

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 30th OCTOBER 2008

INTERNAL AUDIT UPDATE ON QUARTER TWO (JULY – SEPTEMBER 2008)

**JOINT REPORT OF THE HEAD OF AUDIT AND DEMOCRACY and AUDIT & RISK
MANAGER**

1 PURPOSE

- 1.1 To update members on the work of Internal Audit during quarter two July – September 2008.

2 RECOMMENDATIONS

- 2.1 That Members of the Audit Committee note the update on quarter two work.

3 SUMMARY

- 3.1 The Audit Committee receives a quarterly update of the work of Internal Audit. This is the update report for quarter two July – September 2008.

4 PREVIOUS MINUTES

- 4.1 Audit Committee 22nd July 2008 (Quarter 1 2008-09 Update Report).

5 INFORMATION – QUARTER TWO UPDATE (JULY – SEPTEMBER 2008)

- 5.1 This section of the report provides information on the work of Internal Audit during July to the end of September 2008 and provides an update on the progress of previous audit reports issued (July 2007 to June 2008).

- 5.2 Internal Audit activity during this period has particularly focussed on completion of the audits set out in the Internal Audit Plan.

- 5.3 Information has been attached to the report as the following appendices:

- i) Appendix A – List of final reports issued quarter one with our grading – red, amber, yellow or green and any appropriate comment on internal controls.
- ii) Appendix B – List of all work undertaken for quarter two of 1 day or more.
- iii) Appendix C- Previous graded reports from July 2007 to June 2008 and their current status.
- iv) Appendix D – Further information for the 2 amber reports issued this quarter (included in Appendix A).

- 5.4 Internal Audit are confident that the appropriate management teams have action plans in place to implement the recommendations made in the amber reports reported in Appendices A and B. Follow ups will take place in 6 months time.

- 5.5 From Appendix C the position on the original red/amber reports are as follows:

Area & Portfolio	Original grade	Revised grade	Current position/comments
Residency Payments – C&YP	Amber	n/a	Follow up due Dec 08. Will be reported to members in a future report.
Catering Systems – C&YP	Amber	Amber	Remains as Amber due to the system supplier PCS going into liquidation. Audit are continuing to work with Catering on the procurement of a new system.
Redhill Primary FMSIS – C&YP	Amber	Yellow	Checked at school in July 2008. Further follow up to be undertaken January 2009.
Corporate Parenting – 16+ Client Allowances Review – C&YP	Red	Yellow	Completed follow up in September 08. Significant improvements were found. Further review due March 2009.
Licensing - ACC	Amber	n/a	Follow up in progress – will be reported in January 2009 report.
Temporary Accommodation - ACC	Amber	Yellow	Still a number of recommendations in progress so still a yellow grading. Further follow up in Quarter 4.
Appointeeships - ACC	Amber	n/a	Follow up due Dec '08. Will be reported to members in a future report.
Uniform - ACC	Amber	Yellow	Audit part of a group set up to implement report so follow up ongoing.
Traffic Management Procurement Procedures - ACC	Amber	n/a	Follow in progress during September 2008 – has moved to yellow/green but still to be agreed with the Manager.
Stirchley Recreation Centre - CS	Amber	n/s	Follow up in progress – results will be reported in January 2009 report.

5.6 There are no other issues to bring to the attention of members of the Committee. The appropriate management teams have agreed action plans and have commenced implementation for the 3 amber reports summarised in Appendix D. Internal Audit are confident that the controls have and will continue to improve in these areas but will report back after follow up, if required.

6 OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	All members of Audit Services have attended equal opportunities/diversity training. If any such issues arose during an audit they would be notified to the appropriate manager.
Environmental Impact	Such issues would be notified to the appropriate manager during or immediately following the audit.
Legal Implications	Audit Services classify recommendations as either Statutory, Financial regulation, Policy/Procedure or Best Practice. This means that where service areas are not operating within statutory requirements there is an obligation to implement the recommendations as soon as possible. These recommendations are followed up within 6 months. Audit Services can only, within their resource constraints provide reasonable assurance (rather than “absolute assurance”) to the authority upon the operation of controls.
Links with Corporate Priorities	The audit plan is linked to corporate priorities via the risk management process. Where high risks are identified then Audit Services undertakes work on a more regular basis.
Risks and Opportunities	The role of internal audit includes a review of the controls in place to manage the risks within service areas. The reports produced assist the Council in improving systems and controls (reducing risks) and therefore the delivery of services and achievement of objectives. In addition Internal Audit have reviewed the Council’s risk management process during the year and concluded that it is operating effectively
Financial Implications	There are no financial implications arising from this report. Internal Audit is currently operating within their existing resources. Where recommendations are made by Audit Services, if possible, cost implications are identified.
Ward Implications	Internal Audit is responsible for the internal audit of all the Council’s activities and at all Council locations. They therefore operate within all Council Wards.

