

APPENDIX B

**Areas where Audit Work Suggested that Controls are not Adequate with a 'Poor' or 'Needs Improvement' opinion and key audit where a number of 3\* recommendations resulted from the review.**  
**(Key audits are shown in 'Bold')**

DEPT.	AUDIT AREA	OPINION	KEY AREAS OF CONCERN
CD	<b><i>Exempt under Section 30 - Investigations and Proceedings</i></b>		
<b>CD</b>	<b>Mobile computing and data transfer</b>	<b>Needs Improvement</b>	Missing or failing controls were identified specifically with regards to the absence of an IT asset register, no mechanism for reporting security incidents and the use of mobile devices without logical security or encryption.
CYPS	Schools (six)	Needs Improvement	Internal control arrangements within five schools audited during the period were found to be in need of improvement in the areas of asset management, payroll, imprest, income, purchasing arrangements, pupil number returns, school meals and school fund administration.
HSC	Bristol 600	Needs Improvement	Internal control arrangements at the Bristol 600 Day Centre were found to be in need of improvement in the areas of imprest administration, purchasing, payroll, semi official funds, meals income, asset management and the completion of Declaration of Interest Forms.
<b>HSC</b>	<b>Business Continuity</b>	<b>Needs Improvement</b>	Weakness identified include a failure to validate BCPs by physical tests, BC arrangements when critical services are outsourced, BC provision when critical services depend on several outside service providers, poor cross reference between the departmental risk register and SDPs; and between SDPs and critical / non-critical services; and between SDPs and BCPs.
RE	E Forms	Needs Improvement	Needs improvement was due to concerns around the complexity of the privilege framework for setting up users, inadequate segregation of duties, lack of information to identify active users, short minimum password length, weaknesses in procedures for password resets and poor documentation of security practices.

**KEY TO DEPARTMENT CODES**

BT TRANSFORMATION  
 CD CITY DEVELOPMENT  
 CORP CORPORATE

APPENDIX B

DEPT.	AUDIT AREA	OPINION	KEY AREAS OF CONCERN
CYPS	CHILDREN, YOUNG PEOPLE & SKILLS		
DCX	DEPUTY CHIEF EXECUTIVE		
HSC	HEALTH & ADULT SOCIAL CARE		
NH	NEIGHBOURHOODS		
RE	RESOURCES		

**STRICTLY PRIVATE AND CONFIDENTIAL**  
**INTERNAL AUDIT 2008/09**  
**UNPLANNED WORK IN PROGRESS/COMPLETED**

DEPT	ASSIGNMENT (new in period 3 2008/09 in bold)	ORIGIN	STATUS AT 28 <sup>th</sup> February 2009	COMMENTS
CD	Replacement of Pay & Display/ Pay on Foot Equipment Project (2007/08)	Parking Services	Completed	Comment provided on tender specification. Provision to be made in 09/10 plan for further input.
CORP	NFI - Single Person Discount (SPD) match to Electoral Register. (2007/08)	Audit Commission	In Progress	Council Tax review nearing completion. IA to seek HR views on equitable process for dealing with employees who have failed to declare their change in circumstances with regard to SPD. Savings from withdrawn SPDs are in excess of £400,000.
CORP	<b>Directorate Health Checks (period 3)</b>	<b>Deputy Chief Executive</b>	<b>Completed</b>	<b>Provision of information and Audit opinion for two Directorates under review, Health &amp; Social Care and Neighbourhoods. Provision has been made in the 2009/10 Audit Plan for the remaining Directorates scheduled to be subject to a health check in 2009/10.</b>
CYPS	A Primary School (2007/08)	Whistle Blower	Completed	IA investigation completed and concluded that there are some significant improvements needed in order to demonstrate transparency in the use of funding and to safeguard the school and individuals from potential allegations as a result of conflicts of interest arising at the School. Final report issued 3/3/2009
CYPS	A Primary School (period 1)	Headteacher	Completed	Internal Audit's review of financial records and administration arrangements following concerns expressed by the Headteacher and Chair of Governors has now been completed. The final audit report was issued on 9/2/09 where it was concluded that the level of internal control was poor. In particular it was evident that there had been a breakdown in appropriate standards of governance and accountability at the School although there was no evidence of any material fraud or irregularity from the records sighted. A follow up audit is scheduled in the 2009/10 Audit Plan.

