Rossendale Borough Council

Internal Audit Service

Monitoring report
for the period ended 31 January 2011

1 Purpose of this report

1.1 The Annual Audit Plan for 2010/11 was approved by the Audit Committee on 15 March 2010. The plan reflects the approach agreed when Lancashire Audit Service was appointed as the Council's internal auditors. This report details the progress to date in undertaking the agreed coverage, and highlights any significant issues identified from the audit work performed in this period.

1.2 This report covers the period 1 April 2010 to 31 January 2011.

Acknowledgements

1.3 We are grateful for the assistance that has been provided to us by RBC staff during the course of our work.

2 Key issues and themes arising during the period

2.1 From the work undertaken to date, no significant weaknesses have been identified that would have a material impact upon the Council's internal control environment.

3 Internal audit work undertaken

3.1 Work carried out during this period was in accordance with the agreed Audit Plan. Details of the progress to date, including assurance provided and key issues identified for each of the areas completed to date, are set out in the 'Summary of findings and Assurance' table which forms part of Section 4. Currently, this shows that 192 days have been spent in the ten months since the start of the financial year in delivering the 2010/11 audit plan. This equates to 69% of the total audit activity of 280 days planned for the year.

3.2 In addition, 78.5 days have been spent during 2010/11 in finalising the audits that were ongoing at 31 March 2010. The unused allocations brought forward from the preceding year are now shown in the summary table.

3.3 The outcomes of the audit reviews finalised since our last progress report are set out in the following paragraphs:

IT Service Management

3.4 Our review of IT Service Management was completed in November 2010 and established that the council's ICT Team has established an effective IT service management control framework which effectively addresses the IT Infrastructure Library (ITIL) principles and relevant international standard (ISO/IEC 20000:2005) controls. Consequently, we were able to give **substantial assurance** over the controls established.

3.5 Our report provides an overview of the council's current position in comparison to the relevant (ISO/IEC 20000-2:2005) code of practice and we have identified areas for improvement and control and made suggestions and recommendations where appropriate.

3.6 The recommendations are aimed at the service and relationship management processes which if accepted will further strengthen control within IT service management.

3.7   One of the recommendations raised the need for ICT management to provide support for the business during contract negotiation and continue to manage the ongoing delivery of services by the supplier. This would facilitate the effective management of change and compliance with contracted service levels.

3.8   We highlighted the need to hold annual service review meetings between ICT and service units to establish performance issues and discuss the need for changes to service, scope and performance targets. Furthermore, service reports should be issued to customers on the provision of services including an assessment of achievements and trends against service levels.

Treasury Management

3.9   In our opinion the system of internal control over the operation of treasury management within the authority has adequate controls to achieve its control objectives and is generally operating effectively in the areas reviewed. We were therefore able to give **substantial assurance** over controls in this area.

3.10   We have raised four low priority recommendations relating to clarifying definitions and reporting of targets in the Treasury Management Strategy, and further enhancement of the comprehensive 'Treasury Management Practices' document to incorporate agreed financial limits for the Head of Finance and Property Services and formally documenting details of officers within the Council to sign cheques and authorise bank transactions.

Asset Management

3.11   Our review of the Council's asset management arrangements found that internal controls were generally adequate and operating effectively in the areas tested. Consequently, the audit work undertaken allows us to provide **substantial assurance** over the controls in place. We did, however, identify certain areas where controls could be enhanced further and/ or applied consistently, and these are included below as part of the main findings.

3.12   The Council has established an adequate asset management framework which includes a comprehensive Corporate Asset Management Plan and repairs and maintenance programme. The Council has also adopted a centralised data system for recording all assets.

3.13   We noted however that the Asset Management Plan is in need of review to reflect current practices and incorporate a template to record progress and actions against set targets. Whilst the asset management database has been populated with asset data, some information relating to premises costs and energy monitoring is also held on a separate system which could lead to duplication.

3.14   We raised anomalies with regard to the CIPFA benchmarking results and the wider process for the submission and review of benchmarking results. We acknowledge that management have since set out the roles and responsibilities in relation the benchmarking process.

General ledger and budget monitoring

3.15   The audit work we have undertaken allows us to provide **substantial assurance** over the controls in place for the Council's general ledger and budget monitoring arrangements.

