



Audit & Anti-Fraud Service

Internal Audit Annual Report 2017/18

June 2018

**Finance and Corporate Resources Directorate
Audit and Anti-Fraud Division**

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Introduction

Purpose of this report

This report summarises the results of the work performed by Internal Audit during the financial year 2017/18, including the key themes that can be identified across the Council. It also highlights progress made by management in implementing internal audit recommendations.

Based upon the results of this programme of work, an Audit opinion is provided on the Council's systems of risk, governance and internal control. This Audit opinion is a key source of assurance in the preparation of the Council's Annual Governance Statement.

Overview of work done

The original plan for 2017/18 included a total of 73 audits. There has been close communication with senior management throughout the year to ensure that the audits actually undertaken continued to focus on high risk areas in the light of new and ongoing developments in the Council, and best use of our resources.

As a result of this liaison, some changes were agreed to the plan during the year as follows: -

Total number of projects per original plan	73
Audits added to the plan	6
Cancelled audits as no longer relevant	3
Carried forward to 2018/19 plan	6
Total number of projects per revised plan	70

The majority of audits were scoped to provide assurance to management on the adequacy and effectiveness of the Council's internal control environment. Others were geared more towards the provision of specific advice and support to management to enhance the efficiency, effectiveness and economy of the services and functions for which they are responsible. Where Internal Audit identified areas for improvement, recommendations were made to further minimise the level of risk, all of which were agreed by management. If implemented, the actions will further enhance the control environment and the operation of the controls in practice.

Structure of Report

This report sets out the results of the work performed as follows: -

- **Overall summary** – work done by Internal Audit including an analysis of report ratings, priority of recommendations and performance of the service.
- **Key themes identified** during internal audit work in 2017/18.
- **Managers' response to internal audit recommendations** – providing a summary of progress with the implementation of recommendations.
- **Directorate analysis** – providing details of assurances for each directorate.

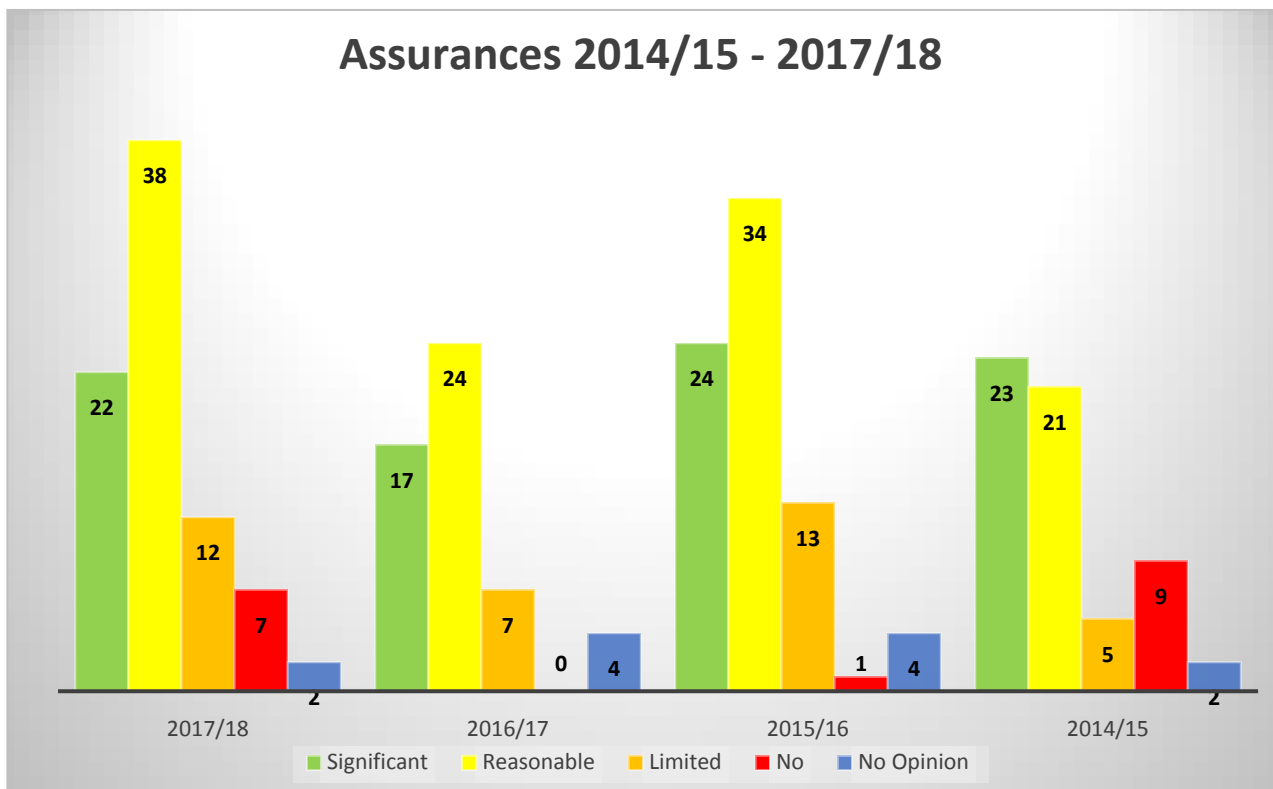
This report has drawn on the findings and assessments included in all of the reports issued during the period.

