

## **1 Introduction**

- 1.1 This report summarises the progress made by the council's internal Audit Service against the internal audit plan for 2010/11 to 31 December 2010, and some of the findings arising from this work. The findings included in this report have been agreed with executive directors and highlights were shared with the Executive Leadership Team (ELT) on 12 January 2011.

### **Overview of progress**

- 1.2 We continue to make good progress with our work on the 2010/11 audit plan. A number of reviews have now been completed or are being discussed with the management teams responsible and an indication of the work that has been completed under each area of the audit plan is set out below.

### **Resource inputs to the plan**

- 1.3 The Audit Service has continued to concentrate hard on managing our performance, in particular our focus on chargeable work for our clients rather than other non-chargeable tasks. For the nine months of the year to 31 December 2010 we have more than achieved (by 258 days) the overall inputs to our client work that we intended.
- 1.4 As a result of the councils' need to make cost savings, the Audit Service establishment has recently been reduced by three staff and a further team member will leave during 2011/12. Some work is likely to slip into the first quarter of 2011/12 (work relating to the county's schools in particular) but, subject to any unforeseen sickness during the remainder of the year we expect to be able to complete this year's plan appropriately.

### **Audit assurance**

- 1.5 Audit assurance is stated in the following terms, some of which are used below:

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

**Substantial assurance:** there is a generally sound system of internal control, 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/ have resulted in failure to achieve the council's objectives.

## **2 Progress in relation to cross-cutting and corporate risks**

### **Risk management**

- 2.1 This area is unchanged: the council is continuing to consider how best to use risk management as a tool to support its business processes.

### **Governance arrangements**

- 2.2 We reported in September 2010 that we have completed a review of members' expenses. We have provided substantial assurance over the operation of the members' allowances scheme, although the wording of the scheme could be made more specific in relation to the retention of documentation to support claims made under the scheme.

### **Selection of a strategic partner**

- 2.3 The selection of a strategic partner is central to achieving the council's overall objectives. The Audit Service has now provided full assurance that the whole procurement process was in accordance with EU and UK procurement rules, recognised procurement good practice, and fair to all bidding organisations.
- 2.4 In support of the council's director of finance we have also undertaken a substantial and detailed review of the figures provided by the council to BT plc relating to the budgets that will be managed by the joint venture company as the strategic partnership begins. We focussed specifically on the budgets for the costs of staff being seconded to the joint venture, the non-staff costs of supplies and services including external contracts, and income streams to provide assurance that the information provided was complete, current and accurately or reasonably valued where definitive information was not available. We provided substantial assurance that this was the case across each of the areas we reviewed.

### **Safeguarding**

- 2.5 We are currently assessing some of the controls in place to manage the wide range of risks related to safeguarding the children and vulnerable adults in the county council's care.
- 2.6 We have recently completed fieldwork assessing controls over the finances of adults in the care of the Adult and Community Services (ACS) Directorate, and we will be in a position to report our findings to the next Audit Committee meeting. We are also starting to consider the systems and controls in place to ensure that the monitoring and review functions across ACS teams are appropriately aligned and complement each other. Given the depth of the recent Care Quality Commission inspection, this review is limited in its scope.
- 2.7 A separate review of the corporate arrangements relating to vetting and barring and the enforcement of Criminal Records Bureau (CRB) checks has recently begun. Further audit work is also planned within the Directorate for Children and Young People (CYP) regarding the arrangements surrounding the Safeguarding Board.

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- 2.8 In addition, a specific review of safeguarding arrangements relating to the transport of children is underway.

### **Health and safety of the public**

- 2.9 Our work on this cross-cutting theme is centred firstly upon the council's highways responsibility under legislation relating to corporate manslaughter, and secondly in relation to petroleum safety of closed sites.
- 2.10 We have recently completed fieldwork in relation to the council's highways responsibilities and are discussing our findings with the Environment Directorate's management team.
- 2.11 The management team is also considering our draft report relating to petroleum safety arrangements. We propose to provide substantial assurance over the arrangements in place, although we have made several recommendations regarding consistency of data quality, the need to update documented procedures to reflect current arrangements, and contingency plans to mitigate the possible loss of expertise in this area as efficiency savings are implemented.