3.16   We noted however that explanations for manual journals were not always recorded on the system and in the last 12 months, manual journals to the value of £1.45m had no explanation against them. Whilst we acknowledge that budget monitoring is performed on a monthly basis and there is adequate separation of duties in this process, there is the risk of unauthorised journals being input to disguise erroneous transactions and inaccurate financial reporting to members. A monthly review process has been established as part of which discrepancies will be investigated.

3.17   Budget virements agreed and implemented during the course of the year are not reflected within the general ledger. There is a risk that orders for goods or services may be placed by service areas when there are insufficient funds available in the budget, although exposure is limited due to the budget monitoring process and procurement authorisation limits and system restrictions. A 'funds overridden' report will be reviewed on a monthly basis by the Accountancy team to identify instances where the established budget on the procurement system has been exceeded.

Housing Benefits

3.18   In our opinion the system of internal control over the housing and council tax benefit system at the Council has adequate controls to achieve its control objectives. System controls are generally operating effectively in the areas covered by this review, and we were therefore able to provide **substantial assurance.**

3.19   Adequate and effective systems and procedures have been formed in the monitoring and achievement of performance indicators, claimant home visits, cancellations, backdated payments and quality checking.

3.20   We noted however that in 2010/11 there has been a reduction in the take-up of Discretionary Housing Payments (DHP) compared with 2009/10. If the funds available for DHP are not used in full this may result in potential reputational issues for the Council. We appreciate that management are aware of this and action is being considered to improve the position.

Licensing

3.21   Based on the work performed we are able to provide **substantial assurance** over the controls in place for the Council's licensing arrangements. In our opinion, there is a generally sound system of internal control, adequately designed to meet the Council's objectives, and controls are generally being consistently applied. Our review did not highlight any significant areas of weakness although there are areas where improvements can be made to enhance the controls in place.

3.22   It is considered good practice that performance indicators are introduced to measure performance and improvements against specific indicators and statutory targets where applicable. Council management intend to consider the introduction of performance indicators and targets by June 2011.

3.23   It was noted during the review that a number of insurance reviews relating to Hackney and Private Hire vehicles had not been undertaken as scheduled. Appropriate action was taken by the Licensing Unit during the audit to obtain the necessary evidence.

3.24   The Local Authority Licensing System (LalPac) exception reporting should be developed where possible to reduce the use of manual reports, which would improve overall enforcement response and effectiveness. We note that additional training is to be provided for staff in the Licensing Unit to improve the use of the LalPac system.

4   Summary of findings

Overall summary and assurance provided

4.1   The table on the following pages sets out a brief summary of each review undertaken during the period and the areas to be covered in the remainder of the year. This indicates the planned and actual days we have spent on each area, the variance between the days reported, and a summary of the assurance we have been able to provide in relation to each system or operational area of your business, where work has been finalised. The key issues identified encapsulate the significant issues and areas where key recommendations were made. They reflect the findings at the time the work was carried out.

4.2   As the plan progresses, we will provide an overall level of assurance for each audit assignment and further, distil the assurance into an assessment of the adequacy of each system, and its effectiveness in operation.

4.3   The level of assurance provided on each assignment can be at one of four levels; full, substantial, limited and no assurance. Definitions of the assurance levels used are attached as Appendix 1.

4.4   The table will indicate our overall assessment of each system where reviews have been finalised during the period and the assurance you may take from its operation in supporting effective internal control. A dash (-) indicates an area where work is in progress or where we are unable to give an assessment because of the reason given.

4.5   *System adequacy*: We have defined a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.

4.6   *System effectiveness*: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended.

Summary of our findings and assurance

Review area	Audit days			Assurance	Key issues/Comments
	Planned	Actual	Variation		
Core financial systems					
Asset Management	20	20	0	**Substantial Assurance** The design of the controls in place was generally adequate and the operation of the asset management system was found to be effective in the areas tested. However some weakness in the design and/ or inconsistent application of controls put the achievement of particular objectives at risk.	This report was finalised in January 2011. The Council has established an adequate asset management framework which includes a comprehensive Corporate Asset Management Plan and repairs and maintenance programme. The Council has also adopted a centralised data system for recording all assets. We noted however that the Asset Management Plan is in need of review to reflect current practices and incorporate a template to record progress and actions against set targets. Whilst the asset management database has been populated with asset data, some information relating to premises costs and energy monitoring is also held on a separate system which could lead to duplication.

