

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
17TH JANUARY 2011**Internal Audit Monitoring Report**
Quarter Ended 30th September 2010

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Internal Organisational Theme
CORPORATE PLAN AIM:	A well-run and responsive Council
CABINET MEMBER:	Councillor Nathan Desmond
RESPONSIBLE OFFICER:	S151 Officer
CONTACT OFFICER:	David Buckland Extension No. 2100 david.buckland@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 Internal Audit Report for the Quarter ended 30 th September 2010

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit Monitoring Report for the Quarter ended 30th September 2010, attached as Appendix 1.

2. RECOMMENDATIONS

The Audit Committee is asked to NOTE:

- 2.1 **The Internal Audit Monitoring Report for the Quarter ended 30th September 2010 as detailed in the Appendix to the report.**

3. BACKGROUND

- 3.1 The management of the authority are obliged to safeguard public funds and use them in a way which provides value for money and thereby best value. An effective internal audit service is vital in helping management to meet these important duties as it is an independent appraisal function for the review of the entire internal control system.
- 3.2 The Audit Committee approved the operational Annual Audit plan 2010 – 2011 in March 2010. This plan takes into account changes in priorities or risk in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.
- 3.3 The Internal Audit Strategic Plan 2009 – 2012 approved in March 2009 provides the overall direction for the Internal Audit service working in partnership with the External Auditors to minimise the overall audit cost to the authority.

- 3.4 Performance of the Internal audit service is monitored against plan each quarter during the year by way of this quarterly audit report to the Audit Committee, to the Corporate Management Team and to the External Auditors.
- 3.5 The Report attached as an Appendix contains 4 sections which are:
- Section 1 **Final** internal audit reports issued in the quarter
 - Section 2 **Follow up** Reviews undertaken in the quarter
 - Section 3 **Draft** internal audit reports issued in the quarter
 - Section 4 **Performance Statistics**
- 3.6 The audit reports referred to in the Appendix are those where testing has been undertaken on an element of the internal control environment. It should be noted that the findings are on an **exception basis** i.e. reported if an internal control was found not to be operating satisfactorily, so giving rise to a control weakness and therefore an area for improvement. The findings of audit reviews in the report do not list those internal controls which were found to be operating satisfactorily. This approach has been adopted to enable the output of the review to focus on those areas considered by internal audit to require management's attention.
- 3.7 The Internal audit review process is published on the Council's Intranet. This details the process whereby **Draft** internal audit reports arising from audits are forwarded to Chief Officers and nominated lead managers for agreement to recommendations and timescales for implementation prior to the preparation of **Final** internal audit reports.
- 3.8 The approved Terms of Reference for Internal Audit require that the Section 151 Officer prepares an annual opinion on the Council's internal control environment. This is a personal opinion, which takes into account the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered in order to give an overall view of the Council's Internal Control environment, which is reported to the June meeting of the Audit Committee.
- 3.9 The terminology within the reports presented to members is in line with that used by many other Internal Audit sections of public authorities, private and public companies and external auditors.
- 3.10 Every organisation operates in the real world and errors/omissions/system weaknesses (manual or computerised) are inevitable. Management have to manage these known risks through the use of internal controls.
- 3.11 It may be that an operational decision has been taken by management to accept the risk of the non operation of an internal control. Where the area is being reviewed by internal audit in such an instance the weakness and any associated recommendation would be reported. Management would record within the service's risk register the processes in place to mitigate the risk.
- 3.12 The Corporate Management Team have confirmed that action would be taken immediately should an internal audit review report a significant weakness which could lead to a potential serious issue.