7 BACKGROUND PAPERS

Annual Audit Plan 2008/09

Report by Jenny Marriott, Audit & Risk Manager 383101

AUDIT REPORTS ISSUED JULY TO SEPTEMBER 2008

Portfolio	Audit Area	Opinion	Follow Due
Children & Young People	FMSis External Assessment Final Audit Report - Teagues Bridge	Yellow	January 2009
	FMSis External Assessment Final Audit Report - Wrekin View	Green	January 2009
	FMSis External Assessment Final Audit Report – The Bridge school	Yellow	January 2009
	FMSis External Assessment Final Audit Report – Shortwood primary school	Green	March 2009
	FMSis External Assessment Final Audit Report – Madeley Infants School	Green	March 2009
	Hadley Learning Community-Primary Administration report	Yellow	March 2009
	FMSis External Assessment Final Audit Report – Houghton School	Amber	March 2009
	FMSis External Assessment Final Audit Report – St Peter & St Paul RC School	Yellow	February 2009
	Resources	Deloitte IT Audits Follow Up	Yellow
ICT Back Ups		Yellow	March 2009
Adult & Consumer care	Business Continuity	Amber	January 2009
Environment & Regeneration	Donnington Railfreight	Yellow	February 2009
	Concessionary Travel Tokens	Yellow	March 2009

Transforming Telford

	Compliance with Company Law	Green	Ongoing tracking
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WORK UNDERTAKEN OF MORE THAN ONE DAY – QUARTER TWO

Anti Fraud & Corruption Policy Review	2
Anti Virus Protection	6
Beyond Excellence Through People	2
Building Schools for the Future	1
C&YP Advice & Consultancy	7
C&YP Authorised Signatories	4
C&YP Liaison & Development Groups	1
Catering - Systems Development	2
Catering Budget Follow Up	5
Change for Children	7
Charlton Secondary School	1
Community Safety	2
Community Services Advice & Consultancy	1
Community Services Follow Ups	1
Contact Centre	1
Contract Audit - Lightmoor School Project	1
Corporate Governance	3
Corporate Parenting follow up	4
Council Tax & NNDR	19
Data in Transit	2
Deloitte's IT Audit Follow Ups	1
Donnington Rail Freight	6
Email & Internet Filtering	5
Equalities - review of Job descriptions	3
Ethics Survey	3
Exit Audits for Heads	2
Expotel Contract	6
Financial Credit Checks	2
Financial Management Standard	1
Fraud Response Plan	1
Fraud/Compliance Tests	2
Haughton Special School	11
Health & Safety	3
HLC Admin Procedures	3
Hollinswood Infants School	7
Horsehay Village Golf Centre	2
ICT Backups	1
Integrated Benefits System	3
IT Procurement	1
Land Stability - Lloyds phase 1 review & project assurance	8
Leisure Centre Checks	7
Licensing Follow Up	4
Local Public Service Agreement Audit Checks	1
Lord Silkin Secondary School	3

WORK UNDERTAKEN OF MORE THAN ONE DAY – QUARTER TWO

Madeley Infants School	7
National Fraud Initiative	7
Oakengates Leisure Centre	3
Partnerships	1
Payroll compliance tests	1
People Strategy	1
Performance Indicators	3
Planning Management Information Systems Project	1
Project Assurance - Town Centre	2
Queenswood Primary School	1
Recruitment & Retention	35
Review of the Mayors fund procedures	21
Risk Management audit	7
Sales Ledger	4
School Funds	3
Shortwood Primary School	7
St Peters & Pauls Catholic Primary School	1
Standards Committee	1
Stirchley Primary School	8
System Health Checks	4
Telford Ice Rink review - requested by management	11
Term Contracts	6
The Bridge Special School	1
Town Park Review	4
Transforming Telford	5
Transport Section	18
Travel Tokens	7
Treasury Management	19
Uniform follow up	1
Use of Resources	2
Waste - Project Assurance	1
William Reynolds Infants School	1
Wrekin View Primary School	1