APPENDIX C

DEPT	ASSIGNMENT (new in period 3 2008/09 in bold)	ORIGIN	STATUS AT 28 <sup>th</sup> February 2009	COMMENTS
CYPS	Avonvale Road (period 1)	CYPS Finance	Completed	The Internal Audit review of internal control arrangements surrounding the administration of the imprest account following the identification of a discrepancy in the funds held has now been completed. The final report was issued on 11/12/2008 and it was concluded that arrangements for the administration of the imprest account needed improvement. As a result of the audit the Resources Manager has taken a proactive approach to ensure that Audit recommendations are implemented.
CYPS	FMSiS Assessments	DCSF	In Progress	These are schools that failed or were deferred from 2007/08 and not included in the audit plan for 2008/09 as it was initially thought that they would pass in 2007/08. Assessments currently in progress.
<b>CYPS</b>	<b>A Primary School (period 3)</b>	<b>CYPS Finance</b>	<b>Completed</b>	At an audit in June 2007, internal control arrangements were initially found to be in need of improvement. A follow up audit was conducted in October 2007 where the level of internal control was found to have dramatically improved. However, following further concerns expressed by CYPS Finance a further audit has been completed where it was concluded that the internal control environment is still in need of improvement. Internal Audit are to complete a further review in 2009/10.
NH	Errors in Making Housing Benefits BACS Payments Jul 08 (period 1)	Housing Benefits Manager	Completed Period 2	Two BACS payment schedules for four-weekly / monthly payments were run twice in one week. The net effect was £3.286M being paid 25 days in advance. Loss of interest (£12.6K) and effects on HB O/Ps & Subsidy: steps taken to minimise impacts, and controls put in place to prevent this happening again
NH	User feedback original payments Bristol Partnership (period 2)	Drug Strategy Team	In Progress	Payment methods for people attending UFO meetings under review - currently has extraction of cheques without Audit approval
NH	<b><i>Exempt under Section 40 - Personal Data and Section 31 - Law Enforcement</i></b>			

APPENDIX C

DEPT	ASSIGNMENT (new in period 3 2008/09 in bold)	ORIGIN	STATUS AT 28 <sup>th</sup> February 2009	COMMENTS
NH	<b>Homelessness applicant - Dec 08 (period 3)</b>	<b>Homelessness Team</b>	<b>Completed</b>	<b>Audit assisted in carrying out various searches on applicant since it was believed that applicant was making a false homelessness application. No evidence found to show information was false.</b>
RE	Procurement to Payment (2007/08)	Account Services	Completed (planned work in 08/09)	Audit in advisory role to management pre-implementation of new system. Go-live date postponed to allow greater testing of system. Further coverage to be planned for 09/10.
RE	Bank mandates authorisation levels (period 1)	Internal Audit	In Progress	Dissemination of recommendations made as a result of Cash Office audit, requiring Management to review the appropriateness of the level of authorisation given on each of the Council's bank accounts.
RE	Loans to Icelandic Bank (period 2)	Corporate Finance Manager	Completed Period 3	BCC has £8M invested with Icelandic banks. Review of compliance with the Treasury Management Strategy in placement of these investments. Report issued to senior management. Recovery of funds not yet achieved.
RE	Counterfeit currency procedure (period 2)	Finance & Business Support Group Leader	Completed Period 3	Detailed guidelines on detection and handling of suspected counterfeit currency. Guidance disseminated to appropriate sections of the Council, and also made available on The Source
RE	Creditors Cheques to Originator (period 2)	Internal Audit	In Progress	IA reviewing the number of cheques that have been raised on Creditors and returned to the originator. This should only occur if agreed by IA and there is a demonstrable need, to reduce the risk of fraud.
RE	<b>Land Dev Gbank query (period 3)</b>	<b>Member</b>	<b>Completed Period 3</b>	<b>Speculation in the local media that BCC Officers had contravened their own policies in deciding to sell parcels of land to a developer. Audit did not find evidence of fraud and impropriety.</b>
RE	<b>Broadmead Grant - Audit certificate (period 3)</b>	<b>Finance &amp; Business Support Group Leader</b>	<b>In Progress</b>	<b>SWRDA Interim Grant Claim - Broadmead Streetscene</b>

