Audit and Governance Committee Report

28 September 2011

Report of: **Audit Manager**

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To: Audit and Governance Committee

DATE: 28 September 2011

Comments on internal audit reports quarter two 2011/2012

Recommendation
That members note the content of the report

Purpose of report

1.   The purpose of this report is to respond to internal audit matters arising from previous committee meetings and questions raised on internal audit reports not presented to committees.

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.   Internal audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of the council's objectives. It assists the council by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work, and recommending improvements where necessary. After each audit assignment, internal audit has a duty to report to management its findings on the control environment and risk exposure, and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.

Matters arising

5.

Member – Cllr Mike Murray	Committee Date - 4 July 2011
Question Following the identification of the stand-alone mortgages administration system used by Capita, are there any other stand-alone systems in operation within the council?	
IA Response Internal audit asked all service managers whether they had any stand-alone systems which were not supported by either the councils' network or an external provider (i.e. a web-based application such as the DLVA). All 25 service managers provided a nil response.	**Officer Response** N/A

Member – Cllr Mike Murray	Committee Date - 4 July 2011
Question Please can the IT Operations Manager provide an update on Microsoft's claim for the non-payment of licences.	
IA Response N/A	**Response from IT Operations Manager** Microsoft have been targeting many of their customers, with the onus being on the customer to prove that they have paid for all of their licences rather than Microsoft proving that the customer hasn't. We believe that the council is licensed properly and have provided evidence to Microsoft to that effect. They have not contacted us back since September 2010. Being risk-adverse I cannot guarantee that they will not contact the council again.

Member – Cllr Mike Murray	Committee Date - 4 July 2011
Question Following a review of the Travel and Subsistence 2010/2011 internal audit report,	

please could a spot check be undertaken on expenses receipts to ensure that control improvements have been made.	
IA Response Internal audit undertook a spot check on the 18 and 19 July 2011, of 20 expense claims from the June payrun to check that all relevant receipts had been submitted to support the claim. There remains a concern about the collation and retention of receipts for travel and subsistence, as appropriate receipts could not be found for 14 out of the 20 cases sampled. It was also noted Vale of White Horse District Council receipts were found in envelopes marked for South Oxfordshire District Council.	**Response from the Head of HR, IT and Customer** The guidance notes are clear about both the need to provide receipts, and about the administrative process that is to be followed. The system prompts managers to confirm that they have seen a receipt. Both have been changed since the original audit in response to the recommendations and the agreed actions. If receipts are not being sent through as required then this is, in my view, a failure of managers rather than of the system or of guidance notes. I have sent managers a reminder e-mail and a link to the guidance notes. Further measures could include disciplinary action taken against those who persistently fail to follow the required procedure.

Planned audit questions

6.

Member – Cllr Mike Murray	Report – Stationery System
Question What is the quantum of the stationery budget?	
IA Response In 2010/2011 the council budget for stationery was £75,060 with actual spend £37,647 . For 2011/2012 the budget is £22,570, with actual spend to date of £7,991.	**Officer Response** N/A

Financial implications

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

Legal implications

8.   None

Risk implications

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

ADRIANNA PARTRIDGE
AUDIT MANAGER