

REPORT OF THE AUDIT MANAGER
TO THE AUDIT & GOVERNANCE COMMITTEE
18 MARCH 2009

Internal Audit Management Report Quarter 4 2008/2009

1.0 Introduction and Report Summary

1.1 The purpose of this report is:

- to report on management issues
- to summarise the progress of the internal audit team against the 2008/2009 audit plan up to the 9 March 2009.
- to summarise the priorities and planned audit work for the remainder of quarter 4 2008/2009.

1.2 The Contact Officer for this report is Adrianna Penn, Audit Manager for South Oxfordshire District Council and Vale of White Horse District Council, telephone (SODC) 01491 823544 and (VWHDC) 01235 547615.

2.0 Recommendations

that Members note the content of the report.

3.0 Relationship with the Council's Vision, Strategies and Policies

3.1 This report supports the Council's vision to build and safeguard a fair, open and compassionate community.

4.0 Background

4.1 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.

4.2 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 the 19th March 2008.

5.0 Management Issues

5.1 Auditor Vacancy

There was a significant interest in the Auditor position, and interviews were held on 23 and 24 February 2009. A formal offer has been made, and it is anticipated that the new Auditor will be in post by 30 March 2009.

5.2 Year-End Workplan

The team has made a significant effort to absorb the additional workload created by the vacant position, and this is evidenced by the reported increase this quarter in the level of chargeable work below. Planned audits remain on track, but there is potential for three audits to be in progress at the year-end.

5.3 Payroll

Following the appointment of the new shared management team, the payroll function will be moving to Finance from 1 April 2009. A management decision has been made for the Audit Manager to temporarily manage the payroll function on a consultancy/system development basis, in order to harmonise payroll processes and strengthen procedures and controls. It is anticipated that this arrangement will be in place for a period of 12 months, and the Audit Manager's time will be split 60 per cent on internal audit and 40 per cent on payroll. In order to maintain independence, Mazars (our internal audit contractors) will audit payroll for the next three years, and report on this audit directly to the Head of Finance. Payroll does not fall under the remit of this Committee, and will be monitored by the RSSP Strategic Board.

6.0 Progress against the 2008/2009 Audit Plan

6.1 Progress against the approved audit plan has been calculated for the quarter up to the 9 March 2009 and year to date and is summarised in **Appendix 2** attached.

6.2 Performance figures are as follows:

	Target	YTD	Q1 08/09	Q2 08/09	Q3 08/09	Q4 08/09
Chargeable	71.5%	70%	66.5%	67%	71%	78.5%
Non-Chargeable	10%	12%	14.5%	14.5%	9.5%	9.5%
Lost	18.5%	18%	19%	18.5%	19.5%	12%

6.3 The performance figures for Q4 show a positive trend towards reaching the annual targets. The section has made a significant effort this quarter to reduce the level of non-chargeable work, and there has also been a reduction in the level of lost days. The Audit Manager will report in more detail on annual performance at the next meeting.

6.4 As at the 9 March 2009, the status of audit work is as follows:

Planned

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

	Planned	Complete	Draft	In progress	To commence
PLANNED	48	29 (60.5%)	5 (10.5%)	10 (21%)	4 (8%)
Joint	34	18	4	9	3
SODC	6	4	1	1	0
VWHDC	8	7	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 S151 Officer, Members or Senior Management Team (i.e. investigations).

	Planned	Complete	Draft	In progress	To commence
ADHOC	5	3	0	0	2
Joint	0	0	0	0	0
SODC	4	2	0	0	2 (09/10)
VWHDC	1	1	0	0	0

Follow Up

Work undertaken to ensure that agreed recommendations have been implemented.

(To Be Updated)	Planned	Complete	Draft	In progress	To commence
FOLLOW - UP	55	30	0	25	0
SODC	25	14	0	11	0
VWHDC	30	16	0	14	0

7.0 Priorities for remainder of 2008/2009 Quarter 4 (January 2009 – March 2009)

7.1 The priority for the remainder of quarter 4 is:

- to complete the 2008/2009 planned audit programme;
- to allocate and plan for 2009/2010 quarter 1 planned audit work;
- to assist VWHDC Audit and Governance Committee in completing their self-assessment review.

7.2 Planned audit work which is currently ongoing and has been scheduled for quarter 4 is as follows:

Joint Audits	SODC Audits	VWHDC Audits
Agresso	Didcot Arts Centre	Oxfordshire Waste
Corporate Governance	Tourism	Partnership
Council Charges		
Creditor Payments (VWHDC)		
Disaster Recovery		
Emergency Planning		
Freedom of Information		
GIS		
Housing and Council Tax		
Benefits		
Human Resources		
Internal Recharges		
Payroll		
Performance Management		
Post Room (SODC)		
Stock Control (SODC)		
Sundry Debtors		

7.3 Follow-up work which is scheduled for quarter 4 is as follows:

Joint Audits	SODC Audits	VWHDC Audits
Consultation (VWHDC) Gifts and Hospitality (SODC) Out of Hours Data Protection (VWHDC) ICT	Bank Contract Planning Control Land Charges Licensing Bank Reconciliation Concessionary Fares	Affordable Housing Business Continuity Planning Discretionary Grants Guildhall Homelessness and Temp. Acc Land and Property Property Gazetteer Rent Accounting Tender Process

ADRIANNA PENN
 AUDIT MANAGER

PROGRESS AGAINST AUDIT PLAN 2008/2009

APPENDIX 1

System Name	Status	Audit Allocation	Total Days	Exception Issues	Audit Opinion	of		No. Agreed	Medium	No. Agreed	Low	No. Agreed	Total Not Agreed
						No. Recs	High						
As at 9 th March 2009													
JOINT													
Academy SODC VWHDC	Completed	20	19		Satisfactory Satisfactory	7 7	0 0	N/A N/A	5 5	5 5	2 2	1 1	1 1
Agresso SODC VWHDC	Draft Out	20	20										
Anti-Fraud and Corruption Policy SODC VWHDC	Completed	20	13.5		Limited Limited	11	4	4	5	5	2	2	0
Brown Bin Scheme SODC VWHDC	Completed	20	20.5		Limited Limited	6 10	0 4	N/A 4	4 4	4 4	2 2	2 2	0 0
Budgetary Control SODC VWHDC	Completed	20	23		Satisfactory Satisfactory	7 5	0 0	N/A N/A	1 0	1 N/A	6 5	6 5	0 0
Capital Accounting SODC VWHDC	Completed	20	14.5		Satisfactory Full	6 1	0 0	N/A N/A	5 1	5 1	1 0	1 0	0 0

	to 2009/2010			to outsource this function, and the contract is currently out to tender. This area will be reviewed in 2009/2010.		A	A	A	A	A	A	A	
Tourism (Marketing Contract)	In Progress	10											
VWHDC													
Bar Management	Completed	10	9		Satisfactory	6	0	N/A	2	2	4	4	0
Business Continuity Planning	Completed	10	8		Satisfactory	10	1	1	6	6	3	3	0
DSO	Completed	8	16	New Auditor	Limited	11	6	6	3	3	2	2	0
Gazatteer Unit	Completed	7	9		Satisfactory	7	0	N/A	3	3	4	4	0
Guildhall	Completed	10	8		Satisfactory	10	0	N/A	4	3	6	6	1
Oxfordshire Waste Partnership	TOR Sent	10											
Rent Accounting	Completed	10	9		Limited	10	3	3	4	3	3	3	