
INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2016 - 2017

1. EXECUTIVE SUMMARY

- 1.1 There are 9 audits being reported to the Audit Committee.
- 1.2 Internal Audit provides a level of assurance upon completion of audit work, this is evaluated as follows:

Level of Assurance	Reason for the level of Assurance given
High	Internal Control, Governance and the management of risk are at a high standard with only marginal elements of residual risk identified, which are either being accepted or dealt with. A sound system of control is in place designed to achieve the system objectives and the controls are being consistently applied.
Substantial	Internal Control, Governance and management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk and where specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal Control, Governance and management of risk are broadly reliable, however although not displaying a general trend there are a number of areas of concern which have been identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.
Limited	Internal Control, Governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal Control, Governance and management of risk is poor, significant residual risk exists and/ or significant non-compliance with basic controls leaves the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

- 1.3 The attached reports contain the action plans which detail those findings where Internal Audit, in agreement with management, has classified the findings either high or medium. Findings classified as low have been removed.

1.4 A high level summary of each report is noted below:

- **Procurement (PECOS):** This audit has provided a high level of assurance. Improvements have been achieved since the previous audit in 2015/2016 with appropriate controls and procedures being put in place. There are still are marginal elements of residual risk in respect of non-compliance and deviation from agreed procedures, however, strengthened policies and procedures should assist to reduce the volume of these.
- **Off Contract Purchasing:** This audit provided a high level of assurance. There are processes and procedures in place for identifying, reporting & reducing off contract purchasing. A Procurement Manual 2016, Procurement Strategy 2015-2018, Sustainable Procurement Policy, Sustainable Procurement – Delivery Plan and Contract Standing Orders are in place and roles and responsibilities have been identified.
- **TOTAL Roads Costing System:** This audit has provided a high level of assurance. Policies, procedures and training manuals are available and there is sufficient documentation to evidence compliance with procedures. There were minor weaknesses identified in terms of documented roles and responsibilities and formal training procedures and records for D&I staff.
- **Debt Recovery & Write Off:** This audit has provided a substantial level of assurance. In general, documented policies and procedures are in place for the pursuance and write-off of debt; however an area of weakness was identified in relation to Social Work debts where the recovery process is not formally documented and which may lead to inconsistency in debt recovery practice.
- **Children's Units:** This audit provided a substantial level of assurance. It was evidenced that budget monitoring and the administration of imprest and client's funds were operating effectively and were compliant with the Council's Financial & Security Regulations in the units. However, there were minor weaknesses identified in relation to segregation of duties when ordering/receiving goods and failure to ensure inventories were maintained in 2 of the units.
- **Tax Incremental Financing:** This audit provided a substantial level of assurance. It was evidenced that adequate Governance arrangements are in place to monitor and deliver the TIF projects and that the project team is now sufficiently resourced. Issues were identified in terms of lack of an overarching programme chart, mitigation actions not completed for one risk register and capital cost projections outstanding for projects underway.
- **ICT –** This review was undertaken by our internal audit partners, Grant Thornton. The primary purpose of the IT needs assessment was to help identify and prioritise the key areas for inclusion in the Internal Audit Plan over the next three years.
- **Property Maintenance:** This audit provided a reasonable level of assurance. Detailed maintenance protocols and maintenance frameworks are in place however walkthrough testing of these identified some weakness in respect on contractor compliance and checking and authorisation controls. System reporting functionality is not fully utilised.

- **All Weather Pitches:** This audit provided a no assurance opinion. The review covered a period from 2000 to 2016 therefore some issues are of a historic nature. Significant matters and weaknesses were identified in basic controls which leave the system open to abuse, loss or error. Weaknesses include a failure adequately manage lease arrangements and failure to collect income due to the Council. There is a fragmented approach to the overall management of these facilities and roles and responsibilities were /are not clearly defined.

2. RECOMMENDATIONS

- 2.1 Audit Committee note the content of this summary report and detail within each individual report.

3. CONCLUSION

- 3.1 Management has accepted each of the reports submitted and have agreed responses and timescales in the respective action plans.

4. IMPLICATIONS

- 4.1 Policy - None
- 4.2 Financial - None
- 4.3 Legal - None
- 4.4 HR - None
- 4.5 Equalities - None
- 4.6 Risk - None
- 4.7 Customer Service – None

Kevin Anderson, Chief Internal Auditor

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**For further information contact: Kevin Anderson, Chief Internal Auditor
01369 708505**