System adequacy: We have defined a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.

System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Planned	Actual	Variation		
Core financial systems					
General ledger and budgetary control	10	11	(1)	**Substantial Assurance** In our opinion the system of internal control over general ledger and budgetary control is adequately designed to meet the council's objectives, and controls are generally being applied consistently. However some weaknesses in the design and/ or inconsistent application of some controls could place the achievement of particular objectives at risk.	We noted however that explanations for manual journals were not always recorded on the system and in the last 12 months £1.45m manual journals had no explanation against them. Whilst we acknowledge that budget monitoring is performed on a monthly basis and there is adequate separation of duties in this process, there is the risk of unauthorised journals being input to disguise erroneous transactions and inaccurate financial reporting to members. A monthly review process has since been instigated to detect any omissions. Budget virements agreed and implemented during the course of the year are not reflected within the general ledger. There is a risk that orders for goods or services may be placed by service areas when there are insufficient funds available in the budget. Although exposure is limited due to the budget monitoring process and procurement authorisation limits and system restrictions.

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Planned	Actual	Variation		
Core financial systems					
Treasury Management	5	5.5	(0.5)	**Substantial Assurance** In our opinion the system of internal control over the operation of treasury management within the authority has adequate controls to achieve its control objectives and is generally operating effectively in the areas reviewed	There are no significant findings arising from our review of treasury management arrangements. We have raised four low priority recommendations requiring action by management. The recommendations raised surround the clarity of definitions and terms within the Treasury Management Strategy and Treasury Management Practices document.

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Review area	Audit days			Assurance	Key issues/Comments
	Planned	Actual	Variation		
Core financial systems					
Housing Benefits	15	13	2	**Substantial Assurance** In our opinion the system of internal control over the housing and council tax benefit system at the Council has adequate controls to achieve its control objectives. System controls are generally operating effectively in the areas covered by this review.	This review was finalised in February 2011. Adequate and effective systems and procedures have been formed in the monitoring and achievement of performance indicators, claimant home visits, cancellations, backdated payments and quality checking. Our audit work did, however, highlight areas where improvements are required to the control framework particularly around DHP. In 2010/11 there has been a reduction in the take-up of DHP compared with 2009/10. If the funds available for DHP are not used in full this may result in potential reputational issues for the Council. We appreciate that management are aware of this and action is being considered to improve the position.
Council Tax	8	8	0	-	Fieldwork relating to this review was completed in December 2010 and a draft report was issued for management response. The results of our review will be reported upon finalisation of this report.
Creditors	5	0	5	-	To ensure our work is co-ordinated in line with the Audit Commission's requirements this review is scheduled to be undertaken in Quarter 4 of 2010/11.

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Review area	Audit days			Assurance	Key issues/Comments
	Planned	Actual	Variation		
Core financial systems					
Debtors	5	0	5	-	To ensure our work is co-ordinated in line with the Audit Commission's requirements this review is scheduled to be undertaken in Quarter 4 of 2010/11.
Payroll	10	10.5	(0.5)	**-**	We completed our fieldwork relating to this review in January 2011 and a draft report was issued in February 2011 for management consideration. Findings from this review will be reported to members upon finalisation of this report.
Procurement	5	0.5	4.5	**-**	The terms of reference relating to this review have been drafted and the fieldwork is scheduled to be undertaken in Quarter 4 of 2010/11.
NNDR	10	0	10	-	We have agreed with Capita to undertake this piece of work in Quarter 4 of 2010/11.
Cash Collection and Banking	10	0	10	-	This audit is scheduled to be performed in Q4 of 2010/11.

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Review area	Audit days			Assurance	Key issues/Comments
	Planned	Actual	Variation		
Focused reviews					
Licensing	15	14.5	0.5	**Substantial Assurance** In our opinion there is a generally sound system of internal control, adequately designed to meet the Council's objectives, and controls are generally being consistently applied.	Our review did not highlight any significant areas of weakness although there are areas where improvements can be made to enhance the controls in place. It is considered good practice that performance indicators are introduced to measure performance and improvements against specific indicators and statutory targets where applicable. It was noted during the review that a number of insurance reviews relating to Hackney and Private Hire vehicles had not been undertaken as scheduled. Appropriate action was taken by the Licensing Unit during the audit to obtain the necessary evidence. The Local Authority Licensing System (LalPac) exception reporting should be developed where possible to reduce the use of manual reports, which would improve overall enforcement response and effectiveness.

