

## EXTERNAL AUDITOR REPORTS – UPDATES

### 1 INTRODUCTION

- 1.1 Recommendations from the Council's external auditors and other inspectors are monitored by Internal Audit for progress of implementation and their review falls within the discretion of this Committee.

### 2 FINAL REPORT TO THE AUDIT COMMITTEE FOR YEAR 2016/17

- 2.1 This report draws Members' attention to the findings, recommendations and management responses arising from the Final Audit Report for the year ended 31 March 2017. The Final Audit Report was presented to this Committee by EY, the Council's external auditor in January 2018.

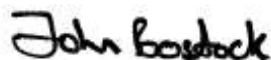
### 3 CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2016/17

- 3.1 This report also draws Members' attention to the finding and recommendation arising from the Certification of Claims and Returns Annual Report for 2016/17. This report was presented to this Committee by EY in January 2018.
- 3.2 Outstanding recommendations, management responses and progress to date are appended.

### 4 RECOMMENDATION

- 4.1 It is proposed that the Committee **RESOLVES**

That the updates provided in the appended monitoring sheet in respect of the external auditor's recommendations be noted.



John Bostock

Assistant Director, Democratic Services

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#### Background Papers:-

None.

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## KEY RECOMMENDATIONS ARISING FROM FINAL REPORT TO THE AUDIT COMMITTEE 2016/17

## APPENDIX

RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
<p><b>Assessment of Control Environment</b></p> <p>1. Management should ensure that its financial systems can run an opening trial balance or implement their own manual opening balances check going forward</p>	<p>The Finance System currently used by the Council – Access Dimensions does not offer the facility to run an opening Trial Balance. However a manual check is performed to ensure that changes in balances in a financial year match the value of transactions in that year.</p>	<p>Head of Finance</p>	<p>March 2018</p>
<p>2. Management should undertake a quality review of the Fixed Assets Register as part of the close down procedures</p>	<p>The Principal Accountant undertook an in depth review of the Fixed Asset Register, which was subject to a further review by the Head of Finance.</p>	<p>Head of Finance</p>	<p>December 2017</p>
<p><b>Value for Money</b></p> <p>3. Internal Audit should complete all key audit work, for example risk management audits, by the date the Head of Internal Audit issues the Internal Audit Opinion</p>	<p>All work essential to providing an informed opinion on the control environment is completed prior to provision of the Chief Audit Executive’s annual opinion.</p>	<p>Chief Audit Executive</p>	<p>May 2018</p>

RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
<p>4. Internal Audit should put in place plans to resource and deliver information control &amp; technology (ICT) and fraud coverage during 2017/18</p>	<p>Efforts have been made to engage outside contractors to undertake key pieces of ICT work, but cost has prevented this. As a result Internal Audit has sent out detailed control questionnaires to address the issue. Responses are awaited.</p> <p>The perceived fraud risk at Rochford is low.</p> <p>The main risks relate to Housing Benefits, Council Tax and Non Domestic Rates. Much work has been done in these areas to mitigate the risk; for example through the National Fraud Initiative, Pan Essex Data Hub and internal pro-active exercises by the Revenues &amp; Benefits Team</p>	<p>Chief Audit Executive</p>	<p>On going</p>

**EY RECOMMENDATION ARISING FROM CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2016/17**

RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
The Benefits Team to perform early extended testing in those areas where errors were identified in 2016/17 to ascertain the extent of similar errors arising 102017/18	Agreed	S151 Officer	31/7/2018