

Cherwell District Council
Accounts, Audit and Risk Committee

24 January 2018

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| Internal Audit Progress Report |
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Executive Director of Finance & Governance

This report is public

Purpose of report

The purpose of the report is to brief the Committee on the work carried out by the Internal Audit Service during the current financial year 2017/18.

1.0 Recommendations

- 1.1 To note the contents of the Internal Audit progress report (Appendix 1);
- 1.2 To note and comment upon the actions set out in paragraph 4 to address control weaknesses identified by internal audit.

2.0 Introduction

- 2.1 The Committee is required to approve and review the Councils Annual Internal Audit Plan.
- 2.2 The Internal Audit Plan was agreed at the Committee meeting in March 2017.
- 2.3 This is the first formal report of the new internal auditor since they commenced their role this year.
- 2.4 The Council has been working with the auditor to change the reporting to both management and members to better address where control weaknesses occur and the actions agreed to address them. This is set out in section 4 below.

3.0 Report Details

- 3.1 The Internal Auditor's report is set out at Appendix 1.
- 3.2 The report provides an update on progress against the agreed Internal Audit Plan for 2017/18, summaries of individual service reviews completed and an analysis of actions taken against previous IA recommendations.

- 3.3 The report reflects the audits that have been completed and agreed with the service, which is lower than planned however there are a number of audits that are with management to approve final reports and will be reported next quarter.
- 3.4 In addition to the Internal Auditors report management should report its responses to the reports, to members setting out actions to address areas where limited controls are in place. This is set out below:

Payroll

- 3.5 The overall control level was identified as moderate and there are no Limited controls, meaning that although there are no immediate issues that need to be resolved there are control weaknesses that will need to be addressed.
- 3.6 Management have accepted the recommendations related to the audit and recognise the areas of concern. These are mainly around the functionality of the existing Northgate payroll system and its compatibility with the Civica financial management system.
- 3.7 The Council is in the process of addressing these issues by replacing the Northgate payroll system. The audit findings and recommendations have been shared with the payroll implementation project team and will be addressed as part of the system build.

Transformation – Customer Services Project

- 3.8 This audit was included in the Internal Audit plan by the auditor after management raised concerns with how the project was progressing.
- 3.9 Whilst the overall control level was identified as moderate there are controls with limited assurance, which require immediate action.
- 3.10 Management have accepted the recommendations related to the audit and recognise the areas of concern. These are mainly related to how the project has been managed and identification of clear objectives and outcomes.
- 3.11 In response to the audit management have already put in place a programme of work to set out a new customer service strategy, developing corporate standards and linkages into the digital transformation agenda. This will remain a core part of the transformation programme.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This is part of the function of the Audit Committee

5.0 Consultation

- 5.1 Lead member for Financial Management

6.0 Alternative Options and Reasons for Rejection

6.1 Not applicable

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising from this report

Comments checked by:

Sanjay Sharma – Interim Head of Finance

Sanjay.sharma@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 There are no legal issues arising from this report.

Comments checked by:

James Doble – Democratic and Elections Manager and Monitoring Officer

james.doble@cherwellandsouthnorthants.gov.uk

Risk Implications

7.3 There are no risk implications arising from this report

Comments checked by:

Julie Miles - Strategic Intelligence & Insight Assistant

Julie.Miles@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

Lead Councillor

Councillor Tony Ilott – Lead Member for Financial Management

Document Information

| Appendix No | Title |
|-------------------|---------------------------------------|
| 1 | CWAS – Internal Audit Progress Report |
| Background Papers | |
| None | |

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| Report Author | Paul Sutton – Executive Director - Finance and Governance |
| Contact Information | Paul.sutton@cherwellandsouthnorthants.gov.uk 03000 030106 |