

AUDIT COMMITTEE AGENDA



25th October, 2005

at 10.00am

in Committee Room C

MEMBERS: AUDIT COMMITTEE:

Councillors: Allison, Hall, Preece, R Waller and Wistow

1. **APPOINTMENT OF CHAIR**
2. **APOLOGIES FOR ABSENCE**
3. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
4. **ITEMS FOR DISCUSSION/DECISION**
 - 4.1 Presentation regarding internal audit and the function and role of an Audit Committee – *Chief Financial Officer*
 - 4.2 Internal audit function and Internal Audit Plan 2005/06 – *Chief Internal Auditor*
 - 4.3 Internal audit outcome report – *Chief Internal Auditor*
5. **ANY OTHER ITEMS WHICH THE CHAIR CONSIDERS ARE URGENT**

AUDIT COMMITTEE

25th October 2005



Report of: Chief Financial Officer

Subject: PRESENTATION REGARDING INTERNAL AUDIT
AND THE FUNCTION AND ROLE OF AN AUDIT
COMMITTEE

1. PURPOSE OF REPORT

To inform Members of the direction of Internal Audit activity and the potential role and objectives of the Audit Committee in monitoring the performance of the Internal Audit function.

2. BACKGROUND

This report prepares Members in advance of a presentation by the Chief Financial Officer and Chief Internal Auditor, into the scope and objectives of Internal Audit and the function of an Audit Committee. The presentation will broadly cover:

- Internal Audit's purpose, relationships and role in the Authority and why it is necessary,
- An Audit Committee's responsibilities, why they are necessary and what do they need to do.

Since the local elections and the subsequent change in makeup of the Resources Scrutiny Forum, concerns were raised by members of the potential conflict of carrying out both resources scrutiny duties and the function of an Audit Committee. Following consideration of this matter by the Constitution Committee, it was agreed by Council that a separate Audit Committee should be set up. The Constitution Committee considered that such a committee should be relatively small and proposed a membership of five. The appointments to this Committee would be for Council to decide, as it would become a Committee of Council, reporting to Council and separate from the Scrutiny function.

3. FINANCIAL IMPLICATIONS

None.

4. RECOMMENDATIONS

That members note the report and a future course of action is agreed.

AUDIT COMMITTEE

25th October 2005



Report of: Chief Internal Auditor

Subject: INTERNAL AUDIT FUNCTION & INTERNAL
AUDIT PLAN 2005/06

1. PURPOSE OF REPORT

- 1.1 To inform Members of the direction of Internal Audit activity and to seek approval of the annual operational Internal Audit Plan for 2005/06 and the Internal Audit Statement of Purpose & Responsibilities.

2. BACKGROUND

The attached Report provides accountability for internal audit services and allows Members to monitor the application of the delegated authority for ensuring an effective and satisfactory internal audit function in accordance with the Accounts and Audit Regulations 2003 and CIPFA Code of Practice for Internal Audit in Local Government in the UK (2003).

3. FINANCIAL IMPLICATIONS

None.

4. RECOMMENDATIONS

Members note the contents of this Report and approve the Internal Audit Statement of Purpose and Responsibilities.

Report of: Chief Internal Auditor

Subject: INTERNAL AUDIT FUNCTION & INTERNAL
AUDIT PLAN 2005/06

1. PURPOSE OF REPORT

- 1.1 To inform Members of the direction of internal audit activity, and to seek approval of the annual operational Internal Audit Plan for 2005/2006 together with the Statement of Purpose & Responsibilities of the Internal Audit Function (Appendix B).