### **Health and safety of council staff**

- 2.12 A review is currently underway of the arrangements in place to ensure the continued wellbeing of lone workers employed throughout the council and that risk exposure to both employer and employee is appropriately managed.
- 2.13 We have finalised our work on the council's overall arrangements in relation to the health and safety of the council's staff. At the time of our review a new structure had recently been implemented by the Corporate Health, Safety and Wellbeing team, a corporate champions group had been established and directorate service level agreements put in place. However we found that there is no process in place to ensure that all corrective actions and recommendations (CARs) raised are carried forward and followed up by the Corporate Health, Safety and Wellbeing team: in August 2010 58% of the CARs raised in 2009/10 remained outstanding. Our audit also reviewed a number of controls operating in each of the directorates and we have raised some minor recommendations to ensure a standard and consistent approach is taken across the council.

### ***Compliance with the European Working Time Directive***

- 2.14 We reported in September that the council does not have arrangements in place to enable it adequately to comply with, and monitor compliance with, the European Working Time Directive and related British law, the European Working Time Regulations.
- 2.15 The corporate Human Resources team has now produced guidance notes for managers which will be communicated to all managers shortly. These guidance notes cover all of the recommendations raised in our report and include a number of management actions covering key areas such as working hours, young workers and night workers.

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### Customer contact centre

- 2.16 Our work on the ACORN customer relationship management system is still underway. This system is a key tool to support the delivery of the Corporate Customer Access Strategy and our work is focussed on the management and infrastructure of the system, to ensure effective and continual services are maintained and that there are effective controls to secure the application and its data.

### The council's role as accountable body – Performance Reward Grant

- 2.17 We have recently verified the details of performance data submitted by the county council and its district council partners as part of the certification process for the remaining funded elements of Performance Reward Grant. The council has recently claimed final grant funding in excess of £3.3m.

## 3 Progress in relation to corporate or common controls

### Financial control systems

- 3.1 The Audit Commission again plans to place reliance on our work as part of their assessment of the council's overall risk and control environment, and their audit evidence over the systems by which the council's financial reports are generated. We are working together to ensure that our revised sampling methodology and testing meet the Audit Commission's revised audit approach and its compliance with the Clarified International Auditing Standards.
- 3.2 Whilst we are not yet in a position to report our detailed findings on all the key financial systems, we are on target to complete the reviews by the end of the financial year. The current position of the individual key financial system reviews is identified in the table below.

System	Position	Opinion
Accounts payable	Our fieldwork is complete and we have issued a draft report for management consideration.	Substantial assurance over the operation of the system.
Accounts receivable	Our fieldwork is complete and we have issued a draft report for management consideration.	Substantial assurance over the operation of the system.
VAT	Our fieldwork is complete and we are currently drafting a report of our findings.	We are not yet in a position to report our findings.
Payroll	Our fieldwork is ongoing.	
Expenses	Our fieldwork is ongoing.	
General ledger	Our fieldwork is ongoing.	
Treasury management	Fieldwork began in January.	
Cash and banking	Fieldwork began in January.	

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### **Information governance**

- 3.3 There has been significant progress in information management and security across the council and, based upon this progress, we have now provided substantial assurance over the development of the council's information governance framework.
- 3.4 In September we noted that significant achievements and examples of good practice include the establishment of the Corporate Information Governance Group (CIGG) as the decision making body on all information governance issues and policy for the council which has strengthened the council's information security framework. Data on all laptops and memory sticks has been encrypted and all members of staff have been provided with information assurance training. Annual information risk reviews now inform the council's business plans.
- 3.5 In addition to these corporate achievements there are some important initiatives and examples of good practice within directorates and specific services, generally attributable to the work of the CIGG representatives. These individuals are essential in adapting corporate policies and objectives to their service areas, providing support and raising awareness on a day to day basis.
- 3.6 However the council's information governance arrangements are still developing and considerable effort is still required if the council is to continue to effectively mitigate its information risks and utilise the information it holds in a secure manner. As noted in September, information breaches continue to occur and one severe incident in particular has highlighted a number of issues relating to the reporting, management and investigation of such incidents. Action has already been taken by management to amend these processes.