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Review area	Audit days			Assurance	Key issues/Comments
	Planned	Actual	Variation		
Focused reviews					
Waste and Recycling	20	25.5	(5.5)	-	A draft report relating to this review was issued for management consideration in January 2011. The findings from this review will be reported to members upon finalisation of the report.
Health Inequalities	20	1	19	-	This work has been put on hold pending the completion of a separate 'Task and Finish' review in this area.
Community Leisure Association of Whitworth – Financial Controls	0	11	(11)		We agreed to undertake this review at the request of Council management. A draft report relating to this review is due to be issued for management consideration and the findings from this review will be reported to members upon finalisation of the report.
Data Quality	15	0.5	14.5	-	Following further consultation with Council management this review has been deferred to 2011/12.

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Review area	Audit days			Assurance	Key issues/Comments
	Planned	Actual	Variation		
Focused reviews					
National Fraud Initiative	15	14	1	-	Data matches relating to the general category of matches were released by the Audit Commission in January 2011. The NFI key contact has been liaising with respective service managers to follow up and investigate the data matches. The results of these investigations and potential savings will be reported to members at a future meeting.
Contingency	13	8	5	-	Contingency used for additional work in relation our reviews of asset management (4.5) and council tax (3.5).
Specialist areas					
Response to fraud/ impropriety	10	1.5	8.5	-	We have not been involved in the investigation of any frauds/thefts and have not been made aware of any occurring. This time relates to the collation of data and subsequent submission of the Audit Commission's Annual Fraud Survey. We have also supported the Audit Commission in their fraud risk assessment work during 2010/11.
IT Controls	20	0	20	-	Following completion of the IT service management review, we have been requested to defer any further ICT audit work until 2011/12.

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Brought forward	Actual	Variation		
2009/10 audits brought forward					
Housing Benefits Appeals	1.5	1.5	0	**Substantial Assurance** In our opinion the system of internal control over the operation of the appeals process, in general, has adequate controls to achieve its control objectives. However, we identified areas where controls are not operating effectively as intended.	This review involved a follow up of recommendations raised in our previous review of this area in 2008/09 and testing of key controls. Of the six recommendation raised in our previous review of this area, four have been implemented and two of these require further action. The key point arising from this review related to the fact that performance figures had not been reported to the DWP during 2009/10 and the most recent performance data for the council related to March 2009. This gives rise to a potential reputational risk for the council.

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Brought forward	Actual	Variation		
2009/10 audits brought forward					
National Non Domestic Rates (NNDR)	5	5.5	(0.5)	**Full Assurance** In our opinion, from the information provided by managers and the audit testing carried out, the system of internal control over NNDR within the council has adequate controls overall to achieve its control objectives, and these controls are operating effectively.	Our review confirmed that the three originally agreed recommendations following our review of this area in June 2009 have been fully implemented. Further audit testing of key controls within the NNDR system did not highlight any further issues.
Procurement	12	24	(12)	**Substantial Assurance** In our opinion there is a generally sound system of internal control, adequately designed to meet the council's objectives, and controls are generally being applied consistently. However some weaknesses in the design and/ or inconsistent application of some controls could place the achievement of particular objectives at risk.	Following completion of our fieldwork the findings from this review have been discussed and agreed with council management and following receipt of formal management responses the report will be finalised. We noted that further action could be taken by officers to monitor supplier expenditure to ensure compliance with the council's contract procedure rules or statutory limits and therefore avoid any potential legal action against the council.

System adequacy: We have defined a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.

System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Brought forward	Actual	Variation		
2009/10 audits brought forward					
Debtors	5.5	4.5	1	**Substantial Assurance** In our opinion there is a generally sound system of internal control, adequately designed to meet the council's objectives, and controls are generally being applied consistently. However some weaknesses in the design and/ or inconsistent application of controls put the achievement of particular objectives at risk.	Adequate and effective systems and procedures have been formed and applied in relation to the key areas however our audit work identified areas where improvements can be made to enhance the controls in place. Where the payment of instalment is by cheque or over the phone and this is missed for one month a default automated letter is raised by the debtor's module and issued to the debtor requesting payment of the full amount. This raises potential reputational issues for the council in that, the debtor may feel the action was too harsh considering only one payment has been missed.

