



MIDDLESBROUGH COUNCIL

STRATEGIC FINANCE

SERVICE

INTERNAL AUDIT
2009/2010
PROGRESS REPORT
1st October – 31st December 2009

Introduction

1. This is the third progress report to the Audit Committee for financial year 2009 / 2010. The purpose of this progress report is to inform the Audit Committee of the status of the internal audit work completed with respect to our internal audit plan for 2009 / 2010.

Performance Against the Audit Plan

2. Performance up to 31st December 2009 against the agreed audit plan is set out in the following table:

	Planned days 2009/2010 full year	Planned days 2009/2010 nine months ended 31 st December 2009	Actual days nine months ended 31 st December 2009
Planned Assurance Work	1893	1420	1498
Contingency (Investigations)	105	79	85
Total	1998	1499	1583

3. The actual number of audit days delivered on assurance work and ad-hoc investigations was 5.6% higher than the planned total. The additional days were gained as follows:

Training	10 days less than planned
Administration	58 days less than planned
Leave	11 days greater than planned
Additional days	18 days gained from flexi time system
	<u>9</u> days additional agency staff
Total	84 days

Summary of internal audit activity during the third quarter 2009/2010

4. The internal audit plan for 2009 / 2010 is attached at Appendix A and records the current status of the internal audit assignments.
5. Final reports have been issued for the following audits carried over from the 2008 / 2009 audit programme. These relate to:-
 - Housing & Council Tax Benefits
 - Albert Park
6. Final reports have been issued for the following audits from the 2009 / 2010 audit programme. These relate to:-
 - Community Councils (1 audit completed)
 - Youth and Community Centres (4 audits completed)
 - Data Quality of National Indicators
 - Captain Cook Primary School

- Pallister Park Primary School
- Rosewood Primary School
- St Clares Primary School
- Viewly Hill Primary School
- Financial Assistance to Children

A summary of the findings from the above reports is included at Appendix B.

7. In addition to planned audits, a total of 4.5 days was spent providing advice to Services on various ad-hoc topics.
8. In the period under review, Internal Audit has undertaken unplanned work at the request of Services in the following areas:
 - Cashiers (1 day)
 - Checking Housing Benefit claim at request of external auditors (18.5 days)
 - Use of Council purchase card (3.5 days)
 - Ethnic Minority Inclusion Team – Anonymous allegations (3.5 days)
 - MIMA production of publication to accompany Drawing exhibition (3 days)
 - Follow on from Primary School planned audit (13 days)
 - Acklam Sports Centre – Banking (.5 day)
 - Rainbow Leisure Centre – Banking procedures (1.5 days)
 - Street Lighting (7 days)
 - Family Support Services – car mileage claims (5.5 days)
 - Entertainment & Events – Snoslope procedures (2 days)
 - Friends of Fairy Dell – audit of accounts (1.5 days)
 - Follow up audits of St Paul’s Road and 11a Sunningdale Road (1 day)
 - Input into Police investigation into fraud against Teesside Pension Fund arising out of the NFI data matching exercise (1 day)
 - Data collection for Audit Commission Fraud & Corruption Survey (1 day)

The above represents a significant increase in time charged against the contingency budget. The actual time spent on investigations and unplanned work is now 6 days over the pro rated number of days budgeted for the third quarter. It is not expected to recover this overspend in the final quarter of the year.

9. In addition, the actual days spent on other planned audits has exceeded the original budget time allocation. An analysis of the audits that have exceeded the original budgeted time allocation has identified the following causes:
 - Additional work arising from the audit findings:
 - Additional work to assist Services in implementing audit recommendations
 - Additional work due to changes in the scope part way through the audit
 - Initial budget allocation insufficient to complete the audit programme
10. The combined impact of the increased unplanned work and audits exceeding budget mean that the planned programme of work for 2009 / 2010 will not be completed by the year-end. Priority is now being given to ensuring completion of the audits of key financial systems to meet the external auditors requirements.

11. In the 4th quarter the Internal Audit Section will lose the services of both the Deputy Internal Audit Manager and a Senior Auditor. The Deputy Audit Manager has left to take up a position of Audit Manager with Durham and Tees Audit Consortium (DATAC) part of the NHS. The Senior Auditor is to commence a period of maternity leave.