### **ICT controls**

- 3.7 We postponed our work on ICT controls until the third quarter of the year to enable ICT Services' management to focus on the development of the strategic partnership.
- 3.8 However we have completed a review of Government Connect. This is a programme which enables local authorities in England and Wales to share sensitive information between themselves, central government departments and other national bodies. We have provided substantial assurance over the current control environment and assessors from the Department of Work and Pensions have approved and authorised the council's connection for 2010/11.
- 3.9 We are currently undertaking work to review the security of the council's network and data under new operational arrangements which have come into effect over the last few years. This work will include a focus on how network access is assigned, managed and terminated across the council.
- 3.10 A review of the arrangements for asset management and disposal will also begin in this quarter.

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**Procurement and tendering**

- 3.11 We have completed two reviews of procurement arrangements across the council. We have been able to provide only limited assurance for both of these. Draft reports have been issued and discussed with the director of finance and the head of procurement who have agreed the findings and will be working with the strategic partner where appropriate to implement the recommendations. We will also work with the head of procurement to produce a report for the Procurement Board, which involves the directors responsible for procurement across the council, to enable them to drive forward the changes required to strengthen procurement arrangements.
- 3.12 Our review of procurement arrangements across the council identified a number of issues regarding the i-procurement system user hierarchy, which is not consistently updated as users leave the council or change their role. Some approval permissions have been inappropriately established, so that requests by senior staff for goods and services may be approved by their subordinates, and some staff may self-approve orders up to £50,000. Approval limits on i-procurement are in a number of cases higher than the approval limits in the scheme of delegation.
- 3.13 During our review on tendering arrangements throughout the council we sought documentation relating to a number of tender exercises which could not be located by the relevant directorates. We also found cases of non-compliance with the tendering procedures including the award and extension of contracts.

**Controls over the council's estate**

- 3.14 The Property Group acts as the council's corporate landlord, for example developing the asset management plan, and supports the council in the practical management of its estate. In particular this involves managing the risk of corporate manslaughter through premises management controls. The council has adopted a policy framework developed by the Property Group, where a local premises manager should be designated to provide overall control on site and make an annual statement of compliance with corporate policy requirements.
- 3.15 We have completed a review of the premises management framework operated within the council's directorates, and intend to review the arrangements for schools as part of next year's audit plan. We are currently drafting our report and we will be in a position to share our findings at the next meeting of the Audit Committee.
- 3.16 We continue to provide assurance on the final accounts with contractors on a sample basis; there are no issues to report at this time.

**Human resources controls**

***Attendance management***

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- 3.17 We have completed our review of attendance management and have provided substantial assurance over the controls now operated by the council. There were no significant issues arising from this review although we have made several minor recommendations to improve the control environment and standardise procedures across the council.
- 3.18 This substantial assurance is corroborated in practice by the council's performance in terms of reduced sickness absence which has now been sustained over the last three years.

### ***Equal Pay Review***

- 3.19 We have continued to provide support to the Equal Pay Review, in particular testing pay protection arrangements and assimilation of staff to the new grading structure. We identified no concerns from this work and we are able to provide substantial assurance over this area of the Equal Pay Review.

### ***Employees on the payroll also receiving pensions***

- 3.20 Following a query by a member of the Audit Committee and at the request of the executive director for resources and the director of finance, we made enquiries about county council employees in receipt of both payroll and pension payments. All individuals receiving a gross salary of over £34,000 and a pension were selected for detailed testing and this resulted in a sample of 32 employees.
- 3.21 We identified one instance where flexible retirement does not appear to meet the stipulations of the Local Government Pension Scheme since there has been no reduction in either hours or grade, and three that, whilst technically meeting its requirements, did not appear reasonable. We have discussed these cases with the director of finance.

## **4 Progress in relation to service specific controls**

- 4.1 As work has progressed on the audit plan for 2010/11 it is appropriate to share the outcomes with ELT and the Audit Committee.

### **Directorate for Children and Young People (CYP)**

#### ***Data quality***

- 4.2 As noted in September, we have completed our audit of data quality in relation to a sample of 10 national performance indicators but we were able to provide only limited assurance over the accuracy of the indicators because there were significant discrepancies between the source data (from ISSIS) and the data used to calculate several of the performance indicators. Although use of the national indicator set will cease on 31 March 2010, the same points will be applicable to other performance data monitored by the directorate. The issues of the reliability of ISSIS data will be addressed in the review of Children's Social Care systems to be undertaken by the Council's strategic partnership.

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- 4.3 The staff involved in preparing this data have since begun to investigate the use of the same data interrogation software used by the Audit Service, and the auditors have provided some training.

