



Taunton Deane Borough Council

Internal Audit Plan – Annual Opinion 2011-12 & Progress
quarter 1 2012-13

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Annual Opinion:

The Group Audit Manager is required to provide an annual opinion report to support the Annual Governance Statement.

Purpose of Report

The Accounts and Audit Regulations (England) 2011 requires public authorities to publish an Annual Governance Statement (AGS). The Statement is an annual review of the Systems of Internal Control and gathers assurance from various sources to support it. One such source is Internal Audit. The Head of Internal Audit should provide a written annual report to those charged with governance to support the AGS. This report should include the following:

- an opinion on the overall adequacy and effectiveness of the organisation's risk management systems and internal control environment
- disclose any qualifications to that opinion, together with the reasons for the qualification
- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies
- draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement
- compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria
- comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content.

Background

The Internal Audit service for Taunton Deane Borough Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors. The Partnership is also guided by the Internal Audit Charter which is reviewed annually. Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work of the Unit is based on the Annual Plan agreed by Senior Management and this Committee. This report summarises the activity of SWAP for the year April 2011 to March 2012.

Annual Opinion:

The Group Audit Manager is required to provide an annual opinion report to support the Annual Governance Statement.

Group Audit Manager's Opinion

Over the year SWAP has found Senior Management at Taunton Deane Borough Council to be supportive of Internal Audit findings and responsive to the recommendations made. In addition there is a good relationship with Management whereby they feel they can approach SWAP openly into areas where they perceive potential problems and again welcome the opportunity to take on board recommendations for improvement.

Of the 38 reviews undertaken, 7 were non-opinion leaving 31 reviews which gave an audit opinion. Considering the balance of the audit work and outcomes I am able to offer reasonable assurance in respect of the areas reviewed during the year as on balance most were found to be adequately controlled. Risks are generally managed, although there are some areas that require the introduction or improvement of internal control to help achieve TDBC's services and corporate objectives.

Local Government, along with other Public Sector partners is experiencing unprecedented change driven by Central Government and will result in many challenges for Taunton Deane Borough Council. These changes will mean greater reliance will be placed on internal systems and their effectiveness. In order to make changes and react to new and emerging risks, the Council will need assurance that Internal Controls are in place and operating effectively.

A key objective of SWAP is to continue to support management in this task. I am confident that the Internal Audit Plan for 2012-13 has the correct focus for this purpose, but it will of course need to remain flexible to meeting the ever changing risk environment.

Performance:

The Head of Internal Audit Partnership reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

During the year we saw the introduction of Wiltshire, the largest Unitary Council in the South West into the Audit Partnership. SWAP now covers the three County Councils of Somerset, Dorset and Wiltshire, the five Somerset Districts, two District Councils in Dorset, one District in Devon and one District Council in Gloucester. In addition to these 12 key partners, SWAP also provides an internal audit service to a number of subsidiary bodies, including the Somerset Waste Partnership.

With regards to the 2011/12 Annual Plan for Taunton Deane Borough Council, there were a total of 38 reviews planned. It was necessary to remove 2 of these audits in order to meet the SWAP Management Board's approved 5% reduction, resulting from resource issues across the Partnership, not least the loss of our IT Audit Manager, who has now been successfully replaced. A further 3 audits were replaced with 'special review' audits at request of Management and planned advice time was used to cover 3 additional reviews. In total we will have managed to undertaken 38 reviews.

Most audits have been completed to report stage with 2 drafts to be finalised and 2 reviews in progress at the time of this report. These are targeted to be finalised before the end of June 2012.

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the Service Manager or nominated officer. The aim of the questionnaires is to gauge satisfaction against timeliness, quality and professionalism. As part of the Balanced Scorecard presented to the SWAP Boards, a target of 85% is set where 75% would represent good. The latest Scorecard for the Partnership shows the current average feedback score to be 84%. For Taunton Deane Borough Council the average feedback score was 79%.

