

Report of the Head of Audit and
Risk Management

INTERNAL AUDIT – PROGRESS REPORT

RECOMMENDATION

- 1.1 To note the activity and performance of Internal Audit in the period 1 March 2010 to 31 May 2010 and to comment accordingly.

SUPPORTING INFORMATION

- 2.1 This report summarises the internal audit work completed in the period from 1 March 2010 to 31 May 2010 and seeks a decision by the Committee to determine the audit reports it wishes to review in more detail at the next meeting.

Summary of internal audit activity – 1 March 2010 to 31 May 2010

- 2.2 Appendix 2 summarises the output of internal audit for the period. During the period 1 March 2010 to 31 May 2010, 24 audits were finalised. This total excludes 12 Financial Management Standard in Schools (FMSiS) external assessments and 8 audits for external organisations.
- 2.3 Appendix 3 provides details of internal audit's overall opinion on the adequacy of the level of internal control for each of the 24 audit reviews finalised in the period and the number of recommendations made for each review. Table 1 following provides an analysis of audit opinion on the system of control. Appendices 4 and 5 provide members with the main issues relating to each completed audit. Appendix 5 covers exempt items which are not for publication.

Table 1: Overall Audit Opinion in audits finalised between 1 March 2010 and 31 May 2010.

| Department | Good | Satis- factory | Marginal | Unsatis- factory | Unsound | No Opinion | Total |
|----------------------------|----------|-------------------|----------|---------------------|----------|---------------|-----------|
| Regeneration & Community | 2 | 3 | | 1 | | | 6 |
| Children & Young People | | 1 | | | | 1 | 2 |
| Resources | 1 | 1 | 2 | 2 | | 5 | 11 |
| Environmental Services | | | | 1 | | 1 | 2 |
| Corporate & Adult Services | 1 | 1 | | | | 1 | 3 |
| Total | 4 | 6 | 2 | 4 | 0 | 8 | 24 |

Note: This table does not include any audits undertaken on behalf of external bodies or the external assessment of schools in respect of FMSiS.

- 2.4 Please note that all data relating to the 2009-10 Audit Plan is presented in the old Departmental structure. The 2010-11 Audit Plan has been remodelled to reflect the revised organisational structure.
- 2.5 As a general policy, all audits leading to a rating of “unsound” or “unsatisfactory” will be brought to the Committee’s specific attention. In the period, there have not been any audits which have rated the overall control in the area/service under review as unsatisfactory or unsound. Appendix 3 contains a brief definition for each category of control rating.
- 2.6 At the end of Audit Plan year the Internal Audit Section has achieved a productivity rate of 74.35%. The target for the year is 73.3%. During the period, a total of 466.00 days has been spent on audit reviews within departments. The breakdown by department is shown in Table 2 below:

Table 2: Analysis of Audit time spent by Department in the period from 1 March 2010 to 31 May 2010

| Department | Actual Days |
|------------------------------|--------------------|
| Regeneration and Community | 52.25 |
| Children and Young People | 98.25 |
| Resources | 268.25 |
| Environmental Services | 19.75 |
| Corporate and Adult Services | 27.50 |
| Total | 466.00 |

- 2.7 The main areas of internal audit work in the period from 1 March 2010 to 31 May 2010 have been on managed audits on the Council’s financial systems, general systems based audits, and on investigations. (See Table 3 below.)

Table 3: Analysis of time spent by areas of audit work in the period 1 March 2010 to 31 May 2010

| Audit Area | Actual Days |
|------------------------------|--------------------|
| Advice to Clients | 37.25 |
| Investigations | 68.00 |
| Governance Audits | 9.00 |
| Follow-up Work | 15.50 |
| Certification Work | 8.25 |
| Performance Indicator Audits | 7.25 |
| Managed Audits | 102.50 |
| IT Audits | 50.00 |
| Contract/Partnership Audits | 0.50 |
| Systems Audits | 79.00 |
| Probity Audits | 45.75 |
| Schools FMSiS | 43.00 |
| Total | 466.00 |