Overview of Internal Audit Programme 2009 / 2010

Audit Area	Status	Notes
Code of Practice Audits		
Annual Governance Statement (AGS)	Complete	Input to AGS financial year 2008 / 2009
National Fraud Initiative	Fieldwork in progress	On going investigation of data matches Data submitted for additional matches.
Children Families & Learning		
Youth & Community Centres (9)	Complete	
Bank Reconciliation Cheque Book Schools	Complete	
Primary Schools (17)	In progress	7 audits completed, 5 draft report issued and 3 audits outstanding. Audits of Marton Grove and Beechwood Schools removed from audit plan as due to amalgamate.
Secondary Schools (3)	Complete	3 audits completed final reports issued
Special Schools (1)	Complete	
Bank Reconciliation Cheque Book Schools	Complete	
Environment Services		
Tied Properties	Draft report issued	
Cemeteries & Crematorium	Draft report issued	
Metz Bridge Caravan Site	Draft report issued	Issue delayed due to client staff absence
Clairville Stadium	Complete	
Regeneration		
MIMA	Field work in progress	
Building Control	Draft report issued	
Development Control	Draft report issued	
Housing Market Renewal Fund	In progress	Audit of final grant claim for financial year 2008 / 2009 and 1 st & 2 nd quarter grant claim 2009 / 2010 completed
Community Councils (25)	24 completed	Awaiting Bank Statements from one Community Council
Community Centres (4)	Completed	Langdon Square Community Centre added
Performance & Policy		
LPSA 2	Completed	Audit certification issued for final claim
National Information Statistics	Completed	
Strategic Resources		
Dispensation From Contract Standing Orders	In progress	Comments on requests for dispensations from the competition element of Contract Standing Orders: 1 st April – 30 th June no. received 12 1 st July – 30 th September no. received 18 1 st October – 31 st December no. received 12
Contract Audit		
Receipt & Payment of Contractors Claims	Fieldwork in progress	Review of North Middlesbrough Accessibility contract
Other Corporate Financial Systems		
Gifts & Hospitality	Draft report issued	
Car Loans	Draft report issued	
Code of Practice Audits		
Corporate Governance	To commence	Scheduled quarter 2
Children Families & Learning		
Youth Service	Fieldwork in progress	
Raising Attainment	Completed	
Family Support Assessments	Draft report issued	

Audit Area	Status	Notes
Environment Services		
Road Traffic Accident Recharges	Fieldwork in progress	
Car Parking	Draft report issued	
Concessionary Fares	Fieldwork in progress	
Landfill Allowance Tax Trading Scheme	Fieldwork in progress	
Fleet Trading	Draft report issued	
Stewart Park	To commence	Re-scheduled quarter 4
Hackney Carriage Licensing	Draft report issued	
Regeneration		
West Middlesbrough Neighbourhood Trust	Draft report issued	
Social Care		
Sheltered Housing ISLs	Draft report issued	
Client Property	Draft report issued	
Information Technology		
Application Reviews	Draft report issued	Work in progress Foster Care Payments Module
Non Audit Work		
Partnerschaft Association	To commence	Treasurer has not produced the accounts for audit. Scheduled Quarter 2
Core Financial Systems		
Main Accounting System	To commence	Re-scheduled quarter 4
Payroll	Fieldwork in progress	
Other Corporate Financial Systems		
Travel & Subsistence	To commence	Re-scheduled quarter 4
Car Allowances	To commence	Re-scheduled quarter 4
Children Families & Learning		
Catering	Fieldwork in progress	
ICT Units	To commence	Scheduled quarter 3
Financial Assistance to Children	Completed	
Teenage Pregnancy	To commence	Re-scheduled quarter 4
Substance Misuse	To commence	Re-scheduled quarter 4
Environment Services		
Transport Management Plan	Fieldwork in progress	
Winter Maintenance	Fieldwork in progress	
Domestic Refuse Collection	Fieldwork in progress	
Building Cleaning	To commence	Scheduled quarter 3
Horticulture	To commence	Scheduled quarter 3
Area Care	To commence	Scheduled quarter 3
Safer Middlesbrough Partnership	To commence	Scheduled quarter 3
Regeneration		
Tourist Information Office	To commence	Re-scheduled quarter 4
Arts Development	To commence	Re-scheduled quarter 4
Urban Policy & Implementation	To commence	Scheduled quarter 3
Middlehaven	To commence	Scheduled quarter 3
Local Area Agreement	To commence	Scheduled quarter 3
Housing Advances	To commence	Scheduled quarter 3
Housing Improvement Grants / Loans	Fieldwork in progress	
Townwide Neighbourhood Activity Team	To commence	Scheduled quarter 3
Social Care		
Care Assessments	Fieldwork in progress	
Financial assessments	Fieldwork in progress	
Residential Agency	To commence	Scheduled quarter 3
Middlesbrough Intermediate Care Centre	To commence	Re-scheduled quarter 4

