

APPENDIX 3: SUMMARY FINDINGS FROM AUDIT REVIEWS

FINANCIAL SYSTEMS	
OBJECTIVE AND SCOPE OF THE WORK:	<p>To assess the effectiveness of and compliance with the key controls contained within the Main Accounting, Accounts Receivable (Sundry Debtors), Accounts Payable, Payroll, Treasury Management, Cash & Bank (Income), Council Tax, NNDR, Housing Rents and Benefits Systems.</p> <p>The review considered how well management controls were operating to mitigate the potential risks that information in the financial systems were not:</p> <ul style="list-style-type: none">• Accurate• Complete• Authorised• Substantiated• Recorded timely• Secure. <p>The audit opinion for each system is contained in the table below, and has been split into three elements to give a view on whether:</p> <ul style="list-style-type: none">• overall the system was operating effectively• the system was well designed to mitigate the key risks• the controls within the system were operating as designed.

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Summary Findings from Audit Reviews				
REPORT TITLE:	MAIN ACCOUNTING SYSTEM (GENERAL LEDGER)			
STATUS:	COMPLETE MAY 2011	CONTROL ENVIRONMENT:	GOOD	
SYSTEMS DESIGN:	Sufficient and appropriate controls have been put in place to enable this system to consistently deliver the outcomes required of it.			
OPERATION OF CONTROLS:	The key controls within the system were found to be operating effectively.			
RECOMMENDATIONS:	HIGH: 0	MEDIUM: 5	LOW: 0	TOTAL: 5

Summary Findings from Audit Reviews				
REPORT TITLE:	ACCOUNTS RECEIVABLE (SUNDRY DEBTORS)			
STATUS:	COMPLETE MAY 2011	CONTROL ENVIRONMENT:	IMPROVEMENT REQUIRED	
SYSTEMS DESIGN:	<p>Control weaknesses identified were such that assurance cannot be given that the system will consistently be able to deliver the outcomes required of it. Key areas for improvement are:</p> <ul style="list-style-type: none"> • establishing formal contractual arrangements with a debt collection agency which includes robust performance management arrangements around the level and timeliness of debt collected • limiting staff access to key activities within the new integrated financial system (Agresso) e.g. write offs so that the integrity of the system can be consistently relied upon • introducing independent management checks of processes to confirm that actions taken by staff are valid and / or consistent with guidance and procedures. 			
OPERATION OF CONTROLS:	Some key controls were not operating as designed for significant periods of the year. The key area for development is re-introducing independent reviews of the reconciliation the debtors' and general ledger system to confirm any discrepancies are properly identified and resolved.			
RECOMMENDATIONS:	HIGH: 2	MEDIUM: 11	LOW: 0	TOTAL: 13

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REPORT TITLE:	ACCOUNTS PAYABLE (CREDITORS INCLUDING MARKET PLACE)		
STATUS:	COMPLETE MAY 2011	CONTROL ENVIRONMENT:	ADEQUATE
SYSTEMS DESIGN:	<p>Some scope was identified to further develop the control environment established to enable this system to consistently deliver the outcomes required of it. Key areas for improvement are:</p> <ul style="list-style-type: none"> • reviewing the arrangements for maintaining and updating the Authorised Signatory List so that it can be consistently relied upon to accurately reflect officers who have been approved to authorise payments on the Council's behalf • introducing independent checks to confirm that supplier details set up and/ or altered on systems are both authorised and accurate, to enhance the controls around the validity of payments made. 		
OPERATION OF CONTROLS:	<p>The majority of the key controls within the system were found to be operating effectively. Key areas for improvement are:</p> <ul style="list-style-type: none"> • re-introducing the independent management check that confirms the accuracy of the daily creditors' system reconciliation to the transactions posted each day. This gives increased assurance that any errors between the creditors' and general ledger systems are identified and rectified on a timely basis • retaining evidence which confirms the accuracy of invoices loaded into the creditors' system • ensuring that the review and correction of e-procurement invoices rejected by the creditors' system is undertaken by staff outside of the Corporate Procurement and Creditor teams. 		
RECOMMENDATIONS:	HIGH: 0	MEDIUM: 12	LOW: 1
			TOTAL: 13

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REPORT TITLE:	PAYROLL		
STATUS:	COMPLETE MAY 2011	CONTROL ENVIRONMENT:	IMPROVEMENT REQUIRED
SYSTEMS DESIGN:	<p>Control weaknesses identified were such that assurance cannot be given that the system will consistently be able to deliver the outcomes required of it. Key areas for improvement are:</p> <ul style="list-style-type: none"> • reviewing arrangements for maintaining and updating the Authorised Signatory List so that it can be consistently relied upon to accurately reflect officers who have been approved to authorise the set up of new employees and amendments to their records • retaining evidence which confirm checks have been undertaken that verify the accuracy of salaries paid e.g. salaries paid via cheque. 		
OPERATION OF CONTROLS:	<p>Some key controls were not operating as designed for significant periods of the year. Key areas for development are:</p> <ul style="list-style-type: none"> • independently verifying data input into the payroll system to confirm that the information is accurate • improving the regularity and consistency of arrangements for reconciling the Payroll system to the Human Resources System, giving increase assurance over the accuracy of salaries paid and information held. 		
RECOMMENDATIONS:	HIGH: 2	MEDIUM: 4	LOW: 0
			TOTAL: 6

