

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	28 th September 2011
3.	Title:	Review of Progress Against the Internal Audit Plan for 4 months ending July 2011
4.	Programme Area:	Financial Services

5. Summary.

This report contains a summary of Internal Audit's work and performance for the four months ending July 2011. The service has achieved very good performance in the period, exceeding most of its stretch targets.

The audit work completed to date has confirmed the Council has a robust overall control environment.

6. Recommendations.

The Audit Committee is asked to:

- note the very good performance by the Internal Audit Service during the period
- note the key issues arising from the work done in the period.

7. Proposals and Details.

7.1 Reason for this Report.

This report summarises the main activities of the Internal Audit service for the first four months of 2011/12. The report is presented to the Audit Committee to enable the Committee to fulfil its responsibility to oversee the work of Internal Audit. The report identifies:

- Performance against key service benchmarks
- Audit reports issued during the period, highlighting the overall conclusion for each audit
- The number of high priority recommendations made
- The proportion of recommendations not agreed.

7.2 Performance Indicators.

7.2.1 Our performance against a number of indicators is summarised in the table below:

Performance Indicator	2009/10	2010/11	2011/12 Target	April to July 2011
Draft reports issued within 15 days of field work being completed.	90%	90%	91%	93%
Percentage of 3 star recommendations agreed.	100%	100%	100%	N/A – none made in period
Chargeable Time/Gross Time.	62%	62%	63%	62%
Audits completed within planned time.	82%	93%	93%	93%
Percentage of Audit Plan completed.	86%	84%	86%	90%*
Cost per Chargeable Day.	£307	£291	£270	£253
Client Satisfaction Survey.	90%	89%	90%	100%

* extrapolated from performance to date

7.2.2 This represents very good performance by the Internal Audit service. In particular, a key target for the section for the year is to maximise chargeable time and successful performance in this respect so far has resulted in a substantially lower cost per chargeable day. Client satisfaction has been excellent in the period and performance against all other targets remains high.

7.3 Planned Audit Reports and Recommendations.

Appendix A shows the audit reports issued and agreed during the first four months of the year. All of the audits subject to an overall opinion during the period were regarded as having adequate controls in place to minimise the risk of fraud and error.

7.4 Responsive Audits.

Appendix B summarises responsive work carried out in the period, which can be categorised into two main areas:

- Investigative work.
- Requests for advice and assistance.

A total of 122 man days has been spent on responsive work to date representing approximately 11% of available resources. Four examples of the more significant areas examined in the period include:

a) Primary School Childcare Club

Following a request by the Head Teacher, Internal Audit carried out an investigation into alleged irregularities in the administration of childcare income at a Primary School childcare club. This investigation found that income from childcare vouchers had been withdrawn from the club bank account by a member of staff. Internal Audit has prepared a report and evidence pack for the Head Teacher and Human Resources for use in the forthcoming disciplinary hearing. Recommendations have been made by Internal Audit to strengthen procedures and controls at the school. These recommendations are also being considered by management in C.Y.P.S. in terms of their relevance to other schools and children's centres throughout the Borough.

b) Car Park Income

Following a request by the Parking Services Manager, Internal Audit investigated the loss of car park income during April and May 2011. This found that approximately £600 of cash had been lost over this period. It was not possible to establish the person or persons responsible. However, the review did identify several system weaknesses and recommendations have been made to strengthen procedures and controls.

c) Children's Home

Internal Audit received information regarding alleged financial irregularities in the administration of petty cash and children's monies at a Children's Home. Advice was provided to the Operational Manager for Children's Homes on the conduct of the investigation and recommendations were made to strengthen procedures and controls to help prevent future allegations arising.

8. Finance.

There are no financial implications arising from this report.

9. Risks and Uncertainties.

Failure to deliver an effective internal audit function would weaken the Council's internal control arrangements and increase the risk of erroneous and / or irregular activities.

10. Policy and Performance Agenda Implications.

The strength of Internal Audit impacts upon the Council's internal control environment. A sound control environment is part of good governance, which is wholly related to the achievement of the objectives in the Council's Corporate Plan.

11. Background Papers and Consultation.

Detailed audit reports

Contact Names:

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Marc Bicknell, Internal Audit Manager, x23290