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Background papers: None

List of appendices:

Appendix 1 - Implications

Appendix 2 - Internal Audit Output Summary 1 March 2010 to 31 May 2010

Appendix 3 - Opinion & Issues/Recommendations Made and Accepted in
Jobs Finalised during the period 1 March 2010 to 31 May
2010

Appendix 4 - Summary of Audit reports issued between 1 March 2010 and
31 May 2010

Appendix 5 - Summary of Audit reports issued between 1 March 2010 and
31 May 2010 (Not for Publication)

| |
|---------------------|
| IMPLICATIONS |
|---------------------|

Financial

1. None directly arising.

Legal

2. Under the Accounts and Audit Regulations 2003, the Council is required to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices.

Personnel

3. None directly arising.

Equalities impact

4. None directly arising.

Corporate objectives and priorities for change

5. The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.

Internal Audit Output Summary – May 2010

| May | % | Regeneration & Community | Children & Young People | Resources | Environmental Services | Corporate & Adult Services | External Bodies | Total |
|--|--------------|-----------------------------|----------------------------|-----------|---------------------------|-------------------------------|--------------------|------------|
| | | | | | | | | |
| Not Allocated | | | | | | | | |
| Allocated but not yet started | 0%-10% | | | | | | | |
| Started - Fieldwork commenced | 0%-80% | 2 | 6 | 8 | | 1 | | 17 |
| Awaiting Review - Fieldwork complete file submitted for review | 80% | | | 2 | | | | 2 |
| Reviewed but draft report not yet issued | 90% | | | 4 | 1 | | | 5 |
| Draft Report issued but final report not issued | 95% | | 1 | 6 | | | | 7 |
| Final Report issued | 100% | 13 | 5 | 22 | 7 | 10 | 18 | 75 |
| Complete Job finalised but no formal report with recommendations issued | 100% | 2 | 42 | 12 | 3 | 3 | 3 | 65 |
| | Total | 17 | 54 | 54 | 11 | 14 | 21 | 171 |
| Removed from Plan | 0% | | | | 1 | | | 1 |

Opinion & Issues/Recommendations Made and Accepted in Jobs Finalised during the period 1 Mar 2010 to 31 May 2010

| Job Name | Overall control rating | Issues Raised / Recommendations Made | | | Issues Accepted | | |
|--|------------------------|--------------------------------------|--------------|------------------|-----------------|--------------|------------------|
| | | Funda-mental | Signif-icant | Merits Attention | Funda-mental | Signif-icant | Merits Attention |
| Regeneration & Community | | | | | | | |
| Partnership - Governance | Unsatisfactory | 0 | 9 | 1 | 0 | 9 | 1 |
| Museums 2009-10 | Satisfactory | 0 | 4 | 13 | 0 | 4 | 13 |
| Planning & Building Control Fees | Good | 0 | 2 | 5 | 0 | 2 | 5 |
| Section 106 Agreements | Satisfactory | 0 | 3 | 4 | 0 | 3 | 4 |
| Single Programme Grant Certification | Good | 0 | 0 | 0 | 0 | 0 | 0 |
| 6C Derby Housing Market Area Growth Fund | Satisfactory | 0 | 0 | 0 | 0 | 0 | 0 |
| Children & Young People | | | | | | | |
| Bute Walk Petty Cash | N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| Extended Schools | Satisfactory | 0 | 3 | 5 | 0 | 3 | 5 |
| Resources | | | | | | | |
| Government Connect IT Healthcheck 2009-10 | Marginal | 0 | 4 | 0 | 0 | 4 | 0 |
| Controlled Financial Stationery | Marginal | 0 | 3 | 9 | 0 | 3 | 9 |
| Treasury Management 2009-10 | Good | 0 | 0 | 5 | 0 | 0 | 5 |
| Cashiers 2009-10 | Unsatisfactory | 0 | 5 | 0 | 0 | 5 | 0 |
| Investigation - Derby Direct Call Logs | N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| Oracle - Data Security | Satisfactory | 0 | 4 | 0 | 0 | 4 | 0 |
| Schools Admissions Database Follow-up | Unsatisfactory | 0 | 4 | 0 | 0 | 4 | 0 |
| Non-compliant Contract - Bottled Water | N/A | 0 | 1 | 0 | 0 | 1 | 0 |
| Data Matching 2009-10 | N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| National Fraud Initiative | N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| Corporate Fraud Initiative | N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| Environmental Services | | | | | | | |
| Leisure Centres - Income | Unsatisfactory | 0 | 7 | 8 | 0 | 7 | 8 |
| Forensic Investigation - Trading Standards | N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| Corporate Services | | | | | | | |
| Xpress Electoral Roll - System Security | Satisfactory | 0 | 3 | 1 | 0 | 3 | 1 |
| Forensic Investigation - Swift Access | N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| Co-location Fund Grant 2009-10 | Good | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Recommendations Made | | 0 | 52 | 51 | 0 | 52 | 51 |

