

Internal audit  
summary report  
for Accounts,  
Audit and Risk  
Committee

December 2008



# Contents

## Section

1. Plan outturn .....	3
2. Reporting and activity progress .....	4
3. Summary of key risks .....	5
4. Other issues.....	6
Appendix One.....	7
Appendix Two.....	9
Appendix Three .....	10

# 1. Plan outturn

## **2008/09 Audit Plan**

We have undertaken work in accordance with the 2008/09 Internal Audit Plan which was approved by the Accounts, Audit and Risk Committee at its meeting in October 2008.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. This shows that we have now commenced a number of reviews and reports are now being issued either in draft or final. We have also begun planning in a number of reviews over the next couple of months. At present we have completed 129 days out of a total planned 287 (45%)

It is our intention to complete the full internal audit plan before the end of the financial year in order that the annual internal audit report can be produced in time to inform the Annual Governance statement (AGS). Future progress reports will continue to give an update on the percentage of the audit plan completed or commenced and will indicate whether or not the objective of completing the audit plan in year is likely to be achieved.

## 2. Reporting and activity progress

### Final reports issued

The following reports have now been issued in Final.

- **08\_09 5 Corporate Governance** – During the review we noted that the governance arrangements in the Council are sound; there are many examples of good governance arrangements when demonstrating compliance with the CIPFA framework. When surveyed, Members and Officers generally agreed or strongly agreed with the positive statements being posed in respect of corporate governance and are clear about the Council's priorities and desired outcomes; roles, responsibilities and decision taking and the Council has set a clear set of objectives that is driving improvement. Consequently, we have given a **GOOD** audit opinion for this area.

**A copy of the final report will be available at the meeting for members to review.**

### Draft reports

Between the date of writing this report and the meeting of the Accounts, Audit and Risk Committee we expect to have issued the following reports in draft format:-

- 08-09 6 Establishment visits
- 08\_09 7 Health and Safety
- 08\_09 8 Civil Emergency Arrangements
- 08\_09 16 Concessionary Travel
- 08\_09 10 Debtors
- 08\_09 11 Bank reconciliations
- 08\_09 12 Cash collection (Cashiers)
- 08\_09 18 NDR

### Fieldwork commenced

Between the date of writing this report and the meeting of the Accounts, Audit and Risk Committee we expect to have commenced fieldwork in the following areas:-

- 08-09 13 Creditors
- 08\_09 15 Housing Benefits
- 08\_09 20 Data Quality
- 08\_09 14 Council Tax
- 08\_09 17 General Ledger

# 3. Summary of key risks

## **Overview**

Our final reports include a number of recommendations and a breakdown of these can be found in Appendix Two, which summarises the risk ratings associated with each finding and recommendation. Further information is provided in the individual reports which can be produced in full if required. No high priority recommendations have been made to date.

# 4. Other issues

## Other work performed

- Following comments made at the October meeting of the AAR Committee, the Internal Audit Charter has been updated to include reference to the Council's anti fraud and corruption arrangements and to the Chief Internal Auditor's reporting arrangements including access to the Chief Executive.
- We have produced a protocol document which covers the relationship between internal and external audit and how they contribute towards the overall assurance provided to the Council. This is now with the external auditors for their consideration and will be shared with the AAR Committee when finalised. The intention is for this protocol to be owned by the Council and for it to be applicable whoever is providing the internal or external audit service.
- Internal audit are currently completing a self-assessment against the CIPFA Code of Practice for Internal Audit in Local Government. When completed this will be shared with the external auditors and the AAR Committee.
- Future progress reports will include details of the Benefit Fraud Investigations (BFI) team's activity and also a recommendation tracking report, highlighting outstanding audit recommendations.
- A training session has been arranged for CDC Councillors on International Financial Reporting Standards (IFRS). This will take place in January and will be facilitated by an IFRS expert from PricewaterhouseCoopers. The session will be open to Councillors from other Oxfordshire authorities.