APPENDIX C

DEPT	ASSIGNMENT (new in period 3 2008/09 in bold)	ORIGIN	STATUS AT 28 <sup>th</sup> February 2009	COMMENTS
RE	<b><i>Exempt under Section 30 - Investigations and Proceedings</i></b>			
RE	<b><i>Exempt under Section 30 - Investigations and Proceedings</i></b>			
RE	<b>Chargeable Collections (period 3)</b>	<b>CSC Operations Manager &amp; Financial Management</b>	<b>In Progress</b>	<b>Concerns were raised that no reconciliation takes place for services requested and paid for by the public via Customer Services Centre. There have been a number of discrepancies between the service ordering system and the cash receipting system. The overall consequence is that, for some services carried out, it is possible that, either the authority has received no payment , or, payment has been received but has not been brought to account. Investigation continuing.</b>

**KEY TO DEPARTMENT CODES**

BT TRANSFORMATION  
 CD CITY DEVELOPMENT  
 CORP CORPORATE  
 CYPs CHILDREN, YOUNG PEOPLE & SKILLS  
 DCX DEPUTY CHIEF EXECUTIVE  
 HSC HEALTH & ADULT SOCIAL CARE  
 NH NEIGHBOURHOODS  
 RE RESOURCES

APPENDIX D

**STRICTLY PRIVATE AND CONFIDENTIAL**  
**INTERNAL AUDIT 2008/09**

**FRAUD AND IRREGULARITY - RESPONSIVE WORK**

DEPT	ASSIGNMENT (new in period 3 2008/09 in bold)	ORIGIN	STATUS AT 28 <sup>th</sup> February 2009	COMMENTS
CD	<b><i>Exempt under Section 30 - Investigations and proceedings and Section 31 - Law Enforcement</i></b>			
CD	Review of blue badge data (period 2)	Audit Comm.	In progress	Investigation into the use and possible abuse of Blue Disabled Parking badges. Issues originally identified as part of the NFI 2006/07 exercise.
CYPS	A Primary School (period 1)	Internal Audit	In progress	Review of IT and data security arrangements following the theft. To be linked to planned audit review of mobile data security in CYPS. Audit review being concluded.
NH	<b><i>Exempt under Section 40 - Personal Data</i></b>			
NH	Fencing contractor (period 1)	Anonymous complaint.	In progress	An old complaint that was investigated but found to be inconclusive. Recent Minor Works review prompted a further examination of this area which is in progress.
NH	<b><i>Exempt under Section 40 - Personal Data</i></b>			
RE	<b><i>Exempt under Section 30 - Investigations and proceedings</i></b>			

APPENDIX D

DEPT	ASSIGNMENT (new in period 3 2008/09 in bold)	ORIGIN	STATUS AT 28 <sup>th</sup> February 2009	COMMENTS
------	--	--------	---	----------

**KEY TO DEPARTMENT CODES**

BT	TRANSFORMATION
CD	CITY DEVELOPMENT
CORP	CORPORATE
CYPS	CHILDREN, YOUNG PEOPLE & SKILLS
DCX	DEPUTY CHIEF EXECUTIVE
HSC	HEALTH & ADULT SOCIAL CARE
NH	NEIGHBOURHOODS
RE	RESOURCES

## APPENDIX E

**Internal Audit Follow-up Activity****2008-09****Situation at at 28/02/2009**

The following were reported in previous periodic reports (appendix B) as areas where audit work suggested that controls are not adequate with a 'Poor' or 'Needs Improvement' opinion and key audit where a number of 3\* recommendation resulted from the review. The current position is provided regarding the implementation of the recommendations.

