

Audit and Governance Committee report



30 June 2010

Report of: **Head of Finance**

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To: Audit and Governance Committee

DATE: 30 June 2010

Report no. 16/10

Wards Affected
All

Internal audit management report quarter one 2010/2011

Recommendation

That members note the content of the report

Purpose of Report

- 1 The purpose of this report is:
 - to report on management issues within internal audit.
 - to summarise the progress of internal audit against the 2010/2011 audit plan up to the 11 June 2010.
 - to summarise the priorities and planned audit work for quarter two 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.

Strategic Objectives

3. To assist the Council to manage its business effectively by providing an assurance framework to monitor the overall adequacy and effectiveness of the internal control environment.

Background

4. 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.
5. 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 17 March 2010.

Management Issues

6. Marcia Slater continues to act in a temporary supervisory capacity during the internal audit manager's maternity leave and meets with William Jacobs, head of finance on a regular basis to discuss operational issues and he is aware of the staff resource matters as reported below which have impacted on the commencement of the 2010/2011 internal audit plan.

Progress against the 2010/2011 Audit Plan

7. During this period, Piers Nunn (auditor) left the employment of the Council. Marcia Slater has organised the recruitment process and taken responsibility for picking up the outstanding audit work from Piers Nunn, which has resulted in her doing less audit work.
8. The recruitment process has been successful and it is hoped a new auditor will start in July pending the successful completion of the recruitment checklist.
9. Progress against the approved audit plan has been calculated for the quarter up to 11 June 2010 and year to date and is summarised in **Appendix 1** attached.
10. Performance figures are as follows:

	Target	YTD	Q1 10/11	Q2 10/11	Q3 10/11	Q4 10/11
Chargeable (identifiable client and/or specific IA deliverable)	61.5%	56.4%	56.4%	-	-	-
Non-Chargeable (corporate, not IA deliverable)	8.5%	3.2%	3.2%	-	-	-
Lost (i.e. leave, study, sickness)	30%	40.4%	40.4%	-	-	-

11. 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 most of the variance against target will be attributable to resource and management pressures.
12. As at 11 June 2010, the status of audit work against the 2010/2011 audit plan is as follows:

Planned

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

2010/2011	Planned	Complete	Draft	In progress	To commence
PLANNED	57	0	1	3	53
Joint	46	0	0	1	45
SODC	6	0	1	1	4
VWHDC	5	0	0	1	4

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).

2010/2011	Requested	Complete	Draft	In progress	To commence
ADHOC	0	0	0	0	0
Joint	0	0	0	0	0
SODC	0	0	0	0	0
VWHDC	0	0	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 six months.

2010/2011	Requested	Complete	Draft	In progress	To commence
FOLLOW-UP	31	11	0	4	16
Joint	24	6	0	4	14
SODC	4	3	0	0	1
VWHDC	3	2	0	0	1

Priorities for 2010/2011 quarter two (July 2010 - September 2010)

13. The priority for quarter two is:

- Complete outstanding follow-up reviews.
- Complete the following 2009/2010 audits:
 - Capital Accounting (Joint)
 - NNDR (Joint)
 - Pro-Active Anti-Fraud Review (Joint)
 - S106 Commuted Sums (Joint)
 - Sundry Debtors (Joint)
 - Treasury Management (Joint)

14. Planned audit work which is currently ongoing and has been scheduled for quarter two is as follows:

Joint Audits	SODC Audits	VWHDC Audits
Project Management HR Grievance Procedure Health and Safety Leisure Centres HR Recruitment International Financial Reporting Standards Time Management Across SODC/VWHDC	Leader Project Assurance Leader Project Grant Verification Cash Office Cornerstones - EP, DR & BCP	Handling of Postal Cash and Cheques Car Loans Licensing

15. Follow-up work which is scheduled for quarter two is as follows:

Joint Audits	SODC Audits	VWHDC Audits
Bank Reconciliation process Design VFM in Procurement Housing and Council Tax Benefits Overpayments and Recovery Follow-Up	Facilities Management	

Financial Implications

16. There are no financial implications attached to this report.

Legal Implications

17. None

Risk Implications

18. Identification of risk is an integral part of all audits