

**AUDIT AND GOVERNANCE COMMITTEE**

**30 JUNE 2009**

**INTERNAL AUDIT SERVICES ANNUAL REPORT FOR 2008/2009**

**Report of Director of Financial Resources**

**1. Purpose of Report**

1.1 To provide details of the performance of Internal Audit Services (IAS) during 2008/2009 and an opinion on the overall system of control in place within the Council. For completeness, this report includes performance information in relation to internal audit services provided to associated bodies.

**2. Performance 2008/2009**

2.1 *Summary of Work Carried Out*

2.1.1 The Key Performance Indicators for Internal Audit Services were accepted by the Audit and Governance Committee as part of the Internal Audit Operational Plan (the Plan) for 2008/2009. Appendix 1 details performance achieved against the targets set for the year.

2.1.2 The agreed Plan for the year included 120 audits. Of these, 117 were completed. The three audits which were not completed are as follows:

- Winter Festival Grant – time was set aside to provide an audit certificate for this grant based on information available at the time. However, it was subsequently advised that no grant was to be received within 2008/2009.
- Dame Dorothy Primary School – this audit was deferred at the request of the Head Teacher due to the sudden illness of a key Governor at the School. This audit has been re-scheduled for early in 2009/2010.
- Back on the Map, Management of IT Risks – due to unforeseen additional work being required in relation to the statement of grant usage it was appropriate for this work to be rescheduled for 2009/2010 due to capacity issues.

2.1.3 Performance against the plan is therefore reported as 97.5% (117/120).

2.1.4 A further 9 unplanned audits were undertaken during the year, utilising the contingency time set aside in the agreed plan.

- 2.1.5 The audits (planned and unplanned) carried out during the year are shown in the attached Appendix 2.
- 2.1.6 With regard to planned productive days, 89% of the days planned were delivered, which equates to 2,675 days. The shortfall is due to the secondments of two members of staff to assist with corporate projects, and vacancies for part of the year following two staff taking up positions in other organisations. The shortfall has been partially offset by part time staff working additional days.
- 2.1.7 Where IAS identified areas for improvement, recommendations were made to further minimise the level of risk. Although a number of recommendations to improve internal control were made, the work undertaken did not identify any matters material to the overall internal control environment of the Council.
- 2.1.8 As with the previous year, Internal Audit recommendations are categorised as high, medium or low risk, according to the exposure to risk in the context of the Council or audited body. At a meeting of the Executive Management Team on 7<sup>th</sup> October 2008, a further category was agreed called *Significant* to reflect issues that could have a wider impact than on the service or area being audited but would not put at risk the achievement of the audited body's objectives.

Two significant recommendations were made during the year. These related to an audit of the Service Transformation Project and identified two areas where the Council could improve existing arrangements to better evidence compliance with the recommendations of the Service Transformation Project. Follow up work will be undertaken in relation to these recommendations in 2009/2010.

- 2.1.9 During the year the following numbers of recommendations were made in relation to the Council.

Priority	Number of Recommendations Made
High	0
Significant	2
Medium	511
Low	629

Observations are also made in cases where an audit finds that, although the arrangements in place are adequate, there may be scope for minor improvements. Such comments are made purely for management consideration and are not formal recommendations.

- 2.1.10 Action plans have been drawn up for the implementation of recommendations and, whilst some action plans are awaiting final agreement with Directorates, of those action plans already agreed, management has accepted them all.

2.1.11 Results of the key areas of work are included below.

*Key Systems*

In relation to the Council's key financial systems, audits have been undertaken within the various key areas over the year. The findings of these audits have been analysed together with the findings of audits within these areas during 2006/2007 and 2007/2008, to form an opinion of the adequacy of the overall control framework in each of these systems. For each system the opinion is either satisfactory or good. The detailed analysis is provided at Appendix 3.

In relation to the Council's key non-financial systems, audits have been undertaken in several of these key areas over the year. Again, the findings of these audits have been analysed together with the findings of audits within these areas during 2006/2007 and 2007/2008, to form an opinion of the adequacy of the overall control framework in each of these systems. For each system the opinion is either satisfactory or good, except for an element of the ICT Disaster Recovery arrangements. The detailed analysis is provided at Appendix 4.

*Business Continuity / Contingency Planning (ICT)*

Following the unsatisfactory opinion reported in the Internal Audit Annual Report for 2007/2008 in respect of Disaster Recovery/Business Continuity arrangements in relation to ICT, Internal Audit Services have been closely monitoring the work carried out by the ICT Unit in this regard and work has steadily progressed in this area.