2. BACKGROUND

- 2.1 Under the Accounts and Audit Regulations 2003, the Council is responsible for maintaining an adequate and effective system of internal audit of its accounting records and accounting control systems in accordance with proper internal audit practices. At Hartlepool, the authority for ensuring this responsibility is discharged, has been delegated to the Chief Financial Officer.
- 2.2 To accord with the CIPFA Code of Practice 2003 and to assist in ensuring the objectives of Internal Audit are achieved, audit activity must be effectively planned to establish audit priorities and ensure the effective use of audit resources. Code of Practice criteria within Comprehensive Performance Assessment requires that there is an internal audit plan based on an evidenced assessment of risk and that the plan is reported to Members.
- 2.3 Given available audit resources, all aspects of the Council's systems and arrangements cannot be audited in one year. In recognition of this a five-year Strategic Audit Plan has been prepared using a risk model accredited by the Chartered Institute of Public Finance and Accountancy, which factors include:
- * Level of expenditure / income
 - * Volume of transactions
 - * Extent of devolution and delegation
 - * Control environment changes
 - * Complexity of processing.

- 2.4 The existing five year Strategic Plan has assisted in the production of the Annual Audit Plan for 2005/2006. Additionally, the audit plan has been tailored to add value to the Council following a process of discussion and consideration with Departmental Heads, of their current operational issues.
- 2.5 Hartlepool Borough Council Internal Audit establishment consists of a Chief Internal Auditor and 8 FTE audit staff.

3 INTERNAL AUDIT RESOURCES 2005/2006

Mainstream Internal Audit

- 3.1 A total of 86 planned audits will form the basis of the mainstream Internal Audit Work for 2005/06. The plan is broken down into the main areas of work undertaken in order to provide an opinion on the control environment in operation at the council. It includes fundamental systems such as salaries, debtors, creditors, risk management etc., which are identified, for the purpose of the plan, as single audits. However, these will include system and probity audits in each or some of the departments, in support of the main system reviews.

In addition to the planned audit work, advice and support will be provided on an ad hoc basis throughout the financial year together with unplanned reactive work wherever necessary and appropriate.

- 3.2 In addition, for 2005/06, 120 days of audit work will be provided to the Cleveland Fire Authority.
- 3.3 Further details are provided in Appendix A of the focus of coverage across the council.

4 MONITORING INTERNAL AUDIT PERFORMANCE

- 4.1 Internal Audit is committed to the delivery of a quality service and in common with other central service providers, a number of core performance indicators and targets have been determined for 2005/2006:

Indicator	Target
Completion of High Risk Audits provides reassurance that financial procedures are operating effectively and has direct impact on CPA result	90%
In addition to the managing auditor reviews, quality reviews of working paper files and evidence by the Chief Internal Auditor to ensure compliance with the standards laid down in Codes of Practice and adopted in the Internal Audit Manual.	10%
Percentage of Quality Questionnaires returned.	75%

Results of Quality Questionnaires- Percentage “good or very good”	75%
Percentage of audit reports issued within 10 working days of audit completion	87.5%
Percentage of audit recommendations followed up within 6 months of completion of the audit	100%
Annual Audit Report production and presentation to Members by end of June	June 2005

5 DELIVERING THE AUDIT

5.1 Regular liaison is an essential feature of an effective and responsive audit function. In this context, Internal Audit will:

- Have frequent meetings with departments to discuss the short term audit program, any current departmental issues which may benefit from an audit review and provide the opportunity to raise any concerns with the audit services provided
- Following audit reviews, agree action plans scheduling recommendations, identifying responsibilities and timescales for action
- Carry out follow up work to monitor the effectiveness of management in actioning audit recommendations
- Ensure audit recommendations are focused on improving controls and delivering benefits to the Council.
- Provide feedback to the Chief Financial Officer and Members on progress on the audit plan and the outcomes of audit work.

6 INTEGRATION

6.1 Although Internal Audit and the Audit Commission carry out their work with different objectives, it is good professional practice that both parties should work closely together, which is a principle that the Council has always been committed to.

The arrangements for ensuring effective joint working are formalised into a Joint Protocol Agreement, which ensured that the overall audit resources are most effectively focused and duplication was mitigated.

- 6.2 The new External Audit Code of Practice introduced by the Audit Commission for the year 2000/2001 onwards, increased the reliance that the external auditor expects to place on internal audit work. This has allowed a refocus of the external audit resource in to other review work and away from financial systems and probity work.

