Oxfordshire County Council

Internal Audit Services

Annual Report of the Chief Internal Auditor

2011/12

Date Issued: June 2012

AUTHOR: IAN DYSON

1 INTRODUCTION

1.1 BACKGROUND

1.1.1 The Accounts and Audit Regulations 2011 require the Council to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 2006 (the Code), which sets out proper practice for Internal Audit, requires the Chief Internal Auditor to provide an annual report to those charged with Governance which should include an opinion on the overall adequacies of the Council's internal control environment.

1.2 RESPONSIBILITIES

1.2.1 It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

1.2.2 The role of the Internal Audit Service is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:

- The Council can establish the extent to which they can rely on the whole system; and,

- Individual managers can establish how reliable the systems and controls for which they are responsible are.

1.3 INTERNAL CONTROL ENVIRONMENT

1.3.1 The CIPFA Code defines the control environment as comprising of the Council's systems of governance, risk management and internal control, the key elements of which include:

- Establishing and monitoring the achievement of the organisation's objectives.
- The facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties.
- Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

- The financial management of the organisation and the reporting of financial management.
- The performance management of the organisation and the reporting of performance management.

1.3.2   In order to form an opinion on the overall adequacy and effectiveness of the control environment the internal audit activity is planned to provide coverage of financial controls, through review of the key financial systems, and internal controls through a range of operational activity both within Directorates and cross cutting, including a review of risk management and governance arrangements. The Chief Internal Auditors annual statement on the System of Internal Control is considered by the Corporate Governance Assurance Group when preparing the Council's Annual Governance Statement.

1.4   THE AUDIT METHODOLOGY

1.4.1   Internal Audit complies with the CIPFA Code of Practice 2006, and has approved Terms of Reference that set out the objectives and scope of Internal Audit. In accordance with the requirements of the Accounts and Audit Regulations 2011, the Monitoring Officer has carried out a review of the effectiveness of the System of Internal Audit. The scope of the review covered compliance with proper practice (CIPFA Code of Practice for Internal Audit 2006), reporting on performance and outcomes to the Audit Committee, and a survey of Senior Management on the effectiveness of Internal Audit. In the report to the Audit Committee it was concluded there is acceptable effectiveness, with two areas for improvement; counter-fraud; and, timeliness of reporting audit findings.

1.4.2   The Internal Audit Strategy and Quarterly Plans for 2011/12 were approved by the Audit Committee, who received quarterly progress reports from the Chief Internal Auditor, including summaries of the audit findings and conclusions. The Audit Working Group also routinely received reports from the Chief Internal Auditor, highlighting emerging issues and for monitoring the implementation of management actions arising from internal audit reports.

1.4.3   The quarterly Internal Audit Plans identified the individual audit assignments. The activity was undertaken using a systematic risk-based approach. The objectives for each activity were determined and risks in the processes that supported that activity were identified and set down in terms of reference that outlined the objectives and scope for each audit. The work was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence in forming an overall opinion on the adequacy and effectiveness of the internal control framework.

1.4.4   Internal Audit reports provide a conclusion for each of the following, as well as an overall conclusion on the system of internal control:

- The adequacy and effectiveness of the risk assessment process

- The adequacy and effectiveness of the controls designed to manage the risks
- The adequacy and appropriateness of management action designed to remedy any failings or weaknesses in the internal control system
- The adequacy and effectiveness of management assurance processes for monitoring the system of internal control.

A summary of the overall conclusions for each audit are listed as appendix 1 to this report. The definitions of each conclusion are attached as appendix 2.

1.4.5 To provide quality assurance over the audit output, audit assignments are allocated to staff according to their skills and experience. Each auditor has a designated Audit Manager to perform quality reviews at four stages of the audit assignment: the terms of reference, file review, draft report and final report stages.

1.5 THE AUDIT TEAM

1.5.1 During 2011/12 the Internal Audit Service was delivered by a mixture of an in house team, and audit professionals from Deloittes PSIA, with whom there is a "call off" contract in place for internal audit services. The specialist area of IT audit has also been outsourced. The "call off" contract with Deloittes PSIA has been predominantly used for bringing in specialist contract audit resource, but also to support the delivery of the Internal Audit Plan, by providing cover for vacancies and maternity leave. The in house team also provided services to external organisations, Thames Valley Police Authority and Buckinghamshire County Council.

1.5.2 Throughout the year the Audit Committee and the Audit Working Group were kept informed of staffing issues and the impact on the delivery of the Plan.

