



AUDIT COMMITTEE

5TH JANUARY 2016

AGENDA ITEM (12)

INTERNAL AUDIT MONITORING REPORT

Accountable Member	Audit Committee
Accountable Officer	Robert Milford Head of Audit Cotswolds 01285 623350 robert.milford@cotswold.gov.uk
Purpose of Report	To present the Audit Committee with a summary of the activity undertaken by Internal Audit
Recommendation(s)	That the Audit Committee considers the report and makes comment on its content, as necessary
Reason(s) for Recommendation(s)	This report enables the Audit Committee to monitor the work of the Internal Audit Service and ensure that it remains effective. It also provides the Committee with assurance opinions over areas reviewed within the reporting period.
Ward(s) Affected	Not applicable
Key Decision	No
Recommendation to Council	No
Financial Implications	As detailed within the report
Legal and Human Rights Implications	As detailed within the report
Environmental and Sustainability Implications	Not applicable
Human Resource Implications	As detailed within the report
Key Risks	The weaknesses in the control framework, identified by the audit activity, continues to threaten organisational objectives if recommendations are not implemented
Equalities Analysis	Not required

Related Decisions	None
Background Documents	Audit Reports
Appendices	Appendix 'A' - Audit Plan Appendix 'B' - Executive Summaries Appendix 'C' - Assurance Levels Appendix 'D' - Counter Fraud Update

Performance Management Follow Up	Please detail any Performance Management Follow Up. If there isn't any, please say so
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Background Information

1. Internal Audit Output

1.1 The Internal Audit Service (Audit Cotswolds), operates under a Section 101 Agreement whereby the Service has been delegated from Cheltenham Borough Council and West Oxfordshire District Council to this Council for delivery. Audit Cotswolds also provides services to Cheltenham Borough Homes Ltd., Ubico Ltd., and GO Shared Services (GOSS).

1.2 This report sets out the work undertaken by Audit Cotswolds for the Council since the Committee's last Meeting. It follows the risk-based auditing principles and, therefore, this is an opportunity for the Committee to be aware of emerging issues which have resulted in Audit Cotswolds involvement.

1.3 Progress against the Audit Plan is set out at **Appendix 'A'**. The table below summarises the work brought forward from 2014/15, updated on progress:-

Audit	Report Status
Performance Management	Draft report issued - currently with Head of Internal Audit
Governance Compliance - Members' Allowances	Memo issued - waiting for Management response
Data Protection & Control of Data	Final report issued
SLM Contract Management	Draft report issued - waiting for Management response
Ubico Ltd. Contract Management	Fieldwork Complete - Report being drafted

1.4 The Executive Summaries for the completed audits on Data Protection and Flood Works are attached at **Appendix 'B'**, and the rationale for the audit assurance levels are attached at **Appendix 'C'**.

2. The paragraphs below summarise some of Audit Cotswolds' work in progress to date.

2.1 Core Governance

2.1.1 Fieldwork on Risk Management - Income Streams, Governance Compliance and Freedom of Information have been completed and reports are being drafted.

2.1.2 The audit on Performance Management is progressing.

2.2 Core Financials

2.2.1 Council Tax, NNDR, Benefits (across three Councils) - work has started on year 2 of the three-year programme and will include the implementation status of recommendations agreed in the previous audits. The scope of the audit work includes: collection, recovery, financial reconciliations, payments, overpayments, payment plans and write-offs.

2.2.2 GOSS Audits - testing has been concluded on Main Accounting, Treasury Management and Bank Reconciliations. The draft reports are with Internal Audit Management for review.

2.2.3 Transactional testing for Accounts Payable has been completed and a draft report has been issued to the GOSS Management Team. Testing is in progress for Accounts Receivable and Payroll.

2.2.4 Memos for the GOSS HR audits have been issued to HR Management for review and consideration.

2.3 Risk Based

Contract Management - fieldwork has been completed and the report is being drafted.

2.4 Follow-Ups

2.4.1 We have concluded follow-ups on audits conducted in 2014/15 on Risk Management and Asset Management. We can confirm that recommendations made in the Risk Management audit have been implemented. Recommendations made in the Asset Management audit have not been actioned to date, due to pressures on the service. The Property and Estates Manager has confirmed that these will be implemented as soon as they are able to do so.

2.4.2 Audit Cotswolds, as a service, is in the process of updating the audit management software and data analytical tools used by the service. The implementation of audit management software will allow us to sequence and control individual audits across multiple partners and clients. Fundamentally, when implemented, this will be a management efficiency aid for the Department. Data analytics tools will enable us to test complete data sets/transactions, rather than sample testing, giving a more robust opinion. Tender documents for the procurement of the new software have been finalised and published.

3. Attached at **Appendix 'D'** is the Counter Fraud summary. This section is intended to provide the Committee with assurance over the Counter Fraud activities, and the on-going project.

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