
INTERNAL AUDIT INTERIM REPORT 2014/15

Committee: Corporate Governance & Finance Committee

Date: 4th December 2014

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1.0 **ISSUE**

1.1 To report on the work of Internal Audit for the period April 2014 to October 2014.

2.0 **RECOMMENDATION(S)**

2.1 The Committee notes the work undertaken by Internal Audit during the first seven months of the financial year 2014/15.

3.0 **BACKGROUND/OPTIONS**

3.1 The purpose of this report is to meet the Principal Auditor's reporting requirements set out in the Public Sector Internal Audit Standards. It briefly sets out Internal Audit's progress against the 2014/15 Audit Plan which was approved by the former Finance & Governance Committee in March 2014.

4.0 **ARGUMENTS/CONCLUSIONS**

4.1 The attached report demonstrates that Internal Audit is on track to deliver the planned number of audit days. A more detailed report on the work of Internal Audit will be presented at the end of the financial year.

5.0 **FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT**

5.1 There are no additional financial implications arising from this report.

5.2 Equality Impact Assessment (INRA) not required.

6.0 **APPENDICES**

6.1 Appendix 1 – Interim Progress Report April 2014 to October 2014.

Background Documents

None

Location

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EAST CAMBRIDGESHIRE DISTRICT COUNCIL

INTERNAL AUDIT INTERIM REPORT FOR THE FINANCIAL YEAR 2014/15

1. INTRODUCTION

- 1.1 Internal Audit, along with other assurance processes within the Council, has a statutory obligation to provide assurance from the work they undertake in respect to the internal control systems that operate within the Council. The assurance gained from the work of Internal Audit feeds into the annual review of internal control, which feeds into the Annual Governance Statement, which is published alongside the annual Statement of Accounts.
- 1.2 Each audit review is given one of four levels of assurance (Full, Significant, Limited or No) dependent on an evaluation of both the controls in place and testing of the controls identified to ensure they are being correctly and consistently applied.
- 1.3 The purpose of this report is to meet the Principal Auditor's reporting requirements set out in the Public Sector Internal Audit Standards. It sets out Internal Audit's progress against the 2014/15 Audit Plan.

2. SUMMARY OF WORK UNDERTAKEN

- 2.1 The Internal Audit plan for the financial year 2014/15 provides a total of 350 days of resource which includes unproductive days for annual leave etc. The plan is not a static document and during the year it is amended as demands on the service change.
- 2.2 Much of the planned audit work undertaken each year is designed to gain assurance on the adequacy of internal controls, in particular those areas classified as key financial systems and include areas such as Council Tax, Housing Benefit, Payroll and Procurement. These reviews are supplemented by other assignments undertaken either as a one-off piece of work or on a rolling cyclical basis.
- 2.3 A total of 202 days have been completed during the financial year up to the end of October 2014 which equates to 58% of the plan, and is comparable with what would be expected to have been completed at this stage. A detailed breakdown of the progress against individual audit reviews is provided at Appendix A to this report for information, including the assurance opinion given to each completed assignment.
- 2.4 The audit team is also responsible for undertaking a number of reviews during the first six months of the financial year which are date demand led in order to comply with statutory requirements. These include the annual review of the local Code of Corporate Governance and the production of the Internal Audit Annual Report and

Opinion and the Council's Annual Governance Statement. For these areas of work a formal audit report is not produced, instead the final product is a report to Committee.

- 2.5 The audit team continues to undertake counter-fraud related work on an ongoing basis. Work is presently underway to provide the datasets for the National Fraud Initiative 2014 exercise. The latest Fraud Awareness Newsletter was circulated to all staff and Members in October and two fraud awareness training sessions have been provided to new employees.
- 2.6 The Principal Auditor is part of a steering group set up to provide technical input, overview and scrutiny of the work being undertaken regarding the new district-wide indoor leisure centre facility, one of the Council's corporate priorities for the financial year 2014/15. The aim is to act as a "critical friend" and to provide some embedded assurance throughout the project.

3. CONCLUSION

- 3.1 This report demonstrates that Internal Audit is on track to deliver the planned number of audit days approved by the former Finance & Governance Committee in March 2014. A more detailed report on the work of Internal Audit will be provided at the end of the financial year.

Trevor Bowd
Principal Auditor
December 2014

APPENDIX A – PROGRESS AGAINST REVIEWS IN THE AUDIT PLAN FOR 2014/15

Audit Area	Status	Comments
KEY FINANCIAL SYSTEMS		
Bank Reconciliations	Outstanding	
Council Tax	In Progress	Work being undertaken by West Suffolk Internal Audit.
Creditors	In Progress	Testing completed to 30/09/2014.
Debtors	In Progress	Testing completed to 30/09/2014.
Housing Benefit	In Progress	Work being undertaken by West Suffolk Internal Audit.
NNDR	In Progress	Work being undertaken by West Suffolk Internal Audit.
Payroll	In Progress	Testing completed to 30/09/2014.
Treasury Management	In Progress	Testing completed to 30/09/2014.
OTHER FINANCIAL/NON FINANCIAL SYSTEMS		
Community Infrastructure Levy (CIL)	Complete	This was the first review of the arrangements for the administration of CIL which went live in February 2013. This provided an early opportunity to provide assurance that processes and procedures were operating effectively. A full assurance opinion was given.
Income Controls Review	Complete	This review covered income controls across the Council and resulted in a limited assurance opinion being given. The review identified a number of opportunities for tasks to be performed more efficiently and an Action Plan has been agreed to implement the recommendations contained in the report.
National Fraud Initiative	In Progress	The required datasets have been provided to the Audit Commission. The first matches will be available for review from 29/01/2015.
Procurement	Draft Report	Testing has been completed and the draft report has been circulated for comment.
Reconciliations Review	Complete	This review looked at all reconciliations completed by the Finance Department and compared them with those undertaken by neighbouring Councils to identify whether

Audit Area	Status	Comments
		changes could be made to the frequency reconciliations were performed or whether any reconciliations were unnecessary. The review identified two areas where current processes should be reviewed. Overall, a significant assurance opinion was given
Refuse/Recycling – Wheeled Bin Project	Outstanding	
CORPORATE REVIEW WORK		
Annual Governance Statement	Complete	Report to Corporate Governance & Finance Committee 25/09/2014.
Annual Report & Opinion	Complete	Report to Corporate Governance & Finance Committee 21/07/2014
Code of Corporate Governance	Complete	Report to Corporate Governance & Finance Committee 25/09/2014.
Corporate Flexi Time Review	Outstanding	
Counter Fraud Work	In Progress	Ongoing fraud awareness, staff briefings, fraud hub etc.
Effectiveness of Internal Audit Review	Complete	Report to Corporate Governance & Finance Committee 21/07/2014
PSIAS Compliance	Complete	Report to Corporate Governance & Finance Committee 21/07/2014
POLICY & STRATEGY REVIEWS		
Anti-Fraud & Corruption Strategy	Complete	Report to Corporate Governance & Finance Committee 25/09/2014.
Risk Management Strategy	In Progress	Initial scoping work completed.