

# *Internal Audit Progress Report*

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

Cherwell District  
Council

March 2017

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## ***Contents***

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Introduction.....	3
2016/17 internal audit plan.....	3

## **Introduction**

Our last update report to the Accounts, Audit and Risk Committee prepared as at 12 January 2017 has been updated as at 13 March 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.

Since the last meeting of the committee, your procurement team have been in touch to inform us that our contract is not to be extended beyond 31 March and that a new provider has been selected and arrangements are in place to contract with them. As a result, our focus is on completing our plan and drafting our annual audit report as soon as possible.

## **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 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.

## **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 and other commitments.

## **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.

*13 March 2017 Update: We sent back an updated version of the draft on 15 February 2017. We have yet to receive any further comments, so will issue as final this month to allow it to feed into our final annual report which will be issued to the next committee meeting.*

## **Finance systems**

In line with our agreed revision to the plan we were looking to focus on the key controls over the key financial cycles only and a summary of the findings will be agreed and reported quarterly, with the intention that moving forward the Council will get summary findings throughout the year on just the performance of these key controls at each quarter end, 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.

*13 March 2017 Update: We have completed the majority of the work but are still chasing a few areas before we report. Our focus remains on completing work in March and finalising the report early April to feed into our final annual report which will be issued to the next committee meeting.*

### **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.

*13 March 2017 Update: We have completed the majority of the work with the main exception of payroll as were requested to delay further until March due to Council commitments. We are also are still chasing a few areas before reporting. Our focus remains on completing work in March and finalising the report early April to feed into our final annual report which will be issued to the next committee meeting.*

### **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 potential programme and project controls across 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.

*13 March 2017 Update: We have completed the work and debriefed the audit contact and we will shortly provide our draft report. Our focus remains on finalising the report during this month to allow it to feed into our final annual report which will be issued to the next committee meeting.*

### **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.

*13 March 2017 Update: We have completed the work and debriefed the audit contact and will report shortly. Our focus remains on finalising the report during this month to allow it to feed into our final annual report which will be issued to the next committee meeting.*

### **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.

*13 March 2017 Update: We have completed the work and debriefed the audit contact and will shortly issue our report. Our focus remains on finalising the report during this month to allow it to feed into our final annual report which will be issued to the next committee meeting.*

***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.

*13 March 2017 Update: Following an initial meeting on 3 February 2017 and then lengthy discussions and iterations, we have agreed to perform these as two separate reviews, the first covering Cyber and Cyber Risk and the second covering BCM arrangements, and work is scheduled to start during the week commencing 13 March.*

*Given the nature of these now separate two reviews, the additional stakeholders involved and the specialist nature of them we have utilised the remaining time in the plan to deliver these two reviews.*

*Our focus remains on finalising the delivery of these reviews during this month, and then the internal review and reporting in April to allow it to feed into our final annual report which will be issued to the next committee meeting.*

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