

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

13 October 2009

Report of the Chief Internal Auditor

Part 1- Public

Matters for Information

1 INTERNAL AUDIT OUTTURN 2008/09

This report summarises the outcome of the work of the Internal Audit Section during 2008/09

1.1 Introduction

- 1.1.1 Members of this Committee are informed of the work carried out by Internal Audit on a regular basis. However, following the issue of an audit report there is a time delay before the recommendations made in the report are followed up.
- 1.1.2 Members of this Committee have already been given details of all of the audits undertaken during 2008/09 at previous meetings.
- 1.1.3 This report informs Members of the outcome of recommendations made and the results of satisfaction surveys received.

1.2 Outcome of recommendations made

- 1.2.1 When an audit report is issued it will be accompanied by an action plan containing all of the recommendations made within the report. This action plan is issued to the Chief Officer responsible for the area being reviewed. The Chief Officer is requested to complete the action plan stating whether or not the recommendations made are accepted with a time frame for completion if accepted.
- 1.2.2 If any recommendations are rejected then an explanation is recorded as to why they were not accepted.
- 1.2.3 All action plans are issued with a response date identified. There is a follow-up procedure in place within Internal Audit that requires an individual auditor to chase up any outstanding returns.
- 1.2.4 The results of the recommendations are recorded on a spreadsheet. In addition when there are automatic follow-ups made by the auditors for high priority

recommendations to ensure that they are implemented. As part of any subsequent audit of a topic the previous recommendations made and agreed are reviewed.

1.2.5 The following table shows the results of recommendations made during 2008/09: -

| | | |
|----------------------|-----|--------|
| Recommendations Made | 184 | |
| High | 60 | |
| Medium | 78 | |
| Low | 46 | |
| Accepted | 179 | 97.28% |
| High | 59 | |
| Medium | 76 | |
| Low | 44 | |
| Rejected | 5 | 2.72% |
| High | 1 | |
| Medium | 2 | |
| Low | 2 | |
| Implemented | 144 | 80.45% |
| High | 49 | |
| Medium | 58 | |
| Low | 37 | |
| In Progress | 4 | 2.22% |
| High | 3 | |
| Medium | 1 | |
| Low | 0 | |
| High | 31 | 17.22% |
| Medium | 7 | |
| Low | 17 | |
| High | 7 | |

1.2.6 The section has a target for 90% of recommendations to be accepted and this target was achieved.

1.2.7 There were four recommendations that were rejected. The reasons for this are given in the following paragraphs.

1.2.8 Members may recall that as part of the previous update report to this Committee there was a reference to an investigation in the Housing section. There was reference to an Audit Commission report where the Council was advised that their treatment of bed and breakfast subsidy claim was incorrect and there was advice to recalculate this part of the subsidy claim back to 2007/08. Advice had been sought from the DWP and this conflicted with the Audit Commission stance. The Internal Audit report recommended that clarification was sought from the Audit Commission on what would be acceptable treatment of these cases. This

recommendation was given a High Priority because the effect on the subsidy claim and the amount of work involved.

- 1.2.9 The Principal Benefits Officer rejected this recommendation as the advice given to him from the DWP was that the Council had treated these payments correctly and no adjustment was necessary. Since this audit the next subsidy claim has taken place and the Audit Commission have agreed that the Council treatment of these payments was correct and that there is no need to make an adjustment on previous claims.
- 1.2.10 This was the only high priority recommendation to be rejected and the DWP advice negated this recommendation.
- 1.2.11 Another recommendation rejected related to monitoring income levels of private printing and was medium priority. This was discussed further following the issue of the audit report and was considered not to be viable or cost effective.
- 1.2.12 A recommendation was made to consider if the Benefits post opening room should be locked when the post was being opened. This was a low priority and was considered but it was felt that in view of the situation of the post opening room and the fact that it was manned by more than one person during post opening that this was not necessary.
- 1.2.13 The last two rejected recommendations were part of a review of Business Rates. One was a medium priority relating to the evidence supporting re-assessments. This was rejected because re-assessments were the result of appeals to the Valuation Office and the re-valuation instruction was considered sufficient. The final recommendation made was a low priority that a note was kept of recovery processes undertaken for completeness. This was rejected because it was felt that sufficient information was kept on the system.
- 1.2.14 All of these rejections were considered and rejection was acceptable to the Auditor without there being any unacceptable additional risk to the Council.

1.3 Satisfaction Survey

- 1.3.1 A satisfaction survey is issued with each audit report and a record of those returned is kept in order to monitor the level of service provided by Internal Audit to services being audited.
- 1.3.2 A satisfaction target of 90% is set and this target has been exceeded.
- 1.3.3 Where there is a negative response or a negative comment issued the Chief Internal Auditor will contact the service and discuss any issues arising with a view to improving the service provided.
- 1.3.4 A summary of the results are shown in the following table: -

| No. | %age |
|-----|------|
|-----|------|

| | | | |
|---|-----|----|------|
| 1. Did the audit cover the topics detailed in the audit brief? | YES | 35 | 97% |
| | NO | 0 | 0% |
| | N/A | 1 | 3% |
| 2. During the audit, was the Auditor approachable and responsive to your queries and comments? | YES | 35 | 97% |
| | NO | 0 | 0% |
| | N/A | 1 | 3% |
| 3. Did the Auditor give a true and fair view of the systems currently in place? | YES | 35 | 97% |
| | NO | 1 | 3% |
| | N/A | 0 | 0% |
| 4. Was the report constructive and realistic? | YES | 36 | 100% |
| | NO | 0 | 0% |
| | N/A | 0 | 0% |
| 5. Do you agree with the opinions expressed by the Auditor in the conclusions of the report? | YES | 35 | 97% |
| | NO | 1 | 3% |
| | N/A | 0 | 0% |
| 6. Were the recommendations discussed and explained clearly to you or your staff during the audit or following the issue of the draft report? | YES | 35 | 97% |
| | NO | 1 | 3% |
| | N/A | 0 | 0% |
| 7. Will the content of the report assist with the management of resources/systems within the service? | YES | 35 | 97% |
| | NO | 0 | 0% |
| | N/A | 1 | 3% |

1.3.5 The one result where the recipient did not think that the audit report gave a true and fair view. This related to the Business Rates report referred to in paragraph 1.3.13 where two recommendations were rejected. There was a comment that this related to these two recommendations but should have been pointed out to the auditor at the draft stage. Normally these issues would be resolved at the draft stage but on this occasion the service missed these issues and agreed the draft report.

1.3.6 The same report resulted in a no response to agreement with the auditor in the conclusions of the report for the same reasons.

1.3.7 There was another response received where the subject of the audit report did not get an explanation of the recommendation made following the issue of the draft report. As this report made only one recommendation that was to review the procedure notes the auditor did not consider it necessary to issue a draft. The recommendation was agreed and an instruction has been given to all auditors to ensure the draft stage takes place.

14 Legal Implications

1.4.1 There are no specific legal issues arising from this report but there is an implied legal requirement under the Account & Audit Regulations to ensure that proper accounting procedures are in place. The audit process complies with CIPFA Guidelines in order to achieve this.

1.5 Financial and Value for Money Considerations

1.5.1 During the conduct of internal audit reviews the auditor considers the financial risk to the Council and where appropriate considers Value for Money. Each audit considers the efficiency and effectiveness of the internal controls within the system.

1.6 Risk Assessment

1.6.1 Internal Audit does not replace the Management responsibility to ensure that adequate internal controls exist but it does provide an independent review of these internal controls and a level of assurance to their effectiveness.

Background papers:

contact: David Buckley

Nil

David Buckley
Chief Internal Auditor