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Brought forward	Actual	Variation		
2009/10 audits brought forward					
Creditors	4	7.5	(3.5)	**Substantial Assurance** The design of the controls in place was generally adequate and the operation of the creditors system was found to be effective in the areas tested. The 'Authority Financials' access permissions allocated to staff in respect of the purchasing module do, however, put the achievement of particular objectives at risk.	Adequate and effective systems and procedures have been formed and applied in relation to some of the key areas however we noted areas where improvements to controls could be made. In particular, current self authorisation limits within the Authority financials purchasing module vary user to user from £0 to £15,000. The requisition limit represents the amount up to which a user can self authorise a requisition. In most cases, the users reviewed also had the ability to receipt an order. As invoices are now scanned to the creditors module and automatically matched to order and receipt details, in effect, there may be no separation of duties within the creditors system for purchases up to £15,000 in value. Our testing identified two such cases valued at £4,784 and £13,857. The 2008/09 recommendation that a duplicate payments report should be scheduled to be produced and reviewed on a regular basis so that potential duplicate transactions may be investigated, has not yet been implemented.

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Brought forward	Actual	Variation		
2009/10 audits brought forward					
Project Management	0	7	(7)	**Full Assurance** In our opinion the system of internal control over project management at the council has adequate controls to achieve its control objectives. These controls are operating effectively in the areas covered by this review.	Each of the projects reviewed is governed and managed in a manner appropriate to its significance, complexity, and risk, based on the council's project management guidance.

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Brought forward	Actual	Variation		
2009/10 audits brought forward					
Partnerships	0	0.5	(0.5)	**Limited Assurance** In our opinion the system of internal control over the management of partnerships that the council is involved with has generally adequate controls to achieve its control objectives. These controls are generally operating effectively in the areas covered by this review, except that it is not clear that an effective risk assessment has been undertaken for some of the partnerships assessed as part of our sample audit testing.	Certain differences were noted between the practices and procedures applied across partnerships which were of a more strategic nature compared with some service specific partnerships. One example of this is the Lancashire Strategic Partnership (LSP) which is managed and controlled under a separately established structure and includes an Executive Board. Much of the best practice evidenced by the LSP should be applied across the more operational partnerships to ensure an appropriate level of consistency and effectiveness. The council has improved the way in which partnerships are managed through the recent establishment of an online partnership portal. The portal includes a register of partnerships, which enables the council to identify the types of partnership it is involved with and the resources invested, and links to information on partnership working. This guidance is subject to ongoing development and could be expanded in order to clarify requirements in certain areas and strengthen controls.

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Brought forward	Actual	Variation		
2009/10 audits brought forward					
Fraud Risks	0.5	0.5	0	**Substantial Assurance** In our opinion the system of internal control over the operation of anti fraud and corruption within the council has adequate controls to achieve its control objectives although some improvements could be made to further enhance these controls	We confirmed that, in the main, the authority is complying with the CIPFA best practice guidelines. Whilst we support the valuable work being undertaken in respect of benefit fraud, the council does not have the same practices in the detection of corporate fraud. We acknowledge the council's activities around awareness training and publicity to raise the profile of corporate fraud within the organisation and the wider community. We are however unable to establish a clear link between policy and operational work in respect of corporate fraud. This could be remedied through the development of a programme of work around existing fraud awareness which is then assessed and monitored on an annual basis. Whilst we acknowledge that risks facing each respective service area are identified and recorded as part of the business planning cycle, the development of a corporate fraud risk register would enable any future proactive fraud related work to be targeted at those high priority areas emerging from this exercise.

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Brought forward	Actual	Variation		
2009/10 audits brought forward					
Data Quality	14.5	16.5	(2)	**Substantial Assurance** The design of the controls in place was generally adequate and the operation of the data quality system was found to be effective in the areas tested.	We recommended that the inclusion of sub totals on each supporting spreadsheet would facilitate a reconciliation of reported figures. It was noted that reasons for inclusion or omission of usage data on the supporting spreadsheets are not documented which could lead to potential miscalculations. In respect of NI185 we noted that Capita usage data is not included within the reported figures for the council which does not comply with guidance in this area. The quality of LI218a related information recorded on the Flare system is inconsistent and needs to be improved if there is to be assurance regarding the accuracy of the performance figure calculated and reported for this indicator.

