



Report to: Audit Committee

Subject: Follow-Up of Audit Recommendations

Date: 15th December 2009

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1. PURPOSE OF REPORT

To monitor departmental progress in the implementation of Internal Audit recommendations.

To identify to members where additional action needs to be considered in relation to any outstanding recommendations.

2. BACKGROUND

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 Corporate Services, who requests any outstanding recommendations are actioned immediately.

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

3. SUMMARY FINDINGS

Recommendations made in the following audit reports were followed-up during the period October – December 2009.

- IAR0809-09 Council Tax
- IAR0809-10 Banking
- IAR0809-12 NDR
- IAR0809-14 Creditors
- IAR0809-16 Capital
- IAR0809-17 FMS
- IAR0809-18 Housing Benefits

IAR0809-09 Council Tax

The report, issued in October 2008, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Three low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in October 2009. The review confirmed that all three recommendations had been fully implemented.

IAR0809-10 Banking

The report, issued in January 2009, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. One medium risk and two low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in October 2009, confirming that two recommendations had been fully implemented.

The remaining recommendation, a low risk category, required that a review of the usage of five GIRO accounts be undertaken, with a view to closing them. The review has been completed, which confirmed that the accounts are unused. However, the accounts still require closing. This aspect of the recommendation has been reiterated in the current review (IAR0910-06), which is provided later on the agenda.

IAR0809-12 NDR

The report, issued in November 2008, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Two low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in October 2009, confirming that one recommendation had been implemented.

The remaining recommendation relates to the failure to retain supporting documents for granted NDR reliefs. This failure relates to one example from the sample reviewed. The recommendation is reiterated in the current review (IAR0910-08), which is provided later on the agenda.

IAR0809-14 Creditors

The report, issued in November 2008, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Four low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in October 2009. The review confirmed that all four recommendations had been fully implemented.

IAR0809-16 Capital

The report, issued in February 2009, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Two low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in September 2009. The review confirmed that both recommendations had been fully implemented.

IAR0809-17 FMS

The report, issued in February 2009, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. One low risk recommendation was made.

A review of progress of management action against this recommendation was undertaken in October 2009, confirming that the recommendation had been partially implemented. Whilst an improvement in the control environment had been identified, control account reconciliations were still not being subject to adequate evidenced review and is reiterated in recommendation 1 of the current review (IAR0910-11), provided later on the agenda.

IAR0809-18 Housing Benefits

The report, issued in February 2009, provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Three low risk recommendations were made.

A review of progress of management action against these recommendations was undertaken in October 2009, confirming that one recommendation has been implemented.

The two remaining recommendations have been partially implemented, and are reiterated in the current review (IAR0910-18), which is provided later on the agenda.

The first of these two recommendations relates to the requirement to review and update supporting policies and procedures. Whilst, these have been subject to review, the date of review was not identified.

The second recommendation relates to incorrect data being identified on new claim input forms. Whilst ad-hoc checks have been introduced to improve data input, the current review identified two out of 25 new claim input forms contained errors (incorrect date of birth). Further resource has been made available to increase the volume of sample checks. This is to be undertaken on a risk-based approach and targeted at problem areas (new staff / type of claim etc.).

4. RECOMMENDATION

Members are requested to note the report.