Audit Area	Status	Notes
Lansdowne Day Centre	Deleted from Plan	Closed for renovation
Transport	Field work in progress	
Information Technology	To commence	Scheduled quarter 3
Legal & Democratic Services		
Electoral Registration	Fieldwork in progress	
Performance & Policy		
Strategic Risk Management	To commence	Scheduled quarter 3
Local Strategic Partnership	Fieldwork in progress	
Strategic Resources		
Insurance	To commence	Scheduled quarter 3
Information Technology		
Internet Usage & Security	To commence	Scheduled quarter 3
SAP Update and developments	To commence	Scheduled quarter 3
Contract Audit		
Contract Registers	To commence	Scheduled quarter 3
Core Financial Systems		
Budgetary Control	To commence	Scheduled quarter 4
Capital Accounting	To commence	Scheduled quarter 4
Cash Receipt & Banking	To commence	Scheduled quarter 4
Council Tax	To commence	Scheduled quarter 4
Creditors	To commence	Scheduled quarter 4
Debtors	To commence	Scheduled quarter 4
Housing & Council Tax Benefit	Field work in progress	
Non Domestic Rates	To commence	Scheduled quarter 4
Pension Administration	To commence	Scheduled quarter 4
Pension Fund Investments	To commence	Scheduled quarter 4
Treasury Management	To commence	Scheduled quarter 4
Other Corporate Financial Systems		
Telephone Allowances	To commence	Scheduled quarter 4
Trust Funds	Field work in progress	
Code of Practice Audits		
Money Laundering	To commence	Scheduled quarter 4
Accounting Instructions	To commence	Scheduled quarter 4
Financial Regulations	To commence	Scheduled quarter 4
Contract Standing Orders	To commence	Scheduled quarter 4
Environment Services		
Pest Control	To commence	Scheduled quarter 4
North Ormesby Market	To commence	Scheduled quarter 4
Rainbow Leisure Centre	To commence	Scheduled quarter 4
Southlands Leisure Centre	To commence	Scheduled quarter 4
Neptune Leisure Centre	To commence	Scheduled quarter 4
Municipal Golf Course	To Commence	Scheduled quarter 4
Acklam Sports Centre	To commence	Scheduled quarter 4
Regeneration		
Town Hall	To commence	Scheduled quarter 4
Middlesbrough Theatre	To commence	Scheduled quarter 4
Stockton / Middlesbrough Initiative	To commence	Scheduled quarter 4
Business Start Up Grants	To commence	Draft application forms and procedures reviewed and comment made.
Capital Grant	To commence	Scheduled quarter 4
Business Competitiveness & Growth	To commence	Scheduled quarter 4
Social Care		
Direct Payments	To commence	Scheduled quarter 4
Individual Budgets	To commence	Scheduled quarter 4
Kirkley Day Centre	To commence	Scheduled quarter 4
Hazeldene Day Centre	To commence	Scheduled quarter 4
TCES	To commence	Scheduled quarter 4

Audit Area	Status	Notes
Information Technology		
Installation Review	To commence	Scheduled quarter 4
Voice Transmission	To commence	Scheduled quarter 4
Contract Audit		
Contractors Final Accounts	To commence	Scheduled quarter 4
Appointment of Consultants	To Commence	Scheduled quarter 4
Opening of Quotations & Tenders	To commence	Scheduled quarter 4
Non Audit Work		
Middlesbrough Golf Club	To commence	Scheduled quarter 4

