

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2018/19**

<p><b>AUDIT COMMITTEE</b></p> <p><b>4<sup>th</sup> February 2019</b></p>	<p><b>AGENDA ITEM NO. 8</b></p>
<p><b>REPORT OF THE GROUP DIRECTOR, CORPORATE &amp; FRONTLINE SERVICES</b></p>	<p><b>FINALISED AUDIT ASSIGNMENTS</b></p>

Author: Marc Crumbie (Head of Internal Audit & Procurement Delivery Programme)

**1. PURPOSE OF THE REPORT**

- 1.1 This report provides Members with a summary of audit assignments completed between 5<sup>th</sup> December 2018 and 24<sup>th</sup> January 2019.

**2. RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Seek clarity and explanation where there are areas of concern.
- 2.2 Identify further action to be taken where deemed necessary.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To help ensure that Audit Committee discharges its responsibilities in respect of reviewing and forming an opinion on the overall control environment in place across the Council.

**4. BACKGROUND**

- 4.1 The Audit Committee Terms of Reference (Point D) requires it to '*Review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs, and providing the opportunity for direct discussion with the auditor(s) on these*'.
- 4.2 In line with this requirement **Appendix 1** provides a summary of the audit assignment completed to final report stage between 5<sup>th</sup> December 2018 and 24<sup>th</sup> January 2019 (i.e. the 'General Ledger' audit assignment). Members will

note that the summary provides: the Introduction, Scope & Objectives, Auditor's stated opinion. No recommendations were raised as a result of the audit.

4.3 To help ensure Audit Committee effectively discharges the responsibility as set out in its Terms of Reference (and replicated at point 4.1 above), Members may wish to consider the principles noted below in addition to their own lines of enquiry:

- Are the conclusions made by Internal Audit reasonable / backed up by the findings reported?
- Are the recommendations made by Internal Audit likely to support the necessary improvement in internal control?

## **5. EQUALITY AND DIVERSITY IMPLICATIONS**

5.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

## **6. CONSULTATION**

6.1 There are no consultation implications as a result of the recommendations set out in the report.

## **7. FINANCIAL IMPLICATION(S)**

7.1 There are no financial implications as a result of the recommendations set out in the report.

## **8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

8.1 The provision of regular information in respect of the Council's Internal Audit Service supports the Council in demonstrating compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.

8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: "*A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.*"

## **9. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

### **THE COUNCIL'S CORPORATE PLAN PRIORITIES**

9.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.

## WELL-BEING OF FUTURE GENERATIONS ACT

9.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

## **10. CONCLUSION**

10.1 The regular provision of all summarised audit assignments to Audit Committee throughout the year is aimed at assisting Members in evaluating the effectiveness of Internal Audit work across all Council systems and services.

10.2 In doing so, it enables Members to form an opinion on the overall control environment of the Council at the end of the financial year.

### **Other Information:-**

***Relevant Scrutiny Committee***

**Not applicable.**

***Contact Officer*** – Marc Crumbie

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**4<sup>th</sup> February 2019**

**FINALISED AUDIT ASSIGNMENTS**

**REPORT OF THE GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES**

Author: Marc Crumbie (Head of Internal Audit & Procurement Delivery Programme)

**Item: 8**

**Background Papers**

None.

Officer to contact: Marc Crumbie

## Appendix 1 - Summary of the audit assignment completed to final report stage between 5<sup>th</sup> December 2018 and 24<sup>th</sup> January 2019

### CORPORATE & FRONTLINE SERVICES

**AUDIT NAME: GENERAL LEDGER**

**DATE FINAL REPORT WAS ISSUED: 21/12/2018**

#### INTRODUCTION

The management and control of the Council's General Ledger is undertaken within the Corporate & Frontline Services Group (Finance Division). The purpose of the General Ledger system is to record all financial transactions and provide the required information for the preparation of Management Accounts, Final Accounts and Financial Returns. In order to maintain proper financial control and protect the integrity of the Ledger, it is essential that adequate accounting routines are in operation.

#### SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for 2018/19, a review of the General Ledger was undertaken. The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the internal control systems operating within the General Ledger. The objective of the review was to:

- Assess the standards set out in the self-assessment checklist and conclude on the adequacy and effectiveness of the controls actually operating.

#### AUDIT OPINION

Overall the control environment for the General Ledger and Accounting framework is considered to be effective with Civica Financials being used, a system which meets statutory and management accounting and reporting requirements. Civica Financials is able to provide revenue, capital, pension fund, trust funds and joint committee accounts as required by statute. The budget for 2018/19 was agreed by Council 28/2/2018. Civica Financials was updated in accordance with the agreed budgets and it has been correctly rolled up into Civica Financials to ensure that all Groups have their correct allocation of the budget and to enable accurate budget monitoring to take place. The values of balance sheet items had been correctly carried forward from 2017/18 into 2018/19 to ensure the information held in Civica Financials can be relied upon as being correct. Ledger input / output is controlled, secure, timely and appropriate to the needs of all users. In particular, Feeders, Journal Transfers, Virements and changes to the overall structure of the system are promptly and accurately actioned by officers with delegated responsibility. Evidence to support these transactions was always retained. All transactions tested as part of this review have an audit trail which highlights each transactions unique reference number, date / time and the identity of the individual who carried out the transaction.

Civica Financials is able to apply its own validity tests on data received from feeder systems to ensure codings are correct. All invalid codes entered into Civica Financials are promptly investigated and rectified from suspense codes by authorised officers to ensure that the budgetary information in the system is accurate and up to date.

**No recommendations made.**