Table does not include 8 audit finalised in respect of Internal Audit's external contracts or the 12 FMSiS external assessments where the primary schools achieved the Standard.

| | |
|-----------------------|---|
| Unsound | means that the risks identified within the audit are major and fundamental improvements are required. |
| Unsatisfactory | means that the risks identified within the audit are unacceptable and significant changes should be made. |
| Marginal | means that the risks identified within the audit are either numerous or significant and require improvement. |
| Satisfactory | means that the risks identified within the audit are minimal or less significant but changes are required. |
| Good | means that either no risks have been found or the risks identified within the audit are minor and only a small amount of changes would be beneficial. |

Summary of Audits Finalised during period 1 March 2010 to 31 May 2010

Introduction

The main findings in final audit reports issued are summarised below. It should be noted that this summary comments on key weaknesses found, as this is the focus of the recommendations. The full audit reports give a more rounded picture of the overall control environment, and to appreciate this broader picture, members should also take note of the overall control rating and the controls that were tested and found to be adequate.

Regeneration & Community

Partnership Governance

Overall control rating: Unsatisfactory

This audit focused on the governance arrangements in place for three existing partnerships within the Council, assessing them against best practice as identified by the Audit Commission and CIPFA. This audit was aimed at highlighting control weaknesses and risks in the Council's overall approach to the governance of partnerships. This report was focused on ensuring that improvements in control were made across the whole Council, to mitigate these risks for all future partnership working.

The following issues were considered to be the key control weaknesses:

- The Council has not adopted a consistent approach to the governance of partnerships which accords with best practice guidelines.
- The Council has not developed a policy on partnership working.
- The Council had not entered into formal Partnership agreements with the Community Safety Partnership or the Valuing People Partnership. The partnership agreement with the Derwent Community Team was held by Legal Services, but certain Derwent officers were unaware of its existence.
- A number of areas were missing from the Accountable Body agreement (Partnership Agreement) for the Derwent Community Team that best practice dictates should be documented and agreed upon.
- Exit strategies for partnerships were not being considered and documented when partnership agreements were being drawn up. Exit strategies were not being considered until partnerships were drawing to a close.
- Business continuity arrangements had not been fully developed for the sample partnerships examined.
- Staff working at the partnerships sampled, were not required to declare their pecuniary and non-pecuniary interests to identify any conflicts that may exist.
- There was not a risk register in place for Derwent New Deal nor were the risk management arrangements documented within the Accountable Body agreement with the Derwent Community Team.
- A formal risk assessment was not conducted before entering into the Derwent New Deal partnership.

All of the control issues raised within this report were accepted and positive action was agreed to be taken to address 4 recommendations by the end of June 2010. The remaining 6 recommendations were to be addressed on a staggered basis. In relation to the high risk partnerships these recommendations were to be addressed by the end of September 2010; the medium risk partnerships by the end of December 2010 and the low risk partnerships by the end of March 2011.

