



Report to: Audit Sub-Committee

Subject: Audit Follow-Up

Date: March 2006

Author: Head of Finance

1. PURPOSE OF REPORT

- 1.1 To monitor departmental progress in implementation of Internal Audit Recommendations.
- 1.2 To identify to members where additional action needs to be considered in relation to any outstanding recommendations

2 BACKGROUND

Internal Audit finalise audit reports having agreed an implementation plan for those areas where weaknesses have been identified.

The majority of recommendations are medium to low risk and therefore should be implemented within 3 months of the final report being issued.

Internal Audit follow-up on the implementation of recommendations on a quarterly basis. The results of the initial follow-up are reported to the Head of Finance, who requests any outstanding recommendations are actioned immediately.

Any recommendations remaining outstanding following this instruction are reported to this committee

3. **SUMMARY FINDINGS**

There were twelve reports followed-up within the last review, these were:

- Capital 2004-05
- Housing Rents 2004-05
- Housing Benefits 2004-05
- Housing Repairs 2004-05
- Bank Accounts 2004-05
- Payroll 2004-05
- Contracts 2004-05
- NNDR 2004-05
- Housing Decorating Vouchers 2005-06
- Leisure Contracts (1) 2005-06
- Leisure Contracts (2) 2005-06
- Supporting People 2005-06

All of the recommendations from the audits of Capital, Housing Repairs, Bank Accounts, Housing Decorating Vouchers, Leisure Contracts (1&2) and Supporting People have been implemented.

The following recommendations remain outstanding:

Housing Rents 2004/05

Rec 5.3.2. It is recommended that the Rent and Resources manager reviews authorisation and access levels for rent staff to ensure access supports the control of sundry transactions, in particular refunds, is satisfactory. Risk: Medium.

Rec 5.4.3. It is recommended that former tenant arrears are reviewed and any old debts which have no recent follow-up action recorded should be recommended for write-off. Risk: Low.

Rec 5.4.4. It is recommended that effort be put into chasing the more recent former tenant arrears, in accordance with documented recovery procedures, so as to minimise future write-offs. Risk: Medium.

Management state that problems encountered within the Housing Benefits interface have required a diversion of resources away from the actions required to successfully implement the recommendations. It is expected that the recommendations will be implemented by the end of the current financial year.

Housing Benefits 2004/05

Rec 4.3.4. It is recommended that internal data matching exercises are conducted on a regular basis to enable early investigation and prevent any fraud being perpetrated. This is in addition to any other matching reports obtained externally. Risk: Medium.

Rec 4.3.6. It is recommended that to maintain an independent review of the claims and ensure the performance measure the necessary checks to be carried out must be increased to achieve the target of 10%. Risk: Medium.

Management state that the internal data matching exercises have not been completed due to resources being taken up introducing the new IT system. It is hoped that the exercises will be achieved by the end of the current financial year.

The 10% target has not been achieved due to a long-term vacancy, which has only recently been filled. It is now expected that the target will be achieved.

Payroll 2004/05

Rec 1.4. It is recommended that the Personnel Section check the payroll listing every six months to confirm the accuracy of post references. Risk: Medium.

Rec 5.4.5. It is recommended that the Head Of Personnel & Organisational Development should verify car user categories periodically.

Management state that the new integrated payroll system will remove the need for these recommendations to be carried out in the future. Audit will review the position at their next review.

Contracts 2004/05

Rec 2.1. It is recommended that internal guidelines on project management should be formulated and distributed to staff within the department to ensure projects and contracts are managed consistently. Risk: Low.

Partially complete, awaiting further guidance on standing order training from Legal Services.

NNDR 2004/05

Rec 5.2.9. It is recommended that timely analysis (within 3 months) of all outstanding valuation reports should be carried out to ensure accurate amended rateable values have been processed correctly. Risk: Medium.

Rec 5.2.13. It is recommended that management consider options to ensure the prescribed process for amending the rates for any alterations and assessing “void” properties is efficient and effective. Risk: Medium.

Management state that the recommendations have not been implemented due to a long-term vacancy within the department. Once staffing resources have been addressed it is expected that the recommendations will be implemented.

4 CONCLUSION

It is considered that the above management comments giving reasons for delays in implementing audit recommendations are acceptable at this stage, especially given the significant number of new financial systems being implemented in the financial year.

The outstanding recommendations will all be revised in light of the management comments during 2006/2007.

5. RECOMMENDATION

Members are recommended to note the report.