Summary of Work 2011/12

The agreed Annual Audit Plan covers the following Key areas of Activity:

- OPERATIONAL AUDITS
- INFORMATION SYSTEMS
- KEY CONTROLS
- GOVERNANCE, FRAUD & CORRUPTION
- SPECIAL REVIEWS

Internal Audit Work Programme

The schedule provided at [Appendix A](#) contains a list of all audits agreed for inclusion in the Annual Audit Plan 2011/12 and the final outturn for the financial year. In total, 36 (including 2 at draft) audit reviews were completed during the year with a further 2 audits due for completion. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Of the 36 reviews completed, they are broken down as follows:

- | | |
|-----------------------|----|
| • Operational Audits | 10 |
| • Information Systems | 2 |
| • Key Control | 12 |
| • Governance & Fraud | 8 |
| • Special Reviews | 4 |

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” -[Appendix D](#).

Summary of Work 2011/12

The agreed Annual Audit Plan covers the following key areas of Activity:

- OPERATIONAL AUDITS
- INFORMATION SYSTEMS
- KEY CONTROLS
- GOVERNANCE, FRAUD & CORRUPTION
- SPECIAL REVIEWS

Audits Completed - Operational

Operational Audits—are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested; risks are assessed against the risk appetite agreed with the SWAP Management Board. Where weaknesses or areas for improvement are identified, actions are agreed with management, prioritised and target dated. Based on the findings of each review, an overall Control Assurance is offered.

Operational Audits completed by SWAP for the Period April 2011 to March 2012, together with the Control Assurance offered, are summarised in the following table:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Car Parks Income	▲★★★ Partial	Economic Development	▲★★★ Partial
Choice Based Lettings	▲★★★★ Reasonable	Heritage and Landscape Services	▲★★★★ Reasonable
DLO Stores (External Sales)	▲★★★ Partial	Leases- Rent Receivable	▲★★★★ Reasonable (Draft)
Housing Benefits Subsidy	▲★★★★ Reasonable	Supporting People	▲★★★ Partial
Licensing Income	▲★★★★ Reasonable	Follow-up Car Parks Income	Non-Opinion*1

The Corporate Governance Committee received details behind the Economical Development, Supporting People, Car Parks and DLO Stores audits at an earlier meeting. As agreed with this Committee Follow-up audits are conducted on all partial and no-assurance opinion audits and as such these are scheduled in the 2012-13 plan.

Summary of Work 2011/12

Continued.....

Audits Completed - Operational Continued

*1 All follow up audits are non-opinion as the focus of the review is only to seek assurance that weaknesses raised in the original audit have been addressed. Follow up work on the recommendations is scheduled to commence shortly and any outstanding actions will be reported back to this Committee.

The Car Parks Audit has been followed up and it is pleasing to report that the high priority findings from this audit have been addressed.

Audits Completed – Information Systems

Information Systems—IS audits are completed to provide the Authority with assurance with regards to their compliance with industry best practice. As with Operational Audits, an audit opinion is given. The following IS audits were in the plan for 2011/12:

Audit Area	Audit Opinion
IT Asset Management	▲★☆☆ Partial (Draft)
IT strategy review	▲★★★★ No Assurance
CoCo	In Progress

CoCo

This audit was to review the submission for the Government Connect Code of Connection and any subsequent actions required on TDBC once the submission had been returned. The submission was returned at the end of April and fieldwork is scheduled to be completed in June.

Summary of Work 2011/12

Continued.....

Audits Completed – Information Systems Continued

IT Strategy

A review was carried out to assess the adequacy of Taunton Deane Borough Council's (TDBC) ICT Strategy. The provision and on-going review of this Strategy is the responsibility of Southwest One. However, at the time of the review no ICT Strategy has been provided to TDBC and officers have expressed their concerns of the risk this represents to the Council to the highest management at Southwest One.

Southwest One's Technical Services have also been re-organised to improve the delivery of their ICT Services to their partners and senior officers at TDBC have been pleased to receive a draft Infrastructure & Application Strategy (2011/12) and a Service Delivery Plan (2012/13) for the Council. Due to the assurance rating this review will be followed up in 2012-13.

The individual high priority findings can be viewed on [Appendix B](#).

Audits Completed – Key Controls, Finance

Key Control Audits — The Key Control Audit process focuses primarily on key risks relating to the Council's major financial systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. The findings from these reviews are considered by the External Auditors when they assess the Council's Financial Statements at year end.

It is noted that there has been improvements within the finance key controls when compared to previous years. Key Control Audits completed by SWAP during the period April 2011 to March 2012 and previously reported to Committee are as follows:

Summary of Work 2011/12

Continued.....