7 RECOMMENDATION

- 7.1 It is recommended that Members approve the 2005/2006 Internal Audit Plan and the Statement of Purpose and Responsibilities.

Appendix A

ANNUAL PLAN

2005/06

FUNDAMENTAL SYSTEMS

Asset Register - Capital Accounting
Benefits - Housing & Council Tax
Budgetary Control
Cash/Bank
Council Tax
Creditors
Debtors
Loans & Investments
Main Accounting
NDR
Procurement
Salaries
Wages

OTHER SYSTEMS

Attendance Management
Contracts:
Pre
Current
Post
Health and Safety
NFI
Officers Expenses
Performance Management Systems
Recruitment, Selection and Retention
Redundancies
Risk Management
V.A.T.

GOVERNANCE ISSUES

Richard Report
Childrens Act
DDA
DPA
FoI
Fraud Awareness
PoCA

PARTNERSHIPS

Childrens Fund
Hartlepool Partnership
LPSA
SRB/NDC

ANNUAL AUDITS

Best Value Performance Plan
Claim Adjustor Reviews
Stores
Student Awards
Supporting People

TWO YEARLY AUDITS

Adoption

Building Maintenance
Carlton Centre
Fostering
Free School Meals
High Tunstall Secondary
Highways
Home Care
Improvement/Renovation Grants
Industrial Estate Lettings/Rental
Insurances
Members Code of Conduct
Milk Grant
Petty Cash
S.E.N. Support
Section 17 Payments
Sure Start North
Tourism
Trading Standards

THREE YEARLY AUDITS

Adult Education
Allotment Rentals
Brougham Primary School
Cleaning Of Buildings
Court Of Protection
Hire Of Community & Public Halls
Jesmond Primary School
Kingsley Primary School
Libraries
Lynnfield Primary School
Market Rents
Parks Income
Pupil Referral Unit (P.R.U.)
Rossmere Primary School
Seaton Carew Nursery
St. Aidans Primary School
St. Cuthberts Primary School
St. Helens Primary School
St. John Vianney Primary School
St. Teresas
Summerhill
The Firs
Trade Refuse/Special Collections
Warren Road
West View Primary School

OTHER PLANNED WORK

BVPI's
Computer Audit
E - Government Strategy

Appendix B

HARTLEPOOL BOROUGH COUNCIL

INTERNAL AUDIT

STATEMENT OF PURPOSE, RESPONSIBILITY & AUTHORITY

INTRODUCTION

This document establishes the role and terms of reference of the Internal Audit function within Hartlepool Borough Council.

It has been framed to provide an effective internal audit service, to meet the needs of the Council and to accord with the requirements and guidelines of;

- Section 151 of the Local Government Act 1972;
- The Accounts and Audit Regulations 2003;
- The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2003;
- The Standards of the Institute of Internal Auditors.

Although internal audit has a statutory basis, and therefore has a major corporate inspection and monitoring role, it is also operated as a service to management and provides assurance and consultancy on all aspects of financial management and administration. Internal audit has limited resources and therefore it's workforce is deployed in accordance with an audit strategy having regard to relative risks and levels of assurance required, translated into an agreed 5 year strategic plan, then into annual audit plans and delivered through individual audit assignments.

It is the intention to review these Terms of Reference annually to ensure their relevance is maintained. Amendments will be subject to the approval of the Section 151 Officer and Members of the Audit Committee.

HARTLEPOOL BOROUGH COUNCIL**INTERNAL AUDIT****STATEMENT OF PURPOSE, RESPONSIBILITY & AUTHORITY**

Internal Audit should have terms of reference, which are formally agreed between Senior Management, the Chief Internal Auditor and Members of the Council.

PURPOSE

- 1.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the degree to which the internal control environment supports and promotes the achievement of the organisations objectives. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources (*CIPFA Code of Practice*).
- 1.2 The Internal Audit function established within Hartlepool Borough Council is required:
- To examine and evaluate systems and activities;
 - To provide Management and Members of the Council with information, analysis, appraisal, recommendations, advice and assurance in order to assist them in the effective discharge of their responsibilities;
 - To verify the existence and the means of safeguarding all assets
 - To plan audit work, having regard to the Council's Community Strategy and the Constitution.