2 OPINION ON SYSTEM OF INTERNAL CONTROL

2.1 BASIS OF THE AUDIT OPINION

2.1.1 The 2011/12 Internal Audit Plan has been completed, with the exception of one audit, Compliance with Contract Procedure Rules. The fieldwork from the audit has been completed, but the output is under review following a quality monitoring assessment.

2.1.2 The substantial completion of the planned internal audit activity enables the Chief Internal Auditor to provide an objective assessment of whether systems and controls are working properly. In giving an audit opinion, it should be noted that assurance can never be absolute; however, the scope of the audit activity undertaken by the Internal Audit Service is sufficient for reasonable assurance to be placed on their work.

2.1.3   A summary of the work undertaken during the year, forming the basis of the audit opinion on the control environment, is shown in appendix 1 to this report.

2.1.4   The overall opinion for each audit, as shown in appendix 1, is the opinion at the time the report was issued. The internal audit reports contain management action plans where areas for improvement have been identified, which the Internal Audit Team monitors the implementation of by obtaining positive assurance on the status of the actions from the officers responsible. Reports on outstanding actions are routinely presented to Directorate Leadership Teams, and the Audit Working Group. The Chief Internal Auditors opinion set out in section 2.2.1 takes into account the implementation of management actions.

2.1.5   There have been very few reported instances of fraud or financial irregularity. Internal Audit monitors the cases to ensure they are being appropriately investigated, and to ensure any control issues are addressed. There have been no material issues identified in 2011/12; however, proactive counter-fraud activity, including promotion of the anti-fraud and corruption policies and procedures has not been resourced during 2011/12, so this has been highlighted as an area for action in 2012/13.

2.1.6   It should be noted that it is not internal audit's responsibility to operate the system of internal control; that is the responsibility of management. Furthermore, it is management's responsibility to determine whether to accept and implement recommendations made by internal audit or, alternatively, to recognise and accept risks resulting from not taking action. If the latter option is taken by management, the Chief Internal Auditor would bring this to the attention of the Audit Committee.

2.1.7   The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

2.1.8   In arriving at our opinion we have taken into account:

   ▪ The results of all audits undertaken as part of the 2011/12 audit plan;

   ▪ The results of follow up action taken in respect of previous audits;

   ▪ Whether or not any priority 1 recommendations have not been accepted by management;

   ▪ The affects of any material changes in the Council's objectives or activities; and,

   ▪ Whether or not any limitations have been placed on the scope of Internal Audit – of which there have been none.

2.2   CHIEF INTERNAL AUDITORS OPINION ON THE SYSTEM OF INTERNAL CONTROL

2.2.1   In my opinion Oxfordshire County Council's overall system of internal control continues to facilitate the effective exercise of the Council's functions and provides a **reasonable** assurance regarding the effective, efficient and economic exercise of the Council's function. There have been some areas of weakness identified by management and Internal Audit, but these have all resulted in positive action plans to address them, with appropriate timescales, demonstrating a commitment to maintaining effective governance and internal control.

2.2.2   There have been 67 audits completed in 2011/12, of which only nine have resulting in an opinion of "unacceptable" control.

2.2.3   The nine "unacceptable" audits have all been well received by management, and there has been good engagement with implementing management actions. One "unacceptable" report, Accounts Payable, was only issued in June 2012, so it is too soon for the actions to be implemented; however, the report has been considered by the Audit Working Group, and as a result it was agreed the issues raised in the report are significant to require an action to be raised in the Annual Governance Statement.

2.2.4   The status of actions on the other "unacceptable" audits is summarised as follows:

Audit	Report Issued	Comment
Establishment Audit - Knights Court	27 March 2012	In general the actions are being implemented, but it has been reported to the AWG that some timescales have been put back with regard to the production of written procedures, with assurance that staff have been informed of the correct procedures to be followed.
Establishment Audit - Youth Offending Service	28 November 2011	Following this audit there has been a restructuring of the service; Internal Audit has continued to work closely with the Director of CEF on the outcomes of this audit, and the development of effective systems and procedures
Highways and Transport Contract - follow up	31 August 2011	In February 2012 Internal Audit concluded a further follow up and confirmed the implementation of the management actions
Home to School Transport	2 February 2012	Following the audit there has been a restructuring of the service; Internal Audit has continued to work closely with management on the design of new processes and procedures. The progress is being monitored by the AWG

CEF Safeguarding	29 September 2011	All relevant management action due have been implemented. This area is included for further review by Internal Audit in 2012/13
SCS Safeguarding	11 October 2011	All relevant management action due have been implemented. This area is included for further review by Internal Audit in 2012/13
Client Care Funding	5 December 2011	Action has been taken to implement 8/9 actions due. For the other action no information has been received. This is being followed up.
Alert Service	14 October 2011	All 18 actions have been implemented.