Overall Summary

Assurance Levels

A summary of the assurances provided for audits completed during 2017/18 (including 12 reports which are draft as at 31 May 2018) is provided in the table below, compared with assurances for audits completed since 2014/15. The 2017/18 data includes a number of 2016/17 audits which were completed during the year and not previously reported in the 2016/17 statistics.

Assurance	2017/18		2016/17		2015/16		2014/15	
	No of Audits	%	No of Audits	%	No of audits	%	No of audits	%
Significant	22	27	18	37	24	34	23	40
Reasonable	38	47	24	49	34	47	21	36
Limited	12	15	7	14	13	18	5	9
No	7	11	0	0	1	1	9	15
Subtotal	79		49		72		58	
No Opinion Given	2		4		4		2	
Total	81		53		76		60	



The percentage of ‘Significant’ and ‘Reasonable’ assurance rated audits has decreased slightly since last year (74% compared to 86%) but is at a consistent level over the 4 year period. This indicates that the level of assurance over the Council’s control environment has remained stable across the organisation in recent years, although any comparison should be treated with some caution as the differing nature of the risks and associated reviews that are covered by Audit each year may slightly skew the figures.

2017/18 saw a significant rise in the number of ‘No’ assurance reports being issued. Seven audits were rated as ‘no assurance’, four of these were Tenant Management Organisation (TMO) audits and three were school audits. Further details are provided in the section on Key Themes.

A detailed analysis of assurances for each audit from reviews completed during 2017/18 is provided at Appendix 3.

Priority of Recommendations

Where Internal Audit work identifies areas for improvement, recommendations are made to manage the level of risk. These are categorised as Critical, High, Medium or Low priority. The number of recommendations made during 2017/18 to address critical, high and medium priority issues is shown in the following table:

Categorisation of Risk	Definition	Number
Critical	Major issues that we consider could have a significant impact upon not only the system, function or process objectives, but also the achievement of the Council’s objectives	0
High	Major issues that we consider need to be brought to the attention of senior management.	85
Medium	Important issues which should be addressed by management in their areas of responsibility.	256
Total		341

A total of 341 audit recommendations were made and agreed, of which 28% were rated high priority. This compares with 195 made in 2016/17 of which 7% were high priority. These figures as at 31 May 2018 do not include the recommendations from audits still in progress, including 12 draft reports which currently feature an additional 9 high priority and 37 medium priority recommendations.

Definitions of the report ratings for each audit can be found at Appendix 5.

Internal Audit Annual Opinion

Internal audit is satisfied that sufficient audit work has been performed to enable an opinion to be given on the adequacy and effectiveness of the Council’s risk, governance and control framework. In providing this opinion, it should be recognised that the assurance given represents an assessment of risks to be addressed. The most that Internal Audit is able to provide is reasonable assurance that there are no major weaknesses in the system of internal control.