The overall position has significantly improved over the past year and is reflected by the ratings below.

<b>Area</b>	<b>Opinion</b>	<b>Comments</b>
Business Continuity Framework Documentation	Satisfactory	Framework now in place and agreed by the Executive Management Team.
Network Infrastructure / Communications links	Satisfactory	The underlying network infrastructure and communications links have been substantially improved.
Corporate Desktop Services (e.g. Internet, Intranet, Email and Background Services)	Satisfactory	All systems have either been tested successfully or are scheduled for retesting.
Key Applications	Unsatisfactory	See table below.
<b>Overall</b>	<b>Satisfactory</b>	

24 key applications have been defined by Directorates as part of a corporate exercise. An analysis of progress in relation to these areas is shown below.

<b>Status (31<sup>st</sup> March 2009)</b>		<b>Number</b>
Recovery plans in place which have been tested successfully.	Green	6
Documented recovery plan in place which has not been tested or has been tested, failed and corrective action has not yet been implemented, or  Systems have previously been recovered following unavailability/failure but a formal testing plan has not yet been developed or tested.	Amber	16
No formal recovery plan in place and system has not been recovered previously or the arrangements in place do not meet the agreed recovery times.	Red	2
<b>Total</b>		<b>24</b>

### *Grants*

During the year Internal Audit were asked to provide an opinion on the use of grants received in seven areas across the Council. In all areas assurance was provided that grant statements submitted to the funder had been fairly stated.

However, one of the grants examined was the Performance Reward Grant relating to the Local Public Service Agreement (LPSA2). The grant submitted for audit was for £4,294,988 which related to the Council's performance against a number of separate performance targets. Performance recorded on the grant claim was found to be supported by appropriate evidence for all but one of the targets. The target concerned related to a reduction in the concentrations of worklessness in the City by helping inactive benefit recipients into employment. Whilst it was reported that the performance target had been achieved, appropriate evidence of this could not be provided by the deadline for submission of the grant claim. The claim therefore had to be reduced by the value of this target to £3,552,553. A further claim is to be submitted in 2009/2010 for the remaining £742,435, with appropriate evidence, and this will be subject to audit at the appropriate time.

### *Building Schools for the Future*

A review of the arrangements for the monitoring of the Design and Build contracts for Castle View Academy, Academy 360, Washington Community School and Red-House Academy was undertaken during the year. The review considered the controls in place to ensure contract terms were being adhered to and effective budget management and payment systems are in place. It is considered that on the whole, appropriate arrangements are in place, however, recommendations were made to enable management to improve control, specifically in the areas of clarification of roles and improved record keeping.

### *Partnerships*

The lead authority for South Tyne and Wear Waste Management Partnership is Gateshead Council. As a result of liaison between the three Councils involved in the partnership audit work was carried out by Gateshead Council's internal audit service. Assurance was sought and received from Gateshead Council that an adequate system of control is in place in relation to the management of operation of the partnership. Audit work is planned to be undertaken in this area in 2009/2010.

### *Leisure Management IT System*

With effect from 1<sup>st</sup> April 2008, the Council's Leisure Centres have utilised the application Scuba 5 to enable them to manage and monitor leisure activities and income collection. The audit reviewed controls in relation to input, processing, output, user access and recovery processes and considered that although the system is still being implemented, controls currently operating are regarded as satisfactory in most areas.

### *Data Matching*

Internal Audit Services played an active role in the National Fraud Initiative's data matching exercise in 2008. The exercise matched data from a wide range of systems and from a wide range of participating organisations, with the aim of identifying data matches that may indicate fraud and therefore require investigation. The Council submitted data relating to payroll and pensions, benefits, council tax, the electoral register, parking permits and licensing. Data matching results have now been received and matches are being investigated. Results from the exercise will be reported in late 2009.

## *Schools*

The requirement to achieve the Financial Management Standard in Schools is now mandatory for secondary, primary and special schools. Schools must receive an independent, external assessment to determine if the Standard has been met, and all schools in Sunderland chose Internal Audit Services to be their external assessors. In accordance with the timetable as laid down by the DCSF, all 114 schools are on course to have received their first assessment by the end of 2009/10. Results of assessments and the current status of all schools is summarised in the table below:

Total Schools	Secondary	Primary	Special	Nursery *
	16	82	7	9
Number meeting the Standard	16	52	3	3
Number not meeting the Standard & require reassessment **	0	14	2	2
Number to be assessed / reassessed in 2009/10	13	16	2	4

\* There is no statutory requirement for Nursery Schools to meet the Standard. However, it is expected by the Council that Nurseries should also demonstrate compliance and they therefore receive the same assessment as other schools.