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TREASURY MANAGEMENT				
REPORT TITLE:	TREASURY MANAGEMENT			
STATUS:	COMPLETE MAY 2011	CONTROL ENVIRONMENT:	GOOD	
SYSTEMS DESIGN:	Sufficient and appropriate controls have been put in place to enable this system to consistently deliver the outcomes required of it.			
OPERATION OF CONTROLS:	The key controls within the system were found to be operating effectively.			
RECOMMENDATIONS:	HIGH: 0	MEDIUM: 1	LOW: 1	TOTAL: 2

HOUSING RENTS				
REPORT TITLE:	HOUSING RENTS			
STATUS:	COMPLETE MAY 2011	CONTROL ENVIRONMENT:	GOOD	
SYSTEMS DESIGN:	Sufficient and appropriate controls have been put in place to enable this system to consistently deliver the outcomes required of it.			
OPERATION OF CONTROLS:	The key controls within the system were found to be operating effectively.			
RECOMMENDATIONS:	HIGH: 0	MEDIUM: 6	LOW: 1	TOTAL: 7

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REPORT TITLE:	INCOME (CASH & BANK)			
STATUS:	COMPLETE MAY 2011	CONTROL ENVIRONMENT:	IMPROVEMENT REQUIRED	
SYSTEMS DESIGN:	<p>Control weaknesses identified were such that assurance cannot be given that the system will consistently be able to deliver the outcomes required of it. Key areas for improvement are:</p> <ul style="list-style-type: none"> • simplifying the process for reconciling bank statements to the general ledger system so that inconsistencies can be more readily identified and quickly corrected. These arrangements are critical to ensuring reliability can be placed on the financial information produced by the general ledger system • undertaking a Post Implementation Review of the decision to close Cashiers (from January 2011) to ensure that the new arrangements for collecting cash are embedded within the Council's day to day operations • clarifying the use of credit cards by staff and improving arrangements around the review and validity of transactions listed on credit card statements. 			
OPERATION OF CONTROLS:	Due to the systems design issues identified above, it was concluded that there was little assurance to be gain from undertaking any controls testing.			
RECOMMENDATIONS:	HIGH: 3	MEDIUM: 3	LOW: 0	TOTAL: 6

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REPORT TITLE:	COUNCIL TAX			
STATUS:	COMPLETE MAY 2011	CONTROL ENVIRONMENT:	GOOD	
SYSTEMS DESIGN:	Sufficient and appropriate controls have been put in place to enable this system to consistently deliver the outcomes required of it.			
OPERATION OF CONTROLS:	The key controls within the system were found to be operating effectively.			
RECOMMENDATIONS:	HIGH: 0	MEDIUM: 2	LOW: 0	TOTAL: 2

REPORT TITLE:	NON DOMESTIC RATES			
STATUS:	COMPLETE MAY 2011	CONTROL ENVIRONMENT:	GOOD	
SYSTEMS DESIGN:	Sufficient and appropriate controls have been put in place to enable this system to consistently deliver the outcomes required of it.			
OPERATION OF CONTROLS:	The key controls within the system were found to be operating effectively.			
RECOMMENDATIONS:	HIGH: 0	MEDIUM: 4	LOW: 0	TOTAL: 4

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REPORT TITLE:	HOUSING BENEFIT		
STATUS:	COMPLETE MAY 2011	CONTROL ENVIRONMENT:	ADEQUATE
SYSTEMS DESIGN:	<p>Some scope was identified to further develop the control environment established to enable this system to consistently deliver the outcomes required of it. Key areas for improvement are:</p> <ul style="list-style-type: none"> • developing a monitoring sheet itemising checks required of system reports, that is then used to evidence that the checks have been completed • updating the Housing Benefit system in a timely manner with rent review results, to ensure the system holds accurate and up to date information • investigating any rent reviews which remain outstanding on a regular basis. 		
OPERATION OF CONTROLS:	<p>The majority of the key controls within the system were found to be operating effectively. Key areas for improvement are:</p> <ul style="list-style-type: none"> • obtaining assurance that backups of the Housing Benefits system are completed • limiting record access on the system where potential conflicts are disclosed by staff • scanning all identification documents on to electronic document and records management system (Civica) so that all information supporting a claim is held in one place. 		
RECOMMENDATIONS:	HIGH: 2	MEDIUM: 4	LOW: 1
			TOTAL: 7

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RISK BASED REVIEW				
REPORT TITLE:	NORTHGATE I-WORLD APPLICATION AUDIT (REVENUES AND BENEFITS SYSTEM)			
STATUS:	COMPLETE MARCH 2011	CONTROL ENVIRONMENT:	GOOD	
OBJECTIVE OF THE WORK:	To assess the adequacy of the control environment that has been established for the Northgate I-World Revenues and Benefits application.			
OUTCOME:	The control environment for the Northgate I-World application is good. There is opportunity to further enhance interface documentation.			
RECOMMENDATIONS:	HIGH: 0	MEDIUM: 1	LOW: 1	TOTAL: 2

RISK BASED REVIEW				
REPORT TITLE:	MANAGEMENT & SUPPORT OF WORKFORCE REDEPLOYMENT PROCESS			
STATUS:	COMPLETE JUNE 2011	CONTROL ENVIRONMENT:	GOOD	
OBJECTIVE OF THE WORK:	To assess whether the Council operates an open, transparent and business-driven process for challenging all proposed changes in staffing taking into account the needs of staff identified as vulnerable to redundancy.			
OUTCOME:	The control environment in place ensures that the recruitment and redeployment processes are operating in an open, transparent and business-driven manner.			
RECOMMENDATIONS:	HIGH: 0	MEDIUM: 0	LOW: 0	TOTAL: 0