
Internal audit summary report for Accounts, Audit and Risk Committee

December 2012



Table of Contents

Plan outturn	3
Reporting Activity and Progress	4
Appendix 1 – Plan Progress	5
Appendix 2 – Recent PwC Publications	7

Plan outturn

2012/13 Audit Plan

We have undertaken work in accordance with the 2012/13 Internal Audit Plan which was approved by the Accounts, Audit and Risk Committee at its meeting in March 2012.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. At present we have completed 70 days out of a total planned 160 days (44%). We commit to completing our plan ahead of the year end.

We have continued to review our Audit Plan on an ongoing basis to ensure that it meets Cherwell District Councils risks. On that basis, we have made the following revisions to our audit plan as outlined below:

- Our original plan included 5 days for a Fraud Risk Assessment review. We have amended the scope of this work to review the use of electronic signatures and rubber stamps and renamed the review 'Signature Audit'.

Reporting Activity and Progress

Final reports issued since the previous meeting

Collection Fund

We gave a **medium risk** rating in the 2011/12 audit report, as we have for 2012/13, but there has been an increase in the number of issues noted. Many relate to unresolved issues from last year, predominantly because:

- There is not always documented evidence that controls have been carried out. This was noted in relation to review of reconciliations and user access; and
- A number of control procedures have not been formalised and are carried out on a sporadic basis. This was the case for property inspections.

Medium risk issues:

- There is no evidence of independent review of reconciliations. In two instances tested, CAPITA reconciliations contained incorrect information. A number of unexplained reconciling items remain on control account reconciliations;
- There is no reconciliation between details held on I-Clipse and I-World to ensure that all empty and void properties have been identified and/or inspected;
- Inspections of empty properties are performed on a sporadic basis and not all areas within the District are considered; and
- Credit balances are not flagged on I-World and are not actively monitored by the Council.

Without adequate controls in these areas there is a risk that Collection Fund balances are inaccurate and/or incomplete due to incorrect reliefs being granted or Council overpayment.

Low risk issues:

- There are no procedure notes outlining the checks to be performed during property inspections, this could mean inadequate checks are performed leading to reliefs being granted incorrectly; and
- No documentation could be provided to confirm that ICT have performed an annual review of user access to I World. Inappropriate access rights may remain on the system allowing unauthorised transactions to be processed.

Fieldwork and draft reports

Draft reports have been issued and/or fieldwork has completed in the following areas: -

- Project and Programme Management (draft report issued);
- Dry Recycling (draft report issued);
- Creditors;
- Debtors;
- General Ledger;
- Strategic Planning and the Environment – Planning Applications;
- Performance Management; and
- Signature Audit.

Appendix 1 – Plan Progress

Ref	Auditable Unit	Indicative number of audit days	Status/Revisions to the plan
A	Cross-cutting Processes		
A.1	General Ledger**	3	Fieldwork completed.
A.2	Debtors**	3	Fieldwork completed.
A.3	Creditors**	3	Fieldwork completed.
A.4	Payroll**	5	To commence in Q4.
A.5	Budgetary Control	10	To commence in Q4.
A.6	Collection Fund	5	Completed.
A.9	Housing Benefits	5	Fieldwork completed.
A.13	Risk Management	5	To commence in Q4.
A.14	IT Transition Arrangements (Specialist) **	5	To commence in Q4.
A.14	IT Policies and Procedures (Specialist) **	5	To commence in Q4.
A.14	Disaster Recovery and Business Continuity (Specialist)**	5	To commence in Q4.
-	Signature Audit (Specialist)	5	Fieldwork completed.
	TOTAL	59	
B	Department Level		
B.3	Finance and Procurement – Year End Support (Specialist)**	6	To commence in Q4.
B.9	Performance – Performance Management	5	Fieldwork completed.
B.2	Environmental Services – Dry Recycling	5	Fieldwork completed.
B.6	Strategic Planning and the Environment – Planning Applications	5	Fieldwork completed.
B.10	Programme Management - Project and Programme Management (Specialist) **	10	Fieldwork completed.
B.11	Human Resources – Workforce Planning and Performance Management (Specialist)**	10	To commence in Q4.
B.7	Regeneration and Housing – Moat Lane Regeneration	5	To commence in Q4.
	TOTAL	40	
VE	Value Enhancement		
VE.1	Finance Business Case – Critical Friend	5	Completed.
VE.2	Contract Assurance – Capita Contract (Specialist)	10	Completed.
VE.3	Estates and Asset Management	10	To commence in Q4.
VE.4	Shared Management – Governance and Efficiency	5	Ongoing.
VE.5	Contract Assurance – Leisure Contract (Specialist)	3	To commence in Q4.

	TOTAL	33	
PM	Project Management		
PM1	Follow up	5	Ongoing.
PM 2	Audit Management	23	Ongoing.
	TOTAL	28	
	TOTAL PROPOSED DAYS	160	

Where reviews have been annotated ‘***’, these relate to processes we have assumed will be followed consistently across both Cherwell District Council and South Northamptonshire Councils. We have therefore reduced days in this area to reflect a joint review. These areas have been indicated to us through discussions with management at both Councils.

Appendix 2 – Recent PwC Publications

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. The PricewaterhouseCoopers Public Sector Research Centre ('PSRC') produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

The agile council

Becoming an *agile* council is about being change-ready – being able to respond to complex and ever-changing environments.

Agile councils think and act differently – they break down existing models in favour of new approaches that centre on the customer, they base decisions on strong business intelligence and operate through simpler, standardised organisational structures and processes.

We believe that to succeed in the current and future economic climate the creation of the agile council is critical. By embracing a change-ready culture they remain one step ahead of whatever social, economic or political environment is thrown at them, continuing to deliver exceptional outcomes for their citizens.

In our latest Talking Points publication, 'The Agile Council: creating the change-ready organisation', we discuss why we believe creating an 'agile' council model is critical to the current and future success of the organisation. We look at the environment councils are operating in and five steps to becoming an agile organisation.

All publications can be read in full at www.psrc.pwc.com/.

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