

Joint Audit and Governance Committee

Report of Internal Audit Manager

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To: Joint Audit and Governance Committee

DATE: 25 March 2019

Internal audit activity report quarter four 2018/2019

Recommendation

That members note the content of the report

Purpose of Report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity at both councils for the committee to consider. The committee is asked to review the report and the main issues arising, and seek assurance that action will be/has been taken where necessary.
2. The contact officer for this report is Victoria Hughes, Internal Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), telephone 01235 422430.

3. Delivery of an effective internal audit function will support the councils in meeting their strategic objectives.

Background

4. Internal audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of the council's objectives. It assists the councils by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work and recommending improvements where necessary. After each audit assignment, internal audit has a duty to report to management its findings on the control environment and risk exposure and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.

5. Assurance ratings given by internal audit indicate the following:

Full assurance: There is a good system of internal control designed to meet the system objectives and the controls are being consistently applied.

Substantial assurance: There is a sound system of internal control designed to meet the system objectives and the controls are being applied.

Satisfactory assurance: There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

Limited assurance: There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.

Nil assurance: Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

6. Each recommendation is given one of the following risk ratings:

High Risk: Fundamental control weakness for senior management action

Medium Risk: Other control weakness for local management action

Low Risk: Recommended best practice to improve overall control

2018/2019 Audit Reports

7. As at 14 March 2019, since the last audit and governance committee meeting, the following audits and follow up reviews have been completed:

Completed Audits

Full Assurance: 0

Substantial Assurance: 0

Satisfactory Assurance: 2

Limited Assurance: 0

Nil Assurance: 0

	Assurance Rating	Total Recs	High Risk	No. Agreed	Medium Risk	No. Agreed	Low Risk	No. Agreed
Joint								
Treasury Management 1819	Satisfactory	3	0	0	3	3	0	0
Council Tax 1819	Satisfactory	4	0	0	2	2	2	2
SODC								
None								
VWHDC								
None								

Follow Up Reviews

	Initial Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing	No longer applicable
Joint							
Data Protection 17/18	Satisfactory	8	0	1	6	1	0
Housing Development 1819	Full	1	1	0	0	0	0
SODC							
None							
VWHDC							
None							

- Internal audit continues to carry out a six month follow up on all non-financial and non-key financial audits to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.

Overdue Recommendations

- As discussed at the January 2019 audit and governance committee, the who's who section of the intranet has not been updated, and a date for completion has not been confirmed. Since the recommendations database relies on the who's who contacts, the update and relaunch of the recommendations database for monitoring and reporting overdue recommendations has been delayed. A revised report will be presented to committee as soon as full functionality is resumed. Auditors continue with formal follow up work, but the recommendations database will facilitate a more pro-active approach.

13. There are no financial implications attached to this report.

Legal Implications

14. None.

Risks

15. Identification of risk is an integral part of all audits.

VICTORIA HUGHES
INTERNAL AUDIT MANAGER