

REPORT TO: AUDIT AND RISK MANAGEMENT SUB-COMMITTEE 20/03/06
REPORT ON: INTERNAL AUDIT REPORTS
REPORT BY: CHIEF INTERNAL AUDITOR
REPORT NO: 79-2006

1. PURPOSE OF REPORT

To submit to Members of the Audit and Risk Management Sub-Committee a summary of the Internal Audit Reports finalised since the last Sub-Committee.

2. RECOMMENDATIONS

Members of the Sub-Committee are asked to note the information contained within this report.

3. FINANCIAL IMPLICATIONS

None

4. LOCAL AGENDA 21 IMPLICATIONS

None

5. EQUAL OPPORTUNITIES

None

6. BACKGROUND

- 6.1. The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. Broadly, on the completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to Management for a formal response and submission of Management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by Management.
- 6.2. Executive Summaries for the reviews which have been finalised in terms of paragraph 6.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Members and Management with key information which includes the reason for undertaking the review, summary financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of Management's response to the audit report. The full reports are available to Members on request.

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DEPUTE CHIEF EXECUTIVE (FINANCE)

08 March 2006

BACKGROUND PAPERS

None

i) INTERNAL AUDIT REPORT 2005/03

Department	Planning and Transportation
Subject	Recruitment and Selection

Introduction

As part of the planned audit work, a review of the procedures operated in relation to recruitment and selection of staff within the Planning and Transportation Department was carried out. In the period from April 2003 to the beginning of January 2005, there were approximately 58 posts advertised for the Department.

The recruitment and selection process is co-ordinated by the Department's Administration and Finance Section. If a vacancy requires to be filled, a request to fill a vacancy form, a job description and person specification are forwarded to this section by the relevant manager. When the post is ready to be advertised the documentation is then forwarded to the Support Services Manager for approval prior to being sent on to the Personnel Department. Correspondence pertaining to the recruitment and selection process, such as letters inviting candidates to interview, is issued by staff from the section. On completion of the interview process, the documentation should be returned to the section where it is stored and then eventually transferred to the City Archivist.

Scope and Objectives

The review was confined to procedures operated within the Planning and Transportation Department and areas examined included the procedures and documentation for attracting applicants, selecting candidates for interview and the interview process, including associated checking procedures such as taking up references, criminal disclosure checks and a medical review. Procedures operated in respect of starters were excluded as this had been covered in Internal Audit Report 2004/19.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- To ensure that all new employees of the Department hold the relevant qualifications for their post and are entitled to live and work in the United Kingdom, the member of staff with responsibility for verifying this at interview should clearly annotate and initial the papers used in the interviewing process to demonstrate that original copies of the required documentation have been examined.
- To ensure that the Department can demonstrate that it is adhering to Council policy, all staff involved in the recruitment and selection process should complete the relevant documentation which should be stored in line with best practice.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Planning and Transportation and appropriate action agreed to address the specific issues raised.

ii) INTERNAL AUDIT REPORT 2005/11

Department	Finance
Subject	Follow-up Review of Powersolve Creditors Accounts and Address Masterfiles

Introduction

As part of the planned internal audit activity, a follow-up review to Internal Audit Report No 2003/02 on Powersolve Creditors Accounts and Address Masterfiles was carried out.

The original report on the Powersolve Creditors Master File Database issued in November 2003 concluded that whilst the central input of data relating to establishment of new creditors and amendments to existing creditors provides an adequate control framework, the review of the data held on the creditors Accounts and Address Master Files highlighted areas where it was viewed improvements could be made. These included the following:

- There are multiple entries for a significant proportion of the temporary creditors and in some cases they have also been set up as permanent creditors.
- The procedures regarding the archiving of data have not been formalised.
- There are certain areas, in particular the creditors relating to Tayside Joint Police Board and temporary creditors, where the completeness of the data held on the master files could be improved.
- Duplicate/multiple creditor entries were identified within the master files which should be reviewed and rationalised.

