



Report to: Audit Committee

Subject: Follow-Up of Audit Recommendations

Date: 24th March 2010

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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 January – March 2010.

- IAR0809-07 Leisure Income
- IAR0809-08 Cash Receipting
- IAR0809-19 Payroll

IAR0809-07 Leisure Income

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. Ten recommendations were made, one medium risk and nine low risk.

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

The remaining recommendation required all received cheques to be recorded. Whilst cheques are recorded, these are not verified by two members of staff. Given that an average of 9 cheques are received per month, it is not deemed feasible to introduce this additional level of control. The recommendation has therefore been discharged.

IAR0809-08 Cash Receipting

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

A review of progress of management action against these recommendations was undertaken in December 2009, confirming that one recommendation had been fully implemented and two others were deemed no longer relevant due to transformational changes made through the Gedling Transformation Programme.

Two low risk recommendations have been partially implemented. The first required procedure notes to be reviewed and updated with the author and review date clearly identified. Procedure notes have been reviewed and updated, however, still require version control procedures to be implemented.

The second related to staff training on anti-money laundering procedures. To counter the impact of staff turnover, managers have attended money laundering training and will deliver this direct to staff. Management training has been undertaken, however, current cash office staff have not yet received training.

The remaining three recommendations have not been implemented.

The first relates to significant delays by Direct Services staff when transferring cash to the cash office. The second also relates to Direct Services staff failing to undertake reconciliations of cash received to the Agresso system. Both of these recommendations were classified as medium risk.

A further unimplemented recommendation relates to telephone payments and the fact that transactions can only be traced to a terminal rather than an operator. In response a further 15 licences are in the process of being procured. This will enable identification of operators.

All five of these recommendations are reiterated in the current review (IAR0910-16) which is provided later on the agenda.

IAR0809-19 Payroll

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 December 2009, confirming that both recommendations had been fully implemented.

4. RECOMMENDATION

Members are requested to note the report.