DELIVERING GOOD GOVERNANCE	
Report Title	**Evaluating Risk in Corporate Reports**
Objective	To assess to what extent, risk management is effectively evaluated in reports that are presented to senior management or members, upon which key decisions are made.
Status	**Report Issued May 2014**
Opinion	**Improvement Required**
Key Themes Arising	The Council currently has a standard reporting template that is used to produce reports for senior management teams or committees which cover a number of areas including risk implications.
	The review identified that:
	• risk information is inconsistently recorded in reports to management team and members
	• the guidance on how to draft the risk implication section of the report is very brief and could be interpreted in different ways, making it more difficult for the author to communicate and quantify risk in a consistent and meaningful way
	• the quality of the risk assessments reported also differs
	• risk is identified, considered at various levels and often discussed at monthly meetings, when discussing risks assessments undertaken with a small sample of report authors although this is not always reflected in the reports
	• the way in which risk management information is presented in reports may encourage the authors not to be overly wordy or conversely put in too much information.
	Therefore, it is possible that the decision makers won't be clear what key risks have been considered, what risks have been mitigated and what the residual risk would be if the proposal was to proceed.
Recommendations	Updated guidance needs to be produced that clearly sets out how risk implications are to be written when drafting reports to senior management or members.
	This work will be done as part of the broader exercise to review the format of the reporting template currently being used.

DELIVERING GOOD GOVERNANCE	
Report Title	**Data Quality of Performance Indicators**
Objective	To assess whether key corporate performance indicators are consistently and accurately calculated.
Status	Report Issued June 2014
Opinion	**Adequate**
Key Themes Arising	The reported performance for each of the reviewed indicators was free of material errors in calculation and supported by appropriate raw data.
	The supporting processes to calculate and validate the indicators' raw data (i.e. on which the indicator is calculated) were generally adequate.
	For some of the reviewed indicators, action could be taken to further increase assurance the indicator will be consistently and accurately calculated in future by formally documenting and agreeing the methodologies for collation, calculation and validation of data where not already in place, and in particular where third parties provide data.
	However, it is acknowledged that management may choose to accept this risk given the resources required to undertake the further action and the likelihood and impact of material inaccuracies in the indicator. This is a reasonable decision given the current financial and operational environment and the level of assurance the current arrangements provide.
Recommendations	Possible actions to increase further improvement arrangements have been raised with the relevant staff. The decision to implement or not will take into account the resources available and the relative importance of the indictor's accuracy (e.g. given the operational and or financial decisions that are made as a consequence of reported performance).

KEY FINANCIAL SYSTEMS	
Objective	To assess whether the key controls in each of the key financial systems effectively prevent or detect material errors on a timely basis to ensure that the financial statements are not materially incorrect.

Report Title:	Council Tax		
Status	Report Issued May 2014		
Opinion	**Good**		
Recommendations	**High: 0**	**Medium: 1**	**Total: 1**

Key controls tested	Strength of control
• The total amount of Council Tax to be collected from all properties is set up accurately and on a timely basis.	**Good**
• Discounts, disregards, exemptions and reliefs are accurately set up and on a timely basis.	**Good**
• In-year adjustments to Council Tax accounts are accurate and supported by appropriate evidence to confirm their validity (i.e. change of occupancy, addition and removal of properties).	**Good**
• Correct direct debits are raised and payments received are accurately, completely and allocated in a timely manner to the correct Council Tax account.	**Good**
• Reconciliations between Northgate and Agresso systems are complete, accurate and timely.	**Good**
• Previous audit recommendations have been implemented properly, in a timely manner.	**Good**

Report Title:	National Non-Domestic Rates		
Status	Report Issued May 2014		
Opinion	**Good**		
Recommendations	**High: 0**	**Medium: 2**	**Total: 2**

Key controls tested	Strength of control
• The total amount of Business Rates to be collected from all businesses is set up accurately and on a timely basis.	**Good**
• Discounts regarding small business rate relief and charitable exemptions are accurately calculated, authorised and supported by appropriate evidence to confirm their validity.	**Good**
• In-year adjustments to Business Rates accounts are accurate and supported by appropriate evidence to confirm their validity (i.e. change of occupancy, change of business use, addition and removal of properties).	**Good**
• Correct direct debits are raised and payments received are accurately, completely and allocated in a timely manner to the correct Business Rates account.	**Good**
• Reconciliations between Northgate and Agresso systems are complete, accurate and timely.	**Good**
• Previous audit recommendations have been implemented properly, in a timely manner.	**Good**

Report Title:	Housing Benefit		
Status	Report Issued June 2014		
Opinion	Adequate		
Recommendations	High: 1	Medium: 1	Total: 2

Key controls tested	Strength of control
• Applicable Housing Benefit rates and eligibility parameters are amended accurately and completely on a timely basis.	**Good**
• Claims are processed by staff accurately based on the supporting evidence.	**Improvement Required**
• Payments made to claimants are accurate and complete.	**Good**
• Staff access to, and permissions within, the Housing Benefit system are appropriately restricted including taking account of declared interests.	**Good**
• Previous audit recommendations have been implemented properly, in a timely manner.	**Good**

