

REPORT TO: AUDIT AND RISK MANAGEMENT SUB-COMMITTEE 26/09/05

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 584-2005

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.

**DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)**

14 September 2005

BACKGROUND PAPERS

None

i) INTERNAL AUDIT REPORT 2004/38

Department	Finance
Subject	Consistency of Council Databases

Introduction

As part of the planned internal audit work a review was undertaken of the information held within the various computerised Council systems relating to staff employed by Dundee City Council and who are resident in Dundee. Approximately 70% of Dundee City Council employees reside within the City boundary.

The information held within some of the key Council databases relating to a random sample of 180 employees (approximately 2%) of employees from all Departments of the Council and who reside within the Dundee city boundary was selected using specialised software. The key systems examined were the ISIS payroll system, the ISIS Personnel system, the Council Tax system (iWorld) and the Electoral Register. Data was matched manually rather than electronically in order to overcome difficulties in the way in which data is recorded in different systems.

The information held in the various systems is obtained from various sources. Much of the personal information input to the ISIS payroll such as the employee's address is obtained from staff at the time of appointment and may be revised to reflect any changes subsequently advised by them. Some of the information held in the ISIS Personnel system, such as emergency contact details is also obtained from employees. Council Tax information is obtained from a variety of sources including notifications sent in by citizens, solicitors, other Departments of the Council and benefit forms. Irrespective of the originating source householders are required to confirm that details provided are correct before any discounts or benefits are awarded. Data input to the Electoral Register is obtained from householders via canvassing, correspondence from householders and information from other Departments of the Council.

Scope and Objectives

The objective of the review was to compare personal details provided by employees to Dundee City Council for payroll purposes to information contained in other Council systems in order to assess the comparability of details held. Data contained in the various databases should be accurate in order to ensure that systems are robust and reliance can be placed on the information contained in them.

Conclusion

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

The main areas highlighted in the report are as follows:

- In order to ensure that Council Tax is collected timeously and that employees do not fall into arrears with their payments, the Depute Chief Executive (Finance), in consultation with appropriate personnel, should consider ways through which staff can be encouraged and assisted to meet their Council Tax obligations.
- To improve the reliability of key information held in the computerised payroll/personnel system, employees should on an annual basis be required to formally confirm that such information is up-to date.
- In order to ensure that discounts or benefits being awarded are bona fide, Revenues staff should be asked to review the cases identified during the course of the audit where discount or benefit in respect of Council Tax may not be valid.

Management Response to the Audit Report

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

ii) INTERNAL AUDIT REPORT 2005/01

Department	Social Work
Subject	Follow-up Review of Ordering, Receipting and Creditors Payments

Introduction

As part of the planned audit work a follow-up review to Internal Audit Report No 2003/19 on Ordering, Receipting and Creditors Payments within the Social Work Department was undertaken.

The original internal audit report concluded that overall systems operated were satisfactory but there were some areas where improvements could be made. The principal areas commented upon in more detail in the report were as follows:

- More effective use of the order book will help ensure that only goods and services required for the Council's business are ordered and purchases are properly authorised.
- Retention of goods received documentation and up-to-date signatory lists in establishments will provide an improved audit trail.
- Obtaining invoice documentation which meets the requirements of Customs and Excise will assist in ensuring that the Council's reclaiming of VAT is maximised and the Department has appropriate 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 Internal Audit Report 2003/19, Ordering Receipting and Creditor Payments, 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 the actions taken by management have addressed the control weaknesses highlighted in the original review.

iii) INTERNAL AUDIT REPORT 2005/02

Department	Support Services
Subject	Follow-up Review of Select Tender List

Introduction

As part of the planned internal audit work, a follow-up review to Internal Audit Report No 2003/13 on the operation of the Select Tender List by Architectural Services staff within the Support Services Department was undertaken.

The original internal audit report concluded that there were some areas identified where the arrangements for management of the select tender list could be improved. These included the following:

- Ensuring the list is renewed rather than updated on a 4 yearly basis.
- Ensuring financial and technical appraisals are carried out at appropriate times.
- Recording contractor appraisal information on the computerised system.
- Exploring the possibility of charging for inclusion on the list and making application forms available on-line.