The audit opinion is based upon:

- Audits undertaken during the year
- Follow up actions in respect of previous years’ audits
- Any significant recommendations not accepted by management and the resulting risks

- Effects of any significant changes in the Council's objectives or systems
- Any reliance being placed upon third party assurances

Internal Audit work performed during 2017/18 supports the conclusion of substantial assurance that the Council's control framework is operating effectively. In support of this conclusion:

- Any weaknesses identified in individual audits were not significant in aggregate to the overall system of internal control:
- Any High risk rated weaknesses identified during individual audits are isolated to specific systems or processes:
- Appropriate remedial actions have been taken by managers during the year to implement audit recommendations and hence strengthen the Council's control framework:
- A small minority of audit reviews were classified as providing 'no' assurance.

Performance and Effectiveness of Internal Audit

Key Performance Indicators for Internal Audit have been established and targets set as part of the annual planning process. Performance against the targets set for 2017/18 are shown in Appendix 2.

In total, 93% of audits were completed or in progress at 31 March 2018 (compared to 91% at the equivalent stage in 2016/17). On average audit reports were issued within 14.9 days of completing fieldwork, against our target of 15 days.

High levels of satisfaction with audit services have been reflected in the management feedback obtained from questionnaires, which have been returned after audits have been completed. These showed that 47% of managers felt that audits were excellent or exceeded expectations while 51% felt that audits met expectations.

Conformance with Standards

The audit service undertakes work in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), which came into effect in 2013, and the supplementary Local Government Application Note published by CIPFA. The PSIAS were revised from 1 April 2017 to incorporate new and revised international standards and consequent amendments to the additional public sector requirements and interpretations.

In order to meet the requirements of the PSIAS, Internal Audit is subject to a quality assurance and improvement programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor. Under pan-London arrangements agreed in 2013, a peer review of the Council's audit service against the PSIAS was conducted in April 2016. This assessment concluded that overall the internal audit service 'generally conforms' to the criteria as set out in the PSIAS. The assessor identified a number of areas where improvements could be made to ensure full compliance with the PSIAS. Action has been taken to implement and embed the recommendations.

Key Themes

Internal auditors have continued to work closely with officers during 2017/18 and have been engaged in open and challenging discussions about issues raised in Internal Audit reports. These discussions have shown good engagement from management and this has helped to ensure the outputs from Internal Audit work assist management in addressing any issues identified and add value to the organisation.

Overall Assurance

The results of internal audit work indicate that, overall, the Council's control framework continues to be robust and continues to display the improved levels of assurance to the control, risk and governance environment that have been achieved over recent years. Control of key financial systems, governance and risk (for risks identified in the published risk registers) has been generally sound.

Two reports were issued during the year with 'limited' assurance. These related to a review of the new e-tendering procedures and payroll deductions. Recommendations raised during both reviews have been tracked and verified as implemented.

The key themes identified during our audit work in 2017/18 are set out below.

Key Financial Systems

The audit of key financial systems assists the Council's external auditors with their audit planning and provides the necessary confidence that key financial controls in the fundamental systems are operating satisfactorily and support a robust internal control environment.

The Audit Plan includes continuous review of different aspects of the Council's key financial systems, to enable an assurance opinion to be determined for these significant systems which are core to the Council's achievement of its objectives. The findings of these audits together with the findings of audits for similar key areas undertaken in previous years are summarised below. A more detailed analysis is provided at Appendix 4.

