

Cherwell District Council

Accounts, Audit and Risk Committee

30 May 2018

Internal Audit – Annual Report 2017/2018

Report of the Executive Director, Finance & Governance

This report is public

Purpose of report

To receive CW Audit Services annual report for 2017/18 in relation to the Internal Audit work undertaken during 2017/18

1.0 Recommendations

The meeting is recommended to

- 1.1 Note the contents of the 2017/18 annual report from CW Audit Services.

2.0 Introduction

- 2.1 Internal Audit undertakes a programme of work in line with their Audit Plan issued towards the start of each year. On the basis of the work undertaken the Head of Internal audit forms an overall opinion of the Councils governance and control environment. For 2017/18 the overall opinion is moderate assurance, this represents a fair assessment of the Councils assurance framework.

3.0 Report Details

- 3.1 The Councils are required by the Accounts & Audit Regulations 2015 “to undertake an adequate and effective internal audit of its accounting records and of its system of internal control, taking into account public sector internal auditing standards or guidance”. The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide a written report to those charged with governance (in practice the relevant Committees of each Council acting as the ‘Audit’ Committee, to support the Annual Governance Statement, AGS), setting out:

- An opinion on the overall adequacy and effectiveness of the organisation’s control environment ;

- Disclose any qualifications to that opinion, together with the reasons for that qualification;
- Present a summary of the work carried out by Internal Audit during the year from which the opinion is derived, including any reliance that is being placed upon third party assurances;
- Draw attention to any issues the Head of Internal Audit deems particularly relevant to the Annual Governance Statement (AGS)
- Consider delivery and performance of the Internal Audit function against that planned;
- Comment on compliance with these Standards and the results of any quality assurance programme.

3.2 The Council should consider the opinion of the Head of Internal Audit as part of its overall assessment of the assurance framework in place.

3.3 During 2017/18 some weaknesses were highlighted which will be addressed during 2018/19. Progress against these will reported to the Committee at future meetings.

3.4 Towards the end of 2017/18 additional engagement took place between officers and the internal audit team to review the work undertaken to date and put in place a clear process of communication and feedback.

3.5 During 2017/18 a number of the areas highlighted by internal audit have started to be addressed and action plans are in place or are being put in place. A summary of progress made to date is set out in the table below:

Areas highlighted by Internal Audit	Management Progress
<i>Commercial Property</i> <ul style="list-style-type: none"> • Improve record keeping • Improve collection of outstanding service charges • Review written processes and procedures 	The team have started an internal review of processes currently in place to improve the robustness of procedures in place. Progress against this will be reported to committee during 18/19.
<i>Debtors collection and recovery</i> <ul style="list-style-type: none"> • Improve policy framework • Improve speed and efficiency of invoice raising • Review write off process 	Action plan has been agreed with Internal Audit and implementation underway. Progress will be reported to Committee during 18/19.
Council Tax and Business Rates <ul style="list-style-type: none"> • Timeliness of reporting • Completeness of reconciliations 	The team was insourced during 17/18. This impacted upon performance and outputs for a short period. Improvements to performance are already being seen towards the end of 17/18 and start of 18/19.
Benefits <ul style="list-style-type: none"> • Failing to meet some processing targets • Processing systems reconciliation improvement • Increase in overpayments 	The team was insourced during 17/18. This impacted upon performance and outputs for a short period. Improvements to performance are already being seen towards the end of 17/18 and start of 18/19. The audit report refers to the fact that plans have already started being implemented.
Budgetary control, MTRP and General Ledger <ul style="list-style-type: none"> • Capital programme slippage reporting 	A capital programme working group made up of officers has been introduced. An improvement project for the financial system

<ul style="list-style-type: none">Financial system (General Ledger) feeder systems	and processes is underway. Progress will be reported to committee during 18/19.
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4.0 Conclusion and Reasons for Recommendations

4.1 The Annual Report summarise the Internal Audit work for 2017/18 and reports on the findings of the audits undertaken.

5.0 Consultation

5.1 None

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not applicable as this report is for information. However, members may wish to request further information from the Head of Internal Audit.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from this report.

Comments checked by:

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Legal Implications

7.2 There are no legal implications arising directly from this report.

Comments checked by:

James Doble, Assistant Director, Law and Governance, 01295 221587

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Risk Management Implications

7.3 There are no risk management issues arising directly from this report

Comments checked by:

James Doble, Assistant Director, Law and Governance, 01295 221587

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8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

None

Document Information

Appendix No	Title
Appendix 1	CW Audit Services Annual Report 2017/18
Background Papers	
None	
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