4. KEY ISSUES

- 4.1 Internal audit make recommendations to management on potential improvements to the internal control environment of the system under review. It is management's responsibility to take the necessary action to implement recommendations as agreed in the final internal audit report.
- 4.2 The Quarterly audit report contains details of internal audit reports issued in the quarter together with follow up reviews. The format of internal audit reports has been adopted to enable management and members to focus on those areas that internal audit wishes to draw to its attention. The success or otherwise of a service is reported via other dimensions of the Council's performance management framework including for example the monitoring of the Performance Indicators, Performance Review Clinics and the progress of the Council against its agreed implementation plan arising from its Comprehensive Performance Assessment review.
- 4.3 The internal audit section operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. Procedures are monitored to ensure that the internal audit section procedures remain compliant.
- 4.4 The approved Terms of Reference for Internal Audit require that the Section 151 Officer prepares an annual opinion on the Council's internal control environment. This is a personal opinion, which takes into account the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered in order to give an overall view of the Council's Internal Control environment.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report. There may however be financial implications if the audit recommendations made within audit reports are not implemented on a timely basis.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Accounts and Audit Regulations 2003 and the Accounts and Audit (Amendment)(England) Regulations 2006 section 6(1) require that:

“A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.”

7. RISK MANAGEMENT

- 7.1 In order to manage risks internal controls are used to mitigate and manage the identified risks to an acceptable level. Any weakness in the operation of internal controls therefore impacts directly on the management of risk.
- 7.2 Risk management issues could arise when weaknesses in internal controls are identified during the audit review process and management delay or defer implementation of the recommendations made.

- 7.3 The Internal Audit service is one element of the Council's assurance/internal control framework.

8. EQUALITY IMPACT NEEDS ASSESSMENT

- 8.1 An Equality Impact Assessment screening has been undertaken and it is considered that there are no discernable impacts on the six equality strands.

9. CONCLUSION

- 9.1 The work undertaken by internal audit in the quarter ended 30th September 2010 is reported within Appendix 1. This information is presented to members in accordance with the Terms of Reference for the Internal Audit Section.
- 9.2 The work undertaken by the Internal Audit Section has complied with the requirements of the CIPFA Code of Practice for Internal Audit in Local government.

10. CONSULTEES

- 10.1 Corporate Management Team

11. BACKGROUND PAPERS

- 11.1 16th March 2010 ~ Audit Committee ~ Annual Audit Plan 2010~2011
16th March 2009 ~ Audit Committee ~ Strategic Audit Plan 2009~2012
16th March 2009 ~ Audit Committee ~ Internal Audit Terms of Reference ~ Update



INTERNAL AUDIT SECTION

INTERNAL AUDIT MONITORING REPORT

**QUARTER ENDED
30th September 2010**

INTERNAL AUDIT SECTION
QUARTERLY AUDIT REPORT
QUARTER ENDED 30TH SEPTEMBER 2010

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DAVID BUCKLAND
SECTION 151 OFFICER

7TH OCTOBER 2010

Agenda Item No. 6

SECTION 1		
FINAL AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30TH SEPTEMBER 2010		
	ASSURANCE	PAGE
CORPORATE		
Key System		
Corporate Creditors Compliance Testing 2009/10 (C&PS)	S	8
Corporate Creditors Compliance Testing 2009/10 (RD)	S	9
Corporate Debtors Compliance Testing 2009/10	S	10
Fixed Assets (Intangible & Vehicles & Play Equipment) 2009/10~Physical Verification	N/A	-
Subsidiary System		
Corporate Petty Cash Payments ~ Guidance Review 2010/11	N/A	-
COMMUNITY & PARTNERSHIP SERVICES		
Key Systems		
Cash to Bank ~ Worcestershire HUB 2009/10	S	11
RESOURCES		
Key Systems		
Housing Benefits Reconciliations 2009/10	S	12
Council Fax Gross Debit Reconciliation 2009/10	S	13
Treasury Management 2009/10	F	-

KEY		
Assurance Level	Description of Assurance Level	What is reported in the Quarterly Audit Report
U = Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations ~ provides little or no assurance. A significant internal control is one which is key to the overall framework of controls.	Summary page of Audit Report and significant findings and associated recommendations.
L = Limited	Significant lapses/breakdown in individual controls ~ at least on significant weakness ~ provides partial assurance.	Summary page of Audit Report and significant findings and associated recommendations.
S = Some	Sufficient framework of controls but some weaknesses identified ~ provides adequate assurance.	Summary page of Audit Report together with any significant findings and associated recommendations where appropriate.
F = Full	Robust framework of controls, any recommendations are advisory ~ provides substantial assurance.	The title of the review undertaken is reported.