Summary of Internal Audit Findings

Internal Audit Area	Overall Assurance Level	Priority	Number of Findings	Details
Housing & Council Tax Benefit	Substantial	1	-	No recommendation
		2	4	<p>Checklists must be completed for all new claims and changes of circumstances.</p> <p>Changes of circumstances should be incorporated into one checklist. The list must include a compulsory field for the claimant's name and reference number.</p> <p>Dates stamped onto documents held on Anite need to be legible.</p> <p>The efficiency and effectiveness of the new procedures aimed at maximising recovery of overpayments is assessed over the next three months.</p>
		3	6	<p>Collection agencies are employed earlier, as soon as it becomes apparent that the initial processes have failed.</p> <p>Monitor performance of collection agencies.</p> <p>Employ more staff trained in debt recovery techniques and update procedures to enable a more direct approach to the recovery process by use of telephone, e-mail, visits etc.</p> <p>Maximise recovery through DWP debt recovery section</p> <p>Liaise with Legal and Democratic Services to assess the feasibility of pursuing legal actions to:</p> <ul style="list-style-type: none"> • Obtain County Court judgements in appropriate cases and publicise relevant outcomes • File for bankruptcy against persistent defaulters • Obtaining attachment of earnings orders <p>Robust procedures are introduced to ensure that for each case recovery action is ongoing and does not cease until the whole debt is recovered, legal action is taken or write-off is approved.</p>
Albert Park	Substantial	1		No recommendations
		2	25	<p>A new till is acquired with a facility to identify the member of staff entering a transaction.</p> <p>Safe keys are reissued to appropriate members of staff.</p>

Internal Audit Area	Overall Assurance Level	Priority	Number of Findings	Details
				<p>Bank paying in slips are signed by two members of staff.</p> <p>Floats are checked to confirm that the contents agree to the stated amount.</p> <p>Stock checks are performed regularly</p> <p>The food wastage sheet is redesigned to accommodate the signatures of officers responsible for disposal.</p> <p>Suppliers' invoices are sent to procurement to meet the Council's payment terms.</p> <p>Catering supplies are purchased from contracted suppliers.</p> <p>Outstanding purchase orders are identified and cancelled where applicable</p> <p>Petty cash is checked at the time of hand-over from one officer to another.</p> <p>The petty cash reimbursement form is not completed in advance of reimbursement.</p> <p>Vat receipts are obtained where applicable</p> <p>Debtors invoices are raised promptly and early action taken to address non payment</p> <p>Timesheets are checked for accuracy and completeness prior to authorisation.</p> <p>Procedure notes and risk assessments are complete and reviewed regularly</p>
		3	13	<p>Income records must be complete, accurate (incorrect figures must be crossed out and the correct figure written either above or below) and contain reasonable explanations of variances</p> <p>Tills must be regularly maintained to ensure that printed receipts are clear and readable.</p> <p>Purchase orders must be complete with material codes and amounts entered.</p> <p>Petty cash must be checked and reimbursed regularly.</p> <p>The correct timesheet must be used, fully completed and authorised.</p> <p>Vending machine income records must not contain pre-printed signatures.</p>

Internal Audit Area	Overall Assurance Level	Priority	Number of Findings	Details
Data Quality Audit of National Indicators & LPSAs	Substantial	1		No recommendations
		2	8	<p>Percentage checks are performed on survey data entered by MBC staff for NI 178 before information is passed to the consultants.</p> <p>Verification is sought from the consultants that the results of the analysis can be provided within the required reporting timescales for NI178</p> <p>The date that applications are stamped as received is used as the start date for the L” indicator.</p> <p>A quality check of the data input into FLARE is undertaken to ensure accuracy.</p> <p>Any amendments to FLARE arising from the quality checks are completed by agreed dates.</p> <p>The actions / reports / protocols in place to support the scores reported for NI 51 are retained for each. This should include references to other documents where applicable.</p> <p>The correct figure needs to be extracted from SWIFT in order to report for the SSDA 903</p> <p>When the revised guidance for NI 13 is published, the methodology used to calculate the reported figure is verified and any amendments reported by the January deadline.</p>
		3	3	<p>Confirmation is sought from other data providers that the information supplied for NI 135 has been subject to their own checks / verification.</p> <p>NI141 & NI142 are reported to two decimal places in accordance with stated guidance.</p> <p>E-mail confirmation is obtained from all affordable homes providers of all completed properties reported for NI155</p>
Captain Cook Primary School	Substantial	1	-	No recommendation
		2	6	<p>The Headteacher or Deputy Headteacher, if the Headteacher is unavailable, should sign the paying in slips to evidence they have sighted supporting documentation.</p> <p>Orders should be raised on SAP within 24 hours of being communicated to the supplier. Emergency telephone orders should be followed up by a written order within 24 hours.</p> <p>Orders below £500, for which there is no signed requisition or signed annual contract, should be</p>

