

## 2. Main Accounting - Capital Monitoring Audit Report Executive Summary

### Audit Objective

The overall objective of this audit was to review the adequacy and effectiveness of the internal controls designed to manage and mitigate financial and non-financial risks relating to the Capital Monitoring function.

Assurance Opinion		Number of actions	
		Priority	Number
Substantial	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met	High	0
		Medium	2
		Low/Advisory	1
		Total	3

### Audit Approach and Scope

The scope of this audit was to;

- assess the Council's capital budget monitoring procedures and controls to ensure they are working both efficiently and effectively
- review the reports issued to Members to ensure they are current, and the accompanying narratives are sufficiently detailed to enable Members to make clear and informed decisions.

To do so, a selection of Budget Holders and their respective Accountants were contacted for information and where appropriate, evidence the monitoring process. Additionally, the capital monitoring reports for Quarters 3 (2022/23) to Quarter 2 (2023/24) for both general fund and the housing revenue account were reviewed for content and accuracy.

Key controls tested	Assessment	Actions Raised
eFin system controls		Budget overspends could occur as the system rules restricting spending is switched off
Reports to Members of the Executive Committee		Data contained within the reports can be more than 3 months old The capital monitoring reports do not include a narrative for those projects without a delivery plan
		Three of the HRA budget figures for 23/24 show an incorrect brought forward figure from 22/23

### Summary and next steps

From the information obtained and the evidence seen; Budget holders and their respective Accountant, in conjunction with their Director, work closely together to monitor capital expenditure and to produce quarterly financial reports which are submitted to Members of the Executive Committee.

It is noted, however, that for some quarters, the information being provided to Members is more than 3 months old. This issue had already been identified and discussions are taking place to overcome this issue.

Annual mandatory financial training sessions are held for Members to help them make informed financial decisions for the council.

The reports, whilst informative, could be expanded upon to include a narrative for those capital projects where the monies have been committed yet the time of the spend is uncertain.

This is a final report of the audit findings and incorporates the remedial action agreed with the Deputy Chief Finance Officer.

Remedial action has been agreed with management for most findings identified, however, remedial action was not agreed for the following:

*Use of E-Fins to restrict expenditure – the reason for not agreeing is understood and accepted.*

