

## Internal Audit Progress Report @ 31 October 2016 Audit Committee – 14 November 2016



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# 1 Introduction

The purpose of this report is to bring the Audit Committee up to date with the progress made against the delivery of the 2016/17 Internal Audit Plan.

The information included in this progress report will feed into, and inform our overall opinion in our Internal Audit Annual Report issued at the year end.

Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

<b>Limited</b>	<ul style="list-style-type: none"> <li>A risk of objectives not being achieved due to the absence of key internal controls and a significant breakdown in the application of controls.</li> </ul>
<b>Satisfactory</b>	<ul style="list-style-type: none"> <li>A sufficient framework of key controls for objectives to be achieved, but the control framework could be stronger and controls are applied, but with some lapses.</li> </ul>
<b>Substantial</b>	<ul style="list-style-type: none"> <li>A robust framework of controls ensures objectives are likely to be achieved and controls are applied continuously or with only minor lapses.</li> </ul>

This is based upon the number and type of recommendations we make in each report. Each recommendation is categorised in line with the following:

Priority rating for issues identified		
<b>Fundamental</b> action is imperative to ensure that the objectives for the area under review are met.	<b>Significant</b> requires action to avoid exposure to significant risks in achieving the objectives for the area under review.	<b>Merits attention</b> action is advised to enhance risk mitigation, or control and operational efficiency.



## 2 Summary of work completed and in progress @ 31 October 2016

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
<b>Completed:</b>							
Accounts Receivable	KFS	-	-	-	-	-	Substantial
Accounts Payable	KFS	-	-	-	-	-	Substantial
<b>In progress:</b>							
Fixed Asset Accounting/Asset Planning	KFS						
Payroll	KFS						
Data Protection	Medium						
IT	High						

Key: KFS = Key Financial System

### 3 Issues arising

#### **Accounts Receivable**

A review of the accounts receivable system was undertaken to ensure that an effective system was in place for raising invoices and managing debtors. This included the integrity and reliability of charging information recorded in the accounts, the collection of payments and the process to monitor and report the debtor position.

#### **Accounts Payable**

A review of the accounts payable system was undertaken to ensure that adequate key controls were in place. Our review focused on the controls designed to prevent, overpayments, fraud and incorrect accounting.

### 4 Other activities

#### **Audit Committee – Self Assessment of Good Practice and Effectiveness**

The Audit Committee commenced a self-assessment of good practice and effectiveness exercise, based on the model provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their Audit Committees – Practical Guidance for Local Authorities. Internal Audit is facilitating this exercise.

#### **CIPFA – Audit Committee Updates**

We continue to present the regular CIPFA Audit Committee Updates to the Audit Committee.

#### **Audit Committee – Terms of Reference**

We submitted the Audit Committee Terms of Reference for annual review at the April 2016 meeting of the Audit Committee.

#### **Internal Audit Plan 2016/17**

We submitted the Internal Audit annual plan for 2016/17 to the committee for approval at the April 2016 meeting.

#### **Internal Audit Annual Report 2015/16**

We presented the Internal Audit annual report for 2015/16 to the committee for comment and approval at the June 2016 meeting.

## Audit Committee Annual Report

Assistance was provided in the preparation of the Annual Report of the Chair, on the work of the Audit Committee.

## Counter Fraud

We continue to lead on the Cabinet Office's National Fraud Initiative and their other associated fraud related activity (such as the Annual Fraud Survey), on behalf of the Authority and to provide the main point of contact for any investigations into potential fraudulent activity.

## 5 Service quality questionnaire feedback

### Overall Satisfaction with Audit Services

#### Average Score

No SQQs  
received to date

Scores range between 1 = Poor and 5 = very good. We have a target of achieving an average score of **4 = good**.