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Brought forward	Actual	Variation		
2009/10 audits brought forward					
IT Controls	10	10.5	(0.5)	**Substantial Assurance** The review established that the council's ICT Team has established an effective IT service management control framework which effectively addresses the ITIL principles and ISO/IEC 20000:2005 controls. Our report provides an overview of the council's current position in comparison to the ISO/IEC 20000-2:2005 code of practice and we have identified areas for improvement and control and made suggestions and recommendations where appropriate.	This review was finalised in November 2010 and we have received satisfactory responses to the seven recommendations made in our report. The recommendations are aimed at the service and relationship management processes which if accepted will further strengthen control within IT service management. One of the recommendations raised the need for increased support for the business during contract negotiation and continued management of the ongoing delivery of services by ICT management. This would facilitate the effective management of changes and compliance with contracted service levels. We highlighted the need to hold annual service review meetings between ICT and service units to establish performance issues and discuss the need for changes to service, scope and performance targets. We also noted that service reports should be issued to customers on the provision of services including an assessment of achievements and trends against service levels.

System adequacy: We have defined a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.

System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Brought forward	Actual	Variation		
2009/10 audits brought forward					
Cash collection and banking	0	0.5	(0.5)	**Substantial Assurance** In our opinion, from the information provided by managers and the testing carried out, the system of internal control over cash collection and banking within the council has adequate controls overall to achieve its control objectives, and these controls are operating effectively.	Audit testing was performed to assess the current status of the originally agreed action points raised in our previous report of this area. We confirmed that three of the eight recommendations previously raised had been appropriately implemented whilst the remaining three were partly implemented at the time of our review. We have obtained satisfactory management responses to ensure the outstanding recommendations will be fully implemented at the next available opportunity.
2009/10 audit days	**53**	**78.5**	**(25.5)**		

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Planned	Actual	Variation		
Other areas					
Follow up reviews	5	17.5	(12.5)	-	Follow up audit work has been performed in respect of our previous reviews of business continuity planning, leisure trust, planning and health and safety. Draft reports have been issued for management consideration and the results of these reviews will be reported in due course. As a result of a change in approach during the year, we are now required to undertake distinctive reviews of previous audits and reassess accordingly.
Risk assessment and strategic planning	5	0	5	N/A	This time relates to the day-to-day management of the Authority's audit plan.
Audit and Accounts Committee and reporting (annual and periodic progress)	16	13.5	2.5	N/A	This allocation covers Audit and Accounts Committee preparation and attendance and reporting during the year.
Liaison with senior management and planning	14	10.5	3.5	N/A	This time covers the monthly update meetings with the Head of Finance as well as meetings with relevant Senior Managers.

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System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

Review area	Audit days			Assurance	Key issues/Comments
	Planned	Actual	Variation		
Other areas					
Liaison with Audit Commission	3	3.5	(0.5)	N/A	This time relates to regular liaison meetings with the Audit Commission.
Ad hoc advice and support	6	2.5	3.5	N/A	This allocation covers ad hoc advice and assistance to the Authority when requested.
2010/11 days	**280**	**192**	**88**		
Total Days	**333**	**270.5**	**62.5**		

System adequacy: We have defined a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.

System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

1. Audit assurance levels   Appendix 1

1.1   The assurance we can provide over any area of control falls into one of four categories as follows:

Full assurance: there is a sound system of internal control which is adequately designed to meet the council's objectives and is effective in that controls are being consistently applied.

Substantial assurance: there is a generally sound system of internal control, adequately designed to meet the council's objectives, and controls are generally being applied consistently. However some weakness in the design and/ or inconsistent application of controls put the achievement of particular objectives at risk.

Limited assurance: weaknesses in the design and/ or inconsistent application of controls put the achievement of the council's objectives at risk.

No assurance: weaknesses in control and/ or consistent non-compliance with controls could result/ has resulted in failure to achieve the council's objectives.