\*\* Schools found not to be meeting the requirements of the Standard are given up to 12 months from the date of assessment to ensure all of the required arrangements are fully in place. Reassessments are planned during 2009/2010.

## *Counter Fraud Work*

Counter fraud work was carried out during the year both to further promote the awareness of the council's anti fraud and corruption policy, whistle-blowing policy and arrangements and to seek to identify any potential fraudulent activity within the Council.

In respect of raising awareness an e-learning package was also introduced during March 2009 for employees to use to increase their awareness of their responsibilities under the council's anti fraud and corruption policy. Other activity included all employees being reminded of the whistle blowing policy via their payslips, a poster campaign was carried out to encourage both Council employees and the public to raise concerns and the inclusion of provisions in the Council's contracting arrangements to promote awareness among council suppliers.

Work carried out to identify potential fraudulent activity included a review of a sample of purchase orders retrospectively raised by the Council, a review of the operation of bank and cash accounts operated by establishments across the Council, and the collection of income at schools providing extending services. It was pleasing to note that no fraudulent activity was discovered and that there were sound controls in place within the areas examined to

manage the risk of fraud albeit on certain occasions these were not always being consistently applied. It should be noted that in order to maximise the effectiveness of the work, where appropriate, unannounced visits were made.

A review was also made of all purchase transactions (invoices and credit notes), made by the Council using Benford's Law. Benford's Law states that in a dataset of numbers, e.g. list of purchase invoice amounts, the leading digit of each number will occur/be distributed in a specific way. Benford's Law consequently was used as a method for spotting potentially fraudulent activity among purchase invoice data (a total of approximately 886,000 transactions covering approximately £1.3 billion of expenditure made by the Council during the 3.5 year period April 2005 to October 2008), by looking at the first digit of each purchase invoice amount and comparing the actual frequency of occurrence with the predicted frequency. It was pleasing to note that the results showed that the trend analysis of the purchase invoice amounts associated with the Council purchase transactions were in line with the prediction expected under Benford's Law, suggesting that there is no obvious widespread inclusion of artificial data possibly indicating fraudulent activity.

## 2.2 *Implementation of Agreed Audit Recommendations*

2.2.1 Follow-up audits are conducted to ensure that agreed audit recommendations are implemented within the time frames agreed with Directorates / Departments.

2.2.2 The target is for 100% of high and significant risk recommendations and 90% of medium risk recommendations to be implemented in accordance with the agreed timescale. The performance for the year is short of the target with the implementation rate being 84% for the Council (excluding schools). This is a drop in performance on the previous year which stood at 87%. The implementation rates for each Directorate / Department and outside bodies are detailed in the table below.

<b>Directorate / Department</b>	<i>Implementation Rate March 2008</i>	<i>Implementation Rate March 2009</i>
Children's Services (non schools)	85%	71%
Development & Regeneration	87%	84%
Community & Cultural Services	82%	93%
Office of the Chief Executive*	60%	89%
Director of Financial Resources	100%	96%
City Solicitor	No follow ups undertaken	100%
Health, Housing & Adult Services	100%	77%
<b>Total Council Implementation Rate Excluding Schools</b>	<b>87%</b>	<b>84%</b>
Children's Services – Schools	87%	89%
<b>Total Council Implementation Rate</b>	<b>87%</b>	<b>86%</b>

\* OCE implementation rates now encompass ICT Unit implementation rates

2.2.3 Figures in the table above relating to individual areas are based upon a pre-determined number of follow ups in each Directorate/area and efforts continue to maintain / increase the level of implementation. This new method of calculating the implementation rates for each Directorate was introduced in 2008/2009.

2.2.4 Revised timescales have been agreed with managers in relation to the recommendations not implemented at the time of the follow up audits. Work is also being carried out with Directors to progress these matters and further follow up work will be undertaken to monitor implementation.

### 2.3 *Investigations*

2.3.1 IAS carry out investigation work in response to concerns raised by internal audit, by management or by third parties. In 2008/2009 reports were issued on 3 investigations. Where necessary, action plans have been agreed to address internal control issues arising from the investigations. None of these investigations have highlighted weaknesses that would affect the overall internal control environment of the Council.

