

Internal Audit Progress Report

Update to the Accounts, Audit and
Risk Committee on Internal Audit
activity

Cherwell District
Council

January 2017

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Introduction

We are committed to keeping the Accounts, Audit and Risk Committee up to date with internal audit progress and activity throughout the year. This summary has been prepared as at 12 January 2017 to update you on our activity since the last meeting of the committee and to bring to your attention matters that are relevant to your responsibilities as members of the committee.

We have also attached again for reference some of the latest publications that might be of interest to you as members of the committee (these are included in Appendix 1).

2016/17 internal audit plan

We presented our plan in March and June to the committee; subsequent to these meetings we held some additional meetings with the Chief Executive, Chief Finance Officer and other directors during September. This was so that we could refresh our risk assessment and refine the internal audit plan to best address the risks and priorities that the Council are facing.

Subsequent to those meetings we have reflected and revised the plan to reflect these discussions and updates with subsequent meetings and discussions with the Chief Finance Officer in late October / early November to finalise, with the intention of delivering the finance reviews in late quarter 3 and quarter 4 and the remainder in quarter 4.

Original and Revised Annual plan

The following table sets out our internal audit work planned for 1 April 2016 to 31 March 2017, together with indicative start dates for each audit.

Ref	Original audit plan and areas of focus	Q 1	Q 2	Q 3	Q 4	Revised audit plan and areas of focus
A	Corporate systems / Cross Cutting Reviews					
A.1	Finance Systems To cover the following on risk basis <ul style="list-style-type: none"> • Payroll • Collection Fund (Council Tax and NNDR) • Housing Benefits • Debtors • Creditors 			✓		December update We have agreed that the Council would move towards a continuous auditing model for its key financial systems going forward, to enable performance on its key finance controls to be provided quarterly rather than a typical review and actions at a given point in time.

						<p>We will now undertake two continuous auditing reviews for 2016/17</p> <ol style="list-style-type: none"> 1. Key finance systems (debtors, creditors, payroll, council tax and NNDR) 2. Housing Benefits <p>See also update below.</p>
B	Department					
B.1	<p>Environmental Services</p> <ul style="list-style-type: none"> • Contract arrangements • Governance processes • Raising and collection of income • Collection rates 			✓		<p>December update</p> <p>We have agreed that we will undertake a performance review across a selection of service departments/areas with a focus on performance target setting, data capture and reporting in the context of wider commercialisation agenda and how the Council sets, captures and reports on performance.</p>
B.2	<p>Programme Management</p> <p>Ongoing support to consider programme management and key ways of working on major programmes across the Council, to be agreed during the plan year. Key projects include:</p> <ul style="list-style-type: none"> • Graven Hill • Bicester Town Centre Redevelopment • Build Programme 		✓		✓	<p>We will direct our project and commercial assurance specialists to your key areas of risk for major projects and third party relationships.</p> <p>December Update:</p> <p>We have agreed a post implementation review over the Build! Programme. This is considered the most relevant and has been pushed back until a suitable point when Phase 1 has completed.</p> <p>This is also relevant given the fact the Council is currently going through the business case for making a joint service going forward.</p>

B.3	<p>Risk Management/Governance</p> <p>Review the adequacy of risk management arrangements within the Council and we will provide you with a view on your Joint Risk Management arrangements.</p>			✓	<p>December Update: No change in focus</p>
B.4	<p>IT System Reviews</p> <p>We can help support or review around key system changes from a variety of aspects including: system configuration, application and database controls and reporting configurations.</p> <p>Cyber Security</p> <p>Our approach is designed to provide you with confidence: in your people, technology and connections, how you manage risk, set priorities and respond to an incident or during a crisis. Our approach typically begins with an assessment of your current capability and a recommendation of areas for improvement.</p>			✓	<p>December Update:</p> <p>Based on our revised discussion it was felt that a review of system and system reporting as well as understanding the Council's approach to cyber security.</p> <p>Since then the Council has advised that it would be more aligned to the risk to map out the Council-wide BCP arrangements (including IT) given a revision to its IT/BC Strategy currently going through approval.</p> <p>See further below.</p>
B.5	<p>Service Redesign / Compliance Reviews</p> <p>To review current service plans and operational design and arrangements to benchmark performance on selected service.</p> <ul style="list-style-type: none"> • Planning and the Economy • Regeneration and Housing 			✓	<p>We undertake review(s) within Council services / departments dependent on our annual risk assessment.</p> <p>December update</p> <p>We agreed a focus given the Council's commercialisation agenda to look at the Council's internal quality assurance arrangements over a selection of services / departments.</p> <p>See further below.</p>

B.6	Housing applications and appeals To review the pre-application, application processing, decision making and appeals process	✓				This is the review that has been deferred from 2015/16. December update: No change. See further update below.
B.7	Finance Year End Support To support you at year end. This support will include a critical review of your draft accounts, accountancy support and attendance at your close down group.					This is directed by areas of support required for your annual statement of accounts. December update No change
VE	Value Enhancement					
VE.1	Joint Working and Transformation Programme Review of the governance and business cases for efficiencies and savings for three way working. <ul style="list-style-type: none"> • Governance Models • New Ways of Working 				✓	We will utilise where appropriate our data and project specialists to align to your key risks and gaps in assurance through ongoing dialogue with management. December update No change. See further below

Reviews undertaken 2016/17

Given the timings of these discussions and subsequent final agreement with the Chief Finance Officer we delayed starting the reviews that were scheduled for quarter 2, as these were being modified in terms of focus. We also had to delay some of the reviews that were scheduled at the end of quarter 3 to early quarter 4; these were primarily the finance reviews, following discussions and agreement with the relevant audit sponsors given the overall proposed focus of the reviews.

