

Report sponsor: Strategic Director of Corporate Resources
Report author: Head of Internal Audit

Internal Audit Review – s24 Recommendation

Purpose

- 1.1 This report provides Committee with an update on the two internal audit reports on the implementation of actions arising from the External Auditor's s24 Recommendation.

Recommendations

- 2.1 To note that the issue of non-acceptance of 3 recommendations in the internal audit reports on the s24 Recommendation are now resolved.

Reasons

- 3.1 Audit and Accounts Committee requested that Internal Audit provided assurance on the process of embedding the measures in the action plan.

Supporting information

- 4.1 At the meeting on 6 February 2019, Committee were presented with the outcome on further evidence provided by Accountancy on the control/risk issues raised in two internal audit reports on the implementation of the s24 Recommendation Action Plan.
- 4.2 Committee noted the findings and the revised assurance ratings from the internal audit review of the implementation of the action plan to address the s24 Recommendation. However, there were 3 recommendations in the reports where no agreement had been reached between Accountancy and Internal Audit on the issues raised. Committee felt that further "mediation" was required to finalise the responses to those recommendations. This has now been completed and the outcomes are detailed below:

Financial Controls:

Recommendation 9. The draft 2017/18 Closedown Timetable was not comprehensive. Some expected tasks had been omitted from the plan.

Internal Audit has re-categorised the risk as Low and the recommendation is now "risk accepted".

Recommendation 11. There was no single document to manage the completion of the closedown process and, although the CIPFA checklist was considered a key control document by Finance, it was only used after the statement had been produced;

This is a low risk graded recommendation. Accountancy has now agreed the issue and the recommendation is "risk accepted".

Capital Assets:

Recommendation 3. Capital transactions were not being processed throughout the year to ensure revaluation and recording routines were embedded. The Capital Accounting RAM system and the general ledger were reconciled only at the year-end when the general ledger was updated via journals

The original recommendation from EY was "Management should consider processing addition/disposal transactions throughout the year, and undertaking asset valuations at an earlier point to enable sufficient time for transactions to be processed and reviewed to ensure quality of financial reporting is maintained." Accountancy have provided evidence to demonstrate that this was considered. Therefore the Internal Audit recommendation is now implemented.

- 4.3 The final reports are attached at Appendix 1(Financial Controls report) and Appendix 2 (Capital Assets report) for members' information.

Public/stakeholder engagement

- 5.1 None

Other options

- 6.1 None

Financial and value for money issues

- 7.1 None

Legal implications

8.1 None

Other significant implications

9.1 None

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal Finance Service Director(s) Report sponsor Other(s)	Strategic Director of Corporate Resources	18 March 2019

Background papers:	None
List of appendices:	Appendix 1 – Financial Controls Appendix 2 – Capital Asset Valuation