

Annual Report on the effectiveness of the Internal Audit Section 2015/2016

The council is required to conduct an annual review on the effectiveness of its Internal Audit function, also 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 2015/2016 represents year one of the three year plan. Each of the audits undertaken was on a risk-based approach, which was 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 2015/2016 is made up as follows:

- Principal Auditor (1FTE)
- Senior Auditor (3.6 days a week annualised hours)
- Auditor (3 days a week)
- Auditor (3 days a week)
- Auditor (3 days a week) Started Maternity leave on the 30th November 2015
- Auditor (3 days a week) Covering Maternity Leave

The Internal Audit Section completed the following Audits /Reviews during 2015/2016:

- Safety Inspections Zurich
- Car Parks
- Development Management
- Fraud Review and IAS240
- IT Security of Assets
- Housing Register
- Project Management
- Personnel & Recruitment
- Housing Benefits
- Consultants Review
- Fraud Review
- Car Parks PCN
- Complaints Customer Care
- Income Management
- Disclosure Barring Scheme
- NFI
- AGS, Partnership & Internal Audit

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 are brought to the attention of the Corporate Governance & Audit Committee.

From the original 2015/2016 annual audit plan 9 audits were deferred or not undertaken, this was mainly due to changes in legislation, systems not being in place or awaiting outcome of independent reviews. The time allocated was absorbed by non-programmed work. 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 31st March 2016, but will not be finished until after the 1st 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. In addition Internal Audit undertakes sample testing of the controls based upon agreed criteria with External Audit (EY). 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 Internal Audit 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.