

## 17 March 2010

Report of **Audit Manager**

Report No. 126/09

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Wards Affected  
All

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## Internal audit management report quarter four 2009/2010

### ***Recommendations***

*(a) That members note the content of the report*

### **1. Purpose of Report**

1. The purpose of this report is:

- to report on management issues
- to summarise the progress of internal audit against the 2009/2010 audit plan up to the 26 February 2010.
- to summarise the priorities and planned audit work for quarter one 2010/2011.

2. The contact officer for this report is William Jacobs, head of finance for South Oxfordshire District Council and Vale of White Horse District Council, telephone (SODC) 01491 823326 and (VWHDC) 01235 540455.

### **3. Background**

3.1 The CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006 states that the head of internal audit should prepare a risk-based audit plan, which should outline the assignments to be carried out and the broad resources required to deliver the plan.

3.2 The CIPFA Code also states that the audit committee should approve the annual internal audit plan and monitor progress against the plan. This Committee approved the annual internal audit plan on the 25 March 2009.

#### 4. Management Issues

4.1 Marcia Slater, in her supervisory role currently meets with William Jacobs, head of finance on a weekly basis to review operational progress.

4.2 The new auditor commenced employment on 11 January 2010 and has settled well into the team and is actively working on his first round of audits.

4.3 The head of finance has obtained agreement from the strategic director that audit reports may not always be subject to the same level of rigorous checking due to reduction in resources to undertake this process. Internal Audit staff are conducting peer to peer reviews to maintain the quality of all audit reports before issue.

#### 5. Progress against the 2009/2010 Audit Plan

5.1 Progress against the approved audit plan has been calculated for the quarter up to the 26 February 2010 and year to date and is summarised in **Appendix 1** attached.

5.2. Performance figures are as follows:

	Target	YTD	Q1 09/10	Q2 09/10	Q3 09/10	Q4 09/10
<b>Chargeable</b> (identifiable client and/or specific IA deliverable)	71%	63.8%	68.5%	41%	71%	71.8%
<b>Non-Chargeable</b> (corporate, not IA deliverable)	9.5%	9.4%	10.5%	14%	7.5%	6.9%
<b>Lost</b> (i.e leave, study, sickness)	19.5%	26.8%	21%	45%	21.5%	21.3%

5.3 Due to the management issues identified above, performance has been affected. However, the team continue to diligently work to the planned audit programme and it is the head of finance's opinion that any variance against target will be attributable to resource and management pressures rather than underperformance of the team.

5.4 As at 26 February 2010, the status of audit work is as follows:

##### Planned

Strategic, operational and financial assurance work known and approved by the Audit and Governance Committee.

2009/2010	Planned	Complete	Draft	In progress	To commence
<b>PLANNED</b>	<b>31</b>	<b>20 (64%)</b>	<b>4 (13%)</b>	<b>4 (13%)</b>	<b>3 (9%)</b>
Joint	23	12	4	4	3
SODC	4	4	0	0	0
VWHDC	4	4	0	0	0

#### Adhoc

Unplanned project work based on agreed terms of reference with the audit manager (i.e. implementation of new systems) and responsive work issued and agreed by the S151 Officer, members or senior management team (i.e. investigations).

2009/2010	Requested	Complete	Draft	In progress	To commence
<b>ADHOC</b>	<b>6</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>1</b>
Joint	1	1	0	0	0
SODC	2	1	0	0	1
VWHDC	3	3	0	0	0

#### Follow Up

Work undertaken to ensure that agreed recommendations have been implemented. The number of follow-up audits is a rolling number, all internal audit reports are followed up after 6 months.

2009/2010	Requested	Complete	Draft	In progress	To commence
<b>FOLLOW - UP</b>	<b>50</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>28</b>
Joint	14	1	0	0	13
SODC	16	10	0	0	6
VWHDC	20	11	0	0	9

## 6. Priorities for 2010/2011 Quarter one (April 2010 – June 2010)

### 6.1 The priority for quarter one is:

- Agree service plan and undertake investigation where necessary

- Undertake the following audits
  - Car Loans (VWHDC)
  - Handling of Postal Cash and Cheques (VWHDC)
  - FFTF Implementation Review (Joint)
  - Project Management (Joint)
  - Health and Safety (Joint)
  - HR Grievance Procedure (Joint)
  - Pest Control (SODC)
  - Cash Office (SODC)
  - Cornerstones (SODC)

6.2 The remaining priority for quarter four is:

- To prioritise and schedule the remaining 2009/2010 planned audit work, and ensure all priority one audits are completed

6.3 Planned audit work which is currently ongoing and has been scheduled for remainder of quarter four and quarter one is as follows:

<b>Joint Audits</b>	<b>SODC Audits</b>	<b>VWHDC Audits</b>
Capital Accounting Creditor Payments Financial Systems Reconciliation Information Governance NNDR Pro-Active Anti-Fraud Review S106 Commuted Sums Sundry Debtors Treasury Management	Council Tax Brown Bins	-

6.4 Follow-up work which is scheduled for the remainder of quarter 4 is as follows:

<b>Joint Audits</b>	<b>SODC Audits</b>	<b>VWHDC Audits</b>
Anti-Fraud and Corruption Contract Monitoring Corporate Governance Council Charges GIS Partnership Performance Mon. Petty Cash Procedures Arrangements Records Management Stock Control VFM CCTV Contract	Cornerstone - Couture Focus Group Cash Payments Licensing Post Room Temporary Accommodation Receipt of Income	Business Continuity Consultation DSO Accounting Freedom of Information Lone Working/ Officer Security Oxfordshire Waste Rent Accounting SOLL Leisure

WILLIAM JACOBS  
HEAD OF FINANCE