Assurances for Key Financial Systems	2017/18		2016/17		2015/16		2014/15	
	No. of projects	%	No. of projects	%	No. of projects	%	No. of projects	%
Significant	6	60	2	20	5	72	4	67
Reasonable	2	20	6	80	1	14	2	33
Limited	2	20	-	-	1	14	-	-
No	-	-	-	-	-	-	-	-
Total	10		8		7		6	

Risk Management

Internal Audit planning continues to rely upon the Council's risk management processes, not only by being embedded in the production of the Annual Audit Plan but also as part of the scoping and

execution of each individual audit. In preparing the Internal Audit Annual Plan, the Council's corporate and directorate risk registers are used to ensure that there is focus on those areas where there is significant risk to the Council's achievement of its objectives. Each area of activity is evaluated against the relevant risk register assessment to identify the impact and likelihood of concerns that management have identified, including any existing or anticipated material changes to systems, legislation, resources, etc., and also the last audit assurance rating, when the system was last audited and its financial value. When scoping each audit and producing the terms of reference, the auditors refer to the directorate or divisional risk registers to ensure that key risks are identified and considered, and that no major risks are missed out.

Regular communication has been undertaken with the Corporate Risk Advisor on areas which could be of particular interest. The Corporate Risk Advisor sits with the Audit Team and regularly contributes at Internal Audit meetings to ensure a clear linkage is achieved between Risk and Audit, and an emphasis is given to the importance of effective internal controls across the Council.

The Risk Advisor is informed of all High priority recommendations so that these can be taken into account as part of the regular review of the Council's risk registers.

Tenant Management Organisations (TMOs)

During 2017/18 Internal Audit issued four 'no' assurance internal audit reports relating to reviews performed for four of the Council's TMOs. The audit coverage during the year was risk assessed and agreed beforehand with the Council's TMO Services team and focused on those TMOs flagged up with risks around the strength of the control environment.

The audits found common themes relating to the failure to establish robust processes to create a sound control environment and good governance framework. Each TMO has agreed to implement audit recommendations and progress is being monitored. Internal Audit is working with the TMO Services team to verify the implementation of the recommendations.

The 2018/19 Audit Plan includes an allocation of time to perform follow up audit reviews at these four TMOs. In addition, Internal Audit is working closely with the TMO Services Team to support the promotion of strong internal controls and processes within all of the Council's TMOs in a more proactive approach. For example, a guide on the role of audit and control expectations has recently been produced for distribution to all TMOs.

Management's Response to Audit Recommendations

Implementation of agreed audit recommendations

In order to ensure that managers are responsive to addressing identified system weaknesses and that the Council's control framework is continuously being strengthened, progress with implementing agreed recommendations is tracked. For all high priority recommendations raised since 1 April 2016 and due for implementation by 31 May 2018 results are shown below: -

High Priority Recommendations

Directorate	Implemented (including no longer relevant)	Partially Implemented*	Not implemented /No response	Not Yet Due	Total*
Children's, Adults and Community Health	9	0	0	3	9
Neighborhoods and Housing	13	3	0	21	16
Finance & Resources	6	0	0	3	6
Chief Executive's	4	0	0	0	4
Corporate/Cross-Cutting	3	1	0	0	4
Total number	35	4	0	27	39
Percentage (%)*	89%	11%	0	n/a	100%

*Does not include Not Yet Due

The target for 2017/18 is for 90% of high priority recommendations to be implemented by the agreed timescale. The percentage currently stands at 89% fully implemented and 11% partially implemented. This compares with 90% implementation in 2016/17 and 80% implementation in 2015/16.

Medium Priority Recommendations

Of the medium priority recommendations made and due to be implemented, 84% were verified as implemented, which compares with 86% in 2016/17 and 84% in 2015/16.

Directorate	Implemented (including no longer relevant)	Partially Implemented*	Not implemented /No Response	Not yet due	Total*
Children's, Adults and Community Health	39	1	0	10	40
Neighbourhoods and Housing	25	4	4	24	33
Finance & Resources	35	2	8	25	45
Chief Executive's	13	0	2	6	15
Corporate/Cross-Cutting	6	1	0	1	7
Total number	118	8	14	66	140
Percentage (%)*	84%	6%	10%	n/a	100%

*Does not include Not Yet Due

Directorate Analysis

The number of audits completed for each directorate and the overall report ratings are summarised in the table below (Appendix 5 provides definitions of the assurance ratings).