Audits Completed – Key Controls, Finance Continued

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Creditors	▲★☆☆ Partial	Treasury Management	▲★★★★ Reasonable
Debtors	▲★☆☆ Partial	Housing Rents	▲★★★★ Reasonable
Capital Accounting	▲★★★★ Reasonable	Council Tax	▲★★★★ Comprehensive
Payroll	▲★★★★ Reasonable	Housing Benefits	▲★★★★ Comprehensive
Main Accounting	▲★★★★ Reasonable	NNDR	▲★★★★ Comprehensive

Creditors & Debtors

Both these reviews were looked at in quarter 1 and again as part of the quarter 3 key control work. The opinion has been referred to once for each review.

Whilst there has been some improvement within creditors and debtors there are still a number areas that still require improvements, most notably cleansing the supplier database of duplicate entries. Further details are contained in [Appendix B](#) of the high priority findings and recommendations.

Summary of Work 2011/12

Continued.....

Audits Completed — Governance and Fraud

Governance and Fraud Reviews — The Governance, Fraud and Corruption Audit process focuses primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than Service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk.

Audit Area	Opinion	Audit Area	Opinion
Contract Management Monitoring	▲★☆☆ Partial	Maximising Income Opportunities	In progress
Threat from Fraud or Corruption (Policy Review)	▲★☆☆ Partial	Information Governance	▲★★★ Reasonable
Managing Complaints	▲★★★ Reasonable	Service Planning (Theme Audit)	▲★★★ Reasonable
Scheme of Delegation	▲★★★ Reasonable	Health & Safety- Internal	Non-Opinion
Annual Governance Statement review	Non-Opinion		

The Corporate Governance Committee received details behind the Contract Management Audit and Threat from Fraud and Corruption (Policy review) Audit at an earlier meeting. Follow up work on the recommendations is scheduled to commence shortly and any outstanding actions will be reported back to this Committee.

Summary of Work 2011/12

Continued.....

Audits Completed - Special Reviews

Special reviews are where management have request our time to be spent looking at a particular area where they may be some concerns. There were 4 special reviews undertaken during this period.

Audit Area	Opinion
Sale of Land	Non-Opinion
Disclosure of confidential information	Non-Opinion
Project Taunton	Non-Opinion
Lottery Funding	Non-Opinion

Sale of Land

A review was undertaken of the granting of a licence in return for a financial consideration in relation to land owned by the Council at Bishop’s Hull. This investigation could not conclusively confirm either way that best value had or had not been obtained. The review identified some weaknesses in the Council’s processes which are detailed in Appendix B on the high priority recommendations.

Disclosure of Confidential Information

This consisted of providing support to the Democratic Services when investigating the disclosure of confidential information to the press relating to various options under consideration to help balance the budget. Democratic Services were responsible for writing the report and concluding on the evidence in relation to this review.

Summary of Work 2011/12

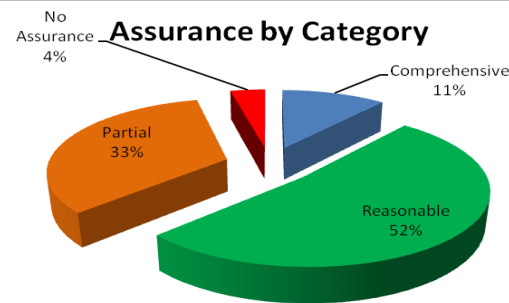
Continued.....

Audits Completed - Special Reviews Continued

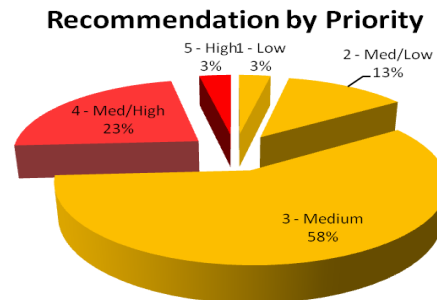
Project Taunton

This was a review of governance arrangements in place in relation to Project Taunton. Although set up as a Partnership, TDBC has been the lead partner particularly since securing growth points funding where the Council is the Accountable Body. Further details of high priority findings can be found in [Appendix B](#).

Summary of Control Assurance and Recommendations



Removing the non-opinion work shows that just over 60% of the reviews undertaken returned a favourable opinion. To provide this Committee with the assurance required, follow up audits are being conducted on the 37% that did not meet a reasonable assurance rating. Further details can be found in [Appendix C](#) where the follow up audits are listed.