SCOPE

- 1.3 The scope of the Internal Audit function includes the review of all activities of Hartlepool Borough Council.

Areas subject to review as part of the audit program include:

- Adequacy and effectiveness of systems and controls;
- Reliability and integrity of financial and other operating information and the means used to identify, measure, classify and report such information;
- Compliance with policies, plans, procedures, laws and regulations;
- Adequacy and effectiveness of systems design and implementation;
- Safeguarding assets;
- Economical and efficient use of resources;
- Effectiveness of functions against stated objectives and strategies.

These activities include:

- Fraud investigation and prevention;
 - Systems development reviews;
 - Risk management;
 - Advice on best practice.
- 1.4 It is management's responsibility to maintain the internal control system and to ensure that the Council's resources are properly applied in the manner and on

the activities intended. This includes responsibility for the prevention and detection of fraud and other illegal acts.

In conducting audit assignments, the internal auditor's responsibilities for detecting fraud is to have sufficient knowledge of fraud to be able to identify indicators that fraud might have been committed. This knowledge includes the need to know that characteristics of fraud, the techniques used to commit fraud, and the types of fraud associated with the activities audited.

An internal auditor should have regard to the possibility of such malpractice and should seek to identify serious defects in internal control, which might permit the occurrence of such an event. Some examples of fraud indicators are:

- Unauthorised transactions;
- Override of controls;
- Unexplained pricing exceptions;
- Unusually large losses.

Internal auditors should recognise that the presence of more than one indicator at any one time increases the probability that fraud might have occurred.

An internal auditor, who discovers evidence of, or suspects, malpractice should report firm evidence, or reasonable suspicions, to the Chief Internal Auditor and the appropriate level of management. It is a management responsibility to determine what further action to take.

Internal auditors are not expected to have knowledge equivalent to that of a person whose primary responsibility is detecting and investigating fraud. Also, audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

- 1.5 Involvement in activities outside the Borough Council internal audit work program, may be for example:

- Special investigations into competency;
- Reporting on the corporate complaints procedure;
- Provision of internal audit services to authorised outside bodies;
- Review of and advice on best value performance indicators.

INDEPENDENCE

- 1.6 Internal auditors are independent when they can carry out their work freely and objectively. Independence permits internal auditors to render the impartial and unbiased judgements essential to the proper conduct of audits. It is achieved through organisational status and objectivity.

- 1.7 Hartlepool Borough Council Internal Audit Section is entirely independent of the activities, which it audits.

The Chief Internal Auditor should be appropriately qualified and experienced and is responsible to the Section 151 Officer who has sufficient authority to ensure broad audit coverage, adequate consideration of audit reports and appropriate action on audit recommendations.

The Chief Internal Auditor determines internal audit's priorities by preparation of a 5-year strategic audit plan based on assessed risk. This is translated into annual plans, which are annually reported to the Section 151 Officer, management and the Audit Committee. In addition the Chief Internal Auditor submits activity reports to those named above, annually or more frequently as necessary.

- 1.8 The Council's Financial Procedural Rules state that in undertaking its work, Internal Audit is independent in planning and operation and carries out its activities in accordance with the CIPFA Code of Practice and any other relevant guidance. The role & objectives of internal audit shall be as defined by the Chartered Institute of Public Finance and Accountancy in its statements on internal audit which says:

- Management must recognise that the most significant characteristics are its status and independence and ensure that the position of internal audit within the organisational structure emphasise this;
- Recognition of the independence of internal audit is fundamental to its effectiveness.

- 1.9 Objectivity is an independent mental attitude, which internal auditors should maintain in performing audits. Internal auditors are not to subordinate their judgement on audit matters to that of others.

Objectivity requires internal auditors to perform audits in such a manner that they can have an honest belief in their work product and that no significant quality compromises are made. The Chief Internal Auditor is responsible for ensuring that internal auditors are not placed in situations in which they feel unable to make objective professional judgements.