At the time of issue of the report, the possibility of adopting Constructionline, a list of approved contractors and consultants which are registered in the UK, as a replacement for the in-house Select List of Contractors was being considered. At a meeting of the Policy and Resources Committee held on 8 November 2004, it was agreed to defer this decision until 2006 and to continue the existing in-house Select List of Contractors in its present form with normal financial updates as required, with Constructionline as a secondary select list to run in parallel with the in-house list. This has had implications for some of the recommendations contained in the original report, which are only relevant if a decision to retain an in-house list is taken.

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 2003/13 on the operation of the Select Tender List by Architectural Services staff within the Support Services Department had been fully implemented within the given timescales. The review was restricted to areas included in the original report.

Conclusion

The principal conclusion drawn from the follow-up work undertaken is that the action taken by management has generally strengthened the control weaknesses highlighted in the original review.

iv) INTERNAL AUDIT REPORT 2005/04

Department	Support Services
Subject	Follow-up Review of Registrar – Income Security and Banking Procedures

Introduction

As part of the planned internal audit activity, a follow-up review of the Registrar's Income Security and Banking Procedures was undertaken.

The original report, Internal Audit Report 2003/18 Registrar - Income Security and Banking Procedures which was issued in January 2004, concluded that there were a number of aspects within the procedures which required to be addressed.

The principal areas where action was required were as follows:

- A float for the cash register should be introduced to enable each day's takings to be banked intact.
- The recording of transactions, the procedures for the preparation of income for banking and subsequent banking arrangements require to be reviewed and amended to reflect best practice.
- Arrangements for holding money during business hours and transporting it to the bank should be revised in order to ensure the safety of staff and minimise the risk of theft.

Scope and Objectives

The objective of the follow-up review was to assess if the recommendations agreed by Management in Internal Audit Report 2003/18 have 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 the actions taken by management have addressed the control weaknesses highlighted in the original review.

v) INTERNAL AUDIT REPORT 2005/05

Department	Finance
Subject	Follow-up Review of Cheque Authorisation

Introduction
<p>As part of the planned audit work a follow-up review to Internal Audit Report No 2003/14, Cheque Authorisation within the Finance Department was undertaken.</p> <p>The original internal audit report concluded that the procedures examined as part of this review in relation to cheque authorisation are in general satisfactory. The principal areas commented upon included the following:</p> <ul style="list-style-type: none">• Revising the layout of the master control records pertaining to the stock of blank cheques and the opening of cheques.• Formalising the audit checks to be undertaken of housing benefit cheques.• Ensuring appropriate supporting documentation is always provided to the authorising officer where a cheque requires to be countersigned.
Scope and Objectives
<p>The objective of the follow-up review was to assess whether or not each of the recommendations agreed by Management in Internal Audit Report 2003/14 had been fully implemented. The review was restricted to areas included in the original report.</p>
Conclusion
<p><i>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.</i></p> <p>The main areas which still require to be addressed are as follows:</p> <ul style="list-style-type: none">• In order to ensure that only appropriate documentation is accepted from individuals requesting cheques to be uncrossed, the list of acceptable evidence should be updated and staff advised that they must obtain one of the documents included on the list.• In order to ensure that high value cheques are bona fide, supporting documentation should be supplied to the member of staff who is countersigning them.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Depute Chief Executive (Finance) and appropriate action agreed to address the specific issues raised.</p>

vi) INTERNAL AUDIT REPORT 2005/06

Department	Planning and Transportation
Subject	2004/05 Grant Claim : 20mph Speed Limits/Safer Routes to Schools/ Development of Home Zones

Introduction

In the 2003/04 financial year Scottish Ministers offered grant assistance to Dundee City Council to enable the Council to pay for in whole or in part the capital costs incurred in work associated with the establishment of 20 m.p.h. speed limits around schools, safer routes to schools schemes and home zones. The grant provision made to the Council for the financial years 2003/04 to 2005/06 inclusive totalled £813,000, of which £331,000 relates to the 2004/05 financial year.