Key themes arising: Sample checking of processed claims and change of circumstances

Whilst there is a programme of secondary checks on higher-risk claims (i.e. those where the claimant has particular circumstances where frequent processing errors have previously been identified through external audit's work on the benefit subsidy claim) there was a gap in these checks being undertaken between September 2013 and January 2014. Staff are confident all higher-risk claims will be checked before external audit's planned work on the 2013/14 subsidy claim and therefore this will identify and correct any errors before external audit identify them and extrapolate out the error over the whole caseload.

Whilst it is appropriate for the higher-risk claims to be reviewed, it is recommended an expanded checking regime is introduced that checks a sample from all newly processed claims to identify and rectify any errors in a timely manner and therefore help minimise repayment of benefit subsidy.

Report Title:	General Ledger		
Status	Report Issued June 2014		
Opinion	Adequate		
Recommendations	High: 8	Medium: 1	Total: 9

Key controls tested	Strength of control
• Journals are accurate, authorised and supported by appropriate evidence to confirm their validity.	**Good**
• Virements are accurate, authorised and supported by appropriate evidence to confirm their validity.	**Adequate**
• Reconciliations between the general ledger and the bank account/s are complete, accurate and timely.	**Adequate**
• Reconciliations between all key financial systems and the General Ledger are complete, accurate and timely. *Note: this audit opinion is influenced by the reconciliations to the General Ledger that were tested within all of the other key financial systems audited this year.*	**Good**
• Previous audit recommendations have been implemented properly, in a timely manner.	**Improvement Required**

Key themes arising: Previous audit recommendations

Six out of the nine recommendations in this report are outstanding from last year's audit, which had a broader objective and therefore covered areas such as Agresso system administration and the management of the Agresso Support team. These outstanding issues are being dealt with as part of a wider Agresso development project that is currently being worked on but its delivery is, to a large degree, dependent on appointing staff to new positions.

As these outstanding recommendations are not key controls that effectively prevent or detect material errors on a timely basis, they have not therefore affected this year's audit opinion.

Report Title:	Accounts Receivable, General Debtors		
Status	Report Issued May 2014		
Opinion	**Good**		
Recommendations	**High: 0**	**Medium: 3**	**Total: 3**

Key controls tested	Strength of control
• Service areas' instructions to the Accounts Receivable team to raise debts are appropriately reviewed and authorised to confirm they are accurate and supported by appropriate evidence to confirm their validity.	**Good**
• All instructions from originating service areas for debtors to be raised are accurately and completely turned into an invoice on a timely basis by the Accounts Receivable Team.	**Good**
• Parked Debt (i.e. debt not being actively pursued) is properly authorised and supported by appropriate evidence to confirm the initial and ongoing validity of the action.	**Good**
• Reconciliations between all key financial systems and the General Ledger are complete, accurate and timely.	**Good**
• Previous audit recommendations have been implemented properly, in a timely manner.	**Good**

Report Title:	Accounts Payable, General and Batch Input Payment File for Foster Carers' Payments, Adoption Allowances and Residence Orders		
Status	Report Issued May 2014		
Opinion	Adequate		
Recommendations	High: 7	Medium: 5	Total: 12

Key controls tested	Strength of control
• Staff system permissions are configured to ensure payments are authorised in line with the Council's approved Scheme of Delegation.	Adequate
• The weekly payment schedules made via Agresso Batch Payment Input Files for foster carers, adoption orders and residence orders are appropriately authorised, accurate, complete and supported by appropriate evidence to confirm their validity.	Improvement Required
• VAT rates are correctly applied to payments and the VAT return is accurate and completely compiled and submitted on a timely basis.	Good
• BACS payment runs are complete, accurate, and appropriately authorised.	Good
• New suppliers and amendments to current supplier details are set up accurately and supported by appropriate evidence to confirm their validity.	Good
• Reconciliations between the Accounts Payable and General Ledger systems are complete, accurate and timely.	Good
• Previous audit recommendations have been implemented properly, in a timely manner.	Adequate

Key Themes Arising: Weekly Payment Schedules for Foster Carers, Adoption Allowances and Residence Orders

The key potential risks of making inaccurate and fraudulent payments are mitigated by the management controls applied by the budget holder in the Department for People, after payments have been made. Opportunities have, however, been identified to streamline and automate the preparation of the weekly payment schedule which is prepared within the Department for Corporate Services. Automating payment processing arrangements will:

- improve efficiency by eliminating the duplication of records between the Department for People's case management system (CareFirst) and those the Department for Corporate Services retains to enable them to make the payments (which consist of an access database and spreadsheet)

- eliminate the passing and retention of sensitive data between the two departments

- reduce the potential for errors and fraud to occur before payment is made by eliminating the manual processes currently required to make the payments and introducing budget holder approval of payment before rather than after payments are made.

