

Internal Audit Progress Report @ 28 February 2018 Audit Committee – 26 March 2018



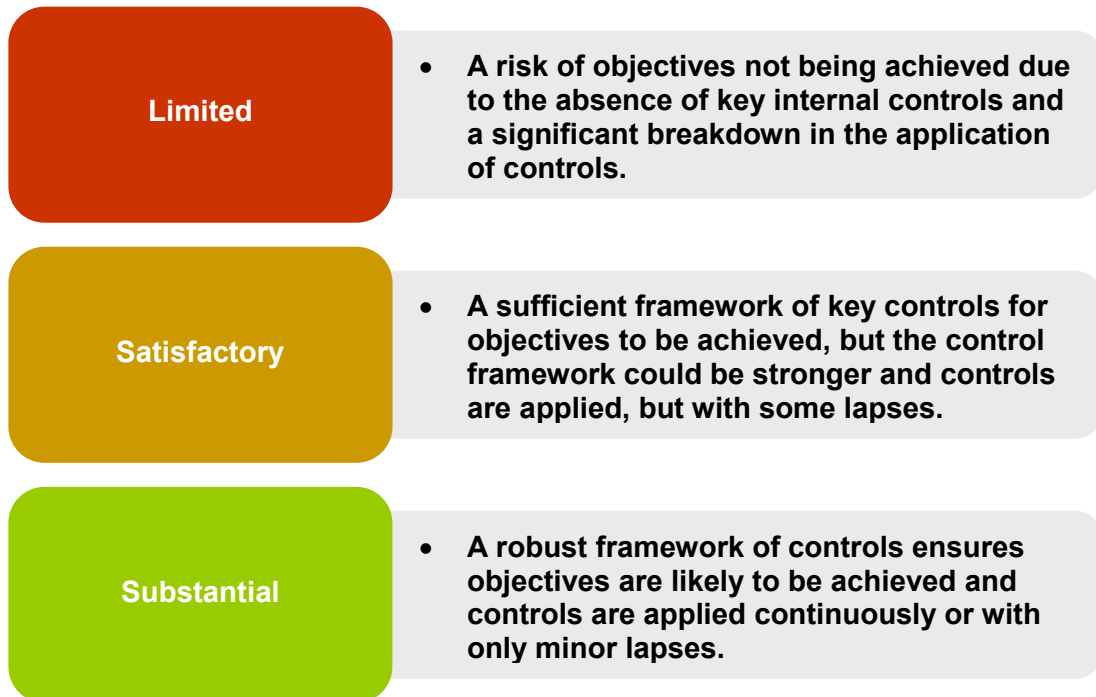
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1 Introduction

The purpose of this report is to bring the Audit Committee up to date with the progress made against the delivery of the 2017/18 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:



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

2 Summary of work completed and in progress @ 28 February 2018

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Completed:							
Risk Management*	High	-	-	-	-	-	Substantial
Fixed Asset Accounting*	KFS	-	-	-	-	-	Substantial
Fire Stations – Management of Fuel*	Medium	-	3	2	5	draft	Satisfactory
Accounts Receivable	KFS	-	1	-	1	1	Substantial
Partnerships	Medium	-	2	2	3	draft	Satisfactory
Accounts Payable	KFS	-	-	-	-	-	Substantial
In progress:							
IT	High						
Payroll	KFS						
Pension Certification	High						
Absence Management	Medium						
Environmental Protection Targets	Medium						

[ILO: UNCLASSIFIED]

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Governance	High						
Budgetary Control	KFS						
Follow up of significant issues identified during 2016/17 audit reviews	High						

Key: KFS = Key Financial System
 * = Reported upon in previous report

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. We identified one issue of significance relating to:

- appropriate checks were being undertaken by the authority to confirm the validity of write-offs, but the authority's constitution states that only the Treasurer has the delegated authority to approve debt write-offs. Currently, this approval is not being formally provided.

Partnerships

A review was undertaken to provide assurance that partnership agreements had been properly established and that effective governance and monitoring arrangements were in place to ensure that expected outcomes were achieved. We identified two issues of significance relating to:

- the "Partnerships Governance Arrangements and Framework" document, which details the key processes to be followed in setting up a partnership, states that the Partnerships Team will undertake quality assurance checks and provide assurance that:
 - each partnership agreement has clearly defined roles and responsibilities and strong governance arrangements in place.
 - effective partnership monitoring arrangements are in operation.

These quality assurance checks had yet to commence. As such, there was a risk that the initial momentum generated by the Partnership Team could stall, resulting in a lack of consistency in approach by partnership facilitators and learning opportunities missed. Thus, undermining a key goal of the authority of establishing effective partnership arrangements.

- it is a policy of the authority, that as part of the governance and planning of all partnership arrangements and partnership activity, that as a minimum an Initial Equality Impact Assessment (IEIA) is undertaken. However, IEIAs were not being completed and the authority could therefore, be in breach of the Equality Act 2010. This could expose the authority to the risk of enforcement action being taken by the Equality and Human Rights Commission or result in a legal challenge.

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. No issues of significance were identified.

4 Other activities

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 March 2017 meeting of the Audit Committee.

Internal Audit Plan 2017/18

We submitted the Internal Audit annual plan for 2017/18 to the committee for approval at the March 2017 meeting.

Internal Audit Annual Report 2016/17

We presented the Internal Audit annual report for 2016/17 to the committee for comment and approval at the June 2017 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**.