



Internal audit summary
report for Accounts,
Audit and Risk
Committee

January 2011



DISTRICT COUNCIL
NORTH OXFORDSHIRE

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1. Plan Outturn

2010/11 Audit Plan

We have undertaken work in accordance with the 2010/11 Internal Audit Plan which was approved by the Accounts, Audit and Risk Committee at its meeting in March 2010. Since the last meeting of the Committee there have been no further changes to the plan.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. At present we have completed **129 days** out of a total planned **210 days (61%)**.

2. Reporting and Activity Progress

Final reports issued

Since the last Accounts, Audit and Risk Committee in December 2010, we have issued four further final reports to the Council, as detailed below:

General Ledger - We provided a HIGH assurance opinion on the adequacy and operating effectiveness of controls in place over the General Ledger, raising one medium risk issue and four low risk issues, with the main issue relating to a lack of exception reports for amendments to standing data.

Health and Safety - We provided a HIGH assurance opinion on the adequacy and operating effectiveness of controls in place over health and safety, raising one medium risk issue and one low risk issue in respect of timely training and failure to evidence ongoing periodic risk assessments in certain areas.

Debtors – We have provided a MODERATE assurance opinion on the adequacy and effectiveness of controls in place over debtors, raising two medium risk and four low risk issues, with the main issue relating to the processes in place to follow up aged debt. Management is implementing plans to address this matter.

Creditors - We have provided a MODERATE assurance opinion on the adequacy and effectiveness of controls in place over creditors, raising one high risk, one medium risk and two low risk issues, with the main issue relating to the inconsistent use of purchase orders across the Council, while recognising that the Council has plans in place to roll out core training to appropriate staff.

In particular, the system at the Council appears well designed and is performing to a high level and the system for ensuring that the Council is abreast of all necessary legislative and best-practice developments is robust, with the Council retaining membership of a number of industry bodies and forums to ensure continued high performance.

Fieldwork and draft reports

Draft reports have been issued in the following areas:

- Collection Fund;
- Anti Fraud and Collection;
- Housing Benefits;
- Procurement; and
- Job Evaluation.

3. Summary of Key Risks

Overview

Our final reports include recommendations made in line with our risk ratings summarised in Appendix Three.

Further information is provided in the individual reports which can be produced in full if required.

At the time of this report, we have identified no issues that should be considered as significant control weaknesses.

Appendix One – Plan Progress

Our schedule of work has been based upon the revised audit plan that has been presented to you in this meeting.

Planned activity	Planned days	Actual days	Status
1. Fundamental assurance			
General Ledger	5	5	Final Report Issued
Debtors	10	10	Final Report Issued
Creditors	5	5	Final Report Issued
Payroll	5	5	Final Report Issued
Budgetary Control	10	0	To be commenced
Collection Fund	15	14	Draft Report Issued
Bank Reconciliations	5	5	Final Report Issued
Cashiers	5	5	Final Report Issued
Treasury Management	10	10	Final Report Issued
Housing Benefits	10	8	Fieldwork Completed
Fixed Assets	10	0	To be commenced
IFRS	8	0	To be commenced
Car Parking	5	5	Final Report Issued
Risk Management	5	0	To be commenced
Procurement	10	9	Draft Reports Issued
TOTAL	118	81	

Planned activity	Planned days	Actual days	Status
2. Operational system reviews – risk based assurance			
Partnership Working	5	0	To be commenced
Freedom of Information and Data Protection	5	5	Final Report Issued
Health and Safety	5	5	Final Report Issued
ICT Audits	20	4	Scoping commenced
Job Evaluation	5	4	Draft Report Issued
Strategic Planning	5	0	To be commenced
TOTAL	45	18	
3. Strategic Reviews			
Anti Fraud and Whistleblowing	5	4	Draft Report Issued
Performance Management	5	0	To be commenced
Business Plan	2	2	Draft Letter Issued
TOTAL	12	6	
4. Other			
Follow Up	5	3	Ongoing
Audit Management	30	21	Ongoing
TOTAL	35	24	
Overall Total	210	129	

Appendix Two – Finalised Reports

Assignment	High	Medium	Low	Total	Overall opinion
Debtors	0	2	4	6	MODERATE
Creditors	1	1	2	4	MODERATE
General Ledger	0	1	4	5	HIGH
Bank Reconciliations	0	2	2	4	MODERATE
Car Parking	0	2	3	5	MODERATE
Cash Collection	0	3	4	7	MODERATE
Freedom of Information and Data Protection	0	1	1	2	HIGH
Payroll	0	2	1	3	HIGH
Treasury Management	0	2	1	3	HIGH
Health and Safety	0	1	1	2	HIGH
Eco Town Funding	n/a No opinion issued				
Total	0	17	23	41	

Appendix Three – Risk Ratings

Our assessment criteria are shown below:

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

Risk rating	Assessment rationale
<p>●● Critical</p>	<p>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:</p> <ul style="list-style-type: none"> • the efficient and effective use of resources; • the safeguarding of assets; • the preparation of reliable financial and operational information; or • compliance with laws and regulations.
<p>● High</p>	<p>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.</p>
<p>● Medium</p>	<p>Control weakness that:</p> <ul style="list-style-type: none"> • has a low impact on the achievement of the key system, function or process objectives; or • has exposed the system, function or process to a key risk. However the likelihood of this risk occurring is low.
<p>● Low</p>	<p>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.</p>

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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