

Audit and Governance Committee Report 9 March 2011



Report of: **Audit Manager**

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To: Audit and Governance Committee

DATE: 09 March 2011

Report No. 115/10

Wards Affected
All

Internal audit management report quarter four 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 against the 2010/2011 audit plan up to the 28 February 2011
 - to summarise the priorities and planned audit work for the remainder of quarter four 2010/2011.
2. The contact officer for this report is Adrianna Partridge, Audit Manager for South Oxfordshire District Council and Vale of White Horse District Council, telephone (SODC) 01491 823544 and (VWHDC) 01235 547615.

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 17 March 2010.

Management Issues

6. The internal audit team's priority has been to focus on the completion of the audit plan 2010/2011. All priority one audits have been issued in draft, and internal audit is working with management to finalise key financial system reports before the year end. It is anticipated that two priority 3 audits may still be in progress at year end.
7. The audit manager returned from maternity leave on 4 January 2011. Marcia Slater has now moved into her new role within human resources, and the Auditor post was removed as part of the councils' budget savings exercise. A further Auditor vacancy has arisen within the team, and the recruitment process has commenced.
8. Meetings between the audit manager and external audit have recommenced, and it has been agreed to document a joint working protocol to ensure that we are working together effectively. Audit reports for 2010/2011 have been shared with external audit, so that where able reliance can be placed on internal audit's work.

Progress against the 2010/2011 Audit Plan

9. Progress against the approved audit plan has been calculated for the quarter up to 28 February 2011 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%	59%	54.5%	55.5%	60%	71%
Non-Chargeable (corporate, not IA deliverable)	8.5%	4.5%	3.5%	5.5%	3%	7%
Lost	30%	36.5%	42%	39%	37%	22%

(i.e. leave, study, sickness)						
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11. As at 28 February 2011, 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	30	15	7	4	4
Joint	20	8	7	3	2
SODC	5	4	0	0	1
VWHDC	5	3	0	1	1

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 section 151 officer, members or senior management team (i.e. investigations).

2010/2011	Requested	Complete	Draft	In progress	To commence
ADHOC	4	4	0	0	0
Joint	1	1	0	0	0
SODC	0	0	0	0	0
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 six months.

2010/2011	Requested	Complete	Draft	In progress	To commence
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FOLLOW-UP	23	17	0	0	6
Joint	12	8	0	0	4
SODC	4	4	0	0	0
VWHDC	7	5	0	0	2

Priorities for the remainder of 2010/2011 quarter four (January 2011 - March 2011)

12. The priority for the remainder of quarter four is:
- Complete the remainder of the audit plan within the allocated timescale.
 - Complete outstanding follow-up reviews.
 - Successfully recruit to the Auditor vacancy.
13. Planned audit work which is currently ongoing that has been scheduled for the remainder of quarter four is as follows:

Joint Audits	SODC Audits	VWHDC Audits
ICT 10/11 Project Management 10/11 Proactive Anti Fraud Review 10/11 Equality & Diversity Strategy 10/11 Time Management Across SODC/VWHDC 10/11	Pest Control 10/11	Mortgage Administration 10/11 Stray Dogs 10/11

14. Follow-up work which is scheduled for quarter four is as follows:

Joint Audits	SODC Audits	VWHDC Audits
Section 106 Commuted Sums FU 09/10 Financial Systems Reconciliation FU 09/10 HR Grievance FU 10/11 HR Recruitment FU 10/11		Petty Cash Procedures FU 09/10 Car Loans FU 10/11

Financial Implications

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

Legal Implications

16. None

Risk Implications

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

ADRIANNA PARTRIDGE
AUDIT MANAGER