

Report to: Audit Committee

Subject: Summary of Audit Activity

Date: 26th March 2013

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1. PURPOSE OF REPORT

To summarise the outcome of Internal Audit activity for the period January to March 2013.

The report will highlight all final reports issued and associated key findings, concerns identified in any work in progress, details of liaison with management and External Audit and provide details of any changes to the Annual Audit Plan.

2. SUMMARY OF INTERNAL AUDIT ACTIVITY

Final Reports Issued

The following reports have been finalised for the period January – March 2013.

- IAR1213-07 Creditors
- IAR1213-09 Lending & Borrowing
- IAR1213-10 Housing Benefits
- IAR1213-11 Council Tax
- IAR1213-12 National Non-Domestic Rates (NNDR)

IAR1213-07 Creditors

The report provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Two low risk recommendations were made relating to the need to update the Financial Regulations in respect of changes to the Authorised Signatory requirements, and the need to monitor the number of invoices raised without a valid purchase order.

IAR1213-09 Lending & Borrowing

The report provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. There were no recommendations made in the report.

IAR1213-10 Housing Benefits

The report provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Two medium risk and four low risk recommendations were made.

The medium risk recommendations relate to the need to undertake a system user access review, and the need for the Service Manager to circulate entries relating to Housing Benefits on the Corporate Risk Register to respective managers.

IAR1213-11 Council Tax

The report provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. Three low risk recommendations were made. These relate to the need to undertake reconciliations with Building Control data (new builds, alterations), the introduction of service targets for the issue of refunds and to complete the review of the teams Register of Interests.

Several Areas of good practice were identified, including:

- All exemptions and discounts were applied to all applicable accounts upon receipt of appropriate supporting documentation. These accounts were also reviewed on an annual basis to ensure the accounts were still eligible for the exemptions and discounts.
- All void properties are being regularly inspected and evidence of inspection is retained on the Civica system.
- Daily checks are undertaken to ensure that income received to the Council is posted to the correct customer account on the Civica system.

IAR1213-12 NNDR

The report provided **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed. One medium and one low risk recommendation were made.

The medium risk recommendation relates to the need to undertake a review of system parameters to ensure that once an account has been awarded Discretionary Relief, a notification letter regarding any changes is automatically sent to the account holder.

Several Areas of good practice were identified, including:

- Daily checks are undertaken to ensure income received to the Council is correctly posted to the correct account on the Civica system.
- Unidentified items posted to the suspense account are investigated and resolved immediately.
- 100% samples of new or amended bills are reviewed prior to being sent to the customer.
- There was an adequate segregation of duties in place across all NNDR functions.
- All refunds are processed immediately once all appropriate supporting documentation has been received and reviewed.

Work in Progress

Audit fieldwork and testing has been completed for the Payroll, Financial Management System, Capital, Cash Receipting, Officer & Member Disbursements and three separate reviews of stock control within Direct Services. Draft reports are being prepared for management consideration. These reviews complete the Internal Audit plan for the 2012-13 financial year.

4. RECOMMENDATION

The Audit Committee are asked to note the report and in particular that the level of assurance provided in each audit assignment will be taken into account when Internal Audit provide an overall opinion on assurance in the Annual Report at the end of the financial year.