Scope and Objectives

The objective of the follow-up review was to assess whether or not each of the recommendations agreed by Management in Internal Audit Report 2003/02 on Powersolve Creditors Accounts and Address Masterfiles had been fully implemented. The review was restricted to areas included in the original report.

Conclusion

The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management.

The main areas where actions agreed by management are still outstanding are as follows:

- Tayside Police Joint Board still do not use the standard proforma for requests for new suppliers to be set up on Powersolve and the only supplier details input for the majority of creditors used by them is the supplier's name.
- Departments continue to use the temporary creditors system whenever they want a cheque to be returned to them instead of being sent out. This results in numerous temporary creditor numbers being set up for the one creditor and the detail held in the system for each of these will usually be limited to the name of the creditor only.
- Procedures regarding the archiving of data have still not been formalised.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Chief Accountant and appropriate action agreed to address the specific issues raised.

iii) INTERNAL AUDIT REPORT 2005/13

Department	Dundee Contract Services
Subject	Repairs and Maintenance

Introduction

As part of the planned audit work for 2005/06 a review of Repairs and Maintenance was carried out.

The Housing Repairs Partnership Agreement commenced on the 1 April 2004 and will run until 31 March 2009. It comprises Dundee City Council, Elected Members, the Housing Department, Dundee Contract Services and the Finance Department. The Dundee Federation of Tenants' Associations is also a member on an advisory basis.

There have been recent changes in the administration and delivery of the housing repairs service. For example, the Housing Repairs Centre has been created at the Dundee Contract Services Depot at Clepington Road so there are close links between staff who record the repairs required and the trade supervisors who arrange for the work to be carried out. During 2004/05 a new repairs and maintenance system was installed in order to help organise work more efficiently and new repairs priorities have been introduced which more accurately reflect the urgency of the work being carried out. Approximately 85,000 jobs were logged in the repairs and maintenance system during 2004/05 of which in the region of 56,000 were received in telephone calls to the repairs centre or area housing offices. The balance of repairs related to re-lets, voids, shell properties and routine repairs instigated by Housing Officers. Actual expenditure for this period was in the region of £7.5m.

Scope and Objectives

The overall aim of the assignment was to provide an opinion on the adequacy of the Repairs and Maintenance system. Areas examined included procedures for dealing with enquiries, assessment of work required by client, categorisation of urgency, and procedures for ensuring work carried out is to the required standard, within the required timescales and recharged where appropriate. The security of the repairs and maintenance system was also considered as was the adequacy of the management information provided by the system.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- In order to ensure that data is accurately recorded, staff should be reminded of the importance of correctly categorising jobs at the time of logging them into the repairs and maintenance system.
- In order to ensure that data input into the Dundee Contract Services billing system is accurate, repairs and maintenance information should be verified on a sample basis.
- In order to meet the terms contained in the Housing Partnership Agreement, a level of post completion inspections should be carried out. In addition, the outputs detailed in the Agreement should be implemented or consideration given to withdrawing any which are not feasible.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Dundee Contract Services and appropriate action agreed to address the specific issues raised.

iv) INTERNAL AUDIT REPORT 2005/14

Department	Housing
Subject	Repairs and Maintenance

Introduction

As part of the planned audit work for 2005/06 a review of Repairs and Maintenance was carried out.

The Housing Repairs Partnership Agreement commenced on the 1 April 2004 and will run until 31 March 2009. It comprises Dundee City Council, Elected Members, the Housing Department, Dundee Contract Services and the Finance Department. The Dundee Federation of Tenants' Associations is also a member on an advisory basis.

