

SALISBURY CITY COUNCIL

Report

Subject : Interim Internal Audit Report
Committee : Full Council
Date : 11 March 2019
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1. Report Summary

1.1. This report introduces the Interim Internal Audit report, its findings and recommendations, and the management actions undertaken to mitigate the risks identified as a result of the interim audit.

2. Background

2.1. The Council's Internal Audit is governed by the Financial Regulations and Internal Financial Controls (the Regulations), under section 2, which requires the Council to have, under clause 2.4, "an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices".

2.2. Relevant clauses within the Regulations, state that:

Clause 2.5

The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.

Clause 2.6

The internal auditor shall:

- Be competent and independent of the financial operations of the Council;
- Report to Council on a regular basis with a minimum of one annual report during each financial year;
- Demonstrate competence, objectivity and independence, and be free from any actual or perceived conflicts of interest; and
- Have no involvement in the financial decision making, management or control of the Council.

Clause 2.10

The RFO shall bring to the attention of all councillors, at the next meeting of Full Council, any report from internal or external auditors.

2.3. The Council's internal auditor is Mulberry & Co, appointed in 2017.

3. Interim Internal Audit Report

- 3.1. The full Interim internal Audit report is attached at **Appendix A**.
- 3.2. In summary, the report found that “the systems and internal procedures at Salisbury City Council are well established and followed. The RFO is very experienced and ensures the Council follows best practice regulations and has overseen changes to the internal procedures as regulations and technologies have changed to maintain compliance”.
- 3.3. The report further found that “the council takes governance, policies and procedures very seriously and I am pleased to report that overall the systems and procedures {the Council} have in place are fit for purpose”.
- 3.4. In respect of the recommendations, the report states that “these are not indicative of any significant failings, but rather are pointers to improving upon an already well ordered system”.

4. Internal Audit Recommendations

- 4.1. The audit findings and recommendations are detailed in **Appendix B**, alongside the potential risks of the reported findings, the management actions proposed to mitigate or eliminate the risks where applicable, the responsible officers for implementing the management actions, and the target dates for completion.
- 4.2. In respect of the ten recommendations proposed, compensating controls are in place to offset the risks identified in respect of one of these recommendations, six other recommendations have been implemented in full, and management actions in respect of the remaining three recommendations are in progress, of which one has been carried forward from the previous year’s interim audit.

5. Recommendations

- 5.1 It is recommended that Full Council note the Interim Internal Audit review, its findings and recommendations, and the management actions in respect of these findings and recommendations.

5. Background Papers

Appendices A and B