

## 9. Internal Audit Second Half-Year Report 2006/2007

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### Purpose of the Report

To provide the Audit Committee with a summary of internal audit activity for the period 1<sup>st</sup> October, 2006 to 31<sup>st</sup> March, 2007.

### Recommendation

The Audit Committee is recommended to note the content of this report.

### The Role of Internal Audit

The Internal Audit service for SSDC is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors, but also follows the CIPFA code of practice for internal audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit Committee at its meeting on 26<sup>th</sup> February 2004 and by Council on 18<sup>th</sup> March 2004. The Charter was reviewed and endorsed by the Audit Committee on 22<sup>nd</sup> February 2007.

Internal Audit provides an independent and objective opinion on the authority's control environment by evaluating its effectiveness. Primarily the work of the Unit includes:

- The facilitation of Control and Risk Self Assessment Sessions
- 4 -Year Plan of Operational Audit Reviews
- Annual Review of Key Financial System Controls
- Follow Up Reviews

### Internal Audit Work Programme for 2006/7

#### Operational Audits

Operational Audits are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated. In total 16 full operational audits, from the 2006/7 plan, were completed to draft report, since 1<sup>st</sup> October, 2006 as follows:

- Strategic Housing
- Public Relations
- Waste & Recycling
- Yeovil Recreation Centre
- Corporate Governance
- Payroll
- Dog Wardens
- Telephones
- Environmental Protection
- Financial Management
- Piper Lifeline

- Lufton Stores
- Abandoned Vehicles
- BVPI's
- Human Resources
- Community Grants
- Printing & Copying

### **Managed Audits**

Managed audits are completed to assist the Audit Commission in their assessment of the Council's financial control environment. The review for Payroll has been incorporated into the Operational Audits above. In addition the following reviews were completed between October and December:

- Capital Accounting
- Core Processes
- Housing Benefits
- Investments
- Loans
- Business Rates
- Main Accounting
- Treasury Management

### **Follow Up Reviews**

Follow up audits are carried out to assess progress made against agreed actions from completed reviews. In total 9 follow up reviews were completed in the second half of the year:

- Creditors
- Food Safety
- Engineering Services
- NNDR
- Council Tax
- Sundry Debtors
- Customers First
- Play & Youth
- Licensing

### **Special Reviews**

Internal audit were asked to conduct a number of special, ad hoc, reviews during the second half of the year. By their very nature these reviews are often highly confidential with the results of the review usually being restricted to a limited number of very senior staff. Reviews carried out were as follows:

- Preparing papers for Employment Tribunal hearing
- Expense Claims – revisited following previous special review
- Waste Collection
- Whistleblowing case – unsubstantiated

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## Risk Management and Internal Control

Having completed the programme of control and risk self assessment, SWAP provided a limited amount of time assisting management in revisiting their risks, previously identified, as well as facilitating one *ad hoc* CRSA review.

### Outstanding Recommendations

As with previous reports, I have included an appendix (attached at page 29) indicating the number of outstanding recommendations after follow-up reviews have taken place. Further information will be available at the meeting, if required.

Where appropriate, internal audit have agreed revised target dates for actions to be completed and will review progress in accordance with the timetable indicated.

**Background Papers:** *None.*

Audit	Finish Date	No. of Recs		Follow up - 6 months	Actual follow up	Recs actioned			Recs outstanding		
		All	Reviewed			H	M	L	H	M	L
Creditors	September 2005	15	15	March 2006	January 2007	4	6	0	0	5	0
Engineering Services	October 2005	21	21	April 2006	May 2007	3	13	0	3	2	0
NNDR	December 2005	5	5	June 2006	December 2006	0	2	0	0	3	0
Council Tax	December 2005	14	14	June 2006	December 2006	5	7	0	1	1	0
Food Safety	January 2006	28	28	July 2006	Janaury 2007	8	15	0	0	5	0
Sundry Debtors	February 2006	18	18	August 2006	January 2007	0	10	0	1	7	0
Customers First	April 2006	13	13	October 2006	March 2007	4	9	0	0	0	0
Play and Youth	April 2006	4	4	October 2006	April 2007	0	3	0	0	1	0
Licensing	May 2006	18	18	November 2006	October 2006	5	13	0	0	0	0