Agenda Item No. 6

AUDIT REPORT TITLE: Corporate Creditors 2009/2010 BUDGET: Various REF:	INTERIM REPORTS 8 Memo's Issued During the Review DRAFT REPORT DATE ISSUED: 17 th June 2010 FINAL REPORT ISSUED: 23 rd August 2010	SERVICE: Director of Community & Partnership Services RESPONSE RECEIVED: 13 th August 2010
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Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		

Overview

This Audit forms part of the annual reviews undertaken to assist the Council's External Auditors in their annual audit. The review concentrated on ensuring that the controls in place over the system for the payment of the Council's creditors are operating as intended. The review comprised examination of the Council's procedures for the ordering, processing and payment of invoices and that these procedures operate within Standing Order relating to Contracts and Financial Regulations. Further examination was undertaken to ensure that reconciliations are undertaken regularly, budgets are monitored, revenue and capital contracts are appropriately approved and exception reviewed.

It should be noted that the system reviewed has been radically changed with the implementation of a new purchase order processing system in April 2010, the procedures for the ordering, processing and payment of creditor invoices should be significantly enhanced along with budget monitoring and exception reporting.

An assessment was undertaken during each quarter of the financial year 2009/2010. A sample of invoices from across all Council Directorates was selected for detailed testing; any discrepancies identified immediately reported to the appropriate Manager and remedial action taken. It was observed that the reconciliation processes within the Accountancy Section were working effectively and that the capital contract selected, as part of the detailed testing, had been appropriately approved. This report includes only observations & recommendations that will still be applicable under the new automated Purchase Order Processing system.

Conclusion

On the basis of the work undertaken, the review has concluded that there are opportunities for improvement regarding electricity meter readings. It is intended with the implementation of the new automated purchase order processing system improvements will be made to the ordering, processing and payment of all Council invoices.

The overall conclusion therefore, is that **SOME** assurance can be given that the internal controls in place for the ordering, processing and payment of Council invoices are operating effectively

Agenda Item No. 6

AUDIT REPORT TITLE: Corporate Creditors 2009/2010 BUDGET: Various REF:	INTERIM REPORTS 8 Memo's Issued During the Review DRAFT REPORT DATE ISSUED: 17 th June 2010 FINAL REPORT ISSUED: 23 rd August 2010	SERVICE: Director of Resources RESPONSE RECEIVED: Resources (Green Street) ~ 18.06.10 Resources (Accountancy) ~ 16.08.10 Resources (HR) ~ 09.08.10/16.08.10
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Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
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Overview

This Audit forms part of the annual reviews undertaken to assist the Council's External Auditors in their annual audit. The review concentrated on ensuring that the controls in place over the system for the payment of the Council's creditors are operating as intended. The review comprised examination of the Council's procedures for the ordering, processing and payment of invoices and that these procedures operate within Standing Order relating to Contracts and Financial Regulations. Further examination was undertaken to ensure that reconciliations are undertaken regularly, budgets are monitored, revenue and capital contracts are appropriately approved and exception reviewed.

It should be noted that the system reviewed has been radically changed with the implementation of a new purchase order processing system in April 2010, the procedures for the ordering, processing and payment of creditor invoices should be significantly enhanced along with budget monitoring and exception reporting.

An assessment was undertaken during each quarter of the financial year 2009/2010. A sample of invoices from across all Council Directorates was selected for detailed testing; any discrepancies identified immediately reported to the appropriate Manager and remedial action taken. It was observed that the reconciliation processes within the Accountancy Section were working effectively and that the capital contract selected, as part of the detailed testing, had been appropriately approved. This report includes only observations & recommendations that will still be applicable under the new automated Purchase Order Processing system.

Conclusion

On the basis of the work undertaken, the review has concluded that there are opportunities for improvement regarding the processing of travel claims forms and agency staff invoices. It is intended with the implementation of the new automated purchase order processing system improvements will be made to the ordering, processing and payment of all Council invoices.

