



**AUDIT COMMITTEE**

**5<sup>TH</sup> APRIL 2016**

**AGENDA ITEM (11)**

**INTERNAL AUDIT MONITORING REPORT**

<b>Accountable Member</b>	Audit Committee
<b>Accountable Officer</b>	Robert Milford Head of Audit Cotswolds 01285 623350 <a href="mailto:robert.milford@cotswold.gov.uk">robert.milford@cotswold.gov.uk</a>
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<b>Purpose of Report</b>	To present the Audit Committee with a summary of the activity undertaken by Internal Audit
<b>Recommendation(s)</b>	<b>That the Audit Committee considers the report and makes comment on its content, as necessary</b>
<b>Reason(s) for Recommendation(s)</b>	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.

<b>Ward(s) Affected</b>	Not applicable
<b>Key Decision</b>	No
<b>Recommendation to Council</b>	No

<b>Financial Implications</b>	As detailed within the report
<b>Legal and Human Rights Implications</b>	As detailed within the report
<b>Environmental and Sustainability Implications</b>	Not applicable
<b>Human Resource Implications</b>	As detailed within the report
<b>Key Risks</b>	The weaknesses in the control framework, identified by the audit activity, continues to threaten organisational objectives if recommendations are not implemented

<b>Equalities Analysis</b>	Not required
<b>Related Decisions</b>	None
<b>Background Documents</b>	Audit Reports
<b>Appendices</b>	<b>Appendix 'A'</b> - Audit Plan <b>Appendix 'B'</b> - Executive Summaries <b>Appendix 'C'</b> - Assurance Levels <b>Appendix 'D'</b> - Counter Fraud Update
<b>Performance Management Follow Up</b>	Performance is monitored by the Audit Partnership Board under the Section 101 Agreement effective from 1 <sup>st</sup> April 2012. Cotswold's S151 Officer represents Cotswold DC interests on this board.

<b>Background Information</b>	
1. <u>Internal Audit Output</u>	
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 <b>Appendix 'A'</b> .	
1.4 The Executive Summaries for the completed audits on Accounts Receivable, Accounts Payable (Transactional Testing) and Main Accounting, Treasury Management and Bank Reconciliation, Social Media are attached at <b>Appendix 'B'</b> , and the rationale for the audit assurance levels is attached at <b>Appendix 'C'</b> .	
2. The paragraphs below summarise some of Audit Cotswolds' work in progress to date.	
2.1 <u>Core Governance</u>	
2.1.1 Risk Management - Income Streams; the Draft Report has been issued and we are waiting for Management response.	
2.1.2 Governance Compliance - the Draft report has been issued and we are waiting for Management response.	
2.1.2 The audit on Performance Management is progressing.	
2.2 <u>Core Financials</u>	
2.2.1 Council Tax, NNDR, Benefits (across three Councils) - work is progressing.	
2.2.2 GOSS Audits - Treasury Management and Bank Reconciliation has been finalised. A <b>high</b> assurance has been given for Treasury Management and <b>satisfactory</b> assurance for Bank Reconciliation.	

2.2.3 Transactional testing for Accounts Payable has been completed. The report has been finalised with GOSS Management Team.

2.2.4 Accounts Receivable audit has been finalised and a **high** assurance has been given.

2.2.5 Main Accounting audit has been finalised and a **high** assurance has been given to both Main Accounting System & VAT Processes.

2.2.6 Payroll report is being drafted.

### 2.3 Risk Based

2.3.1 Draft Reports have been issued for: Section 106 Agreements and Freedom of Information. We are waiting for Management response.

2.3.2 Contract Management - the Draft Report is with IA Management for review.

2.3.3 Audits are in progress for Business Continuity Management, Accommodation Strategy & Property Management and Security (across three councils).

2.4 In support of internal audit standards compliance, and to aid with the complexities of managing an internal audit service over seven clients, we are procuring an IT system. Audit management software systems have been demonstrated and tenders evaluated. A preferred supplier was selected by the project team and two members of the team have visited sites in order to see the preferred system in operation. We held a clarification meeting with the supplier's representatives, a final decision has been made and the contract awarded. We will now commence the design and build of the system to our specifications.

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

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