

Internal audit summary report for Accounts, Audit and Risk Committee

June 2010



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1. Plan outturn

2009/10 Audit Plan

We are pleased to report that we have completed our planned work for the year. An outturn statement detailing assignments undertaken and actual activity for the year is shown in our Annual Audit letter which is to be presented to this meeting.

We have commenced planning for the phasing of our 2010/11 plan and initial fieldwork will commence in July 2010.

2. Reporting and activity progress

Final reports issued since last meeting

- **Fixed Assets** –An opinion of **HIGH ASSURANCE** has been issued for the Council's Fixed Assets processes. The Council maintains a detailed and completed Fixed Asset register and has good controls around additions, disposals and movements in value. The Council should however make certain that all IT assets are correctly recorded upon purchase to ensure that a complete listing of assets is maintained.
- **Partnerships** – We reviewed a number of the Council's partnerships to ensure that effective governance and risk management arrangements are in place. The Council has a detailed partnership protocol in place which outlines the processes and procedures that should be in place for each arrangement. This is not being complied with in a number of the partnerships selected for testing. The significant partnership register requires review to ensure that only appropriate partnerships are included under the protocol. As such we have given an opinion of **MODERATE ASSURANCE**.
- **Local Area Agreement Indicators**– We examined the arrangements for collecting data for a number of the Council's LAA Indicators and have issued an opinion of **MODERATE ASSURANCE** for this area. Further work is required on ensuring that there is a clear trail in place to validate performance outcomes particularly in the areas of efficiency savings (NI179) and household waste (NI195b)
- **Budgetary Control – HIGH ASSURANCE**. We examined the budget setting and monitoring processes in place at the Council and noted high levels of control around the process. Minor issues were noted around the need to ensure that financial procedures are updated to reflect current working practices.
- **Governance** – We performed a survey of all senior officers and members to obtain opinions and perceptions around the governance arrangements at the Council. The overall feedback was very positive and many respondents complemented current governance arrangements and the high performance of senior officers. Common recommendations were noted around the need to define the role of Chairman in more detail and consideration of how public consultation can be improved.

3. Other issues

Benefits Investigation Team – Summary of activity

In order to provide the AAR Committee with a more complete picture of the internal control activity within the Council, we have provided a summary of the activity of the Benefits Investigation Team for the year ending 31st March 2010

Referrals received	Sanctions	Success rate for year	Total Overpayments identified for recovery for the year to date
278	Cautions = 41 Ad Pens = 10 Prosecutions = 13	59.40% against a target of 50%	£206,389

The Council has exceeded their key target for investigating benefits cases in year. Total overpayments identified for recovery have increased by 39% since 2008/09.

More information on this data can be obtained from Jeff Brawley.

Appendix One

Our assessment criteria are shown below:

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

Risk rating	Assessment rationale
 Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the authority's objectives in relation to: the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
 High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall authority objectives.
 Medium	Control weakness that: <ul style="list-style-type: none">• has a low impact on the achievement of the key system, function or process objectives;• has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
 Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Overall opinion rating:

Level of assurance	Description
High	No control weaknesses were identified; or Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.
Moderate	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than significant or they are unlikely to occur.
Limited	There are some weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of key system, function or process objectives but should not have a significant impact on the achievement of organisational objectives. However, there are discrete elements of the key system, function or process where we have not identified any significant weaknesses in the design and / or operation of controls which could impair the achievement of the objectives of the system, function or process. We are therefore able to give limited assurance over certain discrete aspects of the system, function or process.
No	There are weaknesses in the design and/or operation of controls which [in aggregate] could have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisation objectives.

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