### **ContactPoint accreditation**

- 4.4 As required by the former Department for Children, Schools and Families we provided a certificate confirming the council's compliance with accreditation criteria for 2009/10 in relation to the integrated ContactPoint database. However this database was subsequently closed during August 2010.

### **Sure Start, Early Years and Childcare Services commissioning arrangements**

- 4.5 We have followed up the recommendations made in our previous report, dated March 2010, in which we raised several significant recommendations and allocated the system limited/ no assurance. We are pleased to report that our recommendations have been implemented.
- 4.6 As we reported in September, commissioning agreements for the current year have been signed by each of the Sure Start providers and action to monitor expenditure to ensure it is eligible is scheduled to begin in January 2011. A further recommendation relating to the new commissioning agreement for the financial year 2011/12 can be implemented only when the new commissioning agreements are issued with effect from 1 April 2011.

### **Graduate Leader Fund**

- 4.7 The county council has been awarded funding of £1.79m for 2009/10 and £2.45m for 2010/11 relating to the costs of educating and training staff in leadership positions within nurseries to graduate level.
- 4.8 Due to the lack of controls and non-compliance with some of the existing controls we were unable to provide assurance over the controls in place for the operation of the Graduate Leader Fund and related support funding.
- 4.9 However many of the weaknesses in this area had already been identified by the Sure Start, Early Years and Childcare management team and a number of actions had been initiated. A member of this team has begun the task of improving the control environment around the Graduate Leader Fund, and the actions taken will be subject to a further internal audit review during 2011/12.

### **Schools**

- 4.10 We reported in September that we had been able to provide no or only limited assurance over the controls operating in four of the six schools we had then visited. We have now completed 21 school audit visits and a summary of the assurance levels is provided in the table below.

Level of assurance	Full	Substantial	Limited	None
Number of schools	0	11	8	2



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- 4.11 It should be noted that both of the schools given no assurance, and one of those given only limited assurance, were selected for audit on the basis of concerns raised either by the headteacher or the area finance office. These have not therefore been selected on any random basis and cannot reasonably be regarded as representative of schools generally.
- 4.12 Our audits have highlighted some common issues covering schools' income and letting arrangements. We have shared these assurance reports with our colleagues in the CYP Combined Finance Team who are in the process of providing additional support and guidance to these schools where appropriate. The Audit Service will provide support to the Schools Finance Team to inform and update schools' administrators and bursars of the control issues relating to their role.
- 4.13 We had begun to assess the county's schools against the Department for Education's Financial Management Standard in Schools (FMSiS) and had put considerable effort into establishing arrangements to make these assessments across all of the county's schools every three years. However the Secretary of State for Education announced the decision on 15 November 2010 to end the current FMSiS regime with immediate effect and to develop a simpler standard as a replacement. It is not yet clear what this simpler standard will be or whether it will require external assessment.
- 4.14 As at 31 December, we had expended 102 audit days on this FMSiS work.

### **Environment Directorate**

- 4.15 As noted above, cross-cutting reviews involving the directorate are at various stages of completion; health and safety in relation to both petroleum safety and corporate manslaughter, and safeguarding in relation to the transport of children and vulnerable adults. Other cross-cutting work focussed on the directorate and planned for later in the year includes arrangements for accessible transport, project management arrangements (specifically relating to the Heysham-M6 link and Guild Wheel projects), and the removal of the client-contractor split between the directorate and LCCG.
- 4.16 We continue to work with the directorate in relation to the Accrington Eco Station project and wider European Interreg programme for which the county council is the lead partner: this work will be on-going for some time.

### ***Closed landfill sites***

- 4.17 A review of arrangements relating to the management of closed landfill sites has been completed. Whilst we have given substantial assurance over the controls in place, we have suggested improvements to the way in which some urgent work is procured and to ensure that monitoring data is kept up to date.

### ***Development control***

- 4.18 Two reviews relating to different aspects of development control are near to completion. Firstly, Section 278 agreements refer to

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developments affecting the strategic highway network. The audit work we have undertaken allows us to provide substantial assurance in respect of s278 agreements, and specifically the collection of associated fees and advanced payments, the design review process, scheme manager supervision, contractor selection, and the certification of defects correction and substantial completion. We are able to give limited assurance regarding the council's compliance with the s278 agreement in respect of invoicing or refunding a developer any excess balances at scheme completion.