Internal Audit Area	Overall Assurance Level	Priority	Number of Findings	Details
				<p>signed by the Headteacher or Deputy Headteacher, as evidence of early involvement in the purchasing system.</p> <p>The imprest bank account should be changed to include 'MBC' in its name.</p> <p>Imprest receipts should be entered into SAP individually.</p> <p>Budget share monies should be paid directly into the budget share and not via the private fund.</p>
		3	10	<p>The school's own financial procedures include reference to VAT and dinner money.</p> <p>The School Development Plan should include a brief summary of the school's long term objectives, with any known costs to the school included.</p> <p>The HCSS report should be taken to the Governing Body once the report has been refined to give a more accurate picture of the school's long term financial situation.</p> <p>The Senior Management Team should receive a termly budget monitoring report to the same standard as that received by the Finance Committee.</p> <p>Income notifications should be retained and annotated to confirm the receipt of the monies into the school budget share.</p> <p>The Headteacher, or Deputy Headteacher, should sign the balance adjustment report produced by the school meal system to confirm the adjustment is authorised.</p> <p>All assets disposed of which are above the materiality level, should be reported to the Governing Body and minuted.</p> <p>The annual asset check undertaken should be evidenced by signature.</p> <p>The school should ideally appoint an auditor of the private fund who is independent of the school.</p> <p>The private fund should be audited annually after the financial year end and the accounts and certificate taken to the Governing Body. A copy of the certificate should be completed and returned to the Local Authority Finance Section.</p>
Pallister Park Primary School	Full	1	0	No recommendations

Internal Audit Area	Overall Assurance Level	Priority	Number of Findings	Details
		2	0	No recommendation
		3	6	<p>The school should include in the approved budget an estimate of all income it expects to receive in the financial year.</p> <p>The charging policy should be in writing and should be reviewed annually.</p> <p>A record should be maintained of bookbags sold, or provided free of charge, so this can be reconciled to a physical stock and to the money paid into SAP.</p> <p>Any income passed over from a staff member to the office should be supported by a copy of the class listing initialled by the non-teaching staff member.</p> <p>The petty cash reconciliation should also be signed by a senior staff member in addition to the School Administrator to confirm the reconciliation agrees to the imprest.</p> <p>All disposals, including IT should be reported to the Governing Body.</p>
Rosewood Primary School	Full	1	0	No recommendations
		2	3	<p>Monies paid for the residential trip should be paid directly into budget share.</p> <p>Orders should be raised on SAP within 24 hours of being communicated to the supplier. Emergency telephone orders should be followed by a written order within 24 hours.</p> <p>Budget share monies should be paid directly into the budget share and not via the imprest account.</p>
		3	9	<p>The statement of internal control should be prepared to cover a full financial year ended 31st March and approved by Governors for every financial year.</p> <p>The school's financial procedures should include the date they were approved for use, to ensure that the most up to date procedure is in use, and should be reviewed annually to ensure they remain up to date.</p> <p>The requirement for staff to hold adequate insurance if they use their car on school business should be included in the financial procedures</p> <p>The Senior Management Team should receive a termly budget monitoring report to the same standard as that received by the Finance Committee</p>