Directorate	Significant	Reasonable	Limited	No	Total	2017/18 Overall Assurance	2016/17 Overall Assurance
All /Cross Cutting	1	3	0	0	4	Reasonable	Reasonable
Children, Adults & Community Health	3	5	3	0	11	Reasonable	Reasonable
Neighbourhoods & Housing	2	6	2	4	14	Reasonable/ Limited	Significant
Chief Executives	0	3	2	0	5	Reasonable	N/A
Finance & Corporate Resources (including ICT)	13	11	2	0	26	Significant/ Reasonable	Reasonable
Schools	4	10	4	3	21	Reasonable	Reasonable
Total	23	38	13	7	81	Reasonable	Reasonable

N.B. These statistics/assurances should be read with caution as the same areas are not audited every year and in some areas numbers are low.

Schools and Children's Centres

Sixteen schools and two separate children centres were audited during the year. Of these 22% were given 'significant' assurance, 39% were given 'reasonable' assurance, 22% were given 'limited' assurance and 17% were given 'no' assurance. The direction of travel has stayed the same for eleven schools, improved for two schools and decreased at five schools. One School's report is still being drafted and 3 additional schools and 1 children's centre have been audited before they have become Academies and therefore will not be reported on further. There were a total of 18 high priority and 70 medium priority recommendations made in relation to schools audits in 2017/18.

The table below provides an analysis of the common high and medium priority issues emerging from the school audits performed during 2017/18.

Risk Area	Number of high priority issues	% of high priority issues	Number of medium priority issues	% of medium priority issues
Governance Issues (includes approved procedures, register of interests, Terms of Reference and whistleblowing arrangements)	2	11%	15	21%
Administration and management of monies/bank account (including petty cash arrangements and voluntary fund)	7	39%	24	35%
Purchasing arrangements (including supplier arrangements, selection, use of purchase orders and contractor arrangements)	7	39%	14	20%
Safeguarding of assets (including asset registers and insurance arrangements)	1	5.5%	10	14%
Payroll issues	1	5.5%	7	10%
Total	18	100%	70	100%

The table below provides an overall view of Schools' recommendations for the two year period 2016/2017 to 2017/18.

High and Medium Priority Recommendations 2016/17- 2017/18

Recommendation Priority	Implemented (including no longer relevant)	Partially Implemented*	Not implemented/ No response	Not Yet Due	Total*
High	5	0	4	13	9
Medium	129	2	16	19	147
Total number	134	2	20	32	156
Percentage (%)*	86%	1%	13%	n/a	100%

*Does not include Not Yet Due

Appendix 2 Internal Audit performance in 2017/18

Objectives, Key Performance Indicators (KPIs) and Targets			
Objectives	KPIs	Targets	Actuals
Cost & Efficiency To ensure the service provides Value for Money	1) Percentage of planned audits completed 2) Average number of days between end of fieldwork to issue of draft report	1) 90% by year end 2) Less than 15 working days	1) 93% complete or in progress at 31 March 2018 2) 14.96 days
Quality To ensure recommendations made by the service are agreed and implemented	1) Percentage of 'High Priority' recommendations made which are agreed 2) Percentage of agreed 'High Priority' recommendations which are implemented	1) 100% 2) 90%	1) 100% 2) 89% Fully implemented; 11% partially implemented 2a) In relation to schools 56% are Fully implemented and 44% are not implemented
Client Satisfaction: To ensure that clients are satisfied with the service and consider it to be good quality	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires 3) No. of Complaints / Compliments	1) 90% to score Satisfactory or above 2) Satisfactory results 3) No target – actual numbers will be reported	1) Achieved (51% met expectations, 47% were excellent or exceeded expectations) 2) Not carried out this year 3) Complaints – 0 Compliments - 0

