

Forest Heath District Council Overview of Internal Audit Work (November – December 2013)

1. Introduction

- 1.1 The Public Sector Internal Audit Standards require the Internal Audit Manager to report periodically to senior management and committee on Internal Audit's performance relative to its Audit Plan. Reporting should also include any significant risk exposures and control issues where relevant, including fraud risks and governance issues. The Performance and Audit Scrutiny Committee is the designated committee to receive these periodic reports.
- 1.2 This report advises Members of the work undertaken by Internal Audit in November and December 2013, and also provides an update of progress made against the revised 2013/14 Internal Audit Plan approved by this committee in November 2013.

2. Review of Internal Audit work for November to December 2013

- 2.1 An overview of the work of Internal Audit for November and December 2013 is set out below. Summaries of all completed audits are included at **Appendix A**, and the status as at December 2013 of all audits included within the revised 2013/14 Audit Plan is shown at **Appendix B**.

Corporate Work

- 2.2 Internal Audit has had significant involvement within the period in a number of corporate projects at the request of the Head of Resources and Performance. These projects include:
 - Implementation of the new Financial Management System (FMS) – Internal Audit involvement in this project within the period has mainly consisted of liaising with external audit and the FMS Project Manager with a view to agreeing areas where audit review can add value which are likely to include review of key controls in the new procedures, review of data migration methodology, and review of testing plans for the new system and outcomes of this testing.

- Tender for the Provision of Banking Services - Internal Audit have continued to assist and support Finance, Legal and Procurement colleagues in this procurement exercise to determine a new banking provider from 1st April 2014. This has included drafting the Tender Evaluation Plan, supporting the tender evaluation process, arranging meetings for the project team, and drafting project updates and presenting these at Programme Board.
- Contract Procedures Rules Review - the Contract Procedure Rules Working Group includes a representative from Internal Audit. New Contract Procedures have been drafted; in addition, the group are working to produce a streamlined process across West Suffolk.

2.3 Additional corporate work which Internal Audit has undertaken in the period includes:

- Membership and contribution to the Joint Information Governance Working Group - this is an officer group which provides oversight of the proper and secure handling of information by both councils. Internal Audit has undertaken a 'building security' check on behalf of the group, with further ongoing checks taking place on a quarterly basis;
- Responding to one request for advice regarding an organisation's financial suitability for being granted a lease to a particular industrial unit;
- Continuing to provide advice to service areas on internal controls.

Non-Fundamental Review Work

2.4 This work includes reviewing internal controls within departmental systems, and other non-fundamental audits, areas for review being identified by a risk analysis undertaken before the start of the financial year.

2.5 During this period one non-fundamental audit has been completed (Payment Cards), and one audit in this category (Election Account) is at draft report stage. In addition, two audits for East Cambridgeshire DC have been completed.

3. Probity

3.1 Work is continuing on raising fraud awareness within the council, for example, the annual fraud messages have been published in the West Suffolk internal staff newsletter, the main objective of these messages is to raise awareness and provide information on declaring interests, offers and acceptance of gifts and hospitality, and completing expense claims. In addition, a message has also appeared in this newsletter reminding staff of the Joint Anti-Money Laundering Policy.

3.2 The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Arrangements are currently underway for the council tax and electoral role data extract, although matches will not be released until March 2014.

4. Conclusions

- 4.1 As described in paragraph 1.1 this report should make reference to any relevant risk exposures and control issues including fraud risks and governance issues. A flavour of issues arising from audits completed to date is shown at Appendix A, and the Internal Audit Manager considers that there are no additional audit related matters that currently need to be brought to the attention of this committee.
- 4.2 The Internal Audit Manager continues to expect that the Audit Plan will be completed on time, and that he will be able to deliver a robust annual audit opinion in the Annual Internal Audit Report.