

# TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 15<sup>th</sup> September 2008

## INTERNAL AUDIT PLAN – PROGRESS REVIEW

**REPORT OF THE GROUP AUDITOR (South West Audit Partnership) This matter is the responsibility of Councillor Henley, the Leader of the Council.**

### EXECUTIVE SUMMARY

This report highlights significant findings and recommendations that have occurred since the Committee last considered the findings of Internal Audit reports in June 2008.

#### 1. Purpose of Report

To provide members with an update on the activities of the Internal Audit team for the period July 2008 to September 2008.

#### 2. Work undertaken by Internal Audit July 2008 to September 2008

**Operational Audits** - Operational audits are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated. For Operational Audits SWAP aim to provide management and Members with a level of assurance on the robustness of the internal control environment. The following categories of assurance have been agreed:

<p>▲★★★★ <b>Full Assurance</b></p>	<p>The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively at all times and risks against the achievement of objectives are well managed.</p>
<p>▲★★★ <b>Reasonable Assurance</b></p>	<p>Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives</p>
<p>▲★☆☆ <b>Partial Assurance</b></p>	<p>Most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>
<p>▲☆☆☆ <b>No Assurance</b></p>	<p>The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>

The following operational audits have been finalised since the Committee last met in July 2008 as below:-.

**Democratic Services** ▲★★★ **Reasonable Assurance** - I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed and although there were a number of issues raised in the report these are in the main opportunities for improvement in the system of controls rather than significant control failures.

**Housing Benefits Fraud** ▲★★★ **Reasonable Assurance** - I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed, there were a number of issues raised in the report including the lack of a comprehensive business continuity plan and out of date service information on the Council's website.

**Insurances** ▲★☆☆ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Generally risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

The Insurance Officer has only been in post for less than a year, much of her time and resource has been dedicated to preparing information papers for the tender exercise as well as dealing with new and existing claims. She has been receptive to all the issues raised during this audit and had already identified many areas that need improvement. Now that the tendering process has been concluded it is anticipated that the Insurance Officer will be able to dedicate time to addressing the issues raised during the audit. The main areas of concern identified during the audit were poor record keeping, retention of evidence and processes required to be able to demonstrate a complete audit trail from notification of incidents through to claim settlement. It is anticipated that as a result of the changeover of insurance providers the administration of the insurance function and the general awareness of the service amongst Council managers will improve.

**Housing Renovation Grants** ▲★★★ I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives. There were a number of issues raised in the report including the lack of a reconciliation between the Housing Grants and the Council's Main Accounting System and some procedural weaknesses that will be addressed by management.

Action plans have been agreed with management to address the issues raised in the above reports.

### 3. Workload Update

The following reviews are in progress or are going through the reporting process :-

<b>Audit area</b>	<b>Type of review</b>	<b>Progress</b>
Housing Repairs	Operational Review	Draft Report
Cemetery & Crematorium	Operational Review	Production of Draft Report
Stores	Operational Review	Testing
Partnership Arrangements	Operational Review	Testing
Procurement	Operational Review	Testing
Economic Development	Operational Review	Testing
Transport Policy	Operational Review	Audit underway

### 4. Recommendation

The Committee should note the content of this report.

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