Appendix 3 Detailed Analysis of Internal Audit Reviews 2017/18

Internal Audit Annual Plan 2017/18 Progress to 31 May 2018					
Code	Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
Corporate (Cross Cutting)					
LBH01	Annual Governance Statement	N/A	N/A	Significant	FINAL
LBH02	Car Mileage Claims	0	7	Reasonable	Draft
LBH03	Gifts and Hospitality	1	3	Reasonable	Draft
LBH04	IR35				Defer to 2018/19
CHIEF EXECUTIVES					
CE01	iTrent				In progress
CE02a	Payroll - reconciliations	0	3	Reasonable	FINAL
CE02b	Payroll – starters & leavers	0	6	Reasonable	FINAL
CE03	Service Payroll				May 2018
CE04	Staff Agency Contract				Defer to 2018/19
CE05	Voluntary Sector Grants				In progress
CE06	Speakers Office				In progress
GROUP DIRECTOR - CHILDREN, ADULTS AND COMMUNITY HEALTH					
Adult Services/Public Health					
CACH01	Adult Learning Disabilities				In progress
CACH02	Public Health Contracts	0	4	Reasonable	FINAL
CACH03	Home Care/Domiciliary Services	0	3	Reasonable	Draft
CACH04	Residential Care Placements				In Progress
CACH05	Direct Payments	3	10	Limited	FINAL
Children & Families Services					
CACH06	Youth Club Services				Cancelled
CACH07	Adoption Allowances				In Progress
CACH13*	Imprest	2	5	Limited	FINAL
CACH14*	Mortuary Services	0	1	Significant	FINAL
CACH05 (16/17)	Care Assessments – turnaround time	1	2	Reasonable	FINAL
Education and Schools					
CACH08	Overview of school findings and benchmarking 2015/16 and 2016/17	2	0	N/A	FINAL
CACH09	IT Services in Schools				In progress
CACH10	Roll Numbers in Schools				In progress
CACH11	Building Schools for the Future				Cancelled
CACH12	Traded Services (Customer Satisfaction)	0	2	Significant	FINAL
SCHOOLS					
Secondary Schools					
SCH01	Yesodey Hatorah	2	9	Limited	FINAL
SCH18*	Haggerston – high level review	0	1	Significant	FINAL

Internal Audit Annual Plan 2017/18 Progress to 31 May 2018					
Code	Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
Primary Schools					
SCH02	Hoxton Gardens				Defer to 18/19
SCH03	Gainsborough incl. Childrens Centre	4	4	Limited	Draft
SCH04	Grasmere	0	4	Reasonable	FINAL
SCH05	Holmleigh Follow Up	3	3	Limited	FINAL
SCH06	Holy Trinity CE				Draft
SCH07	Lauriston	0	2	Significant	FINAL
SCH08	Lubavitch Junior Girls	5	10	No	FINAL
SCH09	Millfields PS and Childrens Centre	0	3	Reasonable	FINAL
SCH10	Morningside incl. Childrens Centre	3	6	Limited	FINAL
SCH11	Nightingale	0	4	Reasonable	FINAL
SCH12	Rushmore	0	8	Reasonable	FINAL
SCH13	St Matthais	1	2	Reasonable	FINAL
SCH14	St John and St James	0	2	Significant	FINAL
SCH19*	Lubavitch Junior Boys	0	2	Reasonable	FINAL
SCH20*	Lubavitch Senior Girls	1	7	Reasonable	FINAL
Children Centres					
SCH15	Comet Children Centre	0	2	Significant	FINAL
SCH16	Lubavitch Children Centre	1	4	Reasonable	FINAL
SCH17	Linden's Children Centre	0	3	Reasonable	FINAL
GROUP DIRECTOR - FINANCE AND CORPORATE RESOURCES					
Financial Management					
FCR01	Insurance	0	2	Significant	FINAL
FCR02	Creditors/ Central Payments Team	0	0	Significant	FINAL
FCR03	My budget - Monitoring				May 2018
FCR04	VAT				Defer to 2018/19
FCR05	Bank Accounts	0	7	Reasonable	FINAL
FCR06	Accounts Receivable	0	1	Significant	FINAL
Strategic Property					
FCR07	Commercial Voids	0	2	Significant	Draft
Procurement					
ICT08	IT commodities - software and hardware	4	1	Limited	FINAL
Customer Services					
FCR10(15)	Revenues and Benefits – NNDR & Council Tax	0	1	Significant	FINAL
FCR11	Revenues and Benefits - Housing Benefit				Defer to 2018/19
FCR15	Council Tax	0	1	Significant	FINAL
FCR13	Social Housing Re-lets Monitoring Follow Up				Draft
FCR14	Online Payments/Telephone Payments	0	2	Significant	FINAL
FCR08 (16/17)	Council Tax Reduction Scheme	0	0	Significant	FINAL