Report Title:	Payroll		
Status	Report Issued June 2014		
Opinion	**Improvement Required**		
Recommendations	**High: 5**	**Medium: 5**	**Total: 10**

Key controls tested	Strength of control
• Amendments to the payroll system (including starters, leavers and amendments to staff records) are accurate, independently authorised and supported by appropriate evidence to confirm their validity.	**Improvement Required**
• Reconciliations are undertaken between payroll and the General Ledger and are complete, accurate and timely.	**Adequate**
• BACS payment runs are complete, accurate, and appropriately authorised.	**Improvement Required**
• Changes to be made to payroll payments (e.g. salary, tax codes, national insurance) are accurately configured at the start of the financial year, and are done so in a timely manner.	**Improvement Required**
• Overtime payments made to staff are accurate, properly authorised and supported by appropriate evidence to confirm their validity.	**Improvement Required**
• Previous audit recommendations have been implemented properly, in a timely manner.	**Improvement Required**

Key themes arising:

A number of the above audit opinions will be improved by automating processes that are currently being performed manually. Manual processes are inherently at higher risk of inaccuracy and incompleteness. These risks are known to management and are accepted until Agresso can be upgraded to provide the automated functionality required.

There is now a project in place to upgrade Agresso's HR and Payroll processes with a particular focus on automation thereby addressing the areas of weakness identified. Significant amendments to IT systems such as this require time to robustly test and properly implement. The intended completion date of 1 April 2015 therefore does not appear unreasonable.

To further assist with this project, Internal Audit has assigned resources to review the changes made to these processes through-out the year as they occur (as identified in the 2014/15 Internal Audit Plan).

It should also be noted that during audit sample testing whilst instances where manual processes were not completely followed were identified, further examination of these did not suggest that these were for fraudulent or dishonest purposes. The instances identified were where paperwork could not be located or all independent checks of the data entry could not evidenced. These are inherent risks present in any paper-based and large-volume data entry system and the instances identified were not for substantial values.

However, as audit testing can only review a relatively small randomly chosen sample of the data entered in the financial year, the need to introduce more robust and automated controls remains a key priority. Management have confirmed that pending the upgrade of the Agresso system, the manual checks will be more robustly adhered to and spot checks will be conducted.

Evidence that payroll values (such as new HMRC tax codes and thresholds) were accurately updated at the start of the financial year could not be obtained during the audit, as the member of staff who performed the work is no longer at the Council. However, evidence of the annual update process for 2014/15 was reviewed and, aside from minor improvements regarding the evidence retained, is substantially now in place.

Report Title:	Income Receipting and Banking		
Status	Report Issued May 2014		
Opinion	**Good**		
Recommendations	**High: 0**	**Medium: 3**	**Total: 3**

Key controls tested	Strength of control
• Information from originating payment systems is accurately, completely and transferred in a timely manner to the cash receipting system.	**Good**
• Payments by CHAPS are necessary, authorised and supported by appropriate documentation to confirm their validity.	**Good**
• Staff access to, and permissions within, the online banking facility are restricted based on their relevant roles.	**Good**
• Direct Debits are authorised properly and supported by appropriate evidence to confirm their necessity and validity when set up and regularly reviewed to confirm their ongoing necessity.	**Good**
• Reconciliations between the Income Receipting system and other key financial systems are complete, accurate and timely. *Note: this audit opinion is influenced by the reconciliations to the Income Receipting system that were tested within the other key financial systems audited this year.*	**Good**
• Previous audit recommendations have been implemented properly, in a timely manner.	**Not applicable**

Report Title:	Treasury Management		
Status	Report Issued May 2014		
Opinion	**Good**		
Recommendations	**High: 0**	**Medium: 0**	**Total: 0**

Key controls tested	Strength of control
• There is appropriate formulation and approval of the Treasury Management Policy and regular reporting in line with the CIPFA Code of Practice.	**Good**
• Treasury management transactions are properly authorised and supported by appropriate evidence to confirm their validity (including investments placed, recalled and borrowings made and repaid).	**Good**

Report Title:	**Continuous Auditing Project**
Objective	The Continuous Auditing Project is to design and implement a range of recurring data analytical techniques to provide on-going transactional audit, review and management reporting of data within the Council's key financial systems.
Status	Testing Complete
Key Themes Arising	Testing highlighted areas that will be reviewed in further detail as part of Internal Audit's programme of work for 2014/15. The purpose of this work is to establish whether these are issues that require further investigation or the data just required further cleansing.

Internal Audit will continue to develop and expand the computer aided testing in 2014/15 and this will encompass tests that identify potential indicators of money laundering. |

FINANCE, MANAGEMENT AND GOVERNANCE AUDIT IN SCHOOLS	
Objective	To assess whether individual schools have adequate and effective governance, information and asset management as well as financial management and reporting arrangements in place.

