

# AUDIT SCRUTINY COMMITTEE

**CHAIRMAN:** Cllr Chris Clarance

**DATE:** 13 December 2018

**REPORT OF:** Audit Manager

**SUBJECT:** INTERNAL AUDIT REPORT

## PART I

### RECOMMENDATION

To note the report.

#### 1. PURPOSE

- 1.1 To advise members of recent progress against the Audit Plan and the outcomes of completed audits.

#### 2. BACKGROUND

- 2.1 The Audit Plan is approved by the Audit Scrutiny Committee in March annually and progress is reported at every meeting thereafter.
- 2.2 Internal audit reviews lead to an opinion on the effectiveness of the framework of risk management, control and governance of the area under review. Assurance opinions are graded as follows:

<b>Excellent</b>	☆☆☆☆	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against achieving objectives are well managed.
<b>Good</b>	☆☆☆	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some areas for improvement have been identified.
<b>Fair</b>	☆☆	There is a basic control framework in place, but most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and require controls to be strengthened to ensure the achievement of system objectives.
<b>Poor</b>	☆	Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system's objectives will be achieved.

### 3. AUDIT PLAN 2018 – 2019 Progress at 13 December 2018

PROJECT	STATUS	OPINION
Governance Review and AGS	Complete	Good
LAHS Housing Data Return	Complete	Good
Safeguarding	Complete	Good
Car Loans and Cycle Scheme	Complete	Good
Housing Contract Management	Complete	Fair
Corporate Procurement (Credit) Cards	Complete	Good
Travel and Subsistence	Complete	Good
Treasury Management	Complete	Excellent
Coastal Monitoring Programme	Complete	Fair
Main Accounting and Budgetary Control	In Progress	-
Council Tax	In Progress	-
NDR (Business Rates)	In Progress	-
Benefits and Council Tax Support	In Progress	-
Housing Allocations (counter fraud work)	In Progress	-
Creditor Payments		
Debtors		
Payroll		
Human Resources - Recruitment		
Information Governance & Cyber Risk		
Income and Banking		
BACS – Smarter Pay System		
Leisure Centres		
Community Infrastructure Levy (CIL)		
Risk Register		

3.1 Summarised findings for audits recently completed is shown in **Appendix A** below.

### 4. CONCLUSION AND RECOMMENDATION

4.1 Members are recommended to note the report.

## Sue Heath - Audit Manager

<b>Wards affected</b>	<i>N/A</i>
<b>Contact for any more information</b>	<i>Sue Heath – Audit Manager – 01626 215258</i>
<b>Background Papers (For Part I reports only)</b>	<i>Audit Files and Final Reports File 2018 – 2019</i>
<b>Key Decision</b>	<i>N</i>
<b>In Forward Plan</b>	<i>N</i>
<b>In Audit Scrutiny Work Programme</b>	<i>Y</i>

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**Summary of Internal Audits Completed**

PROJECT TITLE	SUMMARY
<p><b>Car Loans and Cycle Scheme</b></p> <p><b>Audit Opinion:</b> <b>Good ☆☆☆</b></p>	<p>The systems for administering the car loan and cycle scheme functions were reviewed to confirm that effective controls are in place to verify entitlement, ensure calculations are accurate and repayments are prompt and made in full. Findings were positive with key controls in place to manage associated risks.</p> <p>Recommendations included reviewing the car loan and cycle schemes to ensure aims and purposes are understood, still link to Council objectives and management are happy with the benefits offered.</p>
<p><b>Housing Contracts Management</b></p> <p><b>Audit Opinion:</b> <b>Fair ☆☆</b></p>	<p>The audit was requested by the Interim Head of Service Delivery and Improvement. It looked at key risks including contracts or service level agreements with external agencies fail to provide an adequate framework for contract management; failure to provide value for money; non-compliance with contractual or service level agreement expectations; and incorrect payments.</p> <p>The review identified that some areas of service provision lacked contract or agreement documentation, or what was on file was out of date or did not support the annual contract payments being made. Contract monitoring and management was found to be varied. 6 recommendations were made.</p>
<p><b>Travel and Subsistence</b></p> <p><b>Audit Opinion:</b> <b>Good ☆☆☆</b></p>	<p>Officers may be required to work away from their normal place of work, attend seminars, training etc. and this incurs travel and subsistence costs for which staff are reimbursed through travel and subsistence claims. Agreed rates and procedures, including authorisations and separation of duties are in place, and information is detailed in the Council's Financial Instructions, Local Conditions of Service and Staff Handbook. Testing was carried out to confirm controls are in place to verify entitlement, accuracy of calculations and repayments.</p> <p>Recommendations included introducing a policy to provide a single point of reference of requirements for making a claim, review and update of information contained with the Staff Handbook and Local Conditions of Service, Payroll staff to return claims with incomplete information and remind claimants and authorising officers of the requirements and importance of making claims accurately and in full.</p>

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<p><b>Corporate Purchasing Cards</b></p> <p><b>Audit Opinion: Good ☆☆☆</b></p>	<p>A review of spending (probity check) and controls to manage and reconcile card use was undertaken. Areas covered included:</p> <ul style="list-style-type: none"> <li>• authorisation of cardholders;</li> <li>• credit limits;</li> <li>• cancellation procedures;</li> <li>• cardholder responsibilities;</li> <li>• access rights to online facilities;</li> <li>• approved goods and services purchased;</li> <li>• VAT implications;</li> <li>• separation of duties;</li> <li>• reconciliation; and</li> <li>• business continuity.</li> </ul> <p>Findings confirmed that processes were generally sound and key risks well managed.</p>
<p><b>Treasury Management</b></p> <p><b>Audit Opinion: Excellent ☆☆☆☆</b></p>	<p>CIPFA defines Treasury Management activities as “the management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.” The review looked at key risks and adequacy of controls to manage these and included breach or regulation, legislation, policy and procedures; transactions not made appropriately or timely; incomplete or inaccurate records; poor data and system security. Findings were excellent and no recommendations were required.</p>