**Internal Audit Annual Plan 2017/18
Progress to 31 May 2018**

Code	Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
ICT01	Software Licencing	0	3	Reasonable	Draft
ICT02	Telephone Contracts - Monitoring				In progress
ICT03	Information Governance – preparation for GDPR				In progress
ICT04	M3 Planning (replacement for Academy audit which is scheduled for 2018/19 Q2)	0	2	Significant	Draft
ICT05	E Street - Post Implementation Review	1	3	Reasonable	FINAL
ICT06/FCR09	Network/Firewall/Wireless Security incl. use of CIS (DWP) system	0	3	Reasonable	Draft
ICT07	Disaster Recovery				In progress
GROUP DIRECTOR - NEIGHBOURHOODS AND HOUSING					
Regeneration					
NH01	Leaseholders Buy Back	0	2	Significant	Draft
Housing					
NH02	Leaseholders Charges Debt Collection	3	4	Limited	FINAL
NH03	Gas Servicing				Deferred to 18/19
NH04	Rent Collection (Former Tenant Arrears and Debt Recovery)				In progress
NH05	TMO – Clapton Park	13	7	No	FINAL
NH06	TMO – Tower	4	3	No	FINAL
NH07	TMO – Cranston Estate	10	12	No	FINAL
NH08	Contract Monitoring				In Progress
Public Realm					
NH09	Planning Enforcement – Breaches				In progress
NH10	Hackney and City Tennis Club	0	3	Reasonable	FINAL
NH11	Building Control Fees	1	1	Reasonable	Draft
NH12	Parking – compliance assurance				Cancelled – ISO accreditation no longer in place
NH13	Section 106 Agreements	0	4	Reasonable	Draft
NH15*	Housing Transfers	3	2	Limited	Draft

Audits from 2016/17 Plan finalised in 2017/18

Code	Audit	High priority Recs	Medium Priority Recs	Audit Assurance	Status
1617LBH03	Transparency Code	0	5	Reasonable	FINAL
1617CE02	Payroll - deductions	3	6	Limited	FINAL
1617CE03	Electoral Services	1	5	Reasonable	FINAL
1617NH03	Resident Participation Team	0	3	Reasonable	FINAL
1617NH07	Complaints	0	3	Reasonable	FINAL
1617NH10	Parking Appeals	0	2	Reasonable	FINAL
1617NH11	Waste Management - recycling	0	1	Significant	FINAL
1516HH08	TMO - Wick Village 2015/16	4	7	No	FINAL
1617CACH04	ASC Contracts follow up	0	3	Reasonable	FINAL
1617CACH05	Needs Assessments Turnaround times	1	2	Reasonable	FINAL
1617CACH08	Leaving Care	0	3	Significant	FINAL
1617CACH09	Overview of school findings & benchmarking	2	0	N/A	FINAL
1617CACH10	SEN	2	4	Limited	FINAL
1617SCH07	Harrington Hill School	4	5	No	FINAL
1617SCH10	Princess May School	7	8	No	FINAL
1617SCH13	Springfield School	0	5	Reasonable	FINAL
1617FCR01	Pension Investments	0	0	Significant	FINAL
1617FCR02	Temp Accommodation (B&B)	0	4	Reasonable	FINAL
1617FCR05	LBH Building Maintenance	0	5	Reasonable	FINAL
1617FCR06	Tendering Procedures	1	5	Limited	FINAL
1617FCR12	Housing Needs - choice based lettings	0	2	Reasonable	FINAL
1617FCR14	Deposit Guarantee Scheme	0	2	Significant	FINAL
1617ICT01	Universal Housing	1	9	Reasonable	FINAL
1617ICT02	Mosaic	0	0	Significant	FINAL
1617ICT03	Housing Needs Payment System	0	3	Reasonable	FINAL
1617ICT04	CRM	0	7	Reasonable	FINAL
1617ICT05	One Account - PI Review	0	5	Reasonable	FINAL