This shows that the majority of the recommendations made were of a medium priority. Only 3% of all recommendations made were considered of a High priority (5). These were in relation to Contract Management, IT Strategy and Car Parking Income.

Audit Progress 2012/13

Our Audit Progress is Split between:

- **OPERATIONAL AUDITS**
- **INFORMATION SYSTEMS**
- **KEY CONTROLS**
- **GOVERNANCE, FRAUD & CORRUPTION**
- **SPECIAL REVIEWS**

Audit Plan Progress 2012-13

The Annual Audit Plan 2012-13 was agreed by this Committee on Wednesday, 12th March, 2012 and the progress to date on the quarter scheduled work is detailed in [Appendix C](#).

As mentioned earlier in this report, the processes, assessment of risk and prioritisation of recommendations will all be changed to the new approach adopted by SWAP and all of its partners. There will clearly be somewhat of a learning curve for staff but the new approach allows us to compare and contrast risks across our partners from the same basis.

In terms of the 2012/13 plan I am pleased with the progress that has been made although our priority must be to bring the 2011/12 plan to a swift conclusion. There has been a delay with obtaining the creditors data from SAP which has necessitated the need to progress a couple of quarter 2 audits to compensate. A more detailed report with greater narrative will be presented to members at the September Audit Committee.

Audit Plan Progress 2011-12

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ←————→ 5 = Major				
						Recommendation				
						1	2	3	4	5
Key Control Audits	Creditors	1	Complete	Partial	10	0	0	8	2	0
Key Control Audits	Debtors	1	Complete	Partial	4	0	0	1	3	0
Governance, Fraud & Corruption	Contract Management monitoring	1	Complete	Partial	8	0	0	4	1	3
Governance, Fraud & Corruption	Health & Safety - Internal	1	Complete	Non-Opinion						
Governance, Fraud & Corruption	Managing Complaints	1	Complete	Reasonable	2	0	0	0	2	0
Governance, Fraud & Corruption	Scheme of Delegation	1	Complete	Reasonable	2	0	0	2	0	0
Operational Audits	Car Parks Income	1	Complete	Partial	4	0	0	2	1	1
Operational Audits	Choice Based Lettings	1	Complete	Reasonable	2	0	0	1	1	0
Operational Audits	DLO Stores (External Sales)	1	Complete	Partial	20	0	2	13	5	0
Operational Audits	Housing Benefits Subsidy	2	Complete	Reasonable	2	0	0	2	0	0
Governance, Fraud & Corruption	Annual Governance Statement Review	2	Complete	Non-Opinion						
Governance, Fraud & Corruption	Information Governance	2	Complete	Reasonable	10	0	0	9	1	0
Governance, Fraud & Corruption	Threat from Fraud or Corruption (Policy Review)	2	Complete	Partial	5	0	0	4	1	0
Operational Audits	Economic Development	2	Complete	Partial	15	0	0	10	5	0
Operational Audits	Heritage and Landscape Services	2	Complete	Reasonable	8	0	1	7	0	0

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major				
						Recommendation				
						1	2	3	4	5
Operational Audits	Leases - Rents receivable	2	Draft Report	Reasonable						
Operational Audits	Legal Services (replaced by disclosure of confidential information)	2	Dropped	N/A						
Operational Audits	Supporting People	2	Complete	Partial	10	0	0	7	3	0
IT Audits	CoCo	3	In Progress							
Key Control Audits	Capital Accounting	3	Complete	Reasonable	3	1	2	0	0	0
Key Control Audits	Council Tax	3	Complete	Comprehensive	3	0	2	1	0	0
Key Control Audits	Creditors	3	Complete	Partial	8	0	2	4	2	0
Key Control Audits	Debtors	3	Complete	Partial	7	1	3	2	1	0
Key Control Audits	Housing Benefits	3	Complete	Comprehensive	0	0	0	0	0	0
Key Control Audits	Housing Rents	3	Complete	Reasonable	10	0	3	7	0	0
Key Control Audits	Main Accounting	3	Complete	Reasonable	8	0	5	3	0	0
Key Control Audits	NNDR	3	Complete	Comprehensive						
Key Control Audits	Payroll	3	Complete	Reasonable	1	0	0	1	0	0
Key Control Audits	Treasury Management	3	Complete	Reasonable	6	4	2	0	0	0
Governance, Fraud & Corruption	Maximising Income Opportunities	4	In Progress							
Governance, Fraud & Corruption	Equalities and Diversity (replaced by Lottery Funding)	4	Dropped	N/A						
Governance, Fraud & Corruption	Safeguarding of Children and Vulnerable Adults (Theme Audit) (5% Reduction)	4	Removed	N/A						