There have been recent changes in the administration and delivery of the housing repairs service. For example, the Housing Repairs Centre has been created at the Dundee Contract Services Depot at Clepington Road so there are close links between staff who record the repairs required and the trade supervisors who arrange for the work to be carried out. During 2004/05 a new repairs and maintenance system was installed in order to help organise work more efficiently and new repairs priorities have been introduced which more accurately reflect the urgency of the work being carried out. Approximately 85,000 jobs were logged in the repairs and maintenance system during 2004/05 of which in the region of 56,000 were received in telephone calls to the repairs centre or area housing offices. The balance of repairs related to re-lets, voids, shell properties and routine repairs instigated by Housing Officers. Actual expenditure for this period was in the region of £7.5m.

Scope and Objectives

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Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- In order to ensure that data is accurately recorded, staff should be reminded of the importance of correctly categorising jobs at the time of logging them into the repairs and maintenance system.
- In order to meet the terms contained in the Housing Partnership Agreement, a level of post completion inspections should be carried out. In addition, the outputs detailed in the Agreement should be implemented or consideration given to withdrawing any which are not feasible.
- In order to ensure that all tenants are treated fairly, a formal recharging policy should be introduced. Once the policy is in place staff should be instructed to adhere to its principles and accounts should be raised accordingly.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Housing and appropriate action agreed to address the specific issues raised.

v) INTERNAL AUDIT REPORT 2005/15

Department	Support Services
Subject	Cash Collection and Receipting – Floor 2 Tayside House

Introduction

As part of the planned audit work for 2005/06 a review of the cash collection procedures operated by staff on Floor 2 Tayside House was carried out. Staff on Floor 2 process payments in respect of monthly car parking tickets, skip hire and permits on behalf of the Planning and Transportation Department. Staff also collect money on behalf of the Leisure and Arts Department for golf memberships, Leisure Active memberships and other sporting activities. Income collected during 2004/05 totalled £113,000 of which approximately £60,000 related to Planning and Transportation and £53,000 related to Leisure and Arts.

Staff on Floor 2 are managed by the Support Services Department as a result of the establishment of a Corporate Customer Service Team in December 2004. This new team was to utilise the existing customer contact service which was based on Floor 2 of Tayside House and was designed to help the Council meet its commitment to providing a uniform high standard response to all customer enquires and service requests. Staff on Floor 2 handle twenty customer contact processes for twelve departments of the Council and are currently undertaking, or are about to undertake, a Level 3 SVQ Customer Service qualification.

Scope and Objectives

The overall aim of the assignment was to assess the adequacy of internal controls in relation to cash collection and receipting procedures on Floor 2. Areas examined included departmental guidance notes, levels of cash, receipting of cash, refunds, security of cash and cheques, reconciliation procedures and banking arrangements. Access to the cash receipting system was also considered.

Conclusion

The principal conclusion drawn from this review is that there are significant weaknesses in the system which must be addressed.

The areas of concern highlighted in the report are as follows:

- To ensure that staff are aware of their responsibilities and the risk of loss of income is minimised, staff should be issued with updated guidance on procedures to be followed and working practices on Floor 2 should be revised to ensure adequate separation of duties.
- To ensure that income collected on behalf of Planning and Transportation is properly receipted and accurately accounted for, the manual receipting system should be reviewed. In the event that this system continues to be used, Support Services staff should ensure that receipt books provided are of the required standard and that receipts are properly completed.
- To ensure that the reconciliation procedure is effected properly, staff should be instructed to complete reconciliation sheets fully and accurately, that they should be agreed to supporting documentation and a copy should be retained for use in the event of any query.
- To ensure that income collected on behalf of Leisure and Arts can be accurately accounted for and that there is an adequate audit trail of all transactions, staff using the MRM system should be instructed to use unique logins, to utilise the option to record overs and unders, and to obtain and retain readings from the till at the correct time. The anomaly with the system output when there are transactions for more than one user should be investigated.
- To ensure the security of restricted areas, the policy for issuing and storage of keys should be reviewed as should the access code for the safe.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Depute Chief Executive (Support Services) and appropriate action agreed to address the specific issues raised.

vi) INTERNAL AUDIT REPORT 2005/24

Department	Housing
Subject	Care and Repair Awards

Introduction

The aim of Care and Repair is to improve the quality of life of elderly people and those with disability or chronic illness who are living in unsatisfactory housing conditions and enable vulnerable clients to live as independently as possible for as long as possible in their own homes. This can be achieved through the provision of professional advice and assistance with necessary improvements and repairs.