2.3.2 IAS was also involved in providing advice on investigations carried out by management in various Directorates.

2.3.3 The merits of publishing the outcomes of investigations are considered on a case by case basis in order to raise the awareness of managers and to act as a deterrent.

### 2.4 *General Support*

IAS also provided significant support and guidance to all Directorates during the year in relation to systems developments and new initiatives including identification of risks, improvements to financial procedures and general day-to-day advice.

### 2.5 *Quality Assurance*

IAS operates a quality system which is certified to ISO 9001:2000. In July 2006 an external assessment was carried out to establish whether or not the service continues to meet the requirements of the standard. Full re-certification of the management system is required every three years. The service successfully retained accreditation; this being the third consecutive time accreditation has been achieved. The audit report concluded that “*The system is working very effectively and continues to improve*”. Annual external quality audits also take place, the most recent being in March 2009. The report on this external quality audit concluded that IAS had maintained its management system in line with the requirements of the ISO standard.



## 2.6 *Clients Views*

2.6.1 In 2008/2009 IAS issued Post Audit Questionnaires to clients after every audit to elicit their opinions on a range of areas related to the way the audit was conducted using a scoring range of 1 (Good) to 4 (Poor) for each area.

2.6.2 76 questionnaires were returned during the year. The average scores in all areas were between 1 and 2 (i.e. between good and satisfactory), and the 'overall rating for the work of Internal Audit' averaged 1.1 over the 76 returns (meeting the IAS target of achieving an average score of less than 1.5).

2.6.3 Within the year IAS also took part in a user satisfaction survey run by the CIPFA benchmarking club. All Chief Officers and Heads of Services and senior managers at the Fire Authority and Beamish Museum were invited to complete a questionnaire which asked 35 questions covering Audit Services, Audit Staff, Conduct of Audits, Audit Reporting, and Customer Service. The questionnaire also asked for the respondent's overall rating of Internal Audit Services.

2.6.4 The benchmarking club received 15 responses from 40 invited to participate (37.5% response). The responses were analysed and the following was reported back to the Council:

- Average score against each question;
- Average score against each question for all 29 Councils that participated in the survey.

2.6.5 The key results of the survey are as follows:

- In relation to the 35 questions the average performance ratings were as follows:
  - In 2 cases Excellent
  - In 31 cases Good
  - In 2 cases Adequate
- The average overall rating of Internal Audit Services was excellent.
- Internal Audit Services scored above average against all but one of the 35 questions, compared to all of the other Councils that participated in the survey.
- The score for the overall rating of Internal Audit Services was the highest of all Councils that participated in the survey.

2.6.6 Overall the findings are very positive but will be used to help Internal Audit Services to target areas for future improvements.

## 2.7 *Opinion of External Auditor*

The Audit Commission have carried out an independent review of the effectiveness of IAS by reference to the CIPFA Code of Practice for Internal Audit. The Audit Commission's conclusion is that *'We found that there continues to be robust arrangements in place to comply with the Code's standards. Our detailed review of files did not highlight any significant non-compliance with IAS's Quality System or the Code.'*

## **3. Conclusion**

- 3.1 This report provides details of the performance of IAS to Members and seeks to reassure them that the service is being delivered in accordance with statutory responsibilities and is continually seeking to improve the standards of its service.
- 3.2 Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken within 2008/2009, it is considered that overall throughout the Council there continues to be a sound internal control environment. Where IAS identified areas for improvement, recommendations were made to minimise the level of risk, and action plans for their implementation were drawn up and agreed by management.

## Performance Against Key Indicators

Cost and Efficiency			
Objectives	KPI's	Targets	Progress
1) To ensure the service provides Value for Money	1) Charge per Man Day	1) Lower cost than average within CIPFA Benchmarking Club – Comparator Group (Unitaries)	Achieved – Sunderland cost per man day £274 and average for comparator group £299
	2) Audit cost per £m Gross Turnover of the Council	2) Lower cost than average within CIPFA Benchmarking Club – Comparator Group (Unitaries)	Achieved - Sunderland cost per £m gross turnover £1,090 and average for comparator group £1,111.
	3) Percentage of planned audits completed	3) 100%	97.5% (9 unplanned audits also completed)
	4) Average number of days between end of fieldwork to issue of draft report	4) 15 working days	10.9 working days
Quality			
Objectives	KPI's	Targets	Progress
1) To maintain an effective system of Quality Assurance  2) To ensure recommendations made by the service are agreed and implemented	1) ISO9001:2000 Certification	1) Retain certification	Retained – valid until July 2009 – last inspection undertaken on 13 <sup>th</sup> March 2009
	2) Percentage of high, significant and medium recommendations made which are agreed	2) 100%	100%
	3) Percentage of agreed high, significant and medium recommendations which are implemented	3) 100% (for high and significant risk)  90% (for medium risk)	No high risk recommendations made. Significant risk recommendations not followed up within the year. Not Achieved – 84%
	4) Opinion of External Auditor	4) Satisfactory opinion	Achieved