School Name	**Bournes Green Junior School**		
Status	Report Issued March 2014		
Opinion	**Good**		
Recommendations	**High: 3**	**Medium: 4**	**Total: 7**

Assessment Against Key Performance Criteria

Audit Enquiry	*Assessment*	*Significant Improvement Opportunities*
Governance		
The governing body is properly formed and governors are effectively recruited and trained.	**Good**	None
Governors are provided with sufficient information to exercise their oversight role effectively.	**Good**	
Roles, responsibilities and powers are clearly defined and enforced.	**Good**	
Information and Asset Management		
Confidential, personal and sensitive information is effectively managed and secured.	**Adequate**	None
Assets are secured and maintained.	**Good**	

Audit Enquiry	Assessment	Significant Improvement Opportunities
Financial Management and Reporting		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	**Good**	None
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	**Good**	
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	**Good**	
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	**Good**	
Goods and services are procured fairly and achieve value for money.	**Improvement Required**	A tendering exercise should be undertaken for the cleaning contract in accordance with Finance Regulations.

School Name	Cecil Jones College
Status	Interim Critical Friend Review completed June 2014
Current Status	A new senior management team joined the school early in 2014. At the time of planning the audit, action was being taken to: • assess the adequacy of the financial management and governance arrangements of the school • identify any action required to improve these systems and processes. Therefore, the focus of this audit was to support that process. During the audit, it was clear that senior management were making good progress in identifying areas of activity that needed improvement and developing programmes of work to address this. The recommendations arising from this work have been integrated into this process. However of the 10 areas normally reviewed, it was not possible to complete the work in relation to the governing body which would normally consider whether: • the governing body is properly formed and governors are effectively recruited and trained • governors' are provided with sufficient information to exercise their oversight role effectively • roles, responsibilities and powers are clearly defined and enforced. This is because the Chair of Governors would not make the relevant information available to enable these audit tests to be completed. Further audit work is planned for later in the year, to review the progress made in improving the school's governance, information and asset management as well as financial management and reporting arrangements.

Recommendations	High: 5	Medium: 9	Total: 14

School Name	Earls Hall Junior School		
Status	Report Issued June 2014		
Opinion	**Good**		
Recommendations	**High: 4**	**Medium: 9**	**Total: 13**

Assessment Against Key Performance Criteria		
Audit Enquiry	*Assessment*	*Significant Improvement Opportunities*
Governance		
The governing body is properly formed and governors are effectively recruited and trained.	**Adequate**	None
Governors are provided with sufficient information to exercise their oversight role effectively.	**Good**	
Roles, responsibilities and powers are clearly defined and enforced.	**Adequate**	
Information and Asset Management		
Confidential, personal and sensitive information is effectively managed and secured.	**Good**	None
Assets are secured and maintained.	**Good**	
Financial Management and Reporting		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	**Good**	None

Audit Enquiry	Assessment	Significant Improvement Opportunities
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	**Good**	None
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	**Good**	
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	**Good**	
Goods and services are procured fairly and achieve value for money.	**Good**	

School Name	Eastwood Primary School		
Status	Report Issued June 2014		
Opinion	Adequate		
Recommendations	High: 1	Medium: 9	Total: 10

Assessment Against Key Performance Criteria

Audit Enquiry	*Assessment*	*Significant Improvement Opportunities*
Governance		
The governing body is properly formed and governors are effectively recruited and trained.	**Adequate**	None
Governors are provided with sufficient information to exercise their oversight role effectively.	**Good**	
Roles, responsibilities and powers are clearly defined and enforced.	**Adequate**	
Information and Asset Management		
Confidential, personal and sensitive information is effectively managed and secured.	**Good**	None
Assets are secured and maintained.	**Good**	
Financial Management and Reporting		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	**Adequate**	None

Audit Enquiry	Assessment	Significant Improvement Opportunities
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	**Adequate**	None
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	**Good**	
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	**Adequate**	
Goods and services are procured fairly and achieve value for money.	**Adequate**	

School Name	Hamstel Junior School		
Status	Report Issued June 2014		
Opinion	**Good**		
Recommendations	**High: 1**	**Medium: 6**	**Total: 7**

Assessment Against Key Performance Criteria

Audit Enquiry	*Assessment*	*Significant Improvement Opportunities*
Governance		
The governing body is properly formed and governors are effectively recruited and trained.	**Good**	None
Governors are provided with sufficient information to exercise their oversight role effectively.	**Good**	
Roles, responsibilities and powers are clearly defined and enforced.	**Good**	
Information and Asset Management		
Confidential, personal and sensitive information is effectively managed and secured.	**Adequate**	None
Assets are secured and maintained.	**Adequate**	
Financial Management and Reporting		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	**Good**	None

Audit Enquiry	Assessment	Significant Improvement Opportunities
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	**Good**	None
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	**Good**	
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	**Good**	
Goods and services are procured fairly and achieve value for money.	**Good**	