Appendices

Appendix A: Audits Completed: April – July 2011

Appendix B: Summary of Internal Audit Responsive Work: April – July 2011

Audits Completed: April – July 2011

Area Audited						
	Number of Recs Made	Number of Recs Agreed	Variance	Number Of 3 * Recs Made	Number of 3 * Recs Agreed	Opinion Adequate/ Inadequate
<u>Chief Executive's Directorate</u>						
"Going Local" INTERREG Grant Claim	n/a	n/a	n/a	n/a	n/a	Adequate
Risk Management: Chief Executive's Directorate	2	1	1	0	0	Adequate
<u>Children and Young People's Services Directorate</u>						
Brampton Ellis Junior School	14	14	0	0	0	Adequate
Flanderwell Junior and Infant School	18	18	0	0	0	Adequate
Maltby St Mary's Catholic Primary School	17	17	0	0	0	Adequate
Rawmarsh Ryecroft Infant School	10	10	0	0	0	Adequate
Rawmarsh St Joseph's Catholic Primary School	22	22	0	0	0	Adequate
Rawmarsh Ashwood Primary School	12	12	0	0	0	Adequate
Swallownest Primary School	8	8	0	0	0	Adequate
Wath Victoria Junior and Infant School	16	16	0	0	0	Adequate
Wickersley St Alban's Primary School	22	22	0	0	0	Adequate
Dinnington Comprehensive School	28	28	0	0	0	Adequate
Looked After Children: Out of Borough Placements	2	2	0	0	0	Adequate
Devolved Capital Spending in Schools *	8	Awaiting reply	Awaiting reply	0	0	Adequate
<u>Neighbourhoods and Adult Services Directorate</u>						
Risk Management: Neighbourhoods and Adult Services	1	1	0	0	0	Adequate
Licensing Service	6	6	0	0	0	Adequate

Audits Completed: April – July 2011

Area Audited						
	Number of Recs Made	Number of Recs Agreed	Variance	Number of 3 * Recs Made	Number of 3* Recs Agreed	Opinion Adequate/ Inadequate
<u>Environment and Development Services Directorate</u>						
Risk Management: Environment and Development Services	11	11	0	0	0	Adequate
Carbon Reduction Commitment Energy Efficiency Scheme *	14	14	0	0	0	Adequate
<u>Financial Services Directorate</u>						
Risk Management: Financial Services Directorate	4	4	0	0	0	Adequate
<u>Grants</u>						
Housing Market Renewal Pathfinder Grant	n/a	n/a	n/a	n/a	n/a	Adequate
Local Ambition Grant	n/a	n/a	n/a	n/a	n/a	Adequate
Growth Grant	n/a	n/a	n/a	n/a	n/a	Adequate
Stroke Usage Grant	n/a	n/a	n/a	n/a	n/a	Adequate
<u>ICT Audit</u>						
Data Back Up and Storage	5	5	0	0	0	Adequate
Domiciliary Carers and Warden Service Web Rostering System	2	2	0	0	0	Adequate

* Forwarded to Overview and Scrutiny Management Board for consideration

Summary of Internal Audit Responsive Work: April – July 2011

Description
<u>Chief Executive's Directorate / Corporate</u>
Certification of Timely Information to Citizens Grant Claim.
Advice provided on financial administration of Mayor's Charity in accordance with Charity Commission guidelines and 'best practice'.
Advice provided to ICT client function regarding the risks / control implications of using a 'cloud' based solution to support the Electronic Data Records Management System (EDRMS).
<u>Children and Young People Services Directorate</u>
Investigation into alleged irregularities in administration of childcare income at a Primary School (see above)
Advice provided regarding investigation of alleged financial irregularities and the strengthening of procedures at a Children's Home. (see above)
Compilation of response to a Freedom of Information request regarding payments made in respect of the Common Purpose 'Your Turn' programme.
Advice provided to a primary school on the requirements of Financial Regulations for Schools and the Fair Funding Scheme in respect of lease agreements.
Advice provided to a Children's Centre regarding payments made to families in need on behalf of a charity.
Advice provided to a Comprehensive School regarding correct procedures governing the payment, in exceptional circumstances, of pro-forma invoices.
Advice provided to a Primary School regarding correct procedures for making an ex-gratia payment to a member of staff whose car was vandalised whilst on official business.
Provided assistance with an investigation into a complaint made against the Extended Learning Services Section by a person who had sought to provide services to the Council.
<u>Environment and Development Services Directorate</u>
Investigation into loss of car park income (see above)
Advice provided regarding the requirements of Contract Standing Orders in relation to procurement of security services for Ulley Country Park.
Advice provided on the process for the disposal of floral displays previously used in Council buildings.
Investigation, following an anonymous 'phone call, of alleged misuse of a Council vehicle by a member of staff.
Advice provided to Asset Management on quotation / tender thresholds when dealing with aggregated value contracts.
Advice provided to Highways and Transportation regarding the competitive procurement requirements of Contract Standing Orders.
Advice provided to Parking Services regarding procedures for the refund of contract parking payments.
Advice provided to Asset Management regarding renegotiation of the Boston Castle contract.
Advice provided to Asset Management regarding the use of a Smartcard Security System at the new Riverside House civic offices.

Summary of Internal Audit Responsive Work: April – July 2011

<u>Financial Services Directorate</u>
Assistance provided to colleagues from Finance to ensure that there was a complete audit trail to evidence expenditure on the 2007 floods as part of an EU audit.
Advice provided to Director of Finance regarding procedures for production of cheque payments run in light of impending move to new office accommodation.
<u>Neighbourhoods and Adult Services Directorate</u>
Advice provided regarding financial controls in light of proposed introduction of appointeeships in Adult Social Services.
Advice provided on proposed developments to the care assessment process within the SWIFT system.
<u>RBT</u>
Advice provided on proposed changes to the system for making Council Tax refunds by cheque.
Advice provided to HR and Payroll on process for the recovery of a redundancy payment made to an incorrect bank account.