During 2004/05, the Care and Repair team received in the region of 760 enquiries from members of the public. The outcome of these enquiries were that 55% were provided with advice only, 33% were awarded small repair payments and 12% were awarded grants. Actual expenditure recorded in the ledger for financial year 2004/05 was approximately £360,000.

Scope and Objectives

The overall aim of the assignment was to provide an opinion on the adequacy of the Housing Department's Care and Repair Award systems. Areas examined included procedures for dealing with enquiries, assessment of work required by clients, assessing eligibility for Care and Repair awards, ensuring work is carried out to the required standard, and arrangements for paying contractors. Procedures for including contractors in the Department's contractor list and the method of allocating jobs was also considered, as was the Care And Repair database system.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- To ensure there is robustness in the criteria applied to applications a formal policy should be drafted outlining the qualification criteria and the financial assessment guidelines for Small Care and Repairs.
- In order to provide an adequate audit trail, evidence of eligibility and financial status should be held in client's files.
- In order to ensure that the Unit can demonstrate fairness in the selection of contractors and ensure that a competitive price is obtained, contractors should be invited to price jobs on a rotational basis and at least two invitations should be extended for each job.
- In order to ensure that the contractors used have been technically appraised and are financially sound, the Grants Unit should use a contractor's list based on that operated by Architectural Services.
- To ensure that the Unit can report performance in the most efficient way, the problems currently being experienced with both the CRAMS Care And Repair system and the UNIX grants system should be addressed immediately.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Housing and appropriate action agreed to address the specific issues raised.

vii) INTERNAL AUDIT REPORT 2005/25

Department	Finance General
Subject	Outstanding Lodgements in the Sales Bank Account

Introduction

Income received from the public at the time of ordering services is referred to as prepaid income. All income is receipted, cash and cheques received are banked, a prepaid invoice is generated within the Sales Ledger by departmental administration staff on receipt of the stamped bank stub and payment is processed in the Sales Ledger system.

A copy of the relevant documentation is passed to Banking Services staff in order that all lodgements in the sales bank account can be matched to the appropriate sales ledger invoice. This process enables Banking Services staff to identify monies which have been credited to the sales bank account but where no prepaid invoices have been created and processed in Sales Ledger. Such instances should be highlighted early to the department concerned in order that appropriate corrective action can be taken. Failure to highlight instances where monies have been banked but no invoice has been generated means the income concerned will not have been credited to the appropriate departmental ledger and, in addition, leaves the department concerned exposed to the risk of misappropriated income not being discovered.

Scope and Objectives

The scope of the original audit was to examine the cash receipting procedures on Floor 2 Tayside House and to recommend improvements where appropriate.

Conclusion

The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.

The main area highlighted in the report is as follows:

- To minimise the risk of income not being credited to the ledger or the possibility of misappropriated income not being discovered, Banking Services staff should advise departments of unmatched bankings on a regular basis and ensure that any entries which are not dealt with are followed up.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Head of Finance and appropriate action agreed to address the specific issue raised.

viii) INTERNAL AUDIT REPORT 2005/26

Department	Waste Management
Subject	Follow-up Review of Street Cleaning

Introduction

As part of the planned internal audit work, a follow-up review to Internal Audit Report No 2003/11 on Street Cleaning was undertaken.