Museums

Overall control rating: Satisfactory

This audit focused on the systems of internal control for the Derby Museum & Art Gallery, Pickford's House and The Silk Mill and any interface between the museums and key Council systems.

The following issues were considered to be the key control weaknesses:

- Electronic systems for monitoring the environment of exhibits and stores were not operating effectively.
- Cash collection records had not been adequately completed and R & C Finance had experienced problems reconciling income from ticket sales.
- There were too many safe keys in circulation at the Museum & Art Gallery and there were no formal records of the safe contents.
- The MODES database did not provide a comprehensive register of all objects in the museums ownership and up to date valuations were unavailable for the objects known to the museum.

All 17 of the control issues raised within this report were accepted and positive action was agreed to be taken to address all issues. Positive action in respect of 1 recommendation had already been taken, 13 recommendations were due to be addressed by the end of July 2010 and the remaining 3 issues were due to be addressed by the end of February 2011.

Planning & Building Control Fees

Overall control rating: Good

This audit focused on the income received from Planning and Building Control, from receipt to coding in the general ledger.

The following issues were considered to be the key control weaknesses:

- There was no plan of action or written procedures in place to deal with an emergency call should a member of staff working behind Roman House Reception activate the panic alarm.
- Reception staff at Roman House (collecting income including Planning and Building Control Fees) were not operating a register for postal remittances.

All 7 of the control issues raised within this report were accepted and positive action was agreed to be taken to address all issues. Action had already been taken in respect of 3 recommendations. Positive action in respect of the remaining 4 recommendations will be completed by the beginning of April 2010.

Section 106 Agreements

Overall control rating: Satisfactory

This audit focused on the financial aspects of the Section 106 contributions process to ensure that procedures are in place to maximise and secure income for the Council.

The following issues were considered to be the key control weaknesses:

- Details of Section 106 agreements were held on a number of separate spreadsheets held in different service areas. Each of which had to be updated separately than reconciled with the other.
- The Implementation Team was informing the spending services of upcoming “spend by” dates through the monitoring spreadsheet. However, dates were being passed without expenditure taking place.
- Expenditure on Section 106 was not being matched against funds until the end of the financial year. Mid-year commitments were reported inconsistently across the Council, all resulting in ambiguity within reports submitted to Members.

All 7 of the control issues raised within this report were accepted and positive action was agreed to be taken to address all issues. Positive action in respect of all 7 recommendations will be completed by 1 October 2010.

Single Programme Grant Certification

Overall control rating: Good

This work related to East Midlands Development Agency (EMDA) funded projects totalling £2.2m. Projects had to bid for funding and bids were received from Council managed and non-Council projects. These were evaluated and approved by the Derby City Growth Group. This was managed differently from other grants as the Council was asked to pay funding to projects in advance of any grant receipts. Projects had to submit claims to EMDA who checked the claims and any supporting information such as invoices and would then instruct Derby City Council to pay the project on receipt of a notification from EMDA. The Council raised BACS payment requests and paid through Oracle AP as normal. The Council would then arrange to claim back funding from EMDA. The process being managed by the Performance Officer at Derby City Partnership was adequate and the Head of Audit was able to sign a certificate providing assurances to EMDA that this was the case.

6C Derby Housing Market Area Growth Fund

Overall control rating: Satisfactory

Leicester City Council is the accountable body for grant funding received from Communities and Local Government (CLG). They are required to provide assurance to CLG that the grant is spent according to grant conditions for Nottingham City/County, Derby City/County and Leicester City/County. Each Council has a series of projects to develop the Housing Market Area and Derby is responsible for the projects they are managing plus those managed by Amber Valley Borough Council and South Derbyshire District Council. We were asked by Leicester City Council to provide assurances to them on the projects being managed by the Derby HMA. Funding for the two year period was £2.4m capital and £0.5m revenue for 2008/09 and £2.5 capital and £0.35m revenue for 2009/10. We provided limited assurance to Leicester City Council based on the work we conducted due to grant claims

from Amber Valley Borough Council being paid despite them including commitments rather than defrayed payments. Procedures have been improved which should ensure that this should not happen again.