Appendix 4 Key Financial Systems – Analysis of Audit Findings

System		Internal Audit Findings			
		2017/18	2016/17	2015/16	2014/15
Main Accounting System/General Ledger		N/a	N/a	Significant	N/a
Capital Asset Accounting/Capital Programme		N/a	N/a	Significant	Significant
Treasury Management		N/a	N/a	N/a	N/a
Cash Receipting/Banking		On line – Significant Bank accounts - Reasonable	Reasonable	Significant	N/a
Procurement		Limited e-tendering	Reasonable	Limited ASC Contracting	N/a
NNDR	Billing	N/a	N/a	N/a	Significant
	Valuation, Liability & Collection	Significant	N/a	N/a	Significant
	Liability – Charitable Relief	N/a	Reasonable	N/a	N/a
	Liability – Empty Rating	N/a	Reasonable	N/a	N/a
	Recovery & Enforcement	N/a	N/a	N/a	Significant
	Pool Claim	N/a	N/a	N/a	N/a
Housing Benefit	Benefit Application	N/a	N/a	N/a	Reasonable
	Overpayments	N/a	N/a	N/a	N/a
	Reclaim of Grants	N/a	N/a	N/a	N/a
	Benefits Administration	N/a	N/a	Significant – Change of Circumstances	N/a
	Reconciliations	N/a	N/a	N/a	Significant
	CTRS	Significant	N/a	N/a	N/a
Accounts Payable	Central Systems	Significant	Significant	Significant	Significant
	Directorate Systems	N/a	N/a	N/a	N/a
Payroll	Overall (key controls)	N/a	N/a	N/a	N/a
	Starters and Leavers	Reasonable	N/a	N/a	N/a
	Variations to Pay	N/a	N/a	N/a	N/a
	Computer System	N/a	N/a	N/a	N/a
	Processing Payments	N/a	N/a	N/a	N/a

System		Internal Audit Findings			
		2017/18	2016/17	2015/16	2014/15
	Deductions	Limited	N/a	N/a	N/a
	Payroll Tax Management	N/a	N/a	N/a	N/a
Accounts Receivable	Billing	Significant	Significant (Rent collection – billing & collection)	N/a	Reasonable
	Collection	Significant	Reasonable (HLT debt)	Reasonable	Reasonable
Council Tax	Tax Setting	N/a	N/a	N/a	N/a
	Billing	N/a	N/a	N/a	Reasonable
	Valuation, liability, collection	Significant	N/a	N/a	N/a
	Discounts and Exemptions	N/a	N/a	N/a	N/a
	Recovery	N/a	N/a	N/a	Significant
	Reconciliations	N/a	N/a	N/a	Significant

Appendix 5 – Definitions of Assurance Levels

The **Overall Assurance** given in respect of an audit is categorised as follows:

Level of assurance	Description	Link to risk priorities
Significant	Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.	There are two or less medium-rated issues or only low rated or no findings to report.
Reasonable	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than critical or they would be unlikely to occur.	There is no more than one high priority finding and/or a low number of medium rated findings. However, where there are many medium rated findings, consideration will be given as to whether the effect is to reduce the assurance to Limited.
Limited	There are some weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of key system, function or process objectives but should not have a significant impact on the achievement of the Council's objectives. However, there are discrete elements of the key system, function or process where we have not identified any significant weaknesses in the design and / or operation of controls which could impair the achievement of the objectives of the system, function or process. We are therefore able to give limited assurance over certain discrete aspects of the system, function or process.	There are up to three high-rated findings. However, if there are three high priority findings and many medium rated findings, consideration will be given as to whether in aggregate the effect is to reduce the opinion to No assurance.
No	There are weaknesses in the design and/or operation of controls which [in aggregate] have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of the Council's objectives.	There are a significant number of high rated findings (i.e. four or more).