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ←————→ 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Service Planning (Theme Audit)	4	Complete	Reasonable	5	0	0	5	0	0
IT Audits	IT Strategy	4	Complete	No Assurance	9	0	1	3	3	2
Operational Audits	Housing Property Services - Contract Allocation/Monitoring (replaced by Project Taunton)	4	Dropped	N/A						
Operational Audits	Licensing Income	4	Complete	Reasonable	5	0	0	5	0	0
Operational Audits	Planning Fees - (5% Reduction)	4	Removed	N/A						
Operational Audits	Waste and Recycling (Contribution to SWP Plan)	4	Complete	N/A						

Additional Reviews

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ←————→ 5 = Major				
						Recommendation				
						1	2	3	4	5
Special Review	Sale of Land	2	Complete	Non-Opinion						
IT Audits	IT Asset Management	2	Draft Report	Partial						
Special Review	Disclosure of confidential information	3	Complete	Non-Opinion						
Special Review	Project Taunton	3	Complete	Non-Opinion						
Special Review	Lottery Funding	4	Complete	Non-Opinion						
Follow-up Audit	Car Parks	4	Complete	Follow-up						

APPENDIX B

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
29/03/12	Creditors	No detailed guidance in place for the SPS team relating to vendor creation and amendments. There is also evidence of inconsistencies with evidence retained.	Without guidance inconsistent processes might exist between the two teams and inadequate checks undertaken	I recommend that the Head of Procurement Operations ensures that suitable guidance is put in place for the SPS Team that is consistent with the requirements laid down within the Master Data Team's guidance.	We have discussed the requirement with our own RACM team within the SWOne Business Office. An agreement has been reached that the appropriate documentation will be transferred across to the SPS and adopted by end of 1 st quarter 2012	June 2012	Head of Procurement Operations
29/03/12	Creditors	Duplicate vendor records exist on the vendor file as the cleansing exercise is not complete, nor will be by the March 2012 deadline	If duplicate vendors remain on the system there is an increased risk of duplicate payments going undetected and vendor details becoming out of date where one record is up dated over time	I recommend that Head of Procurement Operations ensures that the cleansing of the master data file is completed as expediently as possible.	An RFS has been submitted for ICT to produce a vendor report to identify all duplicate vendor records. The Functional Specification is complete but waiting to receive the Procedural Definition Document (PDD) back from ICT, which should be before the end of q4. The PDD will be used to assess how much work is required to cleanse the system, which will dictate timescales. Will utilise the 'partner function' to reduce vendor records where the same vendor provides more than one type of service.	PDD end quarter 4	Head of Procurement Operations

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
18/04/12	Debtors	There is currently a large amount of outstanding debt where recovery action is overdue.	The total value of these debts over 90 days old is £221,366.	I recommend that the AR Manager ensures that work is undertaken on debt recovery that is the responsibility of the AR team in order to significantly reduce the number of debts on the aged debt report where action is overdue	The AR team continue to work on debt recovery within the resources available. The team will not be fully resourced until May 2012 and backlog to address also.	31/12/12	Accounts Receivable Manager
07/12/12	Valuation of land at Taunton Deane Crematorium	Clarification required over the factors that determine the valuation of Council land	From a review of the various procedure rules it was clear across the SWAP partners' Financial Procedural Rules examined there was limited reference to the legislation or key controls which should be in place to support decisions taken and what these controls should demonstrate they have considered in coming to a determination.	I recommend the Freehold Property Team Leader produces some generic guidance which provides the Council's senior management/ members with an understanding of what factors may be considered when valuing property or land.	Agreed	31/03/2012	Freehold Property Team Leader, Estates, Southwest One

