

# Audit and Governance Committee Report



**11 July 2012**

Report of: **Audit Manager**

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To: Audit and Governance Committee

DATE: 11 July 2012

## **Internal audit management report quarter one 2012/2013**

### **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 2012/2013 audit plan up to 28 June 2012; and
  - to summarise the priorities for quarter two 2012/2013.
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. Managing our business effectively.

## 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 21 March 2012.

## Management issues

6. Internal audit has completed its trial run of providing internal audit services to a parish council. The fieldwork was completed within four days and covered:
  - governance arrangements
  - books of account
  - financial regulations
  - budgetary control
  - income and banking
  - petty cash
  - payroll
  - assets and investments
  - bank reconciliations
  - accounting statements
  - trust funds
  - anti-fraud and corruption arrangements
7. The work undertaken received a very positive response from the parish council, and it has generated a lot of interest from the neighbouring parishes. It is considered that there is a strong business case to pursue this service, and a presentation will be made to management team with a view to launching the service at the town and parish council forum in November.

## Progress against the 2012/2013 audit plan

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

	Target	YTD	Q1 12/13	Q2 12/13	Q3 12/13	Q4 12/13
<b>Chargeable</b> (identifiable client and/or specific IA deliverable)	70%	68.5%	68.5%	N/A	N/A	N/A
<b>Non-Chargeable</b> (corporate, not IA deliverable)	8%	5.5%	5.5%	N/A	N/A	N/A
<b>Lost</b> (i.e. leave, study, sickness)	22%	26%	26%	N/A	N/A	N/A

10. As at 28 June 2012 the status of audit work against the 2012/2013 audit plan is as follows:

Planned

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

2012/2013	Planned	Complete	Draft	In progress	To commence
<b>PLANNED</b>	<b>29</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>22</b>
Joint	26	1	1	5	19
SODC	2	1	0	0	1
VWHDC	1	0	0	0	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).

2012/2013	Requested	Complete	Draft	In progress	To commence
<b>ADHOC</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
Joint	1	0	0	0	1
SODC	1	0	0	1	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.

2012/2013	Requested	Complete	Draft	In progress	To commence
<b>FOLLOW-UP</b>	<b>28</b>	<b>4</b>	<b>0</b>	<b>10</b>	<b>4</b>
SODC	8	1	0	5	2

VWHDC	10	3	0	5	2
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### **Priorities for 2012/2013 quarter two (July 2012 – September 2012)**

11. The priority for quarter two is to:
- prepare a business case for management team on the provision of internal audit services to town and parish councils; and
  - review the money laundering control environment.
12. Remaining 2012/2013 planned audit work can be reviewed in **appendix 2**.

### **Financial implications**

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

### **Legal implications**

14. None

### **Risk implications**

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

ADRIANNA PARTRIDGE  
AUDIT MANAGER