LICENSING AND GENERAL PURPOSES COMMITTEE   **AUDIT MANAGER**
27TH JUNE 2016   **REPORT NO. AUD1601**

INTERNAL AUDIT – AUDIT OPINION

1   INTRODUCTION

1.1   This is the first Internal Audit report presented to the Licensing and General Purpose Committee since the merger of Standards and Audit Committee and Licensing and General Purpose Committee. This report will cover:

- Overview of Internal Audit
- Proposed reporting approach
- The plan of work for 2016/17
- The Audit Opinion for 2015/16

2   OVERVIEW OF INTERNAL AUDIT

2.1   **What is Internal Audit?**

‘Internal auditing is an independent objective assurance and consulting activity designed to add value and improve an organisation. To also help accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.’ (PSIAS 2016)

2.2   **Background to internal audit set up in Rushmoor**

Internal audit consists of the Audit Manager, Nikki Fowler and the Internal Auditor, Nikki Hughes. Additional support is also obtained from contractors for some specialist areas such as IT specific audits. Currently while the Internal Audit Manager is working on corporate projects contractors are being used to carry out some of the standard financial audits. The Corporate Investigations Team provide coverage and support in the anti-fraud and corruption work.

3   PROPOSED REPORTING APPROACH FOR 2016/17

3.1   The proposed reporting arrangements for auditing matters for 2016/17 is set out in the table below (3.2) Member views as to the content and any other views about the way in which items are brought forward for consideration are welcomed.

3.2

Date of meeting	Proposed item
June 2016	Audit opinion of the overall controls within the Council for 2015/16.
September 2016	Update for the Committee on the audits completed from March 2016 – August 2016
January 2017	Update for the Committee on the audits completed from September 2016 – December 2016.
March 2017	Reporting of the Annual Audit Plan for 17/18 - Committee to scrutinise the plan and agree the areas to review.

4   PLAN OF INTERNAL AUDIT WORK FOR 2016/17

4.1   The internal audit plan of work for 2016/17 was agreed by the Standards and Audit Committee on 14th March 2016.

4.2   For this Committee's information, when producing the annual audit plan a range of issues are taken into consideration which include:

- External Audit requirements
- Risk Assessments of activities
- Corporate initiatives
- Align with corporate priorities
- Skills available to undertake the audit
- Requests from Services
- Issues/ views raised by Committee Members

In addition to the above, the audit plan for 2016/17 focuses on:

- Meeting the needs of the Council's External Auditors, Ernst and Young, and building on the liaison from 2015/16
- Support of organisational change and development
- Corporate governance, such as high value and high transaction areas
- Links to the 8 Point Plan

4.3   Attached as appendix A is a list of the audit work planned for 2016/17. Links to the 8-Point Plan have been noted next to the relevant audits. It also includes days allocated to support the delivery of corporate projects including Co-Location and Channel Shift.

5   AUDIT OPINION FOR 2015/16

5.1   The Public Sector Internal Audit Standards (PSIAS) 2013 (and amended 2016) requires the Head of Internal Audit to provide an annual opinion of the Council's system controls. The opinion is not absolute, but provides reasonable assurance that there are no major weaknesses in the systems audited.

5.2   Factors for the Committee to consider are:

- Is the opinion based on sufficient evidence, which supports the opinion given?
- Are the reasons for an unfavourable overall opinion clearly stated?

5.3 The overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is appropriate. This is based on the evidence provided from audits carried out in 2015/16 on the major financial systems used by the Council. All high priority audit recommendations were agreed by Senior Management and are being introduced. Once implemented, they will further improve the Council's overall control environment.

5.4 A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme is also required to be reported. Work is currently underway to update this and the results will be reported within 2016/17.

6 Action and endorsement required by the Committee

6.1 The Committee is requested to:

(i) note the content of the report; and

(ii) endorse the proposed meeting and reporting cycle for 16/17, as set out in table 3.2 above.

Nikki Fowler
Audit Manager

Contact Details: 01252 398812
                              Nikki.fowler@rushmoor.gov.uk

INTERNAL AUDIT WORK 2014/15

Audit Work	Audit Days
Significant financial audits as directed by external audit	
Treasury Management	15
Cash receipting	15
Housing Benefits and Council tax support	15
Council Tax Billing and Collection	15
Council Tax and NNDR Recovery	15
Capital Accounting - Activation Aldershot	20
System/Value For Money (VFM) audits/connection to 8-Point Plan	
Heating Contract *(Point 7)*	20
Prospect Community Centre (brought forward from previous year) *(Point 4)*	20
New banking process *(Point 2)*	5
Maintenance team follow up	5
Planning Enforcement follow up	1
Car Park machine income off street parking *(Point 2 & 3)*	25
Building Control – joint service with Hart Council *(Point 2 & 3)*	25
Petty cash/ procurement cards *(Point 5 & 7)*	10
Specialist Information Technology Audits	
Car Park system follow up	1
Express system follow up	1
IT Security Audit – including the new firewall	10
Server virtualisation	10
Anti-Fraud and Corruption work	
Her Majesty's Revenue & Customs (HMRC) follow up	2
Financial grants follow up	2
Review of corporate governance statement	1
Constitution (brought forward from previous year)	20
Review/ update corporate governance policies	2

Corporate Projects – Allocation of Audit Manager's time to enable the delivery of these projects	
Channel Shift *(Point 2)*	15
Co-location 2 *(Point 3 & 4)*	121
Corporate Governance	30
Action Learning Sets	10