AUTHORITY

- 1.10 The authority of the Internal Audit function is derived from legislation and the Council's Constitution.
- 1.11 The requirement for an internal audit function for Local Authorities is implied by Section 151 of the Local Government Act 1972, which requires that Authorities "make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs". The Accounts and Audit Regulations 2003 regulation 6, specifically require that a "relevant body shall maintain an adequate and effective system of internal audit of its accounting records and accounting control systems". The Council has delegated the Chief Financial Officer with this requirement.
- 1.12 To carry out their duties effectively, audit staff shall have access at all reasonable times to:
- All assets, documents, accounts, property, vouchers, records, correspondence and other information and data of the Council which are necessary for the proper performance of their duties;
 - Any Council employee or agency employee, to obtain information and explanations deemed necessary to form an opinion on the adequacy of systems and / or controls.

- 1.13 All officers and Members of Borough Council will render assistance to internal auditors in the conduct of their audits.
- 1.14 All internal audit staff are authorised in writing, in the form of an identity card, to examine records and make enquiries on behalf of the Chief Financial Officer.

AUDIT COMMITTEE

25th October 2005



Report of: Chief Internal Auditor

Subject: INTERNAL AUDIT OUTCOME REPORT 2004/05

1. PURPOSE OF REPORT

To inform Members of the Outcomes of internal audit work covering the period April 2004 to March 2005.

2. BACKGROUND

This Report provides accountability for internal audit delivery and performance and allows Members to monitor the application of the delegated authority for ensuring an effective and satisfactory internal audit function in accordance with the Accounts and Audit Regulations 2003 and CIPFA Code of Practice for Internal Audit in Local Government in the UK (2003).

3. FINANCIAL IMPLICATIONS

None.

4. RECOMMENDATIONS

That Members note the contents of the report.

Report of: Chief Internal Auditor

Subject: INTERNAL AUDIT OUTCOME REPORT 2004/05

1. PURPOSE OF REPORT

To inform members of the outcomes of audit work covering the period April 2004 to March 2005.

2. BACKGROUND

- 2.1 This report provides accountability for Internal Audit delivery and performance and allows Members to monitor the application of the delegated authority for ensuring an effective and satisfactory internal audit function.
- 2.2 Information for Members on the standards of financial administration and management arrangements operating within the Authority is detailed in this report, together with a progress report on the extent of implementation of audit recommendations. The consideration and effective implementation of audit recommendations is fundamental in ensuring effective financial stewardship and robust financial systems, controls and procedures.
- 2.3 This report also details the performance of internal audit in 2004/05 on a range of key performance indicators.
- 2.4 Hartlepool Borough Council also provides the audit services to the Cleveland Fire Authority. In addition to the audits detailed in Appendix A, Internal Audit completed 15 major systems and probity reviews for the CFA during 2004/05.

3. AUDIT INPUTS 2004/05

- 3.1 There were 1550 audit days allocated @ 1.04.04 to planned and responsive activities during 2004/05.
- 3.2 Staffing resources were lower than anticipated in the plan (140 days) because of 2 staff vacancies and the time taken to replace them within the scope of the Council's policy for approving replacement staff. A contingency was put in place to address this shortfall by use of overtime and/or agency staff but prudent management of the in-house audit resources and contingency days avoided the requirement for external assistance and the audit plan was delivered in line with the key performance indicators.

Careful adjustment and revision to the audit plan ensured that all high-risk functions were reviewed and a balanced program of work covering all Council departments was achieved for 2004/05.

4 OUTCOMES

- 4.1. Appendix A schedules all the planned audits completed for 2004/05. Only a minority of systems and arrangements reviewed required significant improvement in Hartlepool.
- 4.2. Follow up work has been carried out, which has revealed that management has taken action, and improvements to controls, processes and procedures have been made.
- 4.3. Revisions to arrangements arising from some of the more significant audits undertaken this year are detailed in the table in Appendix B.
- 4.4. From the work undertaken during the year 2004/05, Internal Audit has reached the opinion that key systems are operating soundly and that there is no fundamental breakdown in controls resulting in material discrepancy. Satisfactory arrangements were implemented to ensure the effective, efficient and economic operation of Hartlepool Borough Council's financial affairs.