Children & Young People

Extended Schools

Overall control rating: Satisfactory

This audit focused on the governance arrangements in place for delivering the extended services agenda. It also reviewed the processes in operation surrounding the income received from Extended Services that included the collection, receipting, recording, banking, security and reconciliation controls in place.

The following issues were considered to be the key control weaknesses:

- Schools had been inconsistently allocating the income generated from extended services in their accounting records and income had also been banked into schools' private fund accounts and transferred at a later date.
- The Central Extended Services Team was not receiving any regular financial monitoring information that provided an up-to-date financial position on income and spend for schools in receipt of funding for extended services.
- Checks which ensure that the income received for extended services had been appropriately banked and correctly accounted for, were not being appropriately evidenced. Also there was no evidence that management was monitoring that these checks were being undertaken in a robust and timely manner.

All 8 of the control issues raised within this report were accepted and positive action was agreed to be taken to address all issues. Positive action in respect of all 8 recommendations will be completed by the end of September 2010.

Resources

Government Connect IT Healthcheck 2009-10

Overall control rating: Marginal

This audit focused on the IT Health Check of the Derby Government Connect (GC) network infrastructure findings performed by Deloitte LLP in August 2009.

The IT Health Check performed by Deloitte against Derby City Council's GC Network Infrastructure included both an internal vulnerability assessment of internal systems within the GC Infrastructure, and a security configuration review of up to 4 DCC Firewalls and up to 4 Routers. In all, 41 target systems were assessed, with vulnerabilities identified on the majority.

Outside of the Deloitte IT Health Check, we also identified other significant control weaknesses. These related to GC CoCo compliance, contractual issues surrounding management and support of the GC Infrastructure and Security Systems, and issues around security systems purchased but never installed.

The following issues were considered to be the key control weaknesses:

- Deloitte LLP identified 16 security weaknesses within the Council's GC Network Infrastructure.
- The Government Connect support and management requirements had yet to be built into the Council's Facilities Management (FM) contract with Serco.
- Numerous Security Systems and controls purchased by the Council and mandatory requirements for GC compliance had not been installed or configured so they worked efficiently.
- Users of the GC Network were able to access their email through Outlook Web Access, a strong violation of the email security requirements of the Government Connect CoCo. Any to any rules on the GC Firewalls had also been set, effectively allowing for inappropriate connections and access to Systems and Services.

All 4 control issues in this report were accepted and positive action was agreed to address all of the recommendations by 1 May 2010.

Controlled Financial Stationery

Overall control rating: Marginal

This audit focused on the arrangements for the ordering, receipt, safekeeping, issue and return of controlled financial stationery, with specific focus on the Council's official receipt books.

The following issues were considered to be the key control weaknesses:

- Financial Procedure Rule I3 which states that only the Strategic Director - Resources can supply receipts and tickets was being ignored, as departments arranged their own supplies of controlled stationery, none of which were in a standard format.
- Departments were using different printing companies and their security arrangements had not been vetted.
- There was no independent check of the stocks of controlled stationery.
- Receipt pads were being issued without the independent authorisation.
- Establishments were not maintaining adequate stock records of controlled financial stationery.
- There was no monitoring of the use of receipt pads.

All 12 of the control issues raised within this report were accepted, 3 recommendations had been implemented. Positive action was agreed to be taken to address 8 recommendations by 1 July 2010 and the remaining recommendation by 1 September 2010.

Treasury Management

Overall control rating: Good

This audit focused on the operation of controls within the Treasury Management team and on the reconciliation process employed.

The following issues were considered to be the key control weaknesses:

- The Council's bank and insurer are not automatically updated with changes to personnel and the Council's Establishment, relevant to the Treasury Management function.
- The Council's Corporate Risk Register does not reflect the risk involved in Treasury Management activities.
- Not all CHAPS transactions are evidenced by supporting paperwork as required by the Treasury Management System document.
- Off-site storage of the back-up of the LOGOTECH system has not been arranged.