School Name	Lancaster School		
Status	Report Issued May 2014		
Opinion	**Good**		
Recommendations	**High: 3**	**Medium: 9**	**Total: 12**

Assessment Against Key Performance Criteria

Audit Enquiry	*Assessment*	*Significant Improvement Opportunities*
Governance		
The governing body is properly formed and governors are effectively recruited and trained.	**Good**	None
Governors are provided with sufficient information to exercise their oversight role effectively.	**Good**	
Roles, responsibilities and powers are clearly defined and enforced.	**Adequate**	
Information and Asset Management		
Confidential, personal and sensitive information is effectively managed and secured.	**Good**	None
Assets are secured and maintained.	**Adequate**	
Financial Management and Reporting		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	**Good**	None

Audit Enquiry	Assessment	Significant Improvement Opportunities
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	**Good**	None
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	**Good**	
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	**Adequate**	
Goods and services are procured fairly and achieve value for money.	**Good**	

School Name	Porters Grange Primary School & Nursery		
Status	Report Issued June 2014		
Overall Opinion	Adequate		
Recommendations	High: 4	Medium: 15	TOTAL: 19

Assessment Against Key Performance Criteria		
Audit Enquiry	*Assessment*	*Significant Improvement Opportunities*
Governance		
The governing body is properly formed and governors are effectively recruited and trained.	**Adequate**	None
Governors are provided with sufficient information to exercise their oversight role effectively.	**Adequate**	None
Roles, responsibilities and powers are clearly defined and enforced.	**Adequate**	None
Information and Asset Management		
Confidential, personal and sensitive information is effectively managed and secured.	**Improvement Required**	A comprehensive, up to date and approved business continuity and disaster recovery plan should be produced. The plan should be promptly tested to assess whether it will be effective in the event of a disaster. The school should develop, agree and implement an Information Management Policy that defines the roles and responsibilities of staff and governors with regard to safeguarding the school's information.

Audit Enquiry	Assessment	Significant Improvement Opportunities
Assets are secured and maintained.	**Adequate**	None
Financial Management and Reporting		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	**Adequate**	None
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	**Adequate**	
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	**Adequate**	
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	**Improvement Required**	The existing staff instructions on how to carry out key financial tasks should be expanded to include more detailed, step by step guidance. A schedule of charges should be put in place for income generating activities. An audit should be undertaken of the private fund on an annual basis. The school should verify proposed changes to suppliers' bank account details with a known supplier contact. This is to prevent genuine payments being diverted to fraudulent bank accounts. Finance Regulations should be updated to include the controls required regarding the use of the online banking facility.
Goods and services are procured fairly and achieve value for money.	**Adequate**	None

School Name	Richmond Avenue Primary and Nursery School		
Status	Report Issued March 2014		
Opinion	Good		
Recommendations	High: 3	Medium: 4	Total: 7

Assessment Against Key Performance Criteria

Audit Enquiry	Assessment	Significant Improvement Opportunities
Governance		
The governing body is properly formed and governors are effectively recruited and trained.	**Good**	None
Governors are provided with sufficient information to exercise their oversight role effectively.	**Good**	
Roles, responsibilities and powers are clearly defined and enforced.	**Adequate**	
Information and Asset Management		
Confidential, personal and sensitive information is effectively managed and secured.	**Adequate**	None
Assets are secured and maintained.	**Adequate**	
Financial Management and Reporting		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	**Good**	None

Audit Enquiry	*Assessment*	*Significant Improvement Opportunities*
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	**Good**	None
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	**Good**	
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	**Good**	
Goods and services are procured fairly and achieve value for money.	**Good**	

School Name	Temple Sutton Primary School		
Status	Report Issued March 2014		
Opinion	**Good**		
Recommendations	**High: 2**	**Medium: 6**	**Total: 8**

Assessment Against Key Performance Criteria

Audit Enquiry	*Assessment*	*Significant Improvement Opportunities*
Governance		
The governing body is properly formed and governors are effectively recruited and trained.	**Adequate**	None
Governors are provided with sufficient information to exercise their oversight role effectively.	**Good**	
Roles, responsibilities and powers are clearly defined and enforced.	**Adequate**	
Information and Asset Management		
Confidential, personal and sensitive information is effectively managed and secured.	**Good**	None
Assets are secured and maintained.	**Good**	
Financial Management and Reporting		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	**Adequate**	None

Audit Enquiry	*Assessment*	*Significant Improvement Opportunities*
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	**Good**	None
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	**Good**	
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	**Good**	
Goods and services are procured fairly and achieve value for money.	**Good**	

