

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 5th April 2007

INTERNAL AUDIT PLAN 06/07 – PROGRESS REVIEW

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

EXECUTIVE SUMMARY

This report highlights significant findings and recommendations that have occurred since the Committee last met in December 2006. Also included in this report is an update on management responses to Internal Audit findings and the implementation of recommendations for audits completed during the 2005/06 financial year.

1. Purpose of Report

- 1.1 To provide members with an update on the progress made against agreed audit recommendations from 2005/06 and to present an update on the activities of the Internal Audit team for the period January 2007 to March 2007.

2. Summary of Agreed Actions 2005/06 Audits and any outstanding recommendations from previous financial years

There were 22 audit reviews completed during 2005/06 that resulted in 177 recommendations. Follow-up visits have yet to be completed for all of the audits undertaken during the last financial year. Summary details of progress against the recommendations is attached as Appendix A.

3. Work undertaken by Internal Audit January 2007 to March 2007

Included at appendix B are details of the audits completed from January 2007 to March 2007 including any **significant** findings or recommendations.

4. Recommendation

The Committee should note the content of this report.

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Audit Area	2005/06 Recommendations	No. actioned	No. outstanding	Follow up Date Due	Appendix A
Bank Reconciliations	4	4	-	Completed	Satisfactory
Payroll Managed Audit	21	6	15	Completed	The transfer of Payroll to Somerset County Council will address some of weaknesses identified, the remainder will be communicated to SCC as part of the handover process
Treasury Management Managed Audit	2	2	-	Completed	Satisfactory
Creditors Managed Audit	5	3	0	Completed	2 recommendations relate to system improvements – awaiting ISIS
NNDR Managed Audit	11	8	3	Completed	Follow-up in progress
Main Accounting System Managed Audit	6	4	2	Completed	Outstanding recommendations include review of financial regulations and FMS system improvements.
Bank and Cash	3	2	1	Completed	Securitas collection times
Capital Accounts Managed Audit	7	4	3		Awaiting confirmation from Asset Holdings Manager
Housing Rents Managed Audit	6	3	3	Completed	
Housing Benefits Managed Audit	13	12	1	Completed	Outstanding recommendation relates to a process control which staff need to be reminded of when calculating benefit.
Council Tax Managed Audit	9	4	5	Completed	Outstanding recommendations include sample checking of work and inadequate procedural manuals.
Debtors Managed Audit	7	5	2	Completed	Outstanding recommendations include creation of a procedure guide and clearance of the write-off backlog
System Access and Computer Backups	None				Satisfactory

VAT	12	10	2	Completed	Outstanding recommendations include inadequate procedure guides.
Personnel – Recruitment and Selection	15			28 Dec 06	Follow-up in progress
Street Cleansing	9	4	0		5 recommendations not yet due
Car Parks	13			18 Aug 06	Follow-up in progress
Housing Repairs	6	6	0	Completed	Satisfactory
Building Control	4			28 Dec 06	Follow-up overdue
Compliance with Financial Procedures	7			30 Jul 06	Follow-up overdue
Dog Wardens	12			22 Mar 07	Follow-up overdue
Wessex Reinvestment Trust	5			11 July 07	
Totals	177	77	37		

Summary of Audits completed January 2007 to March 2007

Appendix B

Customer Services (2006/07) ☺

The review concentrated on testing the controls in place in the running of the Customer Services function. It is our opinion that the service operates within a satisfactory system of internal control in most key areas, although there are some areas which require management attention. These include the following; lack of procedural guides for the handling of suspect packages, lack of training for temporary staff on Data Protection and FOI and insufficient information on the Council's website to answer some of the more routine queries.

Capital Accounts (Managed Audit)

The review concentrated on the testing of the Capital Accounts system examining the overall controls in place. Capital Accounts are the accounting entries for assets held by the Authority, including their value and the associated capital charges. The review identified issues around the security of the Asset Register and the absence of an adequate Money Laundering policy. The majority of the key controls are operating as expected and improvements have been noted in the accuracy of information contained within the Asset Register and the completion of impairment reviews.

Main Accounting System (Managed Audit)

The review concentrated on the testing of the Main Accounting System examining the overall controls in place. The review found that the Council's Financial Regulations required updating, procedural guides were inadequate and system improvements are required within the Council's Financial Management System. The majority of the key controls are operating as expected.

Council Tax (Managed Audit)

The review concentrated on the testing of the Council Tax System examining the overall controls in place. The review found that there were issues over the quality and consistency of procedural guides, the test checking of work and the backlog situation. The remaining key controls are operating as expected.

Housing Rents (Managed Audit)

The review concentrated on the testing of the Housing Rents system examining the overall controls in place. The Housing Rents function is handled by 2 departments. The Rent, Recovery and Void Team deal with the creation, termination and accounting side of rents, including write offs and refunds. The Estate Management Team deals with collection of rent and rental arrears and the day to day management of the properties. The review identified issues around the test checking of work, division of duties in the refund process and the way in which the system records void properties. The remaining key controls are operating as expected.

Treasury Management (Managed Audit)

The review concentrated on the testing of the Treasury Management System examining the overall controls in place. The review found that there were only minor house keeping issues with the majority of the key controls operating as expected.

NNDR (Managed Audit)

The review concentrated on the testing of the Non-Domestic Rates System examining the overall controls in place. The review found that there were issues over the lack of test checking of work and division of duties in the refund process. The majority of the key controls are operating as expected.