



AUDIT COMMITTEE

23RD AUGUST 2016

AGENDA ITEM (12)

INTERNAL AUDIT MONITORING REPORT

Accountable Member	Audit Committee
Accountable Officer	Lucy Cater Head of Internal Audit (Operational) 01285 623340 lucy.cater@cotswold.gov.uk

Purpose of Report	To present the Audit Committee with a summary of the activity undertaken by Internal Audit
Recommendation(s)	(a) That the Audit Committee considers the report and comments on its content, as necessary; (b) That the updated assurance levels and priority ratings to be applied for 2016/17 be noted.
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' - New Assurance Levels and Priority Ratings

Performance Management Follow Up	Performance is monitored by the Audit Partnership Board under the Section 101 Agreement effective from 1 st April 2012. Cotswold's S151 Officer represents Cotswold DC interests on this board.
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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 the 2020 Partnership which includes GO Shared Services.

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 (including the 2015/16 audits that were outstanding) is detailed at **Appendix 'A'**.

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

2.1 Completion of 2015/16 Audits

2.1.1 Since the Committee's last Meeting, we have finalised:-

- the Security Audit;
- the GOSS Personal Security Audit;
- the Housing Benefits Audit;
- Council Tax and NNDR Audits;
- GOSS - Payroll;
- HR Policy Application.

2.1.2 The Executive Summaries (including assurance levels) for these audit reviews are attached at **Appendix 'B'**, and the rationale for the audit assurance levels is attached at **Appendix 'C'**.

2.1.3 We have issued draft reports in respect of:-

- Disabled Facilities Grants;
- Business Continuity Management.

2.2 Progress on the 2016/17 Audit Plan

2.2.1 Audit reviews have commenced in the following areas:-

- Risk Management;
- GOSS HR - Starters' and Leavers' Process;
- Garden Waste Charging;
- NNDR (Business Rates) Reliefs;
- Fleet Management;
- Food Safety.

2.2.2 In accordance with the Shared Service Internal Audit Protocol for 2016/17, Audit Cotswolds and the South West Audit Partnership (SWAP, the auditors for the Forest of Dean DC) will undertake specific audits that fall within the 2020 Partnership, and give assurances to each other over compliance and systems of control. These assurances, and executive summaries of the reports, will be included as part of the monitoring report when they are finalised. The following table lists the audits to be undertaken in this manner:-

Auditable Area	Audit to be Undertaken By	Assurance to be Given to
ICT	SWAP	CDC, CBC, WODC by Audit Cotswolds FoDDC by SWAP
Business Rates Pooling	SWAP	CDC, CBC by Audit Cotswolds FoDDC by SWAP
Private Water Supplies	SWAP	CDC, WODC by Audit Cotswolds FoDDC by SWAP
Review of the Outcome of the Gloucestershire Joint Waste Committee	SWAP	CDC, CBC by Audit Cotswolds FoDDC by SWAP
GOSS HR – Starters and Leavers	Audit Cotswolds	CDC, CBC, WODC by Audit Cotswolds FoDDC by SWAP
Garden Waste	Audit Cotswolds	CDC, CBC, WODC by Audit Cotswolds FoDDC by SWAP
Food Safety	Audit Cotswolds	CDC, CBC, WODC by Audit Cotswolds FoDDC by SWAP
Building Control	Audit Cotswolds	CDC, WODC by Audit Cotswolds FoDDC by SWAP

2.3 Other Internal Audit Involvement

2.3.1 We have been consulted on Cash Processing and the Security of Cash following the identification of a weakness in the system of control.

2.3.2 We undertook an independent review for the recent Enforcement Tender following a request from the Procurement Business Partner.

2.3.3 We have also concluded a review of the Greenhouse Gas Emission Data prior to its publication and submission.

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 have procured an Audit Management Software system. During May, June and July 2016, we designed and built the system in accordance with our working practices and specifications with a view to improving our current processes and make the service more cost efficient for our clients.

2.5 The Audit Team has received training on the system and we are due to go live in August 2016. A copy of the new audit assurance levels and priority ratings that will be applied to all audits with effect from 2016/17 are attached at **Appendix 'D'**.

2.5 During June 2016, Audit Cotswolds and the South West Audit Partnership were invited to submit proposals for providing the Internal Audit service to the 2020 Partnership, and to each of the four partners Councils, which includes the provision of the service to this Council, with effect from 1st April 2017. The Audit Cotswolds' proposal was drafted by two members of the team, in accordance with the set criteria, and was submitted on 1st July 2016. A presentation was made to the Evaluation Panel which is assessing the proposal. As this was a significant piece of unplanned work, we secured additional funding which was used this to employ a temporary contract auditor so we can continue to meet our obligations to our clients.

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