(Key audits are shown in 'Bold')

DEPT.	AREA OF AUDIT REVIEW	DETAILS	STATUS
RE	<b>Debtors Interfaces</b>	<b>Account Services are working towards reducing the user accounts which do not force separation of duties. New system in place for setting up users, system now forces separation of duties. Some minor recommendations made. The Adult and Community Care - Series X system which was lacking an adequate business continuity arrangement was initially remaining in South Gloucestershire, with transaction files held in Bristol for business continuity purposes. The position has changed since being reported and the Series X application is now based in Bristol. Planned audit to check current position in 09/10.</b>	<b>Follow up completed and satisfactorily resolved</b>
RE	<b>Payroll data security</b>	<b>Action has been taken to reduce/eliminate the IA concerns identified. Notably progress has been made in drawing up a data classification system which will be issued shortly, lockable cabinets are being acquired by Payroll and sensitive electronic files are now encrypted before being transferred outside of Bristol City Council</b>	<b>Follow up completed and satisfactorily resolved</b>
CD	PT&SD Partnerships	Follow-up currently in progress.	Follow up in progress
CYPS	Schools	Letters are being sent to schools requesting confirmation that recommendations included in their audit report have been fully implemented.	Follow up in progress
CYPS	Music Service	Follow up scheduled for quarter 2 of 2008/09 but deferred until Q3. Follow up now nearing completion in Q4.	Follow up in progress
HSC	Paris application audit	Disaster Recovery test took place 26/01/09 through to 04/02/09 - outcome of test still to be followed up.	Follow up in progress

## APPENDIX E

DEPT.	AREA OF AUDIT REVIEW	DETAILS	STATUS
HSC	Departmental Payroll	Follow up scheduled for quarter 2 of 2008/09 but deferred. Follow up now nearing completion in Quarter 4.	Follow up in progress
<b>HSC</b>	<b>ACC budgetary control</b>	<b>Follow up to be scheduled for Quarter 4 of 2008/09.</b>	<b>Follow up in progress</b>
HSC	Windfall Income and Memorandum Debt	Follow up commenced in quarter 2 and still in progress.	Follow up in progress
RE	Creditors Interfaces	Confirmation is still awaited of the position with regards to the recommendations made in relation to the reconciliations of the e-trading system and the Anite Housing Management system. Review in progress.	Follow up in progress
RE	Local Taxation - Refunds & Write off	There was an absence of sufficiently robust controls in the areas of the levels at which writes off may be authorised and an absence of an adequate level of separation of duties. Some improvements were introduced before completion of the audit. Follow up scheduled for Qtr 3 of 2008/09.	Follow up in progress
<b>CORP</b>	<b>LAA baseline review target 5</b>	<b>Due to the delay experienced in obtaining management comments, follow-up on the audit has been delayed until 2<sup>nd</sup> quarter of 2009/10.</b>	<b>Previously reported, but not yet followed up</b>
C&L	Leisure Centre Contract	Follow up scheduled for 2 <sup>nd</sup> quarter 2008/09	Previously reported, but not yet followed up
<b>CORP</b>	<b>Project Management</b>	<b>Follow-up complete. Some progress has been made, however there are still some areas where further recommendations have been made and require implementation. A further follow-up has been scheduled for 09/10.</b>	<b>To be followed up as part of planned review</b>
CORP	Payment Card Industry	Audit continue to have concerns about the extent the Council complies with the Payment Card Industry standard. Whilst we have received assurance that our corporate cash receipting system complies, responsibility for assessing our compliance with the other 60 elements of the standard has not yet been allocated.	To be followed up as part of planned review
CYPS	Special Education Needs	To be followed up in 2009/10	To be followed up as part of planned review
CYPS	CYPS Partnerships and Joint Working	Due to FMSiS priorities this audit is scheduled for follow up in 2009/10.	To be followed up as part of planned review

APPENDIX E

DEPT.	AREA OF AUDIT REVIEW	DETAILS	STATUS
HSC	Newlands Road	To be followed up in 2009/10	To be followed up as part of planned review
HSC	Bush RAC	To be followed up in 2009/10	To be followed up as part of planned review

**KEY TO DEPARTMENT CODES**

BT TRANSFORMATION  
 CD CITY DEVELOPMENT  
 CORP CORPORATE  
 CYPS CHILDREN, YOUNG PEOPLE & SKILLS  
 DCX DEPUTY CHIEF EXECUTIVE  
 HSC HEALTH & ADULT SOCIAL CARE  
 NH NEIGHBOURHOODS  
 RE RESOURCES