The original internal audit report concluded that there were some areas identified where the administrative procedures associated with the provision of street cleaning services could be improved. These included the following:

- Ensuring the security and integrity of data through the use of off-site storage of back-up and improvements to the password facility.
- Revising arrangements for capturing information on adopted streets and carrying out periodic checks to ensure accuracy of changes to route measurements and staff costs recorded in the database.
- Increased automation of administration processes to minimise the need for manual calculations.
- Reviewing the procedures for revenue monitoring to ensure significant variances are detected.
- Improving the quality monitoring process through standardisation of route and beat information, ensuring accessibility of recent quality monitoring information, and recording the closing of complaints more timeously.

Since completion of the original review, there have been fundamental changes to the system for administering and controlling Street Cleaning to comply with the requirements of the Local Government in Scotland Act 2003. This has had implications for some of the recommendations contained in the original report.

Scope and Objectives

The review was to assess whether or not each of the recommendations agreed by Management in the original report had been fully implemented and was restricted to areas included in the original report.

Conclusion

The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management.

The main areas where actions agreed by management are still outstanding are as follows:

- To ensure that Waste Management staff are not cleaning streets which are still the responsibility of the developer, Management Services should arrange with Planning and Transportation staff to be notified when streets have been formally adopted by the Council.
- To help to ensure accuracy of management information, proposed monitoring procedures for allocation of staff costs to routes should be implemented.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Head of Waste Management and appropriate action agreed to address the specific issues raised.

ix) INTERNAL AUDIT REPORT 2005/28

Department	Finance
Subject	Council Tax Discounts

Introduction

In April 1993 Council Tax replaced the Community Charge as the way people contribute to the cost of local services. Council Tax is a property tax with a personal part and a property part, each accounting for 50% of the full charge and is based on 2 adults living in the home.

Discounts can be applied to a Council Tax bill when only one adult lives in the property or when one of the adults living in the home is disregarded for Council Tax purposes. Examples of situations where an adult may be disregarded include when he/she is in prison, is a student, is resident in hospital or is severely mentally impaired. Discounts can also be applied when the property is not a main home, is empty or is requiring repair.

At the time of this audit review there were approximately 34,000 households/properties in Dundee in receipt of a discount. Approximately 92% of these were single occupancy discounts, 3.9% disregard discounts, 3.8% unoccupied property discounts with the balance being discounts for second homes.

Scope and Objectives

The objective of the review was to provide an opinion on the adequacy and effectiveness of the systems and controls which are operated in relation to awarding Council Tax discounts. This included assessing the adequacy of the Council's claim form, the level of supporting documentation required, the standard of the documentary evidence submitted by claimants, and the level and adequacy of independent checks made by staff.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- In order to streamline the discount application process, a discount application form should be designed which includes sections for organisations/institutions to provide relevant information and which details the supporting documentation to be submitted along with the application form.
- In order to ensure that discounts currently being applied are valid, a review form which requires the responsible person to restate their details should be sent to all properties where a discount is being applied.
- In order to ensure that discounts applied in respect of unoccupied properties are bona fide, discounts should only be processed on receipt of written confirmation from property owners.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Head of Revenues and appropriate action agreed to address the vast majority of issues raised.

x) INTERNAL AUDIT REPORT 2005/29

Department	Corporate
Subject	VAT (Petty Cash)

Introduction

As part of the planned internal audit work a review of procedures operated in respect of petty cash related VAT was carried out.

Scope and Objectives

This review covered most departments of the Council. The overall aim of this assignment was to assess the procedures operated in respect of VAT relating to petty cash transactions. Areas examined included the nature of expenditure, arrangements for claiming VAT and the adequacy of receipts supporting the reclaim of VAT.

Conclusion

The principal conclusion drawn from this review is that there is a sound system of control designed to achieve the system objectives and that the controls are being consistently applied.

xi) INTERNAL AUDIT REPORT 2005/31

Department	Environmental Health and Trading Standards
Subject	2004/05 Grant Claim : Contaminated Land

Introduction

In the financial year 2004/05 the Scottish Ministers offered grant assistance to Dundee City Council for work associated with the above noted project. The grant provision made to the Council was split into three separate components. These related to a mainstream award amounting to £142,000, plus awards were made for two specific projects, at Dens Road and Kilspindie Road, amounting to £300,000 and £140,000 respectively.

