit reports issued in the fourth quarter, apart from those already reported in March to the Overview and Scrutiny Committee Performance and Resources and the Annual Audit and Inspection Letter which is reported separately.

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

- 3.1 The 2005/06 Audit Plan was based on an establishment of 4 full time equivalent posts. However, staff vacancies in the year equated to 1 full time employee for 3 months and there were 2 new recruits who had to be trained and supervised. None of this was known when the Audit Plan was drafted, so inevitably there was slippage. We achieved 71% of planned audit work as at 31 March 2006 compared to the target of 90%. A summary of the audit performance measures for the year 2005/06 is attached at Appendix C. The table below summarises the broad categories of audit work originally planned and actually carried out:
- 3.2. Actual Days carried out, compared to planned days, are shown on the Strategic Audit Plan as a separate item on this agenda. The systems covered have been reported quarterly and are also summarized at Appendix A of the separate report – Audit Services Annual Report on Internal Control.

## **4.0 CONCLUSION AND RECOMMENDATION**

- 4.1 There has been slippage against the 2005/06 Audit Plan. However, these areas have been carried forward to the 2006/07 Plan, where the audits are still relevant.
- 4.2 It is recommended that Members note this report.

**List of Appendices:**      [Appendix A – Key Findings Quarter 4 2005/06](#)  
                                     [Appendix B – Outstanding Key Recommendations](#)  
                                     [Appendix C – Performance Indicators for 2005/06](#)

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

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

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