

**Agenda Item: 7**

**Report to:** Audit Committee

**Date:** 15 January 2008

**Report from:** Chief Auditor

**Title of report:** **SUMMARY AUDIT AND RISK REPORT**

**Purpose of report:** To inform the committee of internal audit findings. The Summary Audit and Risk Report attached contains the results of the audit of the General Ledger and audit of Asset Accounting.

**Recommendations:** That the report be noted.

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**Summary Audit and Risk Report****Summary Reports****Report to Audit Committee****Report on the Audit of the General ledger****Background Information**

This review was undertaken as part of the agreed audit plan for 2007/8. The audit approach has been to confirm compliance with statutory requirements and identification of Best Practice and operational efficiency.

A full audit of the general ledger was last carried out in March 2005. Since this time a new General Ledger computer system with fully integrated Creditors and Debtors systems has been installed. At the same time a new Payroll and Personnel system, Income Management system and Cash Receipting system were installed.

The systems required new working practices and procedures and controls. Many of these new procedures have been written but in certain areas further work needs to be done. Training was undertaken for both Financial Services staff and service departments. This training has been continued with the IT Training Officer providing training to administrative staff and the Financial Accountants providing budgetary control training to budget managers.

**Overall Audit Assessment: B – Satisfactory.**

Most controls are in place and are working. Some improvements are possible to ensure statutory compliance, Best Practice and efficiency.

**Key Findings**

The Accounts for the year ended 31<sup>st</sup> March 2007 had an unqualified audit opinion were completed and presented to the Audit Committee on the 25<sup>th</sup> September 2007.

The previous external audit report for the year ended 31<sup>st</sup> March 2006 was unqualified. It was stated that the Council has a good financial management culture and manages its finances well.

This audit has confirmed these comments. The General Ledger input controls and budgetary management is sound. Both Budget managers and Accountants are fully aware of their responsibilities.

The Chief Accountant is gradually compiling a manual of processes and procedures. This exercise needs to continue in order that a comprehensive manual can be produced to ensure business continuity although the financial system has a comprehensive online help screen that provides a detailed procedural and process map of systems operations.

The cashbook reconciliation had been fully brought up to date. However, owing to some unavoidable staff shortages, the regular reconciliation slipped for a couple of months but there is now a rolling procedure in place to keep them up to date and completed on a regular basis. It is important that monthly reconciliations are completed and inspected by the Chief Accountant.

**Management Response**

We agree the findings

## Summary Audit and Risk Report

### Summary Reports

#### Report to Audit Committee

#### Report on the Audit of Asset Accounting

#### Background Information

The audit approach has been to confirm compliance with CIPFA Code of Practice on Local Authority Accounting in the United Kingdom: *A Statement of Recommended Practice (SORP)*, ensure compliance with Best Practice and the efficient use of resources.

This aspect of the Council's activities was last audited in 2000/2001 and resulted in a small number of recommendations for improvement being made

This audit has been conducted in accordance with the International Standards for the Professional Practice of Internal Audit (Institute of Internal Auditors, 2003).

#### Overall Audit Assessment: B – Satisfactory.

Most controls are in place and are working. Some improvements are possible to ensure statutory compliance, Best Practice and efficiency.

#### Key Findings:

Policies are clearly stated in the authorities Annual Accounts.

The Asset Management Plan includes an asset disposal programme.

Fixed Asset Register Land and Property records have been reconciled to the Estateman system (a system for management of the council's property portfolio) but improvement in reconciliation methods is possible.

The Job Descriptions of the Chief Accountant and Estates Manager should be brought up to date to reflect current responsibilities.

Annual Management Information reports should be provided to Directorates for confirmation of asset holdings and continuing use.

Resource efficiency could be improved by use of propriety software that ensures consistency of data held in the Fixed Asset Register and the interfacing Estateman and Local Land Gazetteer systems.

#### Management Response

We agree the findings

### Summary Audit and Risk Report

#### Appendices and background documents:

The full detailed report is available on request

#### Policy implications

Please tick if this report contains any implications for the following:

Equalities & Community Cohesiveness	<input type="checkbox"/>
Crime and Fear of Crime (Section 17)	<input type="checkbox"/>
Risk Management	<input checked="" type="checkbox"/>
Environmental issues	<input type="checkbox"/>
Economic / Financial implications	<input checked="" type="checkbox"/>
Human Rights Act	<input type="checkbox"/>
Organisational Consequences	<input type="checkbox"/>

Report written by

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