It is a requirement of the Conditions of the Grant that "the Grantee shall prepare an account showing expenditure incurred by the Grantee in connection with the Project during that Financial Year. Such account shall be audited and certified as true and accurate by a member of the Institute of Chartered Accountants in Scotland or any other equivalent body.....and a copy of the external auditors' report shall be submitted to the Scottish Ministers no later than 30 November".

Scope and Objectives

The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above project has been spent in accordance with the related Term and Conditions.

Conclusion

On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.

xii) INTERNAL AUDIT REPORT 2005/38

Department	Finance
Subject	Follow up Review of Bank Charges

Introduction

As part of the planned internal audit work a follow up review to Internal Audit Report 2003/12 on Bank Charges was undertaken.

The original report concluded that there were a number of areas in the systems operated by Banking Services, for the reconciliation of bank charges, which could be improved upon. These included the following:

- Introducing a more structured approach to notify the Bank of queries arising from the verification process undertaken by Banking Services.
- Taking steps to obtain further supporting documentation from the Bank to assist in the verification checks undertaken for the various charges levied.
- Introducing reasonableness checks for charges levied where there is no supporting documentation.

Scope and Objectives

The objective of the follow-up review was to assess whether or not each of the recommendations agreed by Management in the original report had been fully implemented and was restricted to areas included in the original report.

Conclusion

The principal conclusion drawn from the follow up work undertaken is that the actions taken by management have addressed the control weaknesses highlighted in the original review.

xiii) INTERNAL AUDIT REPORT 2005/39

Department	Finance
Subject	Superannuation Investments

Introduction

As part of the planned 2005/06 internal audit work a review of the arrangements for the management of Tayside Superannuation Fund and Tayside Transport Superannuation Fund was carried out. The value of Tayside Superannuation Fund at 31 March 2005 was £1,123m whilst the value of the Transport Fund was £34.9m (per the audited accounts).

The Funds are managed by five external Fund Managers whose performance is closely monitored on a quarterly basis. The two Funds are combined for investment purposes but separate accounts are produced for each Fund at the end of each financial year.

The Superannuation Investment Sub-Committee has overall responsibility for the management of the Funds and meets on a quarterly basis to discuss matters arising in relation to the management of the Funds and to receive reports on the various Fund managers' performance relative to the targets which they have been set. Some meetings include training session to keep members of the Committee abreast of current issues. The Committee takes advice on general investment matters from senior management within the Finance Department of Dundee City Council and external advisers as appropriate with a view to ensuring that the funds are properly managed in line with best practice.

Scope and Objectives

The objectives of the audit were to obtain assurance that the arrangements for the management of Tayside Superannuation Fund and Tayside Transport Superannuation Fund are adequate. Areas examined during the audit include the procedures for the appointment, payment of fees and dismissal of external parties, the procedure for monitoring and reporting performance, reconciliation procedures, arrangements in place for cash transfers, and the procedures for changing investment policies. The extent of implementation of recommendations made in Internal Audit Report 2002/24 was also considered.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- In order to ensure that the requirement for a review of the Funds and appropriate benchmarks are considered regularly, a formal timetable for this should be drawn up.
- In order to minimise the risk of any disputes, there should be a formal contract with Northern Trust for the provision of performance measurement services.
- In order to ensure that members of the Superannuation Investment Sub-Committee are kept apprised of ethical issues relating to investments, Fund Managers investing in Corporate Bonds should make a six monthly statement to Committee as is currently done by Fund Managers investing in equities.
- In order to ensure that there is adequate cover in the absence of the Chief Exchequer Officer, the Accountant within Banking Services should be trained in the major aspects of Superannuation Investment as soon as possible.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Head of Finance and appropriate action agreed to address the specific issues raised.