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
07/12/12	Valuation of land at Taunton Deane Crematorium	Council's Financial regulations require improvement to document controls around sale of land	Without clear reference within the Council's Financial regulations to the key controls the Councils could leave itself open to challenge in failing to demonstrate transparency in the decision making process.	I recommend the Section 151 Officer ensures the Council's Financial Regulations are updated to reflect the legislation and control environment governing the documenting of decisions made in relation to the sale of Council owned land.	Agreed. Financial procedures rules are due to be refreshed by April 2012	31/03/2012	Section 151 officer
07/12/12	Valuation of land at Taunton Deane Crematorium	Quality assurance process needs to be implemented regarding the valuation of Council land	Without a valuation report which documents in detail the rationale used to conduct the valuation (including any benchmarking undertaken) and the proposed valuation figure, once again the Council leaves itself open to challenge over the way in which it can demonstrate the best value has	I recommend the Freehold Property Team Leader implements a quality assurance process which ensures a sample of valuation reports are checked each month to determine whether they contain the rationale for the valuation and valuation figure.	Agreed. In practice this will be through the countersigning of all valuations by line management against a statement which confirms they are satisfied that the rationale behind the valuation together with the valuation figure itself appears reasonable.	01/02/2012	Freehold Property Team leader, Estates, Southwest one

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
			been achieved.				
17/04/12	Project Taunton-Governance Arrangements	The Memorandum of understanding has not been kept up to date and does not cover all areas expected, including the partners approach to joint working.	There is a risk that the understanding of partnership working, including the meaning of the arms length arrangement, may have been different across the parties.	I recommend that the Strategic Director responsible for Project Taunton establishes the current position in relation to the MOU and ensures all necessary updates are agreed.	The MOU will be revisited by the refreshed TAB. This will be constituted in May with a first meeting in June/July when this item will be put on the agenda.	Sept 2012	Strategic Director responsible for Project Taunton
17/04/12	Project Taunton-Governance Arrangements	The Memorandum of understanding has not been kept up to date and does not cover all areas expected, including the partners approach to joint working.	There is a risk that the understanding of partnership working, including the meaning of the arms length arrangement, may have been different across the parties.	I recommend that the Legal and Democratic Services Manager ensures that any MOU entered into by the Council covers all areas of importance including the partners approach to joint working and the relationship between them. The importance of keeping agreements up to date as well as being agreed by all parties should be stressed at the outset, to ensure all changes to arrangements can be captured. A MOU checklist could assist with this.	The MOU will be revisited by the refreshed TAB. This will be constituted in May with a first meeting in June/July when this item will be put on the agenda.	Sept 2012	Strategic Director responsible for Project Taunton/ Legal and Democratic Services Manager

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
17/04/12	Project Taunton-Governance Arrangements	The Roles and Responsibilities of Committees in relation to Project Taunton are out of date.	There is a risk that previous responsibilities held are no longer being fulfilled which could adversely affect the management of the project.	I recommend that the Strategic Director responsible for Project Taunton reviews the role of the remaining Committees to ensure that all key responsibilities are included.	The list at 1.5 has been reviewed – and – as a consequence there will be no other committees outside of the TAB and PTSG that need review.	N/A	N/A
17/04/12	Project Taunton-Governance Arrangements	A review to ensure that the Project Taunton meets its intended aims and objectives have never taken place	Without key objectives and associated targets there is a risk that Project Taunton delivery will not be in line with the Council's priorities and expectations	I recommend that the Strategic Director works with Project Taunton to produce a Business Planning Document that contains key objectives and targets. This should then be monitored regularly to ensure key aims and objectives are being met.	PT aims and objectives are informally reviewed by the Strategic Director and Members. It is agreed that this should be formalised and a 3 year purpose built strategic plan and annual operational plan delivered.	Both plans drafted July 2012 for CMT and Members to sign off	Strategic Director responsible for Project Taunton/ Client and Performance Lead
17/04/12	Project Taunton-Governance Arrangements	The role of TDBC in Project Management has not been clearly specified by the Council and agreed with Project Taunton	The lack of input from an expert client does create a risk that project performance issues are not adequately addressed	I recommend that the Strategic Director responsible for Project Taunton specifies how TDBC staff are involved in individual projects and this is agreed with both parties.	Individual project plans are held for major schemes. It is accepted that the TDBC corporate approach to project management is not applied and this will happen in the future. Formal PM will be applied to all future project delivered under the new strategic and operational plan.	The TDBC corporate approach to PM will be applied from July 2012 onwards	Strategic Director responsible for Project Taunton/ Client and Performance Lead

