

Audit and Governance Committee Report



18 January 2012

Report of: **Audit Manager**

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To: Audit and Governance Committee

DATE: 18 January 2012

Report no. 60/11

Wards Affected
All

Internal audit management report quarter three 2011/2012

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 2011/2012 audit plan up to 31 December 2011; and
 - to summarise the priorities for quarter four 2011/2012.
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

- 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

- 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.
- 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 9 March 2011.

Management issues

- A business case is being submitted to management team by the audit manager, proposing that the internal audit team offers its internal audit service to town and parish councils within South Oxfordshire and the Vale of White Horse at a competitive chargeable rate. The head of finance and audit manager attended the town and parish council forums at both sites in November to ascertain interest in this proposal, and received a very positive response. The proposal is that the team would trial run the service with one or two town or parish councils from current resources, but if interest increased additional resources could be paid from the income generated.

Progress against the 2011/2012 audit plan

- Progress against the approved audit plan has been calculated for the quarter and year to date and is summarised in **appendix 1** attached.
- Performance figures are as follows:

	Target	YTD	Q1 11/12	Q2 11/12	Q3 11/12	Q4 11/12
Chargeable (identifiable client and/or specific IA deliverable)	72%	70%	70%	73%	68%	-
Non-Chargeable (corporate, not IA deliverable)	7%	6%	8%	7%	4%	-
Lost (i.e. leave, study, sickness)	21%	24%	22%	20%	28%	-

- As at 3 January 2012 the status of audit work against the 2011/2012 audit plan is as follows:

Planned

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

2011/2012	Planned	Complete	Draft	In progress	To commence
PLANNED	34	19	0	5	10
Joint	32	17	0	5	10
SODC	1	1	0	0	0
VWHDC	1	1	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 section 151 officer, members or senior management team (i.e. investigations).

2011/2012	Requested	Complete	Draft	In progress	To commence
ADHOC	7	4	0	1	2
Joint	4	2	0	0	2
SODC	1	0	0	1	0
VWHDC	2	2	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.

2011/2012	Requested	Complete	Draft	In progress	To commence
FOLLOW-UP	33	20	0	2	11
SODC	15	9	0	1	5
VWHDC	18	11	0	1	6

Priorities for 2011/2012 quarter four (January 2012 – March 2012)

10. The priority for quarter four is to:

- complete the annual audit plan 2011/2012 by the financial year end;

- prepare the annual audit plan 2012/2013 for approval by the committee at the March meeting; and
- draft a money laundering training programme for officers.

11 Planned audit work which is scheduled for quarter four can be reviewed in **appendix 2**.

Financial implications

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

Legal implications

13. None

Risk implications

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

ADRIANNA PARTRIDGE
AUDIT MANAGER