Internal Audit Area	Overall Assurance Level	Priority	Number of Findings	Details
				<p>The approval by the Governing Body of the amount of the annual payment made by the after school club should be minuted.</p> <p>A quotation register should be maintained at the school, and this should detail when the quotes were opened and the two officers responsible for opening the quotations</p> <p>Non teaching staff should initial the delivery note, or if there is no delivery note the invoice, in order to confirm that the school has received the goods or services prior to payment.</p> <p>Any disputes with suppliers, or other reason for late payment, should be annotated on the face of the invoice.</p> <p>The physical annual check undertaken confirming the accuracy of the inventory should be signed.</p>
St Clares R. C Primary School	Substantial	1	0	No recommendations
		2	2	<p>Authorised banking sheets should be produced and signed by the Headteacher, in order to confirm that the dinner payments paid in correspond to the dinner records.</p> <p>Orders should be raised on SAP within 24 hours of being communicated to the supplier. Emergency telephone orders should be followed by a written order within 24 hours.</p>
		3	11	<p>The identity of the Finance and Resources Committee minute taker should be recorded in the minutes.</p> <p>The opportunity to declare an interest in any of the agenda items should be given at every meeting of the Finance & Resources Committee</p> <p>The adoption and approval by the Governing Body of Middlesbrough Council's Financial Regulations should be minuted.</p> <p>The three different documents which give guidance on the financial procedures within the school should be formed into one document to ensure that all information, including the competition limits as reviewed and agreed by the Governing Body are kept up to date. Additional information on VAT should also be added to the procedures.</p> <p>The Headteacher should sign to confirm that the figures loaded into SAP correspond to the figures in the approved budget plan.</p>

Internal Audit Area	Overall Assurance Level	Priority	Number of Findings	Details
Viewley Hill Primary School	Full	1	0	<p>The Finance and Resources Committee minutes should record the date of the budget monitoring financial reports, including HCSS reports.</p> <p>The Senior Management Team should receive a termly budget monitoring report to the same standard as that received by the Finance & Resources Committee.</p> <p>Any virements undertaken should be reported to the Governing Body and minuted.</p> <p>The school should obtain advice from the VAT and Taxation Officer to clarify the VAT treatment of sales made to external bodies.</p> <p>Income notifications should be annotated to confirm the income has been received into the school budget. The school should confirm by SAP interrogation that income received has been coded to the correct profit centre.</p> <p>The site supervisor should sign to confirm the annual check, which she undertakes on the schools assets.</p>
		2		<p>Orders should be raised on SAP within 24 hours of being communicated to the supplier. Emergency telephone orders should be followed by a written order within 24 hours.</p>
		3		<p>The school should include in the Financial Procedures or Staff Handbook the requirement for staff who use their car for business purposes to provide a copy of their driving licence, MOT and insurance documentation and to inform the school of any changes.</p>
				<p>The Headteacher should sign the SAP printout to confirm that the budget has been loaded correctly into SAP.</p> <p>The Headteacher should provide the Senior Leadership team with a copy of the budget monitoring reports produced for the Governing Body.</p> <p>Copies of the underlying SAP reports used in the production of the spreadsheet report presented to the Governing Body should be retained. The spreadsheet report should include an estimate of the outturn.</p>
				<p>The school should obtain written confirmation of the self employed status for invoices received from</p>

Internal Audit Area	Overall Assurance Level	Priority	Number of Findings	Details
				<p>one-time vendors where payment is to be made to an individual, and this should be forwarded to procurement.</p> <p>Middlesbrough Council receipts should only be provided for Middlesbrough Council income received. Income received into the private fund should be acknowledged by a non Middlesbrough Council receipt.</p> <p>Income notifications should be annotated to confirm that the monies expected have been received into the school budget share.</p> <p>The weekly catering return should be signed prior to sending a copy to the catering service.</p> <p>The minutes should record the presentation of a written report outlining the reason for acceptance of a quotation other than the lowest for works above the quotation limit.</p> <p>Orders below £500, for which there is no signed requisition or signed annual contract in place, should be signed by the Headteacher as evidence of her early involvement in the purchasing system, and to further evidence the involvement of a staff member in addition to the School Administrator within the purchasing system.</p> <p>Invoices that have been received late by the School Administrator or the school should be annotated with the reason for late receipt.</p> <p>A monthly reconciliation should be carried out in order to confirm the imprest amount in the schools records to SAP.</p> <p>The school should request a confirmation e-mail be sent as proof of receipt of the audit certificate sent by the school.</p>
Follow-Up Family Support Payments	No	1	8	<p>All appropriate staff need guidelines as to payments that are and are not reasonable and the processes to be followed.</p> <p>All requests should be micro-managed by the Service Manager for a period to be decided by the Deputy Director Safeguarding.</p> <p>The Administration Section should not pay any request unless it is suitably authorised.</p> <p>The Children, Families and Learning Service must determine if a loans policy is required, and:</p> <ul style="list-style-type: none"> • If specific loans for goods and services are to be made a means of monitoring must be put in

Internal Audit Area	Overall Assurance Level	Priority	Number of Findings	Details
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place by the Administration Section. The onus must be on the Social Workers who make the requests to recover the money, to issue a receipt and hand it over to the Administration Section and / or accompany the Service User to Southfield Road for them to hand over the money and obtain a receipt.

