

Joint Audit and Governance Committee



Report of Interim Internal Audit Manager

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To: Joint Audit and Governance Committee

DATE: 30 March 2021

Internal audit activity report quarter four 2020/21

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 Richard Green Interim Internal Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), telephone 07849 574860.

Strategic objectives

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

Completed audit reports

7. As at 19 March 2021, since the last joint audit and governance committee meeting no audits have been completed and one follow-up review has been carried out:

There are however 7 audits in progress of which 3 are at draft stage.

- Treasury Management -- Draft being discussed
- Council Tax – Draft being discussed

- Pro-active Anti Fraud – draft being discussed
- Housing Benefit -Fieldwork progressing
- Capital Management – Fieldwork progressing
- NNDR – Fieldwork progressing.
- Payroll – Fieldwork progressing

One follow-up review is also progress

- Moorings

Progress has been impacted by one member of the team being off sick since the beginning of January and their work has had to be reallocated amongst the other team members.

The team have also assisted with the compilation and review of the proposed audit plan for 2021/22 which is included on the agenda.

8. The work on the Covid 19 Response Governance Review was started at the end of November and the Terms of Reference and Objectives have been agreed. The work has commenced but is still at an early stage and there are no significant findings to report at this time.

Follow Up Reviews

Audit Area	Initial Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing	No longer applicable
Joint							
Assets of Community Value	Satisfactory	7	7				
SODC							
None							
VWHDC							
None							

9. A copy of each report has been sent to the appropriate service manager, the section 151 officer and the relevant member portfolio holder. In addition, reports are now published on the councils' intranet and limited assurance reports are reviewed by the strategic management team.
10. Internal audit continues to carry out a six month follow up on all 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.

Financial implications

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

Legal implications

12. None.

Risks

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

Richard Green
INTERIM INTERNAL AUDIT MANAGER