The overall conclusion therefore, is that **SOME** assurance can be given that the internal controls in place for the ordering, processing and payment of Council invoices are operating effectively

AUDIT REPORT TITLE: Corporate Debtors 2009/10 BUDGET: VARIOUS REF:	DRAFT REPORT ISSUED: 15 th July 2010 FINAL REPORT ISSUED: 23 rd August 2010	SERVICE: Resources Directorate (Green Street~ Recommendation No 1) Resources Directorate (Payroll ~ Recommendation No 2) Resources Directorate (Accountancy ~ Recommendation No 3) RESPONSE RECEIVED: 2 nd August 2010 - Resources (Green Street) 20 th August 2010 - Resources (Accountancy/Payroll)
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Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		

Overview:

This audit forms part of the annual reviews undertaken to assist the Council’s External Auditors in their annual audit. The review sought to ensure that the system in place for the raising of Sundry Debtor accounts complied with identified control objectives.

The review comprised examination of the Council’s procedures for the raising of Sundry Debtor accounts the reconciliation of the Debtors Control Account within the Financial Management System to both the independent Cash Receipting system and Council bank accounts. The control account reconciliation for one monthly was examined in detail and this was supported by detailed compliance testing of a sample of debtor invoices raised to ensure that they had been raised promptly and that the income collected was in accordance with approved charges.

This review did not include the procedures for the recovery of Housing Benefit overpayments debtor invoices. The review ensured that there are procedures in place to monitor outstanding debts however the system of recovery of outstanding debts will be subject to an independent audit review and will be reported under separate cover.

Conclusion:

The review concluded there are areas within the Debtors system that are well managed and controlled, however improvements could be made to enhance the system by ensuring debtor accounts are raised and sent out prior to, or as soon as the service has been provided to the customer. To ensure full compliance with Financial Regulations, all charges should either be approved by Council as part of the Financial Strategy or any variation evidenced and agreed by a Senior Employee.

The conclusion therefore, is that **SOME** assurance can currently be given that the internal controls in place within the key system for Debtors are operating as intended.

Agenda Item No. 6

AUDIT REPORT TITLE: Worcestershire Hub 2009/2010 BUDGET: £16,163,806 ~2009/2010 Income REF: A260	DRAFT REPORT DATE ISSUED: 14th June 2010 FINAL REPORT ISSUED: 15th July 2010	SERVICE: Community and Partnership Services RESPONSE RECEIVED: 15th July 2010
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Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		

Overview

This Audit forms part of the annual reviews undertaken to assist the Council's External Auditors in their annual audit. The review concentrated on ensuring that the collection and banking of income is in accordance with Council policy and there are adequate procedures to ensure the security of both employees and cash within the three Hub locations.

The Audit comprised of selecting a sample week from each quarter during 2009/10 and examining in detail the daily documentation completed by the Customer Service Advisors at all three Hub venues, the reports generated by the Radius Cash Receipting system to ensure that the all income received is receipted and banked and is in accordance with Financial Regulations. The documentation and reports examined included: Cash Analysis sheets, Cash-Up Reports, Payment Analysis by User reports, Global Fund reports, Bank Security Bag Credit slips, G4S (security company) Receipts, Bank Paying In slips, Bank Statement Reports and Collections & Deposit Book. Reversals and adjustments relating to refunds, encashment of Housing Benefit cheques and payments from the vulnerable people float, within the sample weeks were also examined. It was verified that variances indicated on the Cash-Up Reports between expected and actual amounts are recorded and regularly reviewed and monitored by management to ensure that any additional training needs are identified.

Conclusion:

The review concluded that with the volume of transactions processed by the Worcestershire Hub on a daily basis income is being receipted and banked appropriately and the systems in place are well managed. However, there are some areas where an opportunity for improvement has been identified. These areas cover the Customer Service Advisors (CSA's) ensuring the 'close down' procedure is completed and Cash-Up reports produced, reconciliation of the individual CSA's daily takings, negative transactions are processed correctly, information recorded on bank paying in slips and security bag slips is accurate and receipts for reversal transactions and supporting documentation for the authorisation of refunds are retained.

The overall conclusion therefore, is that **SOME** assurance can be given in that the internal controls in place over the Worcestershire Hub as operated by Wyre Forest D.C. are functioning as intended. However the implementation of the following recommendations will further strengthen the system in place and raise the level of assurance.