All 5 of the control issues raised within this report were accepted and positive action was agreed to be taken to address all issues. Positive action in respect of all 5 recommendations was to be completed by 28 May 2010.

Cashiers – Sundry Payments Account

Overall control rating: Unsatisfactory

This audit focused on the operation and controls employed in relation to the Sundry Payment Account.

The following issues were considered to be the key control weaknesses:

- We found no procedural guidance notes which detailed the legitimate and appropriate uses of the Sundry Payment Account. Accordingly, we found that the account had been misused to make payments that circumvented other payment and control systems.
- The Income and Post Manager was both operating and reconciling the Sundry Payment Account. This inappropriate separation of duties and lack of independent scrutiny did not provide sufficient control against the misuse of the account.
- The Sundry Payment Account was overdrawn and contained numerous uncleared items, some dating back to 2002.
- The validity of the payment requests from the Sundry Payments Account and the authorisation of those requests cannot be verified by the Income and Post Manager or his staff. There was no up-to-date list of officers who were authorised to request withdrawals from the Sundry Payment Account.
- Forms used to request withdrawals from the Sundry Payment Account did not include the amount requested in words as well as numbers and were not always sequentially numbered and held as controlled stationery.

All 5 of the control issues raised within this report were accepted and positive action was agreed to be taken to address all 5 recommendations by the end of September 2010.

Derby Direct Call Logs

Overall control rating: N/A

It was alleged that certain Council officers were ringing Derby Direct, then hanging up straight away to 'drive up the abandoned rates'. This would distort management information, and would mean that genuine customers would be pushed out as 1 of the 100 lines into Council House would be busy.

We extracted and analysed the Council's data on abandoned calls between 1 Sep 2009 and 31 Dec 2009 and found that there were 51 abandoned calls from Council employees during this period. However, none of the Council officers alleged to have made such calls appeared in the result. The abandoned calls that appeared in the results were made by 44 different people with no one making any more than 3 abandoned calls during this period and no other suspicious calls were found in the logs. We concluded there were no reasons to believe that any calls had been made to Derby Direct with the deliberate intention of abandoning the call. Accordingly, as there was no evidence to support the allegation, the matter was not investigated any further.

Non-compliant Contract - Bottled Water

Overall control rating: N/A

A control issue came to light regarding the Council's arrangements for the supply of bottled drinking water. We found that the contract with Lomond Hills Water Co, who supplied bottled water, had expired some considerable time ago. We found that water was being supplied to all services across the authority, and to a large and varied number of sites. Official orders were not being placed. The company was delivering on a repeat order basis unless informed otherwise.

We found the following key control weakness:

- The Council was being supplied with bottled water by a company which no longer had a current contract with the Council and the amount spent with this company would require the Council to follow a formal tender process.

As a result of our recommendation the Head of Procurement arranged a new corporate contract with Pressure Water Coolers and the company was set up on the Oracle ordering system so that official orders had to be raised when water was required.

Corporate Anti-Fraud Initiative

Overall control rating: N/A

During 2009/10 the Corporate Anti-Fraud Working group has been established. This group reports to the Governance Working Party and mirrors the Strategic Risk Group. Terms of Reference have been set. The Group meets quarterly and membership includes representation from Internal Audit, Housing, Schools Admissions, Derby Community Safety Partnership, ESC, Housing Benefits, Supporting People, Legal and Derby Homes.

The group is currently compiling data for the Audit Commission's Annual Fraud Survey and updating policies (the Anti-Fraud and Corruption Strategy and Fraud Response Plan are nearing completion and the Corporate Prosecution Policy is underway). The next planned activity is to embark upon anti-fraud awareness training and the group will be evaluating alternative methods of delivery.

