

**Internal Audit Plan 2011/12****Progress to the End of Quarter 3 – 2011/12****Chief Executives Directorate**

The following areas have been completed in quarter 3:

Audit Area	Risk Category	Level of Assurance	Number of Recommendations and Classification			Total
			High	Medium	Low	
Insurance	B	Well Controlled	0	1	1	2

The main issues arising from the above audits can be summarised as follows:

**Insurance** – The main objectives of this review is to ensure that there are adequate arrangements in place for insurance across all areas of the Council. In addition the audit will ensure that all claims are dealt with consistently and that all information held in respect of claims is complete and accurate. On the whole the audit found the area of insurance to be well controlled. Recommendations made were in relation to a review of historical data held and to assess the relevance of this and also in relation to the production of reports in respect of the insurance fund being reported to the Corporate Governance Working Group on a periodic basis.

**Resources and Support Services Directorate**

The following areas have been completed in quarter 3:

Audit Area	Risk Category	Level of Assurance	Number of Recommendations and Classification			Total
			High	Medium	Low	
Payroll – key controls	A	Well Controlled	0	2	0	2
Treasury Management – key controls	A	Well controlled	0	0	0	0
Housing Benefits – quarterly testing	A	Well Controlled	0	0	0	0
Code of Connection Compliance	B	Adequately Controlled	1	1	5	7

The main issues arising from the above audits can be summarised as follows:

**Payroll – key controls** - This was a 5 day review that examined the key controls identified within the Payroll function. The main controls were identified as, ensuring that all payroll information is properly and accurately recorded, held securely and that all payments are made in accordance with the required PAYE regulations. In addition a review of the pension information provided to Staffordshire County Council was also completed. From a review of these controls no major issues were identified. The 2 recommendations

made were in relation to the updating of procedure notes and also the verification of the establishment listing by Executive Directors and Heads of Service

**Treasury Management – key controls** - This was a 5 day review that examined the key controls identified within the Treasury Management function. The main controls were identified as being ensuring that all the Councils borrowing and investments are in line with all the necessary policies and regulations, that all borrowings are strictly controlled and that records maintained are complete and accurate. From a review of these controls no major issues were identified.

**Housing Benefits – quarterly testing** - This review examines a sample of Housing Benefit Claims on a quarterly basis to ensure that applications are being processed correctly. This review supplements the main audit of the Housing Benefits function which is completed annually. From the sample of claims examined no issues were found and as such no recommendations were found.

**Code of Connection Compliance** - The audit was undertaken by Fit Business Solutions who are the Councils approved computer audit specialists. The review examined the submission made by the council in respect of the Governments Code of Connection and to ensure that where appropriate action was being taken to address any issues that arose from the submission. The review looked at this area from 2 perspectives; firstly from the governance arrangements internally in terms of the code of connection submission and secondly to ensure that an action plan was in place to address any issues that arose from the submission in order that these could be completed prior to the next submission in February/March 2012. Findings revealed that there was an action plan to address issues raised in the submission however concerns were identified in respect of the internal governance issues and where information should be reported. It should be noted that Code of Connection is now a standing agenda item on the Information Security Group.

In accordance with Financial Regulations all final payments made against a contract need to be verified by Internal Audit before payment can be made. During quarter 3 the following final payment has been audited.

Contract Name	Contractor	Value of Work	Audit Findings
Kidsgrove Contact Centre	Paragon	£159,161.53	No problems identified, contract delivered within budget

**Operational Services Directorate**

**Areas completed in Quarter 3 of the 2011/12 Audit Plan**

The following areas have been completed in quarter 3:

Audit Area	Risk Category	Level of Assurance	Number of Recommendations and Classification			Total
			High	Medium	Low	
Fleet Management	B	Well Controlled	0	1	0	1

The main issues arising from the above audits can be summarised as follows;

**Fleet Management** - This review examined the various arrangements in place in terms of the management of the council’s vehicle fleet. This included a review of the arrangements in respect of Fuel deliveries, MOT testing and the security and maintenance of the garage workshop equipment. Overall the management of the council’s fleet is well controlled and no major problems were identified at the time of the audit. Just one

recommendation was made which related to a review and update to the job descriptions and person specifications for the staff employed within the garage workshop.

In accordance with Financial Regulations all final payments made against a contract need to be verified by Internal Audit before payment can be made. During quarter 3 the following final payment has been audited.

<b>Contract Name</b>	<b>Contractor</b>	<b>Value of Work</b>	<b>Audit Findings</b>
Play Area Refurbishment – Phase IV	N T Killingley	£94,704.12	No problems identified, contract delivered within budget

**Regeneration & Development Services**

**Areas completed in Quarter 3 of the 2011/12 Audit Plan**

The following areas have been completed in quarter 3:

<b>Audit Area</b>	<b>Risk Category</b>	<b>Level of Assurance</b>	<b>Number of Recommendations and Classification</b>			<b>Total</b>
			<b>High</b>	<b>Medium</b>	<b>Low</b>	
Economic Regeneration & Development	B	Adequately Controlled	0	1	0	1
Markets	B	Adequately Controlled	0	3	1	4

The main issues arising from the above audits can be summarised as follows;

**Economic Regeneration & Development** - This review examined the economic development strategy that is in place for the council to ensure that it appropriate to promote and develop the Borough through working in partnership with others. Overall sound and adequate arrangements were found to be in place, there was just one issue raised during the audit and this related to ensuring that agreements with clear objectives and terms of reference are in place for all the partners that the council is currently working on with regards to the area of economic regeneration.

**Markets** - the objectives for this audit were to ensure that the markets function is carried out in accordance with the council’s financial regulations with regards to the collection and banking of income, insurance provision and that risk assessments are regularly reviewed and updated as necessary. No major weaknesses were identified during the audit, with regards to the recommendations made these included the review and update of the risk assessment in respect of the market function, that consideration should be made with regards of introducing direct debits for stall holders and also a review of the levels of income and expenditure in respect of the markets budget.

In accordance with Financial Regulations all final payments made against a contract need to be verified by Internal Audit before payment can be made. During quarter 3 the following final payments have been audited:

<b>Contract Name</b>	<b>Contractor</b>	<b>Value of Work</b>	<b>Audit Findings</b>
Refurbishment of Lower Ground Toilets – Civic Offices	Kettle & Talbott	£68,223.44	No problems identified, contract delivered within budget
Refurbishment of offices – Lancaster Buildings	Thomas Vale	£2,144,333.00	No problems identified, contract delivered within budget

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**Note on recommendations**

*Recommendations fall into one of three categories;*

**High (H):** *action that is considered imperative to ensure that the authority is not exposed to high risks;*

**Medium (M):** *action that is considered necessary to avoid exposure to significant risks;*

**Low (L):** *action that is considered desirable and which should result in enhanced control or better value for money.*