MANAGING SERVICE RISKS	
Report Title	**Parking Management Schemes**
Objective	To assess the effectiveness of arrangements to establish schemes, and subsequently award permits, levy charges, monitor, and enforce parking management schemes (PMS).
Status	Report Issued May 2014
Opinion	**Improvement Required**
Key Themes Arising	The updated policy on resident parking management schemes (approved January 2013) further improved the robustness of the decision making process to implement any new schemes or review existing schemes. Any proposed scheme now requires a stronger mandate representative of a significant percentage of the local population. This will help ensure staff resources are used only to progress and implement schemes that are likely to enjoy significant and continuing support. Action is being taken to demonstrate clearer management oversight of key stages of the development, implementation and management of parking management schemes. Key actions underway include: • implementing an electronic, geographic-based information system to significantly improve how parking management information is retained, accessed and displayed • implementing improved quality assurance processes to demonstrate much more clearly management checks undertaken and approval of key tasks and documents • improving the standard wording of permit terms and conditions and processes to renew or replace lost permits • streamlining and strengthening ongoing financial management as part of a wider review of service processes.

Recommendations	High: 7	Medium: 6	Total: 13

MANAGING SERVICE RISKS	
Report Title	**Financial Reporting**
Objective	To establish whether there is a robust, comprehensive framework of financial and budgetary reporting throughout the Council. Also, whether it effectively assists both financial and operational decision-making.
Status	Report Issued June 2014
Opinion	**Adequate** **The financial and budgetary reporting framework itself is sound and comprehensive.** **There is scope to further improve the corporate operational performance updates reported to senior staff and members to more demonstrably integrate financial reporting and performance management so key decision makers receive more rounded updates.**
Key Themes Arising	The financial and budgetary reporting framework itself is sound and comprehensive and helps achieve the key objective of adhering to annual budgets. Longer-term financial planning is captured in the medium-term financial strategy approved each year. There is some scope for further enhancing the financial reporting framework; the following are commonly recommended by good practice models: • tailoring the format and level of detail of information in financial reports for different users based on their roles and needs • reducing where practical and beneficial the gap between the financial period end and when it is reported. Both of the above points are key aspirations of the new financial 'business partnering' arrangements currently being rolled out by the Financial Management team across the Council. However, any improvements in timeliness will need to be coordinated with the production timetable of more timely performance information given they are sent together in the Monthly Performance Report (MPR).

Key Themes Arising cont'd	Whilst performance and financial information is provided together in the MPR, they are not clearly or explicitly referenced to each other to identify and explain whether any performance is being affected by, or affecting, financial issues or *vice versa.* Further key improvements can be made to more demonstrably integrate financial reporting and performance management so key decision-makers receive more rounded updates. This is a corporate issue to which Financial Management can contribute but alongside many other parties such as staff with responsibility for performance management, budget holders, recipients and users of financial and performance information etc. The Chartered Institute of Public Finance and Accountancy (CIPFA) has been requested to provide good practice examples where other councils are most effectively making the direct link between finances and service outcomes. It is recommended any new arrangements take account of, and implement where possible, the good practice examples provided by CIPFA.
Recommendations	The need for further audit work will be assessed during 2015/16 when the new financial business partnering arrangements and budgetary control arrangements are embedded.

MANAGING SERVICE RISKS	
Report Title	**Agresso Controls Summary**
Objective	To undertake a final assessment of the adequacy and effectiveness of Agresso's operational control environment, as at the 31 March 2014.
Status	Report Issued May 2014
Opinion	**Overall, a good level of control is in place to support the security, resilience and integrity of Agresso processing and related operations.**
Key Themes Arising	A range of key controls were identified and evaluated as good during the course of this review. A good level of control is in place to support the integrity of systems processing. In particular, key transaction flows have been documented and input validation controls designed to ensure the integrity of data input and subsequent processing. A robust change control framework is in place. All changes are subject to initial review, validation and formal authorisation before being implemented. In addition, all changes are subject to testing before being released into the production environment. These controls are encapsulated within an overall Change Advisory Board (CAB) structure. During the course of this review, it was confirmed that the CAB process is operating and being complied with. These arrangements now need to be applied to the other Council systems. A range of security and systems resilience controls have been designed to reduce the risk of a loss to systems confidentiality and availability. In particular, robust password, separation of duty and system update controls are in place.

MANAGING SERVICE RISKS	
Report Title	**Cash Receipting System Implementation**
Objective	To work with officers in an advisory role as the new cash receipting system was selected and implemented.
Status	Report Issued May 2014
Opinion	**Overall, a good level of control has been demonstrated throughout the project in order to manage and control the implementation of the Cash Receipting project.**
Key Themes Arising	The project was appropriately designed and effectively managed throughout. In particular: ● a robust process was adopted to select and procure the system ● comprehensive project documentation was used to clearly articulate the project's objectives and milestones ● regular and informative reporting of progress ● active consideration and management of risk and issues arising ● effective planning of required resources to implement the system ● appropriate system testing to provide assurance the system met functionality and control requirements in line with intended 'go live' dates. Good security controls were designed into the system, particularly regarding access and separation of duty requirements thereby supporting the confidentiality and integrity of the cash receipting processing. These control areas collectively provided a good framework to support the implementation of the Cash Receipting system.

