



Report to: Audit Committee

Subject: Summary of Audit Activity

Date: 13th December 2011

Author: Manager of Audit & Risk Services

1. PURPOSE OF REPORT

To summarise the outcome of Internal Audit activity for the period October to December 2011.

The report will highlight all final reports issued and associated key findings, concerns identified in any work in progress, details of liaison with management and External Audit and provide details of any changes to the Annual Audit Plan.

2. SUMMARY OF INTERNAL AUDIT ACTIVITY

Final Reports Issued

The following reports have been finalised for the period October – December 2011.

- IAR1112-06 Cash Receipting
- IAR1112-11 Sickness Absence
- IAR1112-12 Council Tax
- IAR1112-13 NDR
- IAR1112-14 Payroll
- IAR1112-15 Capital

IAR1112-06 Cash Receipting

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

The medium risk recommendation relates to the secure storage card payment receipts. Management action has been agreed to ensure these are kept in locked storage. In addition, discussions with the transaction terminal suppliers have commenced to establish what card details can be omitted from receipts.

IAR1112-11 Sickness Absence

The review provided a detailed analysis of the end to end sickness absence process, covering policy and procedures, provision of management information and adequacy of monitoring and control arrangements.

The scope of the review was wider than that of a normal audit and provided a consultancy based approach to the review. The report identified weaknesses in all three areas and provided 22 recommendations to address the issues raised. The report recognised the work currently underway to address issues with respect to the policy and supporting procedures, however, raised concerns with respect to failure and/or inconsistency in the application of procedures across the Council and a lack of corporate monitoring and ownership of the process.

An action plan has been agreed with management focusing on the three key areas of policy, management reporting and monitoring and escalation procedures. This action plan addresses all of the 22 recommendations raised in the report. The action plan is attached at appendix A.

IAR1112-11 Council Tax

The report 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. In addition, several areas of good practice were identified including the practice of undertaking reconciliations of the council tax property database to the Valuation Office schedule and the regular inspection of void properties.

IAR1112-13 NDR

The report 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.

IAR1112-14 Payroll

The report 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.

IAR1112-15 Capital

The report 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.

Work in Progress

The following reviews are currently in progress or are at draft reporting stage:

- IAR1112-05 - Bar Stock
- IAR1112-08 - Car Parking (Penalty Charge Notices)
- IAR1112-16 - Creditors
- IAR1112-18 - Banking
- IAR1112-19 - Lending & Borrowing

There are no significant areas of concern identified in the work date from these reviews.

There have been no changes to the 2011-12 audit plan since its approval.

4. RECOMMENDATION

The Audit Committee are asked to note the report and in particular that the level of assurance provided in each audit assignment will be taken into account when Internal Audit provide an overall opinion on assurance in the Annual Report at the end of the financial year.

AUDIT RECOMMENDATIONS ACTION PLAN

Audit Report: Human Resources Sickness Absence
Report Reference: IAR1112-11
Review Date: July 2011

Action Required	By Whom (Lead Responsibility)	When (Deadline Date)	Status/Amendment
<p>A review of sickness absence policies and supporting procedures, including the sickness incentive scheme, is currently in progress. This should be completed and consideration given to the recommendations made in the Internal Audit review (IAR1112-11) of sickness absence procedures.</p> <p>The review should consider the corporate need for an overarching Human Resources strategy.</p>	David Archer – Personnel Manager	30 th June 2012	
<p>A full review of sickness absence management information will be undertaken. The review will consider end user requirements, including line managers, the senior management team and members.</p>	David Archer – Personnel Manager	30 th June 2012	

<p>Consideration will be given to both in-house and external development of the reporting suite to ensure value for money in meeting the end user reporting requirements.</p> <p>A training needs analysis will be undertaken to identify and deliver any staff training needs relating to the production and analysis of the reporting suite.</p>			
<p>Upon completion of actions 1 and 2 above, a central monitoring and control process will be developed and implemented. The purpose of which is to ensure consistency in the application of policy and procedures and provide an appropriate escalation process to identify and report instances of non-compliance.</p>	<p>David Archer – Personnel Manager</p>	<p>30th September 2012</p>	