NFI – SPD exercise

Overall control rating: N/A

In March 2010 the National Fraud Initiative released another cycle of data matches between the Council Tax data and the Electoral Roll. This was based on data submitted in the previous October. This exercise produces two listings to be checked. The first, and largest report, consists of a potential 2076 addresses where the Electoral Roll holds more than one name for an address but where the Council Tax records show a single person

discount being claimed. The second report shows 384 addresses where, according to the Electoral Roll, a resident is approaching the age of 18 so will result in the single person discount at that address being withdrawn.

The work on this data is still in process but to date work on the first report has recovered £42,491.66 of reclaimed single person discount from some 120 cases. The second report has not yet been actioned. In comparison, when this exercise was last carried out two years ago, the reported numbers were 3525 addresses, (generating 7877 matches to be checked) and 1966 addresses respectively. The 2007/8 exercise generated £157,099.58 and £41,237.23 additional Council Tax charges.

Internal Data Matching / Continuous Auditing

Overall control rating: N/A

During 2009/10 the team carried out matching exercises on 32 separate data groups. Some exercises looked for data discrepancies within a single data set, eg looking for duplicate NI numbers within the payroll system or where overtime had been paid to those on grades above scale 6. Others matched data from difference sources and comparisons included payroll addresses to Council Tax empty property lists (to pick up any cases where staff had failed to notify either Payroll or CT of an address change), payroll to benefit claimants (to ensure Benefits had been given the correct details of income), staff parking permits to payroll (to ensure that only current staff were issued parking permits).

The matches will serve to provide assurance as to the data accuracy for the services and will also serve to inform future audits of areas for concentration. During this year, some matches have been carried out which will only be run once per year, and others will be carried out on a quarterly basis, ensuring that the data used is as up-to-date as possible. Having carried out the matches during 2009/10 and established the scale of work involved, a scheduled approach is to be taken in future years where the runs will be carried out in line with a set timetable. In this, the first year of matching, Internal Audit identified matches which have generated an additional £10,549.28 income for DCC (and £1065.54 for the DWP) in overpaid Benefits and withdraw Council Tax exemptions/discounts.

Environmental Services

Forensic Investigation - Trading Standards

Overall control rating: N/A

To assist with an internal disciplinary investigation, Internal Audit was requested to forensically examine the hard drive of an officer who was suspended pending investigation of certain allegations. We were asked to undertake targeted searches for evidence of correspondence with certain colleagues and any inappropriate transfers of confidential information. Our targeted searches identified various data extracts that were of potential interest to the investigating officer. This information was passed to the investigating officer to determine whether disciplinary action was necessary.

Corporate & Adult Services

Forensic Investigation - Swift Access

Overall control rating: N/A

To assist with an internal disciplinary investigation, we were requested to perform a forensic analysis of an officer's PC to identify if there were any forensic artefacts to prove that the officer had accessed a specific record in the SWIFT Application. We were unable to find any evidence to support the allegation made against this officer. The officer used Citrix to access the SWIFT System, which meant that lots of the evidence that you would typically find resident on a local hard disc profile would be on the local profile for the user on the Citrix profile server. PC's that are essentially acting as thin clients offer minimal information when it comes to forensic investigations. As a general rule, all data, programs, processing etc is performed on the Citrix Server that the thin client is connecting. Accordingly, this forensic examination was significantly hampered by the lack of audit and event logs being switched on at all levels including Citrix, Windows and SWIFT.

Co-location Fund Grant

Overall control rating: Good

DCSF funding was applied for to fund the purchase and refurbishment of 3 houses as 'transitional accommodation' for care leavers (16 – 18 year olds). This is a two year (2009/10, 2010/11) project which has to be completed and in use by 1 Sept 2011. Funding totalling £424,875 (DCC contribution of £100,000) has nearly been drawn down fully and is accounted for by the Housing Accountancy Team. All expenditure must be capital and there can be no future revenue streams. Although there was no requirement to provide formal certification to the DCSF, based on our work, we were able to provide the Section 151 officer with assurances on the use of grant and achievement of the deadline.