



DERBY CITY COUNCIL

**AUDIT AND ACCOUNTS
COMMITTEE
27 SEPTEMBER 2007**

ITEM 8

Report of the Head of Audit and
Risk Management

INTERNAL AUDIT – UPDATE

RECOMMENDATION

- 1.1 To note the activity and performance of Internal Audit in the period 1 June 2007 to 31 August 2007 and to comment accordingly.
- 1.2 To determine which, if any, audits the Committee wish to review in more detail at the December meeting.

SUPPORTING INFORMATION

- 2.1 The Internal Audit Plan for 2007/8 was reported to this Committee at its meeting on 28 June 2007. Performance of the Audit Section from 1 April to 31 May 2007 was also reported at the June meeting. This report summarises the internal audit work completed in the period from 1 June 2007 to 31 August 2007 and seeks a decision by the Committee to determine if it wishes to review in more detail any of the audit reports finalised in this period at its meeting on 6 December 2007.

Summary of internal audit activity – 1 June 2007 to 31 August 2007

- 2.2 Appendix 2 summarises the output of internal audit for the year to date. During the period 1 June 2007 to 31 August 2007, 23 audits were finalised. This total includes 2 audits for external bodies. In addition, 7 initial visits were made to primary schools as part of the work on the Financial Management Standard in Schools.
- 2.3 Appendix 3 provides details of internal audit's overall opinion on the adequacy of the level of internal control for each system reviewed 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. The Head of Audit and Risk Management will also brief members further on the main issues relating to each completed audit.

Table 1: Overall Audit Opinion in Final Reports issued in the period 1 June 2007 to 31 August 2007, by Department.

Department	Good	Satis- factory	Marginal	Unsatis- factory	Unsound	No Opinion	Total
Regeneration & Community	1	2				1	4
Children & Young People	1					3	4
Resources & Housing	1					4	5
Environmental Services	1					4	5
Corporate & Adult Social Services	1		1			1	3
Total	5	2	1			13	21

Note: No opinion includes all investigation and certification work and audits providing advice on controls and systems where no report was written. This table does not include any audits undertaken on behalf of external bodies or the initial visits made in respect of Financial Management Standard in Schools.

- 2.4 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.
- 2.5 The main areas of internal audit work in the period from 1 June 2007 to 31 August 2007 have been on investigations in Environmental Services and on the Financial Management Standard in Schools (FMSiS). Table 2 below provides a summary of the audit time spent on the key areas of audit activity during the period:

Table 2: Time spent on key areas of audit work in the period 1 June 2007 to 31 August 2007

Audit Area	Actual Days spent in Period
Investigation – Joiners Shop	59.25
Investigation – Trading Standards	16.25
FMSiS	62.75
LAA Certification/Systems Work	23.75
National Fraud Initiative	24.75

- 2.6. Feedback received from the Quality Control Questionnaires issued in 2007/8 will be reported in the Head of Audit and Risk management’s half year report to the November meeting.

For more information contact: Richard Boneham, Head of Audit and Risk Management, 01332 255688
richard.boneham@derby.gov.uk

Background papers:

List of appendices:

Appendix 1 - Implications

Appendix 2 - Internal Audit Output Summary 2007/8

Appendix 3 - Opinion and Issues/Recommendations Made and/or

Accepted in Audits Finalised during the period 1 June 2007 to
31 August 2007

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 – 2007/8 Audit Reviews

August	% Completion	Regeneration & Community	Children & Young People	Resources	Environmental Services	Corporate & Adult Services	External Bodies	Total
Not Allocated		1	19	19	3		4	46
Allocated but not yet started	0%-10%		44	3		2	5	54
Started - Fieldwork commenced	0%-80%	3	26	8	3	1	4	45
Awaiting Review - Fieldwork complete file submitted for review	80%	2	3	4	1	3	1	14
Reviewed but draft report not yet issued	90%	1	1	1			1	4
Draft Report issued but final report not issued	95%		5		1	1		7
Final Report issued	100%	4	5	4	1	2	7	23
Complete Job finalised but no formal report with recommendations issued	100%		10	3	4	1		18
	Total	11	113	42	13	10	22	211
Removed from Plan	0%			2		1		3

Internal Audit Output

Opinion and Issues/Recommendations Made and/or Accepted in Audits Finalised during the period 1 June 2007 to 31 August 2007

Job Name	Overall control rating	Issues Raised / Recommendations Made			Issues Accepted		
		Funda-mental	Signif-icant	Merits Attention	Funda-mental	Signif-icant	Merits Attention
Children and Young People							
Ivy House Special School 2006/07	Good	0	2	13	0	2	13
Lakeside Community Primary School	N/A	0	0	0	0	0	0
Pear Tree Community Junior School	N/A	0	0	0	0	0	0
Student Awards 2005/06	N/A	0	0	0	0	0	0
Resources							
Debtors – Credit Notes	N/A	0	5	5	0	5	5
H&CTB – Fraud Prevention & Detection	Good	0	0	6	0	0	6
LAA – Systems Work	N/A	0	0	0	0	0	0
LAA – Audit Certification 2006/07	N/A	0	0	0	0	0	0
Teachers Pension Return TR17 2006/07	N/A	0	0	0	0	0	0
Environmental Services							
BV 199 a, b & c Street and Environmental Cleanliness	Good	0	0	5	0	0	5
Catering Supplies Contract	N/A	0	0	0	0	0	0
Environmental Services – Creditors	N/A	0	0	0	0	0	0
Environmental Services – Payment of Utility Bills	N/A	0	0	0	0	0	0
Environmental Services – Investigation	N/A	0	0	0	0	0	0
Corporate and Adult Services							
LPSA2 Target 11 Improving Opportunities	Marginal	0	4	6	0	4	6
Members Allowances	Good	0	0	3	0	0	3
Contract Procedure Rules	N/A	0	0	0	0	0	0
Regeneration & Community							
BV 223, BV 224 a & b Condition of Principal & Unclassified Roads	Good	0	0	2	0	0	2
BV 170 a, b & c Visits to Museums	Satisfactory	0	2	6	0	2	6
RTI – Chellaston	Satisfactory	0	4	3	0	4	3
Derby and Derbyshire Economic Partnership 2004/05 & 2005/06	N/A	0	0	0	0	0	0
Total Recommendations Made – Final reports		0	17	49	0	17	49

This Appendix does not include the 2 audits finalised in respect of Internal Audit's external contracts or the FMSiS visits to primary schools.