

**INTERNAL AUDIT****Background**

The annual Audit Plan is agreed by the Overview and Scrutiny Committee.

**SCORING**

<b>RED</b>	<p>Taking account of the issues identified, the Authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>Urgent action is needed to strengthen the control framework to manage the identified risk(s).</p>
<b>AMBER/ RED</b>	<p>Taking account of the issues identified, the Authority can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).</p>
<b>AMBER/ GREEN</b>	<p>Taking account of the issues identified, the Authority can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.</p> <p>However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).</p>
<b>GREEN</b>	<p>Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.</p>

## Headline Information

During the last quarter eight internal audits have been completed:

Name of Audit	Score
Procurement & Contracts	Amber / Red
Treasury Management	Green
Main Accounting	Green /Amber
Debtors	Green/ Amber
Creditors	Amber/ Red
Community Infrastructure Levy & S106	Green / Amber
Payroll	Green
Governance & Risk Management	Green

## Recommendations/observations with a high priority

There are six recommendations/observations that are designated high priority.

### Procurement & Contracts

1. There is limited awareness of a reporting line for contracts and procurement through to senior management. There is no procurement board and the procurement officer is not required to attend any senior management meetings to provide oversight on contracts. This raises the risk that procurement is not being reporting on and that major contract tenders are not being discussed at the senior Management level.

### Main Accounting

2. It was not possible to confirm that all Car Parking income had been reconciled to zero.
3. Where reconciliations are not regularly completed and reviewed errors and omissions may not be identified and resolved in a timely manner. The accounting team are working on some historical outstanding balance items that have rolled forward from previous financial years. This specifically relates to the General Account balance of £165,828.

### Creditors

4. In the absence of new supplier set ups being approved, there is a risk of incorrect supplier details being inputted.
5. In the absence of approvals for amendments made to supplier details, there is a risk that errors could be made when inputting changes to supplier details and that any unauthorised amendments made will not be detected.

### Community Infrastructure Levy & S106

6. It was not possible to confirm that there is a system of monitoring that tracks whether these funds have been distributed in line with requirements.

## **Management actions**

### **Procurement & Contracts**

1. Procurement and contracts management should be set as a standing agenda in the quarterly business performance committee meetings with Heads of Service.
2. The Procurement Manager is to produce a report each quarter for the Head of Legal and Governance on the number of procurement exercises undertaken, clearly identifying major contract tenders, any potential risks and confirmation of compliance with the Council's Contract Procedure Rules and Procurement legislation.
3. The Head of Legal and Governance to provide senior management with a Procurement Briefing Note each quarter.

### **Main Accounting**

4. All Car Parking income will be reconciled on a monthly basis to zero. Any outstanding balances will be investigated and resolved between Finance, Car Parking and the cash collection company.
5. The accounts team will undertake further investigation to determine the reasons for the General Account credit balance of £165,828. This will be either written off in the statutory accounts or disclosed as a separate note.

### **Creditors**

6. The Transactions Manager will ensure that all new suppliers set up on Agresso are checked and approved and that this takes place prior to orders being placed with a new supplier.
7. The transactions manager will ensure that all amendments made to supplier details are approved, and that amendments are checked prior to any further orders being placed with a supplier following any changes made to their details

### **Community Infrastructure Levy & S106**

8. The Council will establish a process for monitoring S106 funds received against the expenditure deadlines, thereby having greater oversight on the amount of funds that need to be spent within a specific timeframe. This will be reported through in quarterly monitoring reports and in the annual performance report.