## Performance Against Key Indicators

Client Satisfaction			
Objectives	KPI's	Targets	Progress
1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Opinion of External Auditor 2) Results of Post Audit Questionnaires 3) Results of other Questionnaires 4) No. of Complaints / Compliments	1) Satisfactory opinion 2) Average score of above satisfactory 3) Satisfactory results 4) No target – actual numbers will be reported	Achieved Achieved - Average score is 1.1 based on 12 months rolling average (where 1 = good and 4 = poor) Excellent results in CIPFA survey No Complaints 13 Compliments
Continuous Improvement			
Objectives	KPI's	Targets	Progress
1) To ensure that the service develops in line with modern thinking and practice on Internal Auditing	1) Opinion of External Auditor	1) Satisfactory opinion	Achieved

**Audit Work Completed**

**COMMON AREAS OF WORK**

**Departmental Creditors**

Community and Cultural Services  
Office of the Chief Executive

**Anti Fraud and Corruption Arrangements**

Community and Cultural Services

**ICT Governance**

Office of the Chief Executive  
Health, Housing and Adult Services

**Human Resource Management**

Children's Services  
Development and Regeneration  
Community and Cultural Services  
Health, Housing and Adult Services

**DIRECTORATE SPECIFIC WORK**

**Children's Services**

Admissions  
Connexions Sub Regional Service Hub  
School Improvement Service  
BSF Contract Monitoring D&B  
Youth Offending Service  
Connexions Service Delivery  
Fostering Service  
Human Resource Management  
2 Nursery Schools  
33 Primary Schools  
3 Special Schools

**Development and Regeneration Directorate**

Parking Services  
Traffic Management and Road Safety Service  
Landscape and Reclamation  
Property Services  
Application Controls – Land Terrier / CAPS  
Port Financial Procedures  
Verification of Land and Buildings  
Human Resource Management  
Business Continuity Planning  
Climate Change Communication Fund (CCCF) grant  
Tyne and Wear Together Grant

**Audit Work Completed**

**Community and Cultural Services**

Registrars  
Coroner's Court  
Northumbria Centre  
Houghton Sports Complex  
Raich Carter Centre Contract Monitoring  
Application Controls – Online Booking System  
Commercial Catering  
Sandhill View – Contract Monitoring  
Millennium Centre  
Sunderland Aquatic Centre  
Anti-Fraud and Corruption Arrangements  
Departmental Creditors  
Human Resource Management  
Contract Monitoring – Construction Works  
Wellness grant (Bunny Hill)  
Culture 10 grant (Aquatic Centre)

**Health, Housing and Adult Services**

Telecare Service  
Renovation Grants/Loans and Private Housing Renewals  
Supporting People Service  
Supporting People Application  
Asylum Seekers Contract and Income  
Social Care Governance Team/Service Improvement  
Human Resource Management  
ICT Governance  
Recruitment and Induction  
Charging – Long Term/Residential Improvement  
Charging – Non Residential Services  
Supporting People grant

**City Treasurer's Department**

Periodic Income – Recovery and Enforcement  
Purchasing Card Arrangements  
Payroll Processing and Payment  
Council Tax – Billing  
Council Tax – Valuation  
Council Tax – Recovery  
Benefits – Administration  
Payment Card Industry Data Security Standards  
BACS Arrangements  
Annual Governance Review  
SAP Partner Contract Management

**City Solicitor**

Civic Centre Manager

**Audit Work Completed**

**Office of the Chief Executive**

Departmental Creditors  
ICT Governance  
IT Governance  
Corporate Information Security Management  
Digital Challenge  
Business Continuity Planning  
Fees and Charges  
Local Area Agreement (LAA) grant

**Tyne and Wear Fire and Rescue Authority**

Attendance Management  
Application Controls – Fire Safety Inspections  
Business Continuity Planning  
Capital programme  
Corporate Governance Arrangements  
Operational Management Information  
Emergency Planning Unit

