

## Cherwell and South Northamptonshire Councils

Internal Audit  
Progress Report 2018/19

March 2019



## 1. Introduction

This report updates the committee on progress made in delivering the 2018/19 audit plan to the end of February 2019. Appendix A provides details of the audit assignments included in the 2018/19 year, and an update on progress where assignments have commenced.

## 2. Summary of reviews completed

Review	Key issues arising from audit	Level of assurance				
Human Resources – Recruitment	<ul style="list-style-type: none"> <li>The shortlisting form, containing the records of all applicants and demonstrating those selected for interview, should be completed for all appointments and saved in the HR folder.</li> <li>All interviews should be clearly scored and interview notes for all candidates and scoring matrixes should be completed and filed so it is possible to demonstrate that the successful candidate was appropriately selected using a transparent process.</li> <li>Standard contract of employment should be reviewed and amended to provide greater clarity on terms and conditions and move to compliance with best practice by referencing / producing other standard policies.</li> <li>A training programme should be devised and delivered to ensure that recruitment managers can appropriately undertake their recruitment and selection duties.</li> </ul>	<b>Moderate</b>				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
There is a suitable Recruitment Policy and procedure in place.				✓		
There is an establishment control process in place to ensure that when a post becomes vacant it is reviewed and appropriately authorised prior to re-appointment.			✓			
The preparation and agreement of job descriptions and personal specifications is undertaken by appropriate officers.			✓			
Advertising of vacancies is undertaken in line with the Councils' policy and procedures.			✓			
Recruitment processes (including shortlisting, interviews, assessments and selection decisions) are undertaken in line with the policies and procedures and are appropriately documented.					✓	
Appropriate pre-employment and vetting checks are carried out to obtain proof of identity, qualifications, disclosure of convictions and references				✓		
Recruiting managers undertake appropriate recruitment and selection training.				✓		

Review	Key issues arising from audit	Level of assurance
Budget Management & MTFP/ Financial Resilience	<ul style="list-style-type: none"> <li>Ensure that the ability of any new finance system to provide comprehensive self-service budget holder reports is a key deliverable within the procurement process.</li> </ul>	<b>Significant</b>

System control objective	Level of Assurance				
	Full	Significant	Moderate	Limited	No
The Medium Term Revenue Plan (MTRP) demonstrably links to and supports strategic priorities and aims to ensure financial resilience.	✓				
Budgets are set in a structured, comprehensive and robust manner in accordance with the organisations' plans and objectives, the MTRP and any foreseeable significant risks to income and expenditure levels.	✓				
Responsibility for controlling budgets is delegated to trained and clearly defined budget holders who receive appropriate support from the finance department.	✓				
Changes to the startpoint budget are appropriately authorised, recorded and reported (including virement and supplementary budgets).	✓				
Accurate and complete budget and outturn information is produced in a timely manner to all budget holders and executive committees for inspection, analysis and control of budget performance.		✓			
Significant budget variations are promptly highlighted and acted upon.	✓				
Regular and robust forecasts are undertaken to project outturn against budget.	✓				
Any savings plans established to ensure a balanced budget are robust, and are reported upon and monitored at Cabinet/Executive and Council level.	✓				

Review	Key issues arising from audit	Level of assurance
Capital Programme & Project Management	<ul style="list-style-type: none"> <li>Continue to monitor and challenge projects that are delayed in order to further reduce the number of capital projects being re-profiled into future years and improve the timely delivery of the capital programme.</li> <li>Review and take action on the ongoing trend for the accumulation and carry forward of unspent DFG budget at both CDC and SNC.</li> <li>Finance team and CDC DFG team should liaise to review differences in their respective DFG budget figures.</li> <li>Provide clear management trail to demonstrate that work awarded to contractors in respect of CDC DFG awards is subject to competitive quotation, or clearly documented and approved reasons why competitive quotation was not sought.</li> </ul>	<b>Significant</b>

System control objective	Level of Assurance				
	Full	Significant	Moderate	Limited	No
There is a robust capital programme in place that has been agreed by Members and is adequately funded and accounted for.		✓			
Expenditure on capital projects is subject to appropriate business planning and optional appraisal processes prior to being formally approved for inclusion on the capital programme.		✓			
Contracts for capital projects are awarded in accordance with Financial Regulations/Contract Procedure Rules, with any necessary approvals from management and members.		✓			
Capital projects are effectively managed to ensure delivery in accordance with agreed contract terms, timescales and costs.		✓			
Accurate and complete budget and outturn information is produced in a timely manner to all budget holders and executive committees for inspection, analysis and control of budget performance.		✓			

### 3. Recommendation tracking

The current status of all recommendations due for implementation by the 28th February 2019, including recommendations raised by the Councils' previous internal auditors, PWC, is summarised as follows:

Recommendations due for implementation by 28 <sup>th</sup> February 2019				
Priority*	Number	Implemented or Closed	Ongoing	Pending
1	0	0	0	0
2	25	23	1	1
3	57	46	5	6
4	36	36	0	0
<b>Totals</b>	<b>118</b>	<b>105</b>	<b>6</b>	<b>7</b>

\*Level 1 is the highest level of risk we attach to a recommendation.

Ongoing Level 2 Recommendations			
Subject	Original target date	Revised target	Latest update
GDPR Action Plan	9/12/18	31/01/19	Creating a new integrated work plan including the findings from the previously received consultant report, the internal audit report and other findings.
HR Recruitment – improved retention and documentation of interview records	31/01/19		

## Appendix A - 2018/19 Internal audit plan

Area	Audit Assignment	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance Level
Corporate Governance & Systems	Cybersecurity		✓			Final report	Significant
	Information Governance - GDPR		✓			Final report	Moderate
	Information Technology - IT Disaster Recovery				✓	Fieldwork ongoing	
	Business Continuity Management		✓			Draft report	
	Corporate Health & Safety		✓			Final report	Significant
	Procurement & Contract Management			✓	✓	Fieldwork ongoing	
	Human Resources – Recruitment		✓	✓		Final report	Moderate
Legal Compliance	✓	✓			Final report	Significant	
Financial Assurance	Budget Management & MTFP/ Financial Resilience			✓	✓	Final report	Significant
	Capital Programme & Project Management		✓			Final report	Significant
	Payroll				✓	Fieldwork ongoing	
	General Ledger			✓		Final report	Significant
	Creditor Payments			✓		Final report	Moderate
	Treasury Management			✓		Final report	Significant
	Council Tax			✓	✓	Fieldwork complete	
	Business Rates			✓	✓	Fieldwork complete	
	Debtors			✓	✓	Fieldwork complete	
	Benefits			✓	✓	Fieldwork complete	
	Homes England Grant Certification*		✓			Audit Compliance Checklist submitted.	N/A
DFG certification – CDC and SNC		✓			Certifications provided for both Councils	N/A	

\*Funded from contingency days