- Where the loans are given pending receipt of state benefits being received the relevant agency must be contacted to confirm the facts and if possible to have the money paid direct to the Council. If that is not possible the system outlined above must be followed.
- Any write-off is subject to the approval of the Deputy Director of Resources.

Mouchel administration Services must take immediate action on the petty cash, financial systems and personnel at Southfield Road, to ensure:

- Payments out of petty cash are supported by authorised documentation
- The account does not become overdrawn. In the eventuality of it happening, a report should be submitted to the Service Manager immediately
- Petty cash bank reconciliations include detailed information relating to unrepresented cheques and outstanding receipts
- Sub floats are recorded with named responsible personnel
- Reconciliations are completed weekly and verified periodically by Managers
- There is monitoring and separate filing systems for unrepresented cheques and outstanding receipts. Regular payments, S17, Pathways, loans. Donations, Service users, Social Workers and general petty cash items.
- Descriptions on transactions entered into SAP provide an audit trail
- Regular and exception reports to management
- The re-imburement form ought to be completed correctly
- The weekly bank statements ought to be stopped and revert back to monthlies
- Regular clearing of items on the SAP procurement system

Controls are introduced to manage current and future donations.

The roles and responsibilities of Social Workers and administration must be specified. That is:

- Who monitors

Internal Audit Area	Overall Assurance Level	Priority	Number of Findings	Details
				<ul style="list-style-type: none"> • Who has donated the money, how much and when • What the current balance is • When the money was spent • When the receipts and any unused donations were returned to the donating organisation together with a copy of the letter • Where copy receipts and other information is to be held • How much in total has been received from each organisation annually would be useful as it is an income stream but would also focus other requests and gratitude. <p>The historical balance of donations must be reviewed to identify balances that can still be used by Service Users, balances that will not be used and to form the basis of a report to the Assistant Director Intervention & Safeguarding who will decide the action to be taken.</p>
		2	5	<p>The Administration Section must record any SAP amendments with copy documentation</p> <p>Separation of duties through internal checking measures must be adhered to in terms of the request being made and authorised by different staff.</p> <p>The Administration Support Manager must complete the forms where necessary.</p> <p>The Team Managers must be brought into the Process, given training and made accountable for their expenditure.</p> <p>The Service Manager must meet with the Team Managers, at least, monthly to identify anomalies in spend and request types.</p>
		3	1	<p>Service Manager to discuss with Management Information Officer how the integrated Children's system can produce a database of all payments.</p>

DEFINITIONS OF AUDIT ASSURANCE

Assurance Level	Summary Description	Detailed Definition
Full	Effective controls in operation and evidence of full compliance	No exposure to predictable risks, as key controls in place, applied consistently and effectively. No significant or fundamental recommendations made
Substantial	Controls in operation but enhancements beneficial or full compliance	Probability of some risks of error, loss, fraud impropriety or damage to reputation, which can be prevented by improvements in the control environment. Key or compensating controls present but not fully applied. Small number of significant but no fundamental recommendations made.
Limited	Enhancement of controls or the application of controls required	Authority / Service open to risks that potentially could result in the non achievement of objectives or result in error, loss, fraud, impropriety or damage to reputation. Some gaps in key controls or compensating controls or significant evidence that controls are not applied consistently or effectively. Small number of fundamental and also limited number of significant recommendations
Little / No	Enhancement of controls critical or the application of controls required	The Authority / Service is vulnerable to a significant risk that could lead to failure to achieve key objectives / major loss due to error, fraud or impropriety / damage to reputation. Evidence of significant failure in application of key controls. Large number of both fundamental and significant recommendations made.

Definition of Recommendation Priority Levels

Level of Assurance	Evaluation Opinion
Priority 1	Recommendations that are fundamental to the Service and upon which action should be taken immediately
Priority 2	Recommendations that although not fundamental to the Service, provide scope for improvements to be made
Priority 3	Recommendations concerning issues that are considered to be of less significance, but where good or better practice would improve efficiency or further reduce exposure to risk.