No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance; this statement is intended to provide reasonable assurance.

These risks are reflected in the audit plan and are the subject of separate reports issued during the course of 2004/05.

5. FOLLOW UP

- 5.1 Audit reports are issued to auditees following a discussion of any audit findings. Each report includes an Action Plan where appropriate, recording:
 - any recommended revisions to systems, procedures and operating arrangements;
 - the response of the auditee;
 - a timescale for introducing the recommended improvements.
- 5.2 In accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the UK, a system of follow up of audit recommendations is in operation to monitor what action has been taken by management in response to audit work. During 2004/05, all audits completed, that had reached the date when a follow up was due, have been the subject of follow up activity.

This position is positive and indicates a commitment by management to further improve controls and financial systems throughout the Authority. Further follow up work is planned in 2005/06 for those recommendations not yet actioned.

6 **MONITORING INTERNAL AUDIT PERFORMANCE**

- 6.1 Internal Audit is committed to the delivery of a quality service, which accords with the CIPFA Code of Practice for Internal Audit in Local Government in the UK, and to being responsive to the needs of service departments. In common with other central service providers, a number of core performance indicators for Internal Audit Services have been determined for 2004/05. Performance against these targets is detailed below:

Internal Audit Performance Indicators

Performance is positive, with targets being met or exceeded in all but the delivery of the 2005/06 Audit Plan Report and 2004/05 Audit Outcome Report to Members by the 30.06.04. This was because of the local elections and the appointment of Members to the appropriate Committee being subsequently delayed.

Indicator	Target Set for 2004/05	Actual Performance 2004/05
Completion of High Risk Audits provides assurance that financial procedures are operating effectively and has direct impact on CPA result.	90%	96%
In addition to the managing auditor reviews, quality reviews of working paper files and evidence by the Chief Internal Auditor to ensure compliance with the standards laid down in Codes of Practice and adopted in the Internal Audit Manual.	10%	10%
Percentage of Quality Questionnaires returned.	75%	81%
Results of Quality Questionnaires Percentage "good or very good"	75%	100%
Percentage of Audit Reports issued within 10 working days of audit completion	87.5%	99%
Percentage of Audit Recommendations followed up within 6 months of completion of the audit	100%	100%
Annual Report to Members by 30 th June following year-end.	June 2004	17.08.04

7. RECOMMENDATION

- 7.1 That Members note the contents of the report.

APPENDIX A

Summary of Internal Audit Planned Work completed for 2004/05

Chief Executive's Department (29 Audits)

Payroll System Monthly Paid
Payroll System Weekly Paid
Debtors System
Creditor System
Council Tax System
CODA Financial Management System
NNDR System
Housing & Council Tax Benefits System
Procurement
Loans & Investments
Documenting Main Financial Management Systems
Best Value Reviews (31)
Cash Receipting System
Financial Stationery Management
Systems for payment of Travelling & Car Allowances
Contract Management
Departmental Petty Cash Arrangements
Central Printing Function
Arrangements for Postages & Franking
Registrars Facility
Claim Adjuster Reviews
Partnerships & Other Funded Projects
- SRB
- Children's Fund
- NDC
Emergency Planning Arrangements
Hartlepool Housing Creditor Transfer Arrangements
Single Status Payment Review
Data Protection Arrangements
Freedom of Information Act Issues

Community Services (7 Audits)

Annual Festival
Millhouse Leisure Centre
Eldon Grove Leisure Centre
Book Fund
Throston Grange Library
West View Library
Playing Fields and Lettings

Education (22 Audits)