It is a requirement of the Conditions of Grant that “the Local Authority shall by 30 June in each Financial Year submit to the Grantor an audit certificate signed by the head of its Internal Audit team (or equivalent)..... showing actual expenditure met from the Grant paid to the Local Authority within the preceding Financial Year.”

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 entries on the Statement of Expenditure submitted by the Council are fairly stated, the sums claimed are properly due, substantiated with documentary evidence and have been used for the intended purposes in accordance with the terms and conditions under which the claim for grant is made.

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.

vii) INTERNAL AUDIT REPORT 2005/07

Department	Environmental Health and Trading Standards
Subject	2004/05 Grant Claim : Air Quality Monitoring

Introduction

In the 2004/05 financial year Scottish Ministers offered grant assistance to Dundee City Council to be used for the purchase of capital monitoring equipment. The grant provision made to the Council for financial year 2004/05 was £39,690.

It is a requirement of the Conditions of the Grant that an "audited and certified account shall be submitted to the Scottish Ministers within 30 days of the end of each financial year". The conditions also state that "where the grant exceeds £10,000, the account shall be audited by a CCAB qualified member".

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 subject has been spent in accordance with the related Terms 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.

viii) INTERNAL AUDIT REPORT 2005/08

Department	Planning and Transportation
Subject	2004/05 Grant Claim : Cycling, Walking and Safer Streets

Introduction

In December 2003 the Scottish Ministers offered grant assistance to Dundee City Council for Cycling, Walking and Safer Streets Initiatives. The grant provision made to the Council for financial years 2004/05 and 2005/06 was, up to a maximum of £236,000 in 2004/05 and up to a maximum of £248,000 in 2005/06.

It is a requirement of the Conditions of Grant that "the Council shall by the 30 June in the financial year following receipt of any grant submit to the Scottish Ministers a statement of compliance with the grant conditions signed by the head of internal audit".

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 subject has been spent in accordance with the related Terms 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.

ix) INTERNAL AUDIT REPORT 2005/09

Department	Waste Management
Subject	2004/05 Grant Claim : Strategic Waste Fund

Introduction

The Scottish Executive made a formal offer of grant to Dundee City Council from the Strategic Waste Fund in a letter dated 26 January 2005. This fund is a specific grant scheme for the implementation of the National Waste Strategy for Scotland. The offer totalled £5.159 million for the financial years 2004/05 to 2007/08 inclusive. Thereafter, for the financial years 2008/09 to 2019/20 inclusive, the Council has been provided with an indicative grant figure of the order of £20 million.

The grant awarded to Dundee City Council for the 2004/05 financial year totalled £932,000 of which £719,000 was awarded for capital expenditure and £213,000 for operational expenditure. The actual grant expenditure for the 2004/05 financial year totalled £892,172 and the breakdown between capital and operational expenditure was £719,079 and £173,093 respectively.

Under paragraph 4.5 of the Conditions of Grant it is a requirement that "at the end of each financial year, the Grantee shall prepare an account showing the expenses reasonable and properly incurred" and that "such account shall be audited internally and shall be certified as true and accurate", by a member of one of the bodies specified by the Scottish Executive.

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 subject has been spent in accordance with the related Terms 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.

x) INTERNAL AUDIT REPORT 2005/10

Department	Support Services
Subject	Follow-up Review of Construction Contracts Tender Procedures

Introduction
<p>As part of the planned internal audit activity, a follow-up review to Internal Audit Report No 2003/09 on Construction Contracts Tender Procedures operated was carried out.</p> <p>The original internal audit report, which was issued in November 2003, concluded that overall the procedures underpinning tenders for construction contracts were being operated satisfactorily but that there were areas where the control framework could be improved. These included the following:</p> <ul style="list-style-type: none">• Ensuring the Council's Tender Procedures are adhered to particularly the requirement to record in the tender book the reasons for the acceptance of late tenders.• Ensuring as far as possible that all contractors confirm receipt of tender documents.• The lack of management information to demonstrate contractors are selected on an equitable basis.
Scope and Objectives
<p>The objective of the follow-up review was to assess whether or not each of the recommendations agreed by Management in Internal Audit Report 2003/09 on Construction Contracts Tender Procedures had been fully implemented. The review was restricted to areas included in the original report.</p>
Conclusion
<p><i>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.</i></p> <p>The main areas where actions agreed by management are still outstanding are as follows:</p> <ul style="list-style-type: none">• Procedures for ensuring that all contractors have received tender documents.• The use of regular management reports to ensure that there is no bias or discrimination in the selection of contractors who are invited to tender for contracts.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the City Architectural Services Officer and appropriate action agreed to address the specific issues raised.</p>

