

Summaries of Internal Audit Reports Issued
November – December 2013

1. Introduction

- 1.1 During the period, three audit reviews have been completed to final report stage. Audit reports are issued as final where their contents have been agreed with management, in particular responsibility for actions and timescale. Two of these audit reviews relate to work undertaken on behalf of East Cambs DC, the results of which have not been included within this report.
- 1.2 The following sections contain a summary of the content of the internal audit reports issued in November and December 2013. Each summary provides an indication of the issues arising from the reviews, as well as action taken in response to previous audit reports where relevant.
- 1.3 Core financial systems / fundamental review audits are undertaken on an annual basis and therefore recommendations (agreed actions) arising from these audits are followed up as part of the following year's audit. Recommendations arising from other audits are subject to a follow up audit within a twelve month period, the results of which are reported to this committee.
- 1.4 It should be noted that each summary below represents the situation at the point in time that the audit work was undertaken and therefore it is likely that a number of agreed key improvements will subsequently have been made.
- 1.5 Opinions are provided on the operation of control mechanisms where a full audit has been undertaken for the area reviewed: a key to these opinions can be found at the end of this appendix, at Section 3. Where a follow up review has been undertaken full testing of controls will not always be undertaken and therefore an opinion on the operation of controls will not normally be given.

2. Payment Cards

- 2.1 This audit review was undertaken to ensure that procedures regarding the issuing and operation of corporate purchase cards within both councils are open and transparent and that sound financial controls are in place. A ***substantial assurance*** opinion was provided.

The audit review noted there are currently different corporate purchase card schemes operating at each council although it is currently intended that a streamlined process for card use covering both councils will be introduced in the future.

Key areas where improvements are required

The following key areas relate to issues arising at one or both councils and will be relevant to both when considering a single process for card use covering both councils. The results of the follow up audit on this area, reviewing progress made against recommendations, will be reported to this committee in the 2014/15 committee cycle.

- 2.2 Procedures and guidance should be subject to periodic review to ensure they are up to date.
- 2.3 Consideration should be given to exploring the management information facility on card use available from the payment card provider.
- 2.4 Processes should be in place to ensure that corporate purchase card expenditure is consistently entered into the main financial management system in a timely manner.

3. Meaning of Opinions given in audit reviews

Meaning of words used:-	
Full Assurance	The full assurance opinion is given where no significant or fundamental recommendations have been made and where controls within the system should provide full assurance that the risks material to the achievement of the system objectives are adequately managed.
Substantial Assurance	The substantial assurance opinion is given where a small number of significant, but no fundamental recommendations have been made and where controls within the system should provide substantial assurance that the risks material to the achievement of the system objectives are adequately managed.
Limited Assurance	The limited assurance opinion is given where a small number of fundamental and also a number of significant recommendations have been made and where controls within the system provide limited assurance that the risks material to the achievement of the system objectives are adequately managed.
No Assurance	The no assurance opinion is given where little or no assurance could be gained from a system where a large number of both fundamental and significant recommendations were proposed and where controls within the system provide little or no assurance that the risks material to the achievement of the system objectives are adequately managed.