

ITEM 6

AUDIT SERVICES MONITORING REPORT: FOURTH QUARTER 2006/07

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1.0 AUDIT WORK IN THE FOURTH QUARTER 2006/07

1.1 Final reports issued

- Disabled Facilities Grants 2006/07
- Payroll 2006/07
- Benefits 2006/07
- National Non Domestic Rates (NNDR) 2006/07
- Loans & Investments 2006/07

1.2 Issues arising

The key recommendations are given in Appendix A.

The main issues related to:

Disabled Facilities Grants

A lack of staff resources meant that there were difficulties in delivering the service and even some of the high priority audit recommendations could not be implemented. Key posts remained vacant, as at April 2007. The risk is that legislative requirements may not be met and that some grant expenditure in 2006/07 may not be eligible for reimbursement through grant claims because conditions relating to means testing may not have been met. [Resources are not available to retrospectively check these applications.]

Payroll

Whilst checks should be carried out on new starters' birth certificates and educational qualifications, these were not always recorded to provide evidence that the checks had been made.

Benefits

Considerable improvements in controls had been made since the previous year's audit.

NNDR

Considerable improvements in controls had been made since the previous year's audit.

Loans & Investments

The Treasury Management Manual still needed to be updated and there had been some delay in carrying out and reviewing reconciliations of records. This was due to pressure on staff resources during implementation of the new Financial Management System.

1.3 **Other work undertaken**

The Creditors, Sundry Debtors and Main Accounting audits were undertaken but these final reports were not issued until April. Findings will be reported in the Monitoring report for the 1st Quarter in 2007/08.

1.4 **Follow-up audits**

- Statement on Internal Control 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.

1.5 **Issues arising from outstanding recommendations**

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

2.0 **EXTERNAL AUDIT**

- 2.1 External Audit reported separately to the Audit Committee, in the fourth quarter, on the following – Auditor's Report on the Best Value Performance Plan, Use of Resources, Direction of Travel and the Annual Audit and Inspection Letter.

3.0 **INTERNAL AUDIT PERFORMANCE AGAINST AUDIT PLAN 2006/07**

- 3.1 The 2006/07 Audit Plan was based on an establishment of 4 full time equivalent posts, including the Audit and Fraud Prevention Manager. However, staff vacancies and long term sickness in the year equated to 1 full time employee being absent for 5 months. This was not known when the Audit Plan was drafted, so inevitably there was slippage. We achieved 68% of planned audit work as at 31 March 2007 compared to the target of 90%. A summary of the audit performance measures for the year 2006/07 is attached at Appendix C. The main financial audits were all completed by the end of April 2007 to meet the external auditor's deadline.
- 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 2006/07 Audit Plan. However, these areas have been carried forward to the 2007/08 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 2006/07](#)
 [Appendix B – Outstanding Key Recommendations](#)
 [Appendix C – Performance Indicators for 2006/07](#)

Background papers: Audit Plan file 2006/07: Audit systems files 2006/07

Officers Consulted: Corporate Team
 Managers re. Outstanding Audit Recommendations

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