

Audit and Governance Committee Report



21 March 2012

Report of: **Audit Manager**

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To: Audit and Governance Committee

DATE: 21 March 2011

Report no. 85/11

Wards Affected
All

Comments on internal audit reports not presented to committee quarter four 2011/2012

Recommendation

That members note the content of the report

Purpose of report

1. The purpose of this report is to respond to questions raised on internal audit reports not presented to committee from quarter 4 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

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.

NNDR 2011/2012	Councillor Mike Murray
<p>a) Are bill suppressions really low risk? b) Please provide current year quantum figures. c) I note the write off recommendation was agreed but not implemented from last time - why was this please?</p>	
<p>IA Response a) This recommendation relates to improving record-keeping to ensure an adequate audit trail of action taken. Internal audit found no concerns with bill suppressions themselves or the action that had been taken. Capita know at any point in time how many cases are under bill suppression, and overall collection rates are high. Given the above, it is internal audit's opinion that the recommendation is low risk. b) VWHDC: 1) Number of Accounts - 3,725 live accounts 2) Net collectable debit - £55,360,972.50 3) Net Collected - £54,489,467.48 (98.43%)</p>	
<p>Officer Response – Trevor Gaffney, Capita Revenues Manager c) The process for the over £5k write-offs was being reviewed as the client stated the 'reasons for write off' text was not always conclusive and they required more detail. The process and detail has now been agreed with over £5k write-offs and the relevant documentation is now with the client team.</p>	
Time Management Follow Up 2010/2011	Councillor Mike Murray
<p>I note line managers are not signing time sheets - and have failed to implement this requirement - what is the senior management view on this? Is a reminder from HR enough?</p>	
<p>IA Response N/A</p>	
<p>Officer Response – Steve Bishop, Strategic Director (Section 151) The authorisation of timesheets is a basic control which is fundamental to the council's control environment. The reminder to line managers will be a work instruction. Failure to comply with it could constitute misconduct which may result in disciplinary action being taken by the council's chief finance officer.</p>	
Facilities Management Follow Up 2011/2012	Councillor Mike Murray

- a) What is the quantum (£ and / or sq ft) of sub let office space?
- b) Recommendation 5 re. contracts – The register is updated quarterly, but it is not clear if the whole register is now updated (and so is now clean) or do the quarterly updates merely relate to contracts (eg) renegotiated in the preceding quarter?

IA Response N/A

Officer Response – John Backley, Technical and Facilities Manager

a) Capita are the only tenants at Abbey House and rent 100m2. The total net area of the building is roughly 5,500m2, so Capita occupy roughly 1.8% of the building and pay an annual rent of £25,120.00.

Officer Response – Geoff Bushell, Performance, Projects and Customer Services Manager

b) The whole register is updated quarterly and is now clean.

Over the last year, the contracts register has been thoroughly cleansed and is now a subset of a county-wide contracts register covering all six Oxfordshire councils. The shared procurement hub officer (Annette Osborne) uses this wider register to identify inefficient differences in the way councils are purchasing specific goods and services, and is progressively bringing all councils onto the same arrangements for each commodity (where appropriate given differences between outsourced services and in-house provision) so that each council can benefit from the economies of scale and bulk purchasing, and national framework agreements that bring us nationally negotiated lower prices (e.g. gas and electricity).

A Vale and South extract from the master register is made every quarter and published on the website at www.whitehorsedc.gov.uk/contracts so that suppliers can know when a contract is due to expire. The future procurement options for expiring contracts are also reviewed by a group of procurement champions based in services - this is coordinated by the shared procurement team and meets every two or three months.

Having said that Vale contracts data is clean, it is slightly incomplete. Prior to the 2010 harmonisation with South's procurement team, Vale's procurement function was operated in a distributed rather than centralised mode, and there was then no contracts register. In other words, many Vale officers simply procured things. Some historical Vale contracts were set up by officers who have since left, and we have not been able to trace all the details of some contracts. However to prevent continuing spend in these areas, we separately go through the record of all the council's spend below £500 (which is extracted from the financial management system and published as part of our transparency arrangements at www.whitehorsedc.gov.uk/spending) and this helps us identify specific spends which need to be brought under control.

Relating to the internal audit recommendation, we are now moving a plethora of small facilities spends (which are time-consuming to manage) onto a county-wide framework for responsive and planned maintenance, covering plumbing, electrical work and small and large building works. This has involved a competitive tender of local suppliers and is expected to achieve savings and will significantly reduce officer time.

Overall, Vale's procurement arrangements have become much more robust and effective over the last 18 months, and the benefits of the shared procurement hub

are being shown for example in the savings made in the recent re-tendering of the grounds maintenance contract (full year 2012/13 = £90,100).

Financial implications

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

Legal implications

7. None

Risk implications

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

ADRIANNA PARTRIDGE
AUDIT MANAGER