Planning applications

Onsite fieldwork has been completed and we have issued our draft report. There are no individually critical or high risk rated issues or in the aggregate overall report rating, identified. There are some discussions over the wording of the findings in the report before finalising but we can confirm these are not impacting the overall risk rating of the review.

Finance systems

In line with our agreed revision to the plan we are focussing on the key controls over the key financial cycles only and a summary of the findings will be agreed and reported rather than also including specific management actions, as moving forward the Council will get summary

findings throughout the year on just the performance of these key controls at each quarter, which will allow actions to be taken throughout the year as required.

Housing benefits

Onsite work commenced on 9 January 2017. We anticipate completing during this week, but there have been some availability issues that were not communicated which may cause us to overrun past our original anticipated fieldwork time.

We will update the committee verbally at the meeting on progress.

Debtors, Creditors, Payroll, Council Tax and NNDR

Onsite work is due to commence 29 January as agreed with the relevant finance contacts. We anticipate completing during this week and will issue draft and final reports during February.

Programme Assurance/Post Implementation Review

We have agreed to undertake a post implementation review of the Build! Programme, now that Phase 1 is nearing completion, covering both Councils given discussions around moving to a shared service and the increasing range of services and projects of this nature being considered by both Councils.

We held a scoping meeting on 11 January 2017, with a view to agree terms of reference and start onsite work 25 January 2017. The areas of focus will be governance, stakeholders, suppliers/procurement, and financing aspects.

We will update the committee verbally at the meeting on progress.

Risk Management

We have agreed onsite work to commence 29 January as agreed with relevant risk and performance team contacts. Scope will be consistent with prior year and will focus on a selection of risks to be advised by management, covering strategic, partnership and service level.

Services - Performance Management

We have agreed onsite work to commence 29 January as agreed with relevant risk and performance team contacts. We have a scoping meeting planned on 17 January 2017 to confirm the specific service departments/areas to be covered but is agreed in principle to include performance target setting, data capture and reporting.

Business Continuity, IT and Cyber

We have agreed that we will review Councils BCP arrangements and cyber security. In each area we will review what is already in place at the Councils, with a view to map the assurances the Councils have in place and then drill down in a couple of specific areas.

We are planning a more detailed scoping during week commencing 16 or 23 January with an expectation to deliver during February.

We will update the committee verbally at the meeting on progress.

Services – Internal Quality Assurance Review

We had revised the focus of the plan to review service department internal quality assurance processes. We understand that the Council has now commissioned a larger internal review. We will discuss further with management what support or input from internal would be beneficial, given this has moved on again since our last discussions.

Joint Working/Transformation/Commercialisation

We will agree any area of focus with management during February with an expectation to deliver review during March.

Additional work

NNDR 3 Agreed Upon Procedures

We were engaged to provide some additional support to supplement the Council's process for self-certification of its NNDR return.

Our work has now been completed and we issued our final report on 19 December 2016

There were no matters noted that would impact the return or the financial statements above an agreed threshold of £20,000 from the samples selected and any agreed extrapolation.

Fraud Workshops

We helped to deliver two fraud awareness workshops alongside the Council's counter fraud team on 27 July and 2 August. These were designed to support the Council in its fraud awareness programme as part of its Corporate Fraud Teams Business Plan and Strategy.

We have discussed with the Council about providing a similar workshop for members.

Risk Training Workshop

We delivered risk training workshops over a couple of days in April and we also delivered a follow up session in October for people that could not attend over the original two days.

Appendix 1 – Recent PwC Publications

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. The PricewaterhouseCoopers Public Sector Research Centre (‘PSRC’) produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

All publications can be downloaded in full at <http://www.pwc.com/gx/en/industries/government-public-services/public-sector-research-centre.html> and we have included the most relevant and recent listed below alongside this report for your further reference.

We also have a dedicated public sector twitter account with the latest information, comments or links to recent publications or blogs.

Twitter

PwC UK Public Sector
@pwc_ukgov

New publications since September 2016

Gov.Tech: The power to transform public services in the UK

In a connected world, how the citizen wants to deal with government and the public sector is changing, driven by the possibilities opened up by new technology.

To lift the lid on the potential of Gov.Tech we have talked to start-ups and SMEs in the technology sector, venture capitalists, incubators and our own experts. And the opportunities we found for government and the public sector, and for UK plc, are significant.

Ultimately, Gov.Tech can strengthen the link between government and the public sector, small businesses and the citizen and allow for greater collaboration, problem solving and benefit sharing between all three.

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