xi) INTERNAL AUDIT REPORT 2005/12

Department	Finance
Subject	Payment of Pensions for Former Employees of ex List D Schools

Introduction
<p>Pension payments to former employees of ex List D schools can have funded and unfunded elements. Funded pension is the amount to which the employee is entitled by virtue of his/her contributions to the pension fund. This element depends on length of service and final salary and the cost is borne by Tayside Superannuation Fund. Unfunded pension relates to pension increases and any enhancements which have been provided to staff when the employee retires before 65, for example in the case of redundancy. These costs are recoverable from the Scottish Executive and Pensions Administration staff invoice the Scottish Executive on a regular basis. It is a requirement of the payment for unfunded pensions that the claims are audited annually by the Internal Audit Service at the end of each financial year.</p>
Scope and Objectives
<p>The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the amount reclaimed from the Scottish Executive is fairly stated, the sums claimed are properly due, substantiated with documentary evidence and in accordance with the terms and conditions laid down by the Secretary of State.</p>
Conclusion
<p><i>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.</i></p> <p>The main area commented upon in the report is as follows:</p> <ul style="list-style-type: none">• In order to ensure that all payments for ex List D school unfunded pensions are recovered from the Scottish Executive, checks should be put in place to ensure that the details of these former employees' details are correctly recorded in the Council's payroll system and that they are included on the schedule which is provided by Pensions staff for audit purposes.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Depute Chief Executive (Finance) and appropriate action agreed to address the specific issue raised.</p>

xii) INTERNAL AUDIT REPORT 2005/17

Department	Planning and Transportation
Subject	2004/05 Grant Claim : Section 70 Concessionary Fares

Introduction

In the 2004/05 financial year the Scottish Executive offered grant assistance to Dundee City Council to help fund the Concessionary Fares Scheme for the elderly and disabled. The grant awarded was to fund the difference between costs to enhance certain aspects of local bus travel for the elderly and disabled and the Transport Authority's Grant Aided Expenditure (GAE) allocation for concessionary fares.

The sum claimed for 2004/05 was £1.05 million and it is a requirement of the conditions of the grant that "the Transport Authority shall by the 30th June in the financial year following receipt of any grant submit to the Scottish Ministers a statement of compliance with the grant conditions signed by the head of internal audit".

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 entries on the Statement of Expenditure submitted by the Council, are fairly stated, the sums claimed are properly due, substantiated with documentary evidence and have been used for the intended purposes in accordance with the terms and conditions under which the claim for grant was made.

Conclusion

On the basis of examination 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.

xiii) INTERNAL AUDIT REPORT 2005/18

Department	Planning and Transportation
Subject	2004/05 Grant Claim : Public Transport Projects

Introduction
<p>In the 2004/05 financial year Scottish Ministers offered grant assistance to Dundee City Council to be used for any public transport projects which align with the Council's Local Transport Strategy. The grant provision made to the Council for financial year 2004/05 totalled £1,227,851.</p> <p>It is a requirement of the conditions of the grant that "the Council shall by the 30 June 2005 submit to the Scottish Ministers a statement of compliance with the grant conditions signed by the head of internal audit and a summary of the project or projects which the grant supported".</p>
Scope and Objectives
<p>The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the entries on the Statement of Expenditure submitted by the Council, are fairly stated, the sums claimed are properly due, substantiated with documentary evidence and have been used for the intended purposes in accordance with the terms and conditions under which the claim for grant is made.</p>
Conclusion
<p><i>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.</i></p>

xiv) INTERNAL AUDIT REPORT 2005/19

Department	Housing
Subject	2004/05 Grant Claims : Warm Deal Programme (Public and Private Sectors)

Introduction

In the 2004/05 financial year Dundee City Council submitted grant applications to Communities Scotland under the Warm Deal Programme. The Council was subsequently awarded £173,500 under the Warm Deal Programme, Partial Central Heating Systems, Measures to Tackle Fuel Poverty for Local Authority Properties and £34,382 under the Warm Deal Programme to Tackle Fuel Poverty in the Private Sector. The actual expenditure for these two measures in the 2004/05 financial year was £37,500 and £28,175 respectively.