Student Awards

Free School Meals
Manor College of Technology
Springwell Special School
Catcote Special School
Education Development Centre
Brierton Secondary School
Dyke House Secondary School
English Martyrs Secondary School
St Hilds
Primary Schools
- Throston
- Eldon Grove
- Grange
- West Park
- Greatham C of E
- Sacred Heart
- St Joseph's
- Ward Jackson
- Barnard Grove
- St Begas
- Stranton
Jesmond Road Budget Review

Regeneration & Economy (1 Audits)

Building & Development Control Income

Neighbourhood Services (15 Audits)

Supporting People
Milk Grant
Renovation Grants
Stores
Subcontractor Administration
Abandoned Vehicles
Untaxed Vehicles
Housing & Asylum Seekers
Community Transport inc Dial a Ride & Concessionary Fares
Transport Procurement
Workshops
Car Parks Income
Catering
Pest Control & Public Health Income
Cemeteries and Crematoriums

Social Services (8 Audits)

Pensions, allowances & Client Property
Sure Start South
Sure Start Central

Nursing & residential Accommodation
Swinburne House
Havelock Day Centre
Meals on wheels
Section 117 Reimbursements

APPENDIX B**Revisions to arrangements arising from some of the more significant audits undertaken in 2004/5**

AUDITS	MAJOR AGREED ACTION/OUTCOMES
Debtors System	<p>A central register of invoices raised, or similar system, should be established within Departments where there is an inconsistent approach to raising sundry debtor invoices to enable checks to be made to ensure that all debts are raised and issued.</p> <p>An officer independent of the write off process should undertake a reconciliation of amounts written off and amounts credited to the debtors system.</p>
Benefits System	<p>All benefits staff should be required to complete and sign a declaration that states any conflicts of interest. The declaration should state that disciplinary action would be taken against staff not declaring interests.</p> <p>A method for reconciling irrecoverable debt written off and actual amounts credited to I-world system should be identified and put in place.</p> <p>Exercises designed to identify errors should review a sample of all claims processed.</p>
Council Tax System	<p>The system should be reviewed to ensure that all composite properties are correctly recorded in the database and that the new software release allows for adequate reconciliation with the NNDR system.</p> <p>All discounts, disregards or exemptions awarded must be supported by evidence either on the Authority's document imaging system or the notepad of the account.</p> <p>Regular reports should be produced independently of the arrears monitoring section to ensure that all accounts are being correctly picked up for recovery action.</p>
NNDR System	To ensure full details are entered in the system so that all empty properties receive an inspection.
Payroll System	Passwords on the Prolog system expire and are changed on a regular basis.
Creditor System	<p>Procedure notes should be compiled for activities undertaken in Payments.</p> <p>Financial Procedure Rules are supplemented by additional guidance for Departments, to ensure that all orders for goods and services are made on official</p>

	forms by authorised officers
Mill House and Eldon Grove Leisure Centres	<p>The safe keys must not be kept on the premises overnight. Ideally these should always be kept with an individual.</p> <p>When stock checks are carried out any variances should be investigated and clearly documented.</p>
Renovations Grants (including Disabled Facilities Grants)	<p>To ensure that adequate evidence is retained on DFG's files including Deeds of Property confirmation authorised signatories, final inspections by both the T.O. and the applicant (where appropriate).</p> <p>DFG applications are approved within 6 months of the date of application.</p> <p>To ensure that DFG grant payments are reconciled to the CODA system and evidence is placed on file.</p>
Stores	<p>Ensure that all requisitions are:</p> <ul style="list-style-type: none"> - Authorised by an approved chargehand / super - Signed by the storeman - 'Z' through after the last entry - Detailed with the job description. <p>Independent and interim stock checks to be carried out on all items of stock to minimise the risk of differences occurring in stock records.</p> <p>Annual year-end stock takes should be carried out to ensure that the figures provided for the stock valuation report are accurate and representative of actual levels held.</p>
Sure Start (South)	<p>Ensure the Grant Claim is submitted as soon as possible.</p> <p>All staff at the Centre requiring computer access have their own logon IDs.</p> <p>A Service Level Agreement must be finalised with the PCT.</p>
Building and Development Control	<p>That evidence of the publicity implemented is evident in the file.</p>