- 4.19 The second development control area relates to section 106 agreements where the council may recover sums from developers to mitigate the impact of development upon local infrastructure. Whilst the council in its role as highways authority is a statutory consultee to such agreements, other councils' teams contribute to such agreements on a non-statutory basis. There is, therefore, a significant reliance upon planning functions within the district councils to ensure that the county council's interests are protected. Fieldwork in this area has been completed and a report is being drafted for consideration. The outcome of this review will be reported to a subsequent meeting of the Audit Committee.

### **Adult and Community Services Directorate (ACS)**

#### ***Case management***

- 4.20 Our work on adult social care case management is still under way, focussing on the allocation of cases, the creation and closure of user records, workload management and supervision, and the use of ISSIS.

#### ***Transforming Community Equipment Service: retail model***

- 4.21 Under the retail model equipment assessors prescribe simple equipment aids that can be fulfilled for service users by any accredited retailer. The model has been operated by the county council in east Lancashire since August 2008, in partnership with Blackburn with Darwen Council, Blackburn with Darwen Primary Care Trust (PCT) and East Lancashire PCT. More complex or bespoke equipment aids are made available to service users through the loan stores service. The development of this model is part of a national response to the impetus to provide person-centred care services.
- 4.22 We have assessed the effectiveness of the existing processes and controls and have provided substantial assurance over their adequacy and effectiveness.

### **Joint work on Adult and Community Services Directorate and Lancashire County Commercial Group (LCCG)**

#### ***Reablement***

- 4.23 We have recently completed a review of the reablement service, which is commissioned by ACS and provided by LCCG. The fieldwork was undertaken between April and July 2010. We have considered both the effectiveness of the overall management of the service by

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both ACS and LCCG, and the controls within LCCG that ensure that the needs of service users are met.

- 4.24 We can provide only limited assurance over the effectiveness of the overall management of service delivery. A service level agreement is needed to set out the service delivery and monitoring arrangements between ACS and LCCG. Weaknesses remain in the effectiveness of their joint operations – both referral arrangements within both bodies and the utilisation of care hours – since we last reviewed this area in November 2008. There was significant under-utilisation of care hours and under-achievement of the target number of referrals across the county at the time of this review, although the target has increased significantly.
- 4.25 LCCG has responded positively to these concerns by rationalising the duty system for staff, increasing the availability of administrative support and by seeking to employ more staff on contracts which better serve the needs of the business by supplying care at peak demand periods. A review of the performance monitoring information as at November 2010 indicates a significant improvement in the delivery of the target number of referrals processed by the service and the effective utilisation of available care hours.
- 4.26 Improvements in the quality of management information available to both LCCG and ACS has been slow to materialise, with the result that neither party is yet in a position to quantify how many referrals, considered appropriate for a reablement package of care by ACS, are subsequently refused and returned by LCCG due to capacity issues or because they are considered by LCCG as inappropriate for reablement care. Without a clearer understanding of the cause of the capacity constraints, it will be extremely difficult to implement operational or management changes that will result in the required improvements needed to service delivery and staff utilisation.
- 4.27 ACS and LCCG have established a project board and drawn up a comprehensive action plan to address these issues. Whilst the project board is not yet in a position to report that action has been taken to address every issue, there is now a robust process to review the issues raised.
- 4.28 We can however, provide substantial assurance over the adequacy and effectiveness of the controls within LCCG that ensure that the needs of service users are met once a decision has been made to provide care, and that controls are in place to ensure that service delivery complies with professional care standards.
- 4.29 One of the key outcome indicators of the success of the reablement service is the number of service users who are still in receipt of some form of home care service three months after the service has ceased. As at 31 May 2010, only a third of service users were receiving some form of ongoing care. Furthermore, ongoing customer satisfaction surveys continue to show very positive results suggesting that service users are very pleased with the quality of care they receive from the service.

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- 4.30 Our detailed examination of a sample of cases also indicated that the quality of service provision is high, as evidenced by staff compliance with service requirements and in terms of the maintenance of care records and documentation, both within and outside the ISSIS environment.

### **Lancashire County Commercial Group (LCCG)**

- 4.31 As noted above, we have undertaken a review of the reablement service commissioned by ACS and provided by LCCG. Also noted above, we have completed an audit of the council's compliance with the European Working Time Directive. In addition, we have undertaken work to follow up the work we reported in 2009/10 on residential care establishments, and have undertaken a considerable amount of work arising from whistle-blowing calls.