The Grants awarded had a number of conditions which required to be met before the Grant payment could be made. The principal condition was that all work had to be completed by the 31 March 2005 in order for the expenditure to be eligible for grant purposes. In addition, as part of the claim for payment of grant, the Head of Internal Audit was required to formally confirm that "the grant had only been used in accordance with the conditions of the offer of grant and that all reporting requirements had been met".

Scope and Objectives

The main objective of this exercise was to enable the Council's Chief Internal Auditor to confirm that the grant claimed had been used in accordance with the conditions of offer, the reporting requirements had been met and there was evidence to substantiate the actual amount to be claimed from Communities Scotland.

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 forms 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.

xv) INTERNAL AUDIT REPORT 2005/20

Department	Dundee Contract Services
Subject	Ordering, Receipting and Creditor Payments

Introduction

As part of the planned internal audit work a review of the systems operated by Dundee Contract Services in relation to ordering, receipting and creditor payments was undertaken.

Dundee Contract Services operate an in-house costing system, with the resultant invoices being input to the in-house costing system and paid via an interface with the Powersolve Creditor's Ledger system. The Land Services Section within Dundee Contract Services was formerly part of the Leisure and Parks Department and whilst this Section operates a separate in-house costing system their invoices are also paid via a link with the Powersolve Ledger system.

For the 2004/2005 financial year of the order of 24,500 invoices with expenditure totalling approximately £ 9.8 million were processed by Dundee Contract Services. This is broadly in line with the figures for the 2003/04 financial year.

Scope and Objectives

The objective of the review was to provide an opinion on the adequacy and effectiveness of the Department's systems and controls which are operated in relation to the ordering, goods receipting and payment of suppliers' invoices and to ensure that the goods and services purchased are required for Council purposes. The review also considered the arrangements in place for recording purchases to permit effective revenue monitoring.

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 reduce the risk of requisitions being raised by non-designated personnel, up-to-date lists which include the names and specimen signatures of employees authorised to raise requisitions should be maintained.
- To ensure a consistent approach across the Department, the procedures operated by the Land Services Section in relation to the hire of plant and vehicles and supplier evaluation reports should be revised.
- Consideration should be given to evaluating the adequacy of separation of duties in the control of ordering, receipting and invoices in the Land Services Section and checks undertaken of the creditor payment listing.
- To ensure the safety and integrity of data the feasibility of access to the Department's computerised ordering systems being password controlled should be evaluated.

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 majority of the issues raised.

xvi) INTERNAL AUDIT REPORT 2005/21

Department	Planning and Transportation
Subject	2004/05 Grant Claim : Bringing Confidence to Public Transport/Smartbus

Introduction

In the financial year 2003/04 the Scottish Ministers offered grant assistance to Dundee City Council for work associated with the above noted projects. Due to the synergies between the originally separate projects, the Scottish Executive agreed that this become a combined exercise during 2003/04. The grant provision made to the Council over the three year period amounted to £8,155,000, of which £3,615,000 related to Financial Year 2004/05.

It is a requirement of the Conditions of the Grant that "the Local Authority shall by 30 June in each Financial Year submit to the Grantor an audit certificate signed by the head of Internal Audit (or equivalent).....showing actual expenditure met from the Grant paid to the Local Authority within the preceding Financial Year".

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 entries on the Statement of Expenditure submitted by the Council, are fairly stated, the sums claimed are properly due, substantiated with documentary evidence and have been used for the intended purposes in accordance with the terms and conditions under which the claim for grant is made.

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.