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AUDIT REPORT TITLE: Housing Benefits Reconciliation 2009/2010 BUDGET: £31,134,650 09/10 Estimate Benefit Payments REF: A280	DRAFT REPORT DATE ISSUED: 20 th May 2010 FINAL REPORT ISSUED: 19 th July 2010	SERVICE: Director of Resources (Accountancy) RESPONSE RECEIVED: ICT (Rec 2) – 24 th May 2010 Benefits – 14 th June 2010 Accountancy – 16 th July 2010
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Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		

Overview

This Audit forms part of the annual reviews undertaken to assist the Council's External Auditors in their annual audit. The review was undertaken to ensure that there are regular reconciliations of the Benefits paid via the Civica system to the Agresso Financial Management System and the Benefit Debtors for overpayments to the Agresso Financial Management System & Radius Cash Receipting System. The review also concentrated on ensuring that there are adequate controls over the processes in place for budget monitoring, reviewing unrepresented cheques, committee reporting and the preparation of the initial, mid-term and final claims; also that data matching exercises and arrears monitoring regularly take place. Further examination was undertaken on the Benefits business plan 2009/2010 and performance monitoring

The detailed assessment of the processes in place for Benefit payments within the ICT Operations Section, the Resources Support Services, Accountancy and Benefits Sections, established that the ICT October 2009 daily logs, for payments raised, had not been reviewed and although completed, neither had the Accountancy October 2009 Benefits to Agresso reconciliation. In addition the Accountancy October 2009 Benefits Debtor monthly reconciliation had been incorrectly completed and had not been independently reviewed. Budget monitoring, reviewing unrepresented cheques and committee reporting are all undertaken appropriately, in accordance with agreed procedures and in a timely manner. The data matching exercises are undertaken in line with DWP requirements and form part of the Audit Commission National Fraud Initiative; examination of the initial & mid-term claims confirmed they had been completed and returned within the required time frame and all supporting evidence had been retained on file. The Arrears monitoring process is undertaken regularly and actions taken had been evidenced on the October 2009 report. The Benefits performance indicators are collated on a monthly basis and reported quarterly. The commitments and aspirations recorded on the 2009/2010 business are being met by continual monitoring.

Conclusion

On the basis of the work undertaken, the review has concluded that there are significant opportunities for improvement within the internal controls system for the Accountancy reconciliations of the Benefits Civica system records to the Agresso & Radius system records and the recording of information on the Collections & Deposits book, additional there is an opportunity for improvement regarding the review of the ICT daily logs. However, these recommendations are for a small part of the Benefits reconciliation process overall, reasonable assurance can be given that other parts of the system are well managed.

Advisory recommendations have been included within this report which refers a the review of Benefit risks and the validity of documents held on the Council's intranet

The overall conclusion therefore, is that **SOME** assurance can be given that the internal controls in place within the system for the reconciliation of the Benefits Civica system to other Council Systems are operating effectively in this key system.

Agenda Item No. 6

AUDIT REPORT TITLE: Council Tax Reconciliation 09/10 BUDGET £ 58,137,224 Gross Debit for 09/10 REF:	DRAFT REPORT DATE ISSUED: 30 th April 2010 FINAL REPORT DATE ISSUED: 29th July 2010	SERVICE: Director of Resources (Revenues & Accountancy) RESPONSE DATE: 9 th June 2010 (Revenues) 22 nd July 2010 (Accountancy)
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Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		

Overview

This Audit forms part of the annual reviews undertaken to assist the Council's External Auditors in their annual audit. The review was undertaken to ensure that there are regular reconciliations between the Council Tax (Open Revenues – Civica) system and the Agresso Financial Management System, the Radius Cash Receipting and the Valuation Office property listings and that the Gross Debit reconciliation for 2009/2010 had been promptly undertaken. The review also concentrated on ensuring that there are adequate controls over the processes in place for the monitoring of Council Tax arrears & exceptions and that information is appropriately reported to committee. Further examination was undertaken on the Council Tax business plan 2009/2010 and performance monitoring.

