

Results of Internal Audit Work

28th June 2006

Report of Internal Audit Manager

PURPOSE OF REPORT

To inform the Committee of the results of Internal Audit work for the period.

This report is public

RECOMMENDATIONS

(1) That the report is noted.

1.0 Introduction

1.1 Part of the Audit Committee's terms of reference is:

"To receive and review the findings of both Internal and External Audit examinations and to ensure that management takes appropriate action to implement agreed recommendations and to remedy any internal accounting, organisational or operational control weaknesses identified." (Constitution part 3, section 7, § 10)

2.0 Results of Internal Audit Work to 31 May 2006

2.1 At the completion of each audit, the summary report and action plan and the summary report for each follow-up review are issued to Members for consideration. For each audit, a combined report including the Summary Report and Action Plan has also been posted on the Council's Intranet under Services→Financial Services →Internal Audit→Audit Reports.

2.2 If there are any specific questions about a report, or more detailed information is required, it would help if Members could contact the Internal Audit Manager on telephone number 582045 or email dwhiteway@lancaster.gov.uk prior to the meeting.

2.3 The 'headline messages' arising from the following audit reports are attached to this report as Appendix A:

New Audit Reports

<u>Audit Title</u>	<u>Report Date</u>
04/0575 Project Management	20 Apr 2006
05/0626 Housing Benefits 2005/06 (Claims Security)	25 Apr 2006
05/0615 Council Tax 2005/06	02 May 2006
05/0606 Income Tax and National Insurance	10 May 2006
05/0616 Main Accounting 2005/06	16 May 2006

Follow-Up Reviews – none issued during this period

3.0 Matters Arising from Audit Reviews

3.1 The above reviews have not highlighted any issues which might warrant the Audit Committee's attention or further consideration. The most significant outcome in corporate terms is that a programme for the implementation of a project management methodology is now underway under the direction of a corporate project management group headed by the Corporate Director(Finance & Performance).

4.0 Details of Consultation

4.1 Not applicable

5.0 Options and Options Analysis (including risk assessment)

5.1 Not applicable

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None identified

FINANCIAL IMPLICATIONS

None arising from this report

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Internal Audit Files

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Appendix A - Results of Internal Audit Work

Audit Committee Date – Wednesday, 28th June 2006

1. New Audit Reports

04/0575 Project Management Arrangements (issued on 20/04/06)

Headline messages:

- Need to build on existing good practice with consistent principles and methodology.
- An approach needs to be developed that can be applied consistently to all types of project, proportionate to its significance, complexity and risk.
- Any adopted methodology should not be seen as burdensome or bureaucratic, but must be flexible enough to deliver a successful project outcome.
- A culture of learning from experience in projects needs to be cultivated.
- The organisational structure must deliver effective corporate performance management, as well as individual project management.
- Guidance and training are vital aspects of successfully implementing a methodology.

05/0626 Housing Benefits 2005/06 (Claims Security) (issued on 25/04/06)

Headline messages:

- Risks relating to Claims Security are well managed.
- The Service aims for continuous improvement through proactive performance monitoring and reviews of procedures.

05/0615 Council Tax 2005/06 (issued on 02/05/06)

Headline messages:

- The Council Tax system is very well managed with procedures in place to ensure that Council Tax bills are correct and despatched promptly.
- The Authority's Council Tax arrangements are compliant with statutory requirements.
- Good arrangements have been made for the treatment of discounts and exemptions.
- The Authority takes appropriate, prompt recovery action.
- The Main Accounting System accurately records Council Tax transactions.
- Quality control checks are to be introduced into current procedures in order to reduce the risk of errors or misappropriation.

05/0606 Income Tax and National Insurance (issued on 10/05/06)

Headline messages:

- Supporting documents are comprehensive and well maintained
- The payroll system records information for all employees in respect of pay, Income Tax, National Insurance, benefits and deductions.
- Statutory returns are correctly completed and submitted to the Inland Revenue by the due dates.
- Responsibility for tax planning and control has been allocated to a specific officer who is to introduce effective tax management arrangements.

05/0616 Main Accounting 2005/06 (issued on 16/05/06)

Headline messages:

- Controls over transferring balances via journal are good.
- Feeders from subsidiary systems to the main accounting system are well managed.
- Procedures are in place to reconcile/balance subsidiary systems to the main accounting system.
- Work is ongoing to integrate the Academy Non-Domestic Rating and Powersolve Main Accounting systems.
- Full integration of the Academy Housing Benefits system and Powersolve would enhance control.
- Work continues to resolve problems reconciling the Task Stores system to the Powersolve General Ledger.
- Exchequer Services are to bring the cash and bank reconciliations up to date and bring the management of the Unidentified Income suspense account in line with other suspense accounts.