**Beamish Museum**

Income  
Performance and Financial Management

**Tyne and Wear Development Company**

Business Continuity Planning

**Tyne and Wear Economic Development Joint Committee**

Allocation of Funding

**Back On the Map Limited**

Arrangements for use of Programme Funding

## Audit Work Completed



## Key Financial Systems – Analysis of Audit Findings

System		Audit Findings			Overall Opinion 2008/2009
		Yr 1 2006/2007	Yr 2 2007/2008	Yr 3 2008/2009	
Main Accounting System		Good	Satisfactory**	Satisfactory	Satisfactory
Capital Asset Accounting			Good	Satisfactory	Satisfactory
Treasury Management			Good		Good
Leasing Administration		Satisfactory			Satisfactory
Cash Receipting		Satisfactory	Good		Satisfactory
Procurement		Satisfactory	Satisfactory**	Satisfactory	Satisfactory
Accounts Payable	Central Systems	Satisfactory			Satisfactory
	Directorate Systems	Satisfactory	Satisfactory	Satisfactory	
Payroll	Starters		Satisfactory		Satisfactory
	Leavers		Satisfactory		
	Variations to Pay	Satisfactory			
	Computer System		Satisfactory		
	Processing / payments			Good	
	General		Satisfactory		
	Organisation Structures		Satisfactory		
Accounts Receivable	Billing	Good			Good
	Collection		Good		
	Recovery & Enforcement		Good		
Periodic Income	Billing	Good			Good
	Collection		Good		
	Recovery & Enforcement			Good	
Council Tax	Tax Setting		Good		Good
	Billing			Good	
	Valuation			Good	
	Liability		Good		
	Collection	Good			
	Recovery			Good	

## Key Financial Systems – Analysis of Audit Findings

System		Audit Findings			Overall Opinion 2008/2009
		Yr 1 2006/2007	Yr 2 2007/2008	Yr 3 2008/2009	
NNDR	Billing	Satisfactory			Satisfactory
	Liability – Charitable Relief/Hardship Remission		Good		
	Liability – Empty Rating	Satisfactory			
	Collection				
	Recovery & Enforcement		Satisfactory		
	Pool Claim				
Housing Benefit	Benefit Application		Satisfactory		Satisfactory
	Document Imaging/Workflow				
	Returned / Unpresented Cheques				
	Benefits Investigation Unit		Good		
	Overpayments	Satisfactory			
	Reclaim of Grants				
	Benefits Administration			Good	
	Social Security Fraud Act 2001 Arrangements	Satisfactory			
	Private Landlords				
Budgetary Control	Corporate Performance Management				Satisfactory
	Departmental Performance Management		Satisfactory	Satisfactory	
Job Costing		Good			Good

\*\* Conclusion based on schools work

## Key Non-Financial Systems – Analysis of Audit Findings

System	Audit Findings			Overall Opinion 2008/2009
	Yr 1 2006/2007	Yr 2 2007/2008	Yr 3 2008/2009	
Corporate Governance Arrangements	Satisfactory	Good	Good	Good
Corporate Legality	Satisfactory			Satisfactory
Risk Management Framework (Corporate and Directorate)	Satisfactory	Satisfactory**	Satisfactory**	Satisfactory
Procurement (Corporate and Directorate)	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Performance Management (Corporate and Directorate)	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Information Governance (Corporate and Directorate)	Satisfactory	Good	Satisfactory	Satisfactory
Asset Management	Satisfactory		Satisfactory	Satisfactory
External Funding	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Anti Fraud and Corruption Arrangements (Corporate and Directorate)		Good	Satisfactory	Satisfactory
Recruitment and Selection/Induction Arrangements (Corporate and Directorate)	Satisfactory	Satisfactory	Satisfactory	Satisfactory

## Key Non-Financial Systems – Analysis of Audit Findings

System		Audit Findings			Overall Opinion 2008/2009
		Yr 1 2006/2007	Yr 2 2007/2008	Yr 3 2008/2009	
Human Resource Management				Satisfactory	Satisfactory
Business Continuity			Satisfactory	Satisfactory	Satisfactory
ICT Disaster Recover / Business Continuity	Framework	Unsatisfactory	Unsatisfactory	Satisfactory	Satisfactory
	Infrastructure			Satisfactory	
	Desktop Services			Satisfactory	
	Key Applications			Unsatisfactory	

\*\*Opinion based on work in schools