GRANT CLAIMS	
Report Title	**Troubled Families Programme, Payments by Results Scheme Grant**
Objective	To assess compliance with the terms of conditions of the Department for Communities and Local Government's (DCLG) Financial Framework for making Payment by Result (PBR) Claims.
Background	The Financial Framework requires that claims are approved within each local authority's own internal audit arrangements under the authority of the Chief Executive. The Chief Executive and Head of Internal Audit are required therefore to satisfy themselves that the evidence supporting PBR claims made in respect of individual families is in line with the DCLG's Financial Framework scheme*.*
Status	Summary Report on 2013/14 Grant Claims Audits, Issued June 2014
Opinion	Claims made in July and October 2013 and February and May 2014 were signed off by Internal Audit.
Key Themes Arising	Internal Audit has worked collaboratively with the Streets Ahead team to develop the Council's internal audit arrangements. This has involved clarification of a number of PBR requirements with the DCLG and resulted in the introduction of: • an agreed protocol for the service to record, assess and evidence the eligibility of all individual PBR claims against the Financial Framework • a management control which requires the Head of the Youth offending Service to confirm that the agreed protocol is adhered to, by randomly selecting a number of files to verify there is sufficient evidence to support the PBR claims being made. Internal Audit independently assesses the ongoing effectiveness of these arrangements each quarter when a DCLG PBR claim is made. This includes test checking a sample of files to confirm both the protocol requirements and the independent check can be evidenced and that the auditor agrees with the results of this work. The DCLG has recently started to undertake random spot checks of quarterly claims made by local authorities and the indications are that some of them are being challenged over the adequacy of their internal audit arrangements. As a result some local authorities have been stopped from making future PBR claims, until sufficient improvements in internal audit arrangements have been made. As a result of the joint work done to develop this Council's arrangements, it is unlikely that the Council will find itself in this position.

GRANT CLAIMS	
Report Title	**Adoption Grant (2014/15 audit)**
Objective	To provide an opinion to the Head of Finance or Chief Executive whether the Statement of Grant Usage "in all material respects, fairly presents the eligible expenditure in the period 1 April 2013 to 31 March 2014 in accordance with the definitions and conditions" of the grant.
Status	Complete June 2014
Outcome	**The Head of Finance and Resources signed off the Statement for Grant Usage.**

UNPLANNED WORK	
Report Title	**Procurement Review Group**
Objective	To assess whether service areas' requests meet the criteria to be granted an exemption from the required competitive process, as set out in the Contract Procedure Rules, along with colleagues from Legal Services, Financial Management and Procurement.
Work flow	Internal Audit has assessed and provided feedback on 11 requests in 2013/14.
Key Themes Arising	Of the 11 requests: • nine were approved • two were rejected. Requests are predominantly received from the Departments for People and Place and exemption requests relate to: • "where the work is of a specialist nature in which the skill of the contractor is of primary importance" and / or • "where it is considered the execution of the work or the supply of goods and services is required so urgently so as not to permit the invitation of tenders". Assigning the role of assessing and granting exemptions to Contract Procedure Rules to an officer group has recently been identified by an external consultant as being significantly different from the arrangements in operation at other Councils. As such, it has been recommended that the remit of the group be reviewed as part of a review of the Council's contract management framework proposed for 2014/15.

UNPLANNED WORK	
Report Title	**Community Retrofit Through Sustainable Technology (CREST) Funding Scheme**
Objective	To work with officers in a 'critical friend' role providing independent, constructive challenge as the Community Retrofit through Sustainable Technology (CREST) project is developed and delivered.
	CREST is a joint project working with a number of partners in the UK and France to help facilitate the installation of sustainable technologies in schools. The project co-finances low carbon project activity amongst the partners who develop innovative, shared approaches and activities to contribute toward the European Union objective of promoting renewable energy and energy efficiency.
	The project has worked closely with one pilot school, Temple Sutton, to develop a template for encouraging broader low carbon initiatives and activities amongst all Southend schools.
Status	Report Issued June 2014
Key Themes Arising	The CREST project is now well established and its governance and management arrangements are generally satisfactory for the nature and size of the project to date. The project has been successful in attracting significant additional European funding for Southend.
	Given the recent change in project manager and potential for the project to contribute greatly to the Council's wider, medium- to longer-term sustainability and income generating objectives, it is an opportune time to reassess how the project can support these. This should also then inform the governance arrangements and, importantly, explore which service / department is best placed to own these objectives in future and nature of any external specialist support required.
	Recommendations have been made to refresh the Project Initiation Document to address the above areas.
Recommendations	High: 1	Medium: 0	Total: 1