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
17/04/12	Project Taunton-Governance Arrangements	There is currently a lack of evidence of regular budget monitoring by senior management and committees, in respect of Project Taunton.	There is therefore an increased risk that budgets will be uncontrolled and overspends will occur	I recommend that the Strategic Director responsible for Project Taunton ensures that they are included in quarterly financial and performance monitoring arrangements as carried out by the TDBC Executive.	High level budgets are reviewed by the TAB. It is accepted that TDBC formal mechanism for budget monitoring now has to be adopted.	By Qtr 2 cycle of reporting	Strategic Director responsible for Project Taunton/ Financial Services Manager
17/04/12	Project Taunton-Governance Arrangements	The Project Taunton risk register is not complete and up to date and is not monitored on a regular basis.	Risks to the Council may be missed.	I recommend that the Strategic Director responsible for Project Taunton ensures that the risk register is updated and reviewed on a regular basis.	Individual projects have risk registers that are reviewed by the PT team. It is accepted that TDBC's corporate approach to risk management should be adopted	By July 2012	Strategic Director responsible for Project Taunton/ Client and Performance Lead
17/04/12	Project Taunton-Governance Arrangements	Risks relating to Project Taunton are not being considered for inclusion within the TDBC risk register.	Risks to the Council may be missed.	I recommend that the Strategic Director responsible for Project Taunton now considers whether Project Taunton risks should be included within the Corporate Risk Register.	Individual projects have risk registers that are reviewed by the PT team. It is accepted that TDBC's corporate approach to risk management should be adopted	By July 2012	Strategic Director responsible for Project Taunton/ Client and Performance Lead

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
06/06/12	ICT Strategy Review	There is no ICT Strategy in place nor received any plans for provision of ICT.	Financial and operational risk.	I recommend that the Performance & Client Lead should determine the present situation regarding the issue raised and agree how they impact on the delivery of service with CMT. The group should formally endorse the document as being a fair assessment of TDBC's current ICT situation	Agreed. This has already been completed. A review and update is due to go to CMT in June 2012	April 2012	Alison North
06/06/12	ICT Strategy Review	No recovery Plan has yet been initiated.	The corporate objectives are not being met.	I recommend that TDBC requests a meeting with Southwest One to discuss how the outstanding issues formally agreed by the CMT can be progressed. The outcome of this meeting should be an undertaking by Southwest One to address each of the raised items as an individual entry on a formal Recovery Plan. Once the Recovery Plan has been agreed with TDBC, Southwest One should provide a timeline of when these issues will be addressed.	Agreed. This has happened and has led to progress in some areas and requires continued monitoring with SW1 until TDBC are satisfied. We are due a review in early June 2012.	April 2012	Alison North

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
06/06/12	ICT Strategy Review	Corporate objectives specifically identifying the role Southwest one will play in delivering these has not been translated to into an ICT Strategy.	Without an ICT strategy these is a risk that the council is not meeting their objectives	<p>I recommend that Southwest One develop the ICT Strategy to meet the contractual undertaking in accordance to Output Specification ICT Appendix g, Section 2.2.1 which was documented as follows:</p> <ul style="list-style-type: none"> • Provision of ICT Strategic Service Plan on a three year rolling basis with annual updates. • Provision of ICT Service Delivery Plan (currently 4) on an annual basis. • Provision of an annual ICT Strategy. <p>The provision of these plans and the annual ICT Strategy will necessitate an understanding of TDBC's Corporate Plan and an engagement with heads of services to ensure that the technological requirements needed by services to meet the Council's Corporate plan will be addressed.</p>	Agreed. In communication with SW1 to obtain a commitment and undertaking to address this significant issue. SW1 to provide assurance to Client & Performance Lead Officer on progress ahead of the CMT meeting in June.	September 2012	Alison North

