

Progress Report

Cherwell District Council

March 2012

Area of work	Date	Comments
2011/12 audit		
Fees letter	April 2011	Scale fee set by the Audit Commission: fees letter to Chief Executive on 20 April 2011.
Opinion audit plan	Dec 2011	Presented to January Accounts, Audit and Risk Committee
Annual governance report	Sept 2012	
Opinion on accounts and VFM conclusion: <ul style="list-style-type: none">■ interim visit■ final accounts■ vfm conclusion	Sept 2012	We are required to issue an opinion on the financial statements. To support this work we review key financial systems including the evaluation and testing of key controls (reliance on internal audit as appropriate). This fieldwork was completed in February, and the results of our work is summarised in this progress report.
Annual Audit Letter	Oct 2012	
Grant claims 2011/12: <ul style="list-style-type: none">■ NNDR■ Housing benefit	Sept 2012 Nov 2012	
Annual grants report	Dec 2012	

Interim systems audit

1 We audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). One of our main objectives is to give an opinion on the financial statements.

2 We develop our testing strategy to determine the appropriate level of testing needed to give our opinion on the financial statements. To do this, we carry out a review of all systems which we identify as material to the financial statements and then assess the level of assurance that we can get from the proper operation of those systems. We liaise with Internal Audit in planning and performing our audit work. Our work involves:

- documenting all material systems;
- walkthrough testing for all material systems to assess whether the system and controls are operating as described;
- developing our testing strategy; and
- testing the key controls which we need to place reliance on, as determined by the testing strategy.

3 The material systems where we place reliance on the on proper operation of controls are: general ledger; payroll; accounts payable; accounts receivable; fixed assets; housing benefits; council tax/NNDR; car parking; treasury management and cash receipting/bank.

4 Our interim work is complete. We highlighted three control weaknesses with officers: retaining evidence to support the checking of Capita's work on Council Tax; reconciling Pay and Display car park income from the machines to the bank account; and reconciling the Co-op bank account. Recommendations are included in our action plan.

5 We are required to understand and evaluate the Council's IT controls and environment that support the material financial systems. We completed our work in February. We did not identify any weakness that would indicate a risk of material misstatement.

6 We highlighted two issues with officers: IT policies have not been updated since 2010; and disaster recovery testing hasn't taken place yet. The IT policies will not be updated until the shared IT service between Cherwell and South Northants is in place. Also, the disaster recovery has not been completed as the recovery site is currently being rebuilt. A test is due later in 2012 when work is complete.

Housing benefit & council tax benefit subsidy 2010-11

7 At the last Accounts, Audit and Risk Committee, we discussed the results of our benefits claim certification work. Officers said that they intended to undertake further work on the extended testing that we reported to the DWP in November. We have received this additional work on "start dates" and are awaiting the testing on "employment earnings". We will report the results of our additional work to the DWP and bring a summary to the next Accounts, Audit and Risk Committee.

Action Plan

Recommendation: Council Tax

The number of properties on listed on the Council Tax Valuation Office report should be reconciled to the number of properties on the Northgate system monthly. Council staff indicated that Capita carry out this check but it is not evidenced as reviewed.

Rating	medium
Recommendation	Retain evidence to support the checking of the number of properties on the Valuation Office (VO) reports to the Northgate system.
Response	The schedules themselves are actioned weekly on receipt from the VO. They are checked monthly as part of the KPIs. The schedules are checked for accuracy and to ensure they are done within time limits. The evidence is readily available if required and there is nothing to stop a copy being sent weekly or as they are actioned. Evidence of the checking will be requested by Capita.

Recommendation: Car parking income

Issue: Car Parking Income

There is no reconciliation between machine audit trails and banked income to ensure that Pay & Display car parking income received into the bank account is consistent with that paid into car parking machines by customers.

Rating	high
Recommendation	Ensure that Pay and Display Car Parking income received into the bank account is reconciled to machine audit trails.
Response	The daily totals are checked against the summary sheet provided by the cash collection company and the bank reconciliation. Any discrepancies are reconciled but not all totals are checked back to individual audit tickets from each car park machine. The procedure will be reviewed to check one day per week back to all audit tickets and accuracy levels will be monitored.

Recommendation: Co-op bank account

Council staff check the bank statement by ticking off each receipt to match what has been sent in the daily uploads from cash receipting. However, the bank statements are not formally reconciled to the general ledger to ensure that amounts received have been reflected properly in Agresso.

Rating	medium
Recommendation	Ensure that the Co-op bank account is reconciled on a monthly basis.
Response	There is a year end opening reconciliation and will be a year end reconciliation. All inputs are reconciled on the face of the bank statement. All withdrawals are then picked up in the main bank account reconciliation which is reconciled with a formal working paper monthly. We will adopt a similar procedure to provide monthly bank reconciliations for the Co-op account as opposed to a year end procedure with effect from April 2012.