#### ***Residential care establishments***

- 4.32 During 2009/10 we raised several concerns following visits to five care establishments relating to the administration of medication and preparation of care plans for residents. We have now followed-up the recommendations arising from that work and assessed the progress made by management in improving the care planning and medication processes.
- 4.33 Considerable progress has been made since the previous review to source and evaluate a single supplier of medication to all 17 care homes. A contract is expected to be signed early in 2011. Following this, management will work to review the policies and guidance in place.
- 4.34 LCCG's Care Services team has also developed key performance indicators covering care planning, which are monitored on a monthly basis and reported to the care home managers for action.
- 4.35 Some of our previous recommendations remain outstanding and management is still working to firmly establish some of the recent control improvements and we are discussing the outstanding issues with management.

#### ***Whistle-blowing issues***

- 4.36 We have completed an investigation at one of the engineering depots following a number of whistle-blowing calls. A report has been submitted to the director of LCCG and a disciplinary hearing is scheduled for January 2011. Further information will be provided to the Audit Committee following the conclusion of the disciplinary action. Our investigation identified a number of control weaknesses which will also be addressed following the disciplinary process.

#### **Economic development**

- 4.37 Reviews relating to income protection arrangements and cash management processes are scheduled to be undertaken in the latter part of the financial year.

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### **Regenerate Pennine Lancashire (RPL) – the accountable body role**

- 4.38 The council remains the accountable body for the Housing Market Renewal Pathfinder partnership in the face of significant changes to the nature and amount of current and future funding. Audit work will continue to ensure that any risks to the council are robustly dealt with in this changing environment.
- 4.39 At the request of the RPL Board we are undertaking specific assurance work relating to the eligibility and accuracy of any redundancy payments the partnership will be required to make as a result of its reduced funding. The first phase of this work has been to confirm with the relevant funding bodies any eligibility criteria associated with their funding, and these details have been recently reported to the RPL Board.

### **Pension Fund**

- 4.40 We have completed a review of the pension fund's property fund and a draft report has been issued to management for consideration. Whilst we are not in a position to report our detailed findings, we have noted that the current fund manager has managed the fund for over 25 years. Although performance of the property portfolio can be compared to benchmark returns and compared to other local authority property portfolio returns, we do not have assurance that the charges being paid are currently competitive. This issue has already been identified by senior managers who are intending to re-tender the contract in the near future.
- 4.41 During this quarter we will undertake basic compliance testing on the current global custodian arrangements. Our intended review of the new global custodian arrangements has been deferred until next year, after completion of the on-going tender exercise.
- 4.42 We have kept a watching brief of the planned arrangements for the new bank account which are in hand, and it is the intention to review these as part of next year's audit plan.
- 4.43 We have continued to provide ongoing support and advice to management on the implementation of the new pension administration system during the year and a comprehensive review of this application, considering both manual and ICT controls will be undertaken during this quarter.

### **Investigations and counter fraud work**

- 4.44 Our work supporting the council's management of the risk of fraud falls broadly into responsive work, where allegations have been made or fraud suspected, and proactive work to enhance the council's controls and to consider areas of the council's activities that may be susceptible to the risk of fraud.

### ***Responsive work***

- 4.45 We continue to undertake special investigations across the council and its schools and a number have begun recently. One has resulted in the resignation of an employee, who has received a conditional

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caution from the police. One has resulted in the employee being suspended pending disciplinary action and the matter has also been referred to the police. We continue to support Warwickshire Police with a national fraud investigation regarding bogus invoices from recruitment firms.

- 4.46 Other investigations are continuing and some work has been under way for a considerable period as the disciplinary process moves into employee tribunals and appeals.

### ***Proactive counter fraud work***

- 4.47 As part of our counter fraud work we have performed a series of unannounced visits to a number of the council's establishments that handle cash. All cash checked has been accounted for, but we are in the process of making some recommendations to improve controls over cash handling.
- 4.48 Through our professional counter fraud networks we have identified a number of scams which are being operated nationally. We have taken appropriate steps to prevent and minimise any losses to the council and have communicated these scams throughout the council and via the schools portal.
- 4.49 As part of the Audit Commission's National Fraud Initiative we will be receiving reports from the Audit Commission in February 2011 providing details that will require investigation. We will work with the relevant areas of the council to take appropriate action.