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
06/06/12	ICT Strategy Review	No performance indicators established in the contract with regards to them monitoring of the item "ICT Strategic Leadership and management"	Without proper monitoring there is a risk that the ICT Strategy will not be aligned with TDBC financial planning	I recommend that the ICT Strategy should be formally endorsed by both TDBC & Southwest One. It should be subjected to regular review preferably via the 'Golden Thread' level of scrutiny as applied to all strategic areas of TDBC business. The involvement of senior management and members should also help ensure that the ICT Strategy is properly aligned with TDBC financial planning.	Agreed. CMT to provide the Corporate voice of TDBC. This to be discussed by CMT in June 2012 who will best determine the means by which this scrutiny will be provided	June 2012	CMT
06/06/12	ICT Strategy Review	Lack of working relationships between TDBC and Southwest One	Without closer working relationship there is a risk that ICT issues will not be appropriately resolved	I recommend that the Council should establish a TDBC ICT forum to comprise service representatives and members of Southwest One. This will enable the partnership to develop a closer working relationship and a better understanding of ICT related issues. This forum should be backed by a formal Terms of Reference where the responsibilities of the group are documented and understood by all attendees, minutes should record all actions agreed and a timetable established for future meetings.	Agreed. A request will be made to the CMT to instigate an ICT Forum with representatives from across TDBC services. SW1 to be invited to attend the Forum as permanent members.	June 2012	Alison North

High Priority Findings and Recommendations

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
06/06/12	ICT Strategy Review	Need to establish adequacy of all ICT service delivered by Southwest one	Without a full ICT service delivery review there is a risk that the council fails to deliver efficiencies	I recommend that a full ICT service delivery review is undertaken to establish the adequacy of all ICT services delivered by Southwest One.	Agreed. The scope of this review will be determined following the ICT Strategy follow up review.	April 2013	Alison North

Appendix C

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Fraud and Corruption - Creditors Fraud	1	In Progress							
Governance, Fraud & Corruption	Data Security Breaches	1	In Progress							
Governance, Fraud & Corruption	Delivery of Major Projects - Risk Management	1	In Progress							
Governance, Fraud & Corruption	Business Continuity in times of change/reduction	1	In Progress							
Governance, Fraud & Corruption	HR Policies - Absence Management	1	In Progress							
Operational Audits	SAP Administration	1	In Progress							
Operational Audits	Development Control	1	Drafting							
Operational Audits	Equalities & Diversity - Impact Assessments	1	In Progress							
Governance, Fraud & Corruption	Fraud and Corruption - Contract Fraud	2								
Governance, Fraud & Corruption	Committee Reporting - Member Decisions	2								
Governance, Fraud & Corruption	EU Procurement Rules	2								
ICT Audits	Adherence to the new Information Security Policy including portable storage security	2								
Operational Audits	Housing - Asset Management	2	In Progress							
Operational Audits	South West Private Sector Housing partnership	2								

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ←————→ 5 = Major				
						Recommendation				
						1	2	3	4	5
Operational Audits	SWO Contract Monitoring	2								
Operational Audits	Health & Safety Review	2	In Progress							
Key Control	Creditors	3								
Key Control	Council Tax & NNDR	3								
Key Control	Debtors	3								
Key Control	Housing Benefits	3								
Key Control	Main Accounting	3								
Key Control	Payroll	3								
Key Control	Capital Accounting	3								
Key Control	Housing Rents	3								
Key Control	Treasury Management	3								
Key Control	SAP Access	3								
Governance, Fraud & Corruption	Treasury Management	3								
ICT Audits	Software Licensing	3								
Operational Audits	Benefit Scheme Changes	3								
Governance, Fraud & Corruption	Fraud and Corruption - Expense Claim Fraud	4								
Governance, Fraud & Corruption	Asset Management Planning	4								
ICT Audits	System Development Life cycle	4								
Operational Audits	Waste & Recycling	4								
Operational Audits	Housing - Gas Servicing	4								
Operational Audits	Project Taunton Follow up work	4								
Operational Audits	Third Sector Engagement	4								

Additional Reviews

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major				
						Recommendation				
						1	2	3	4	5
Special review	Project Taunton - Transaction Review	1	Draft							

Follow-up Audits

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major				
						Recommendation				
						1	2	3	4	5
Follow-up Audit	Contract Management	1	In Progress							
Follow-up Audit	Threat from Fraud or Corruption (Policy Review)	2								
Follow-up Audit	Economic Development	2	In Progress							
Follow-up Audit	Supporting People	2	In Progress							
Follow-up Audit	IT Strategy	4								

Control Assurance Definitions

Comprehensive	▲☆☆☆ I am able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲☆☆☆ 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.
Partial	▲☆☆☆ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲☆☆☆ I am not able to offer any assurance. 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.

Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.

Priority 4: Important findings that need to be resolved by management.

Priority 3: The accuracy of records is at risk and requires attention.

Priority 2: Minor control issues have been identified which nevertheless need to be addressed.

Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.