UNPLANNED WORK	
Report Title	**South East Alliance of Landlords (SEAL)**
Background	In June 2012, Cabinet agreed to postpone a selective licensing designation for an area of the borough to allow SEAL to make the required improvements in the privately rented sector.
Objective	An initial assessment has been undertaken to evaluate the effectiveness of arrangements between the Council and SEAL for measuring and evidencing whether SEAL has been effective in improving the quality of the privately rented sector.
Status	Report Issued June 2014
Key Themes Arising	Given this is a new type of arrangement with the private sector which requires collaborative working, the Private Sector Housing team have been successful in introducing the preliminary arrangements which will support SEAL in realising its purpose of "addressing issues relating to rented accommodation throughout the Borough". In particular: • the Council has made clear to SEAL its expectations for improving the condition of properties, minimising refuse problems and proactively managing anti-social behaviour in a Code of Conduct and a Member Information Pack which has been signed off by SEAL • a Steering Group has been established with representatives from the private sector landlords, letting agents, tenant representatives, Council officers and an elected councillor to monitor SEAL's progress. The key opportunities to evidence SEAL's success included: • identifying and using relevant quantifiable data already collected by Council departments and other statutory organisations to measure the success of the processes established to minimise refuse problems and improve anti-social behaviour • requiring that SEAL monitor, gather and evaluate data from landlords and tenants on their compliance with the requirement to improve property condition, street scene and anti social behaviour as set out in the Code of Conduct • the Council periodically inspecting documentation and monitoring progress to evidence the improvements identified by SEAL e.g. relevant documentation to confirm property condition visits have been properly and fully undertaken by its members • regularly reporting on performance data against targets to the Steering Group.

Recommendations	High: 3	Medium: 0	Total: 4

UNPLANNED WORK	
Report Title	**Direct Payments, Mental Health**
Objective	To assess whether there are robust arrangements in place for awarding and monitoring direct payments made to clients with mental health difficulties.
Status	Report Issued June 2014
Key Themes Arising	The audit identified opportunities to strengthen some processes and controls in areas that are key to: • reducing the risk of incorrect care assessments being made • ensuring all care packages set up and amended on the case management system (Care First) are appropriately approved. Officers addressed these issues as the audit progressed, by: • clarifying with the South Essex Partnership University NHS Foundation Trust (SEPT) the arrangements for verifying that care assessments undertaken by their staff, on the Council's behalf, are being independently validated within their own day to day management control activities (the partnering arrangement with SEPT is covered by Section 75 of the National Health Service Act 2006) • introducing an automated control within the CareFirst system that provides an automatic segregation of duties between those staff setting up and those authorising care packages for payment. Other opportunities identified to further improve arrangements included: • extending the Council's contract monitoring activities of the external provider used by the Council to advise, support and administer payroll on behalf of clients in receipt of a direct payment, to include other key service delivery activities contained in the contract (not just the delivery of performance indicators (PIs). This would include, for example, confirming the consistent and timely issue of financial statements detailing monies paid in and provider invoices paid out of individual direct payment accounts • clarifying in a protocol agreement with SEPT, the Council's expectations of how the Section 75 Agreement will operate on a practical, day to day operational basis where SEPT undertakes activities which directly impact on the services the Council funds e.g. review of care assessments.
Recommendations	High: 6 Medium: 2 Total: 8

UNPLANNED WORK	
Report Title	**Pre-Employment Vetting Checks**
Objective	To test check whether all the necessary pre-employment checks have been undertaken before a job offer has been made for both permanent and agency staff.
Status	Report Issued June 2014
Opinion	**Permanent Appointments: Good**	**Agency Staff: Adequate**
Key Themes Arising	With regards to the files reviewed, there was evidence that the appropriate pre-employment checks had been completed in the majority of the cases. There were no instances of suspected fraud identified during the course of the exercise. **Permanent Appointments** There were a few instances where the evidence expected was not on file. This information has been provided to and reviewed by the HR Operational Services team. **Agency Staff** The Council has a contract with an external supplier to provide it with agency staff. It can provide such staff from its own pool or other suppliers. The Council's expectations of this external supplier should be clarified, in terms of the actions it is required to take to satisfy itself that agency workers pre-employment checks have been satisfactory completed before a job offer is made.
Recommendations	**High: 1**	**Medium: 0**	**Total: 1**

UNPLANNED WORK	
Report Title	**Teachers' Pensions**
Objective	To work with officers as a 'critical friend' to check whether external audit's recommendations regarding the compilation of the annual return had been effectively implemented.
Status	Feedback provided May 2014
Opinion	**Appropriate actions had been taken to address external audit's recommendations.**

UNPLANNED WORK	
Report Title	**Procurement Cards**
Objective	Provide a 'critical friend' role in the development of policy and procedures regarding the use of, and restrictions on, the newly-introduced Government Procurement Cards.
Status	Feedback provided between January and April 2014
Key Themes Arising	Key audit input related to the manner in which purchases were to be authorised and the level of evidence required to support purchases at a later date.
	In particular, this included the clarity and specificity of the wording in the user agreement and the way in which purchases were to be spot-checked by Accountancy at a later date to ensure compliance with this agreement.