2.3 **INTERNAL AUDIT PERFORMANCE**

2.3.1 The following table shows the performance targets agreed by the Audit Committee and the actual 2011/12 performance.

Measure	Target	Actual Performance
Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the Audit Manager, no more than three times the total audit assignment days	71% of the audits met this target. (last year 85%)
Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	67% of the audits met this target. (Last year 72%)
Elapsed time between issue of draft report and the issue of the final report	15 Days	57% (Last year 56%)
% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2011	87% of the plan was completed. (last year 93%).
% of recommendations implemented within the agreed timescales	90% of recommendations implemented	2011/12: 80%
Customer satisfaction questionnaire (Audit Assignments)	Average score < 2	1.31 (Last year 1.32).
Directors satisfaction with internal audit work	Satisfactory or above	Achieved – Review of

Measure	Target	Actual Performance
		System of Internal Audit
Extent of reliance External Audit can place on Internal Audit	Reliance placed on internal audit work	No adverse comments – achieved

Ian Dyson

Assistant Head of Finance (Audit)

June 2012

APPENDIX 1 - SUMMARY OF COMPLETED AUDITS

	Audit	Scope/Objective	Overall Audit Conclusion
KEY FINANCIAL SYSTEMS			
1	Pensions Fund	An annual review to test the key controls providing assurance that the pensions fund is being properly managed, with funds invested securely maximising investment opportunities.	**Acceptable**
2	Pensions Admin	An annual review to test the key controls providing assurance that members' records are accurately maintained, and that payment through the pension's payroll are accurate and made on a timely basis to legitimate pensioners only. This audit will also consider the processes for the admission and withdrawal of organisations to and from the pension fund.	**Acceptable**
3	Accounts Payable	This audit is undertaken annually to provide assurance that payments to creditors are timely and in respect of goods or services required and received by the council. It will cover procure to pay processes in SAP R3, and SRM. The audit will also include the transfer of data from any feeder systems.	**Unacceptable**

4	Accounts Payable Basware System	The review focussed on the implementation of the Basware system for the automatic processing of invoices introduced into the accounts payable process.	It was found that the proposed processes appear to be satisfactory.
5	Payroll	This audit is undertaken annually to provide assurance that payments are accurate, timely and paid to legitimate employees only.	**Issues**
6	Accounts Receivable	An annual audit to provide assurance that debtor income is identified recorded and collected in a timely and efficient method. The audit will also review other debt management procedures including the cancellation and writing off of debts. The scope will cover debts managed corporately on SAP and those relating to Adult Social care managed through the Abacus System. The audit will also include procedures at local sites responsible for raising debtor invoices.	**Acceptable**
7	Capital Accounting (incl. Capital Programme Management)	The audit will also test controls around the management of the Capital Programme.

Capital Accounting will be undertaken in Q1 2012/13 | **Acceptable** |

8	General Ledger & Main Accounting	This is an annual audit, testing the key controls to provide assurance that financial transactions are properly recorded to enable the production of timely and accurate statement of accounts, and management accounts. The planned days also provides for a review of non-SAP feeder systems, ensuring there are adequate and effective controls in place to give assurance on the accuracy and integrity of data being transferred into SAP Accounts Payable, Account Receivable and the General Ledger.	**Acceptable**
9	Imprest and Procurement Card System Mapping	The audit reviewed the processes and key controls in place for the administration of Imprest Accounts and Procurement Cards.	**Issues**
10	Treasury Management	An annual review to test the key controls to provide assurance that council funds are being effectively managed to support the delivery of council operations and to maximise investment opportunities for cash surpluses.	**Issues**

GOVERNANCE AND FINANCIAL MANAGEMENT

11	Environment & Economy (including Customer Services)	This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation.	Performance Management **Issues**
12			Establishment audit to Facilities Management Knights Court **Unacceptable**
13			E&E Governance and Financial Management (including OCS) (Main directorate report) **Issues**
14			Follow up of Health and Safety management actions from 2010/11 Audit conclusion: **n/a**
15	Children, Education & Families (CEF)	This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation.	Performance Management **Issues**
16			CEF Project Management **Issues**
17			Establishment audit to Youth Offending Service **Unacceptable**
18			Establishment audit to East Oxford Hub **Issues**
19			CEF Governance and Financial Management (Main directorate report) **Issues**