The October 2009 reconciliation between the Council Tax system and the Agresso & Radius systems was selected for detailed assessment. As at 3rd February 2010 the reconciliation process had not been undertaken, this was not completed until March 2010. Five Valuation Office reconciliations were assessed dating from May, July, September, November 2009 and January 2010; these reconciliations were found to have been undertaken in a timely manner and each had been independently reviewed with supporting documentation for all entries. The Gross Debit reconciliation for 2009/2010 had been appropriately completed prior to the start of the financial year; arrears monitoring reports had been regularly and appropriately reviewed as were exception reports. Information is reported to committee appropriately and in a timely manner and the performance indicator was up to date and above target. The 2009/2010 business plan reflects the commitments and aspirations of the previous Principal Revenues Officer; these have been met or are in the process of being met by continuous monitoring of the Revenues team.

There have been significant changes to the management of the Council Tax section during 2009/2010, with a change of key personnel. In addition, budgetary constraints continue; reasonable assurance can be given that the new management team are exploring all opportunities to make improvements to the service; with the commitment of the Revenues employees and new working practices, improvements have already been seen. As an observation, two advisory recommendations have been included within the report to ensure that a training program is maintained and revenues risks are re-assessed.

Conclusion:

The review concluded that there were **significant** areas within the key reconciliation controls with opportunities for improvement. However, Internal Audit acknowledge that both the Principal Revenues Officer and Revenues and Benefits Manager are in the process of implementing new systems and working practices to address the issues highlighted in the report and will continue to work closely with Internal Audit where required.

In recognition of the action being taken, the overall level of assurance has been raised, therefore, the conclusion, is that **SOME** assurance can be given in that the internal control processes in operation for the independent will operate as intended. The implementation of the advice given and the following recommendations has given and will continue to give opportunities for improvement, to further strengthen the system in place and raise the level of assurance.

Quarter Report to the 30th September 2010

SECTION 2

Summaries of Follow up Reviews undertaken in the Quarter

KEY	
Assurance Levels	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.

TITLE	SYSTEM TYPE <small>K=Key S=Subsidiary</small>	ASSURANCE LEVEL OF FINAL REPORT	IMPLEMENTATION STAGE PER CHIEF OFFICER AND/OR RESPONSIBLE MANAGER AT TIME OF FOLLOW UP REVIEW				Page No.
			No of Recommendations	No of Recommendations Implemented	No of Significant Recommendations	No of Recommendations Implemented	
Community & Partnership Services							
Bewdley Museum 2009/10	S	S	1	1	-	-	-
Resources							
Budgetary Control & Monitoring 2009/10	K	S	4	1	-	-	-
NNDR Gross Debit Reconciliation 2009/10	K	S	1	1	-	-	-
Postal & Franking Machine Expenditure 2009/10	S	L	1	1	1	1	-

SECTION 3		
<u>DRAFT AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30TH SEPTEMBER 2010</u>		
TITLE	DATE OF ISSUE	CURRENT STATUS OF REPORT
-	-	-

SECTION 4

INTERNAL AUDIT SECTION

PERFORMANCE AGAINST ANNUAL PLAN FOR THE FINANCIAL YEAR 2010/11

Quarter Ended 30th September 2010

Six Months to 30th September 2010

	<u>Quarter Actual</u>	<u>Quarter Plan</u>	<u>Quarter Actual as a % of Plan</u>		<u>Year Actual</u>	<u>Annual Plan</u>	<u>Year to Date Actual as a % of Plan</u>
	<u>Days</u>	<u>Days</u>	<u>%</u>		<u>Days</u>	<u>Days</u>	<u>%</u>
System and Probity	118.50	98.75	120.00%	System and Probity	237	395	60.00%
Computer Audit	4.00	10.0	40.00%	Computer Audit	4.50	40	11.25%
Computer Audit Contract	25.00	25.0	100.00%	Computer Audit Contract	25.00	50	50.00%
Contract Audit	0.25	10.0	2.50%	Contract Audit	0.25	40	0.63%
Consultancy and Advice	11.00	10.0	110.00%	Consultancy and Advice	23.50	40	58.75%
Irregularity	3.00	10.0	30.00%	Irregularity	10.00	40	25.00%
Specific Service Duties	4.00	3.75	106.67%	Specific Service Duties	8.00	15	53.33%
Sub Total	165.75	167.50	98.96%	Sub Total	308.25	620	49.72%

TARGET

90.00%

TARGET

45.00%