



Internal Audit Summary Report 2018-2019

**Key Financial Systems Audit
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Contents**

**Audit: Key Financial Systems Audit
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1 Introduction

- 1.1. Internal Audit review all the Key Financial Systems annually, this is to ensure that the internal controls identified are relevant and operating effectively. These reviews form part of the Annual Internal Audit Plan which is approved by the Corporate Governance and Audit Committee each year.

Working papers containing all Internal Audit's control testing are made available to the Council's External Auditors Ernst & Young.

The following systems have been identified as key financial systems and therefore included in the review:

- Asset Management
- Debtors
- Creditors
- Council Tax Reduction
- Housing Benefits
- Non-Domestic Rates (NDR)
- Cash and Bank
- Payroll
- General Ledger

2 Scope

- 2.1. Internal Audit reviewed all of the above systems in order to give assurance that the internal controls are operating effectively and as designed. Each control is tested in accordance with an approved testing strategy, this is based upon population, frequency and type of control, ie manual or automated.
- 2.2. The purpose of this report is to raise awareness where improvements can be made. All areas mentioned in the report have already been discussed with appropriate Service Managers.

3 Areas for Improvement

- 3.1. All areas where improvements have been identified are reported below in an Action Plan. This plan also shows any agreed actions, the responsible officer and target dates.

4 Agreed Actions

- 4.1. An Action Table has been produced, see Appendix 1. In order to prioritise actions required, a traffic light indicator has been used to identify issues raised as follows:

Red – ● Significant issues to be addressed

Amber – ● Important issues to be addressed

Green – ● Minor or no issues to be addressed

5 Action Plan – Appendix 1

Key Financial System	Areas for Improvement	Priority	Comments and Agreed Actions	Responsible Officer	Target Date
Debtors	The Debtors suspense account should be regularly monitored and any items re-allocated to the appropriate code	M Amber	There are two cases remaining from 2014 which still need to be re-coded. It is thought that these are cases that could not be identified when CIVICA went live.	Exchequer Manager	On-going
Debt Recovery Council Tax & NNDR	That procedure notes are produced for Debt Recovery for Council Tax & NNDR, and that they are accurate and up to date.	L Green	Debt Recovery procedure notes have now been produced however, they were received too late to include in the 2017/2018 Key Financial Systems. The procedures will be reviewed as part of the 2018/2019 review of Key Financial Systems.	Principal Revenues Officer	To be reviewed as part of the 2019/2020 Audit Plan.
Key Financial System	Areas for Improvement	Priority	Comments and Agreed Actions	Responsible Officer	Target Date

Housing Benefits	That accuracy checks are undertaken on a consistence basis	H Red	Progress with accuracy checking continues. The service have introduced the use of Performance Monitoring Quality Assurance (PMQA) software module which forms part of the services Northgate System. Parameters have initially been set up to include a review of 100% of overpayments over £500 and 50% of payslips. The service plan to review and adapt the parameters throughout the year as they analyse the high risk cells within the subsidiary claim every two months. As a result the service expect the error rate will reduce and therefore the reduction in the subsidy claim. However, it was identified that this work will only be able to be undertaken if resources are available. In the meantime the service has explained that the Principal Benefits Officer spot checks those items not on PMQA and will be recording this more formally in the future.	Benefits Manager	On-going
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