20	Social and Community Services	This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation.	Performance Management **Issues**
21			Establishment audit of Trading Standards **Issues**
22			SCS Governance and Financial Management (Main directorate report) **Issues**
23	Chief Executives Office (CEO)	This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation.	CEO Governance and Financial Management (Main directorate report) **Issues**
24			Governance and Financial Management – Risk Management – corporate findings. **Issues**
25			Governance and Financial Management – Budgetary Control – corporate findings. **Issues**
26			Governance and Financial Management – Authority & Governance – corporate findings. Audit Conclusion: **Issues**

	ENVIRONMENT AND ECONOMY		
27	Property and Facilities Procurement (ISOS Phase)	The audit will review the procurement exercise and mobilisation phase for the new Property and Facilities contract. The audit will follow on from the first phase review, completed in March 2011.	**Acceptable**
28	Property and Facilities Procurement (ISDS & ISFT Phases)	The audit will review the procurement exercise and mobilisation phase for the new Property and Facilities contract. The audit will follow on from the second phase review, completed in June 2011, looking at the contract specification, any related tender documents and the schedule for the ISDS phase.	**Acceptable**
29	Highways and Transport Contract Follow Up	Operational from the 1 April 2010, this year's audit will follow on from the 2010/11 review, focussing on the issues raised in relation to the operational processes designed to deliver the services of the Highways Contract. The review will assess progress in implementing the service Improvement Plan, as well as the effectiveness of the performance and risk management arrangements.	**Unacceptable**

30	Highways and Transport Contract	This audit will involve a detailed review of the current end to end processes in place for the service. Testing will focus on a large sample of task orders and payments with a view to comment on the effectiveness and accuracy of the processes in place. The audit will also review the effectiveness of the governance, performance and risk management arrangements in place. Testing will also follow up on the actions agreed during the previous report issued in August 2011.	**Issues**
31	Concessionary Travel	With the administration of the Concessionary Travel scheme transferring to County Council responsibility from the 1st April 2011, the audit will focus on the handover arrangements and the design and effectiveness of processes and systems implemented the manage the scheme.	**Issues**
32	Home to Schools Transport	The audit will review the process for tendering home to school transport contracts and the contract monitoring arrangements in place, including the mechanism for monitoring provider performance and any related service issues that arise.	**Unacceptable**
33	Energy Strategy	A new Energy Strategy is currently being developed within E&E and is due to be adopted during the summer. The audit will focus on the governance arrangements in place to monitor and deliver the requirements of the Energy Strategy, including data quality arrangements.	**Issues**

34	Waste Collection Contract	The audit will cover the period from tender evaluation through to use and management of the contract to date.	**Issues**
35	Capital Contract - Iffley Road	The audit will review the approach to programming and estimating the scheme through to post completion review of the project, depending on its status.	**Acceptable**
ENVIRONMENT AND ECONOMY - OXFORDSHIRE CUSTOMER SERVICES			
36	Insurance	The audit will provide assurance on processes in place to ensure that the Council has adequate cover for insurable risks and claims are being processed accurately and timely.	**Issues**
37	Procurement Strategy and Governance	The audit will provide assurance on the effectiveness of the Council's Procurement Strategy and its governance arrangements. This includes how the strategy is being delivered, general procurement planning, advice and guidance.	**Issues**
38	Schools Support	The Schools Support and Technical Team is the main provider of assurance on the performance of financial management at schools. This is an annual audit.	**Acceptable**

39	ICT Strategy	The audit will provide assurance on the implementation of the current ICT Strategy. The audit will review the strategy to ensure it is being effectively delivered, monitored and managed. The review will also ensure that the benefits of ICT are fully realised and the development of ICT supports corporate objectives and priorities.	**Acceptable**
40	Data Centre Security	The review will provide assurance on the physical and environmental security controls at the Clarendon Data Centre and a sample number of communication rooms.	**Acceptable**
41	Disaster Recovery Project (Pt. 1)	The audit will provide advice on the implementation of the Disaster Recovery Project. The audit will also provide assurance on the design of controls being implemented as part of the project.	**Issues**
42	Disaster Recovery Project (Pt. 2)	The audit will follow on from the first audit and provide advice on the implementation of the Disaster Recovery Project. The audit will also provide assurance on the design of controls being implemented as part of the project.	**Acceptable**
43	SAP Collaboration Review	The audit will review the management and governance controls over the proposed partnership with Hampshire on the SAP collaboration.	**Issues**