# Appendix One

Planned activity	Planned days	Actual days	Status
<b>1. Fundamental assurance</b>			
OP1.1 General Ledger/ Fin. accounting	10	2	Fieldwork commenced
OP1.2 Debtors	10	8	Draft report
OP1.3 Creditor payments	5	1	w/c 8 <sup>th</sup> December
OP1.4 Payroll	10	2	w/c 5 <sup>th</sup> January
OP1.5 Budgetary Cont./ Fin. accounting	10	1	Terms of reference drafted
OP1.6 Council Tax	10	2	w/c 15 <sup>th</sup> December
OP1.7 National Non Domestic Rates	5	4	Draft report
OP1.8 Bank Reconciliations	10	8	Draft report
OP1.9 Cashiers	5	4	Draft report
OP1.10 Treasury Management	10	1	To be arranged
OP1.11 Housing Benefits	10	2	w/c 8 <sup>th</sup> December
OP1.12 Fixed Assets	10	1	w/c 2 <sup>nd</sup> February
OP1.13 IFRS Health check	5	1	To be arranged
OP1.14 VAT	10	1	To be arranged
OP 1.15 Risk management	10	1	To be arranged
OP 1.16 Governance	10	10	Final report
OP 1.17 Establishment visits	10	9	Fieldwork completed

Planned activity	Planned days	Actual days	Status
<b>2. Operational system reviews</b>			
<b>– risk based assurance</b>			
OP 2.1 Partnership working	10	0	To be arranged
OP 2.2 Insurance	5	0	To be arranged
OP 2.3 FOI and Data Protection	5	0	To be arranged
OP 2.4 Concessionary Fares	5	4	Draft
OP 2.5 Health and safety	10	8	Draft
OP2.6 ICT audits	25	2	Initial planning commenced
OP 2.7 Civil Emergency Planning	5	3	Fieldwork completed
OP 2.8 Performance Indicators	11	11	Final report
OP 2.9 Building Control fees	11	11	Final report
OP 2.10 Data Quality	5	1	w/c 15 <sup>th</sup> December

Planned activity	Planned days	Actual days	Status
<b>4. Other</b>			
OP 4.1 General follow up	10	3	To be arranged
OP 4.2 Audit Management	35	28	Ongoing
<b>Total</b>	<b>287</b>	<b>129</b>	



# Appendix Two

## Summary of recommendations (final reports only)

Assignment	High	Medium	Low	Total	Overall opinion
08_09 1 BVPI's	0	4	0	4	FAIR
08_09 4 Building Regulation Fees	0	0	6	6	N/A
08_09 5 Corporate Governance	0	0	7	7	GOOD
<b>Total</b>	0	4	13	17	

# Appendix Three

## Our assessment criteria are shown below:

Each of the issues identified has been categorised according to risk as follows:

Significance	
High	A significant and serious control weakness, which must be referred to the Internal Control Working Group via the Service Unit Manager's quarterly Assurance Statement on the effectiveness of internal control. Immediate action is required.
Medium	A weakness that could undermine the system of internal control and compromise its operation. Action is required as soon as possible.
Low	An improvement to comply with best practice or which offers efficiency savings. Action date to be agreed within a maximum of 12 months.

## Overall opinion rating:

Level of assurance	Description
<b>GOOD</b>	Internal Audit can confirm that the significant risks in the areas reviewed have been identified and mitigated to an acceptable level, and that controls are robust and are operating effectively. Those charged with governance can gain substantial assurance on the effectiveness of the internal control environment.
<b>FAIR</b>	Internal Audit can confirm that whilst overall controls are operating at an acceptable level in the areas reviewed, there is still further scope for improvement in either the application or operation of some controls or the identification and mitigation of risks. Those charged with governance can gain moderate assurance on the effectiveness of the internal control environment.
<b>WEAK</b>	Internal Audit can confirm that either there are significant weaknesses in the application or operation of some controls in the areas reviewed, or that there are significant risks which have not been identified or mitigated to an acceptable level. Those charged with governance can gain limited assurance on the effectiveness of the internal control environment.