

Body: AUDIT AND GOVERNANCE COMMITTEE

Date: 4TH DECEMBER 2013

Subject: Internal Audit Report to 30th September 2013

Report Of: Internal Audit Manager

Ward(s) All

Purpose To provide a summary of the activities of Internal Audit for the second quarter of the financial year 2013/14.

Recommendation(s): That the information in this report be noted and members identify any further information requirement and timescales.

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1.0 Introduction

- 1.1 The work of Internal Audit is reported on a quarterly basis to demonstrate work carried out compared to the annual plan and to report on the findings of audit reports issued since the previous meeting of the committee.
- 1.2 The annual audit plan for 2013/14 was agreed by the Audit and Governance Committee in March 2013.

2.0 Review of work in the second quarter of the financial year 2013/14.

- 2.1 A list of all the audit reports issued in final from 1st April to 30th September 2013 is as follows:

Theatres Reconciliations (Annual 2012/13)	Performing Inadequately
Treasury Management (Annual 2012/13)	Performing Excellently
Council Tax (Annual 2012/13)	Performing Excellently
Information Governance – Records Management	Performing Inadequately
Debtors (Annual 2012/13)	Performing Excellently
Benefits (Annual 2012/13)	Performing Well
IT (Annual 2012/13)	Performing Excellently
Payroll (Annual 2012/13)	Performing Excellently
Project Management Controls	Performing Adequately
Cemeteries and Crematorium	Performing Excellently
Cafi Purchasing	Performing Excellently
Cafi Creditors	Performing Well
Creditors (Annual 2012/13)	Performing Well

Catering	Performing Inadequately
Repairs and Renewals (EHL)	Performing Excellently
Safeguarding	Performing Excellently
Community Grants	Performing Well
Destination Management System	Performing Excellently
Land Charges and Searches	Performing Well

Levels of Assurance - Key

Performing inadequately	Major weaknesses. Insufficient controls in place or controls not being applied. Fundamental improvements required. – High risk.
Performing adequately	Some important weaknesses. Key controls need to be improved. – Medium to high risk.
Performing well	Important strengths but some areas for improvement. – Medium to low risk.
Performing excellently	Major strengths. Minor or no recommendations. A good example of internal control. – Low risk.

- 2.2 During this quarter one review has been issued with an assurance level of performing inadequately. The review was of the Catering function which had been taken back in-house. Issues raised included a lack of written procedures, lack of proper stock takes etc. (A fuller list is given in Appendix B)
- 2.3 Appendix A shows the work carried out against the annual plan to the end of June 2013. The following comments explain the main points to be noted from the table:
- Annual audits for BDO – The number of days taken to carry out the work currently refers to work which relates to the last financial year but which was carried out in this year.
 - A review of Void Management had been requested and was included in the annual audit plan. However the Senior Head of Community, in discussion with Eastbourne Homes Ltd, has agreed that this review does not now need to be carried out.
 - The review of Land Charges and Searches exceeded the time allocated in the plan. This was due to both the time allocated being inadequate and issues with the level of access given to the auditor to the necessary software to adequately audit the work.
- 2.4 Appendix B is the list of all reports issued in final during the year which were given an assurance level below “Performing Excellently”, with any issues highlighted in the reviews which informed the assurance level given.
- 2.5 Appendix C shows the outstanding high and medium priority recommendations from audits and the reasons why they have not been implemented along with the month when the next follow up is due.
- 2.6 Where the column “priority” in Appendix C shows “High” the outstanding recommendations, and client comments from the report, have been listed at Appendix D. It should be noted that the recommendations listed were

outstanding at the time of the last follow up review. If they have been addressed since this time this will not be noted or reported until the next follow up review is carried out.

2.7 Appendix D was reviewed by CMT and comments from Heads of Service have been included in the final column.

3.0 Frauds over £10k

3.1 It is a requirement that frauds over £10k are reported to our external auditors. Usually such frauds are only found by the Benefit Fraud section however a request is now also sent quarterly to Eastbourne Homes Ltd to ask them to confirm whether they have been aware of any frauds over £10k within that quarter.

3.2 The Benefit Fraud section now report these frauds to Internal Audit on a quarterly basis and these are passed on to the external auditors.

3.3 One fraud over £10k were reported in the second quarter of 2013/14.

Overpayments over £10,000 between 01/04/13 and 30/09/13					
Suspected Fraud	Proven Fraud	Source of Info	Completed	Progress & Outcome	Over payment
LTAHW	Living Together	HBM S	11-Jul-13	Prosecution	£41,030.24

4.0 Consultation

4.1 Respective Service Managers and Heads of Service as appropriate.

5.0 Resource Implications

5.1 Financial – Delivered within the approved budget for Internal Audit

5.2 Staffing – None directly as a result of this report.

6.0 Other Implications

6.1 None

7.0 Summary of Options

7.1 None

8.0 Recommendation

8.1 That the information in this report be noted and members identify any further information requirement and timescales.

Jackie Humphrey
Internal Audit Manager

Background Papers:

The Background Papers used in compiling this report were as follows:

None