44	MS Enterprise Programme (Pt. 1)	The Microsoft Enterprise Services Programme will address the work to upgrade desktops and laptops to a base level of Windows 7 and Office 2010. The audit will provide assurance management and governance arrangements in delivering MS Enterprise programme and operational and systems controls in place.	**Issues**
45	MS Enterprise Programme (Pt. 2)	This audit will follow on from the first stage on the audit and provide assurance on the current status of the programme.	**Acceptable**
46	Internet Access and Security	The audit will review the controls over Internet and email access, including the management of filtering software.	**Issues**
47	Access to Systems	The audit will review the level of access provided to ICT support staff on a sample number of corporate systems and applications. Testing will be completed on the following critical systems: Swift; ESCR; Abacus; Capita One and Frameworki. Testing will be carried out at server, database and application level, as appropriate.	**Issues**
48	Government Code of Connect	The audit will review the controls in place for complying with the Government Code of Connect.	**Issues**

CHILDREN, EDUCATION AND FAMILIES

49	CEF Safeguarding	The aim of the audit will be to provide assurance that safeguarding framework, policies and procedures are working effectively. The audit will review the quality assurance framework, reviewing the scope adequacy, and reporting mechanisms within this process. The audit will also review the systems and processes in place for caseload management. The audit will follow up on any outstanding actions and test implementation of any priority 1 management actions from previous audits of Safeguarding Training, Safer Recruitment, and also relevant actions regarding accuracy and completeness of Frameworki data included in the audit undertaken of Performance Indicators.	**Unacceptable**

| 50 | Review of Early Intervention Hubs | In preparation for the introduction of the Early Intervention Hubs, there are a number of Task and Finish Groups in place who are responsible for ensuring the management and implementation of different aspects of the project. This includes reviewing the existing business processes to identify whether they will be required in the longer term and if retained what changes will be required. Internal Audit will provide an overview of this project, in order to provide assurance on the controls being designed with the implementation of the hubs.

Internal Audit will review the project management arrangements, and at key stages provide advice / assurance over the key processes planned, to include review of what data quality / assurance mechanisms will be in place for the recording and reporting of key data.

Part 2 of this audit is intended that it will provide assurance on the arrangements for data management reviewing the transitional arrangements in place for transferring data to a new system. The audit will also review the arrangements for developing a new quality assurance system.

It is envisaged that review of processes in relation to referrals and pathway will be undertaken next financial year. | Part 1 complete – Conclusion **Acceptable.**

Part 2 – Main audit activity deferred until quarter 2 of 2012/13.

Final management letter issued reporting on part 2 findings. |

51	One System (EMS)	One system is the main pupil database used across CEF. The audit will look review the use of the system across the directorate and to provide assurance on the accuracy and integrity of data on the system. A key aspect of the audit will be to review the financial governance surrounding payments using information generated by the system. The audit will specially review the business processes in place to generate payments to providers within the Early Years Service.	**Acceptable**
52	Early Years	Early Years – Delivery of Savings Plan. During quarter 1 Internal Audit will look to provide assurance on the robustness and accuracy of the savings plans in place for Early Years. The audit will consider the new structural changes in place and responsibilities for achievement of each part of the savings plan, reviewing that appropriate budget monitoring mechanisms are in place. Internal Audit will work with the Deputy Director (Education and Early Intervention) to identify any future Internal Audit activity required to consider key governance and financial management controls as processes are reviewed / re-designed as part of the implementation of the CEF Business Strategy.	**Issues**

53	Payments to Foster Carers – Trojan System	From 2011/12 payments to Foster Carers are being processed via the Trojan system. These were previously administered via spreadsheets. Internal Audit will test the key controls to provide assurance on the accuracy, integrity and reliability of payments made.	**Issues**
54	Schools Assurance – Schools Capital Accounting	In addition to the schools programme of individual assurance visits, throughout 2011/12 Internal Audit will look to undertake thematic reviews of key risk areas to provide the S151 officer with assurance on the financial control environment. The audit of Schools Capital Accounting will be the first thematic audit review, by reviewing a sample of schools to provide assurance to provide assurance on the robustness of processes for the allocation, monitoring and financial recording of capital monies.	**Issues**
55	Contract Procurement and Contract Management	Audits of a selection of capital and revenue contracts to provide assurance on the contract procurement and contract management arrangements in place.	Capital Contract Management Audit of Woodfarm replacement of existing buildings (joint assurance with EE). **Issues**
56			Contract Management Audit of Integrated Children's Community Therapy Service. **Issues**

SOCIAL AND COMMUNITY SERVICES			
57	Alert Service	The review will focus on the processes for re-assessing clients by Community Voice, that financial forecasts are accurate and robust, the financial charging process is effective and contract management and monitoring arrangements are in place.	**Unacceptable**
58	Self-Directed Support	The audit will provide assurance on the effectiveness of the Self Directed Support process, considering any recent changes or improvements, including personal budget allocations and accounting, care plan delivery and client documentation.	**Issues**
58	Safeguarding	The aim of the audit will be to provide assurance on the quality assurance framework for Safeguarding in respect of externally provided services, reviewing the scope, adequacy and reporting mechanisms within this process. The audit also will provide assurance on the annual review process, in respect of delivering safeguarding objectives. The audit will consider current improvements already planned or being actioned by the Directorate within the area of Safeguarding and the multi-agency peer audit to be independently led by the Oxfordshire Adult Safeguarding Board.	**Unacceptable**

60	Client Care Funding	This audit will follow on from the observations raised during the 2010/11 review where the systems in place within SCS appear to not maintain the correct level of documentation to support delivery of the needs of the client. Testing will focus specifically on determining the process or control weaknesses and implications in not having robust systems to support service needs and operational decisions.	**Unacceptable**
61	Contract Procurement & Contract Management	Audits of a selection of capital and revenue contracts to provide assurance on the contract procurement and contract management arrangements in place. • Commissioning Reablement • Carers Support Service Contract Management • RFID in Libraries Capital Contracts Management • Redbridge Hollow Phase 2 • Learning Disabilities Specialist Health	Commissioning Reablement. Audit Conclusion: **Issues**
62			Carers Support Service Contract Management Audit Conclusion: **Issues**
63			RFID in Libraries (issued to SCS & E&E) Audit Conclusion: **Issues**
64			Redbridge Hollow (issued to SCS & E&E) Audit Conclusion: **Issues**
65			LD Specialist Health Audit Conclusion: **Issues**

CHIEF EXECUTIVES OFFICE			
66	Members' Allowances	The audit will provide assurance on the systems and processes in place to ensure the accuracy and integrity of allowances paid.	**Issues**
67	Business Strategy Programme	Internal Audit will review the arrangements in place to monitor the delivery of the Directorate Business Strategies. It will include a review of the general governance arrangements, the management information being presented to the Business Strategy Group and any resulting actions.	**Issues**

APPENDIX 2

DEFINITION OF CONCLUSIONS

Grading:	ACCEPTABLE	ISSUES	UNACCEPTABLE
Conclusion on:	**Wording**		
Overall conclusion on the system of internal control being maintained	There is a sound system of internal control in which risks are being managed to acceptable levels	There is generally a sound system of internal control. Risks are being mitigated to acceptable levels, except for the significant risks noted and there is therefore the possibility that some objectives will not be achieved	The system of internal control is generally weak, and the exposure to risk is such that it is probable that objectives will not be, OR are not being achieved. The system is open to the risk of significant error or abuse.
Risks have been identified, evaluated and managed	Thorough processes have been used	Processes have been used, but there are some deficiencies	Inadequate, or no, processes have been used
Internal controls are adequately designed to reduce risks to acceptable levels	There are adequately designed controls to mitigate the risks identified to acceptable levels (although some action may be required).	In general there are adequately designed controls to mitigate the risks identified, except for the significant risks noted in the report.	The design of internal controls is unacceptable as risks are not being mitigated to an acceptable level
Internal controls are operating effectively in reducing risks to acceptable levels	The controls in place are operating effectively, (although some action may be required)	In general the controls in place are operating effectively, except for the significant risks noted in the report.	Generally the controls in place are not operating effectively leaving an unacceptable exposure to significant risks.
The current levels of monitoring are sufficient	No more monitoring is necessary than is done at present	Some additional monitoring is required	Major improvements are required to the monitoring of controls
Action being taken to promptly remedy significant failings or weaknesses	The action being taken will result in all risks being mitigated to acceptable levels	The action being taken will result in only some risks being mitigated to acceptable levels	No action is being taken, OR

Insufficient action is being taken to mitigate risks |