

## **Annual Report on the effectiveness of the Internal Audit Section 2014/2015**

The council is required to conduct an annual review of the effectiveness of its system of Internal Audit. It is responsible for ensuring that there is a sound system of internal control together with the identification of risk.

Internal Audit published a three-year risk based rolling programme of audits, which was produced following consultation with the Head of Finance & Governance and was approved by the Corporate Governance & Audit Committee. The annual Audit Plan for 2014/2015 represents year one of the three year plan. Each of the audits undertaken was on a risk-based approach, which is linked to the Council's Corporate Risk Register. The Accountancy Services Manager is the risk manager and reviews risks on a periodic basis, any changes and updates to the Corporate Risk Register is reported to the Corporate Governance & Audit Committee.

The Audit Section for 2014/2015 is made up as follows:

- Principal Auditor (1FTE)
- Senior Auditor (3 days a week) temporary secondment
- Auditor (3 days a week) Started Maternity leave on the 28th November 2014
- Auditor (3 days a week)
- Auditor (3 days a week)

The section has successfully recruited a permanent Senior Auditor with effect from the 1<sup>st</sup> April 2015, this member of staff is contracted to work for 38 weeks, this will be reviewed annually.

The Internal Audit Section completed the following Audits /Reviews:

- Benefits Accuracy Review
- Car parks (PCN's)
- CIVICA Post Implementation Review
- Complaints Review (Customer Services)
- Disclosure Barring Scheme
- G4S Contract ( Cash Collection and Processing)
- Income Management Review
- Trade Waste
- Fraud Prevention Review (Protecting the Public Purse)
- Annual Governance Statement

A number of recommendations were made, all of which had been agreed by management and Corporate Governance & Audit Committee. The audits have been followed up throughout the year to ascertain whether the recommendations have been implemented within the given timescales. Where recommendations are not implemented they would be brought to the attention of the Corporate Governance & Audit Committee.

At the end of each audit the Principal Auditor will undertake post audit interviews. The feed-back has been very positive with comments made such as: “relevant”, “very helpful”, “patient”, “polite”, “made relevant recommendations” and “always kept informed at all stages”.

From the original 2014/2015 annual audit plan eight audits were not undertaken, this was mainly due to changes in legislation, systems not being in place and shortages of staff. The time allocated was absorbed by non-programmed work, one piece of non-programmed work was the investigation into 1 The Ridgeway. These reviews were reported to the Corporate Governance & Audit Committee periodically. Audits were reviewed by the Principal Auditor before publication. In some cases audits were started before the 31<sup>st</sup> March 2014, but will not be finished until after the 1<sup>st</sup> April.

The Audit Section undertook testing on the Key Financial Systems (previously International Auditing Standard). Internal Audit tested the main financial systems to ascertain that the appropriate levels of controls were present. But Internal Audit undertake sample testing of the controls based upon an agreed criteria with External Audit. This allows External Audit to place reliance on the work of Internal Audit and avoid duplication.

The areas tested were:

- Bank Reconciliation
- Creditors
- Council Tax
- Debtors
- Housing Benefit
- NNDR
- Payroll

The Section continues to respond to requests by services, where advice and assistance is required, whilst remaining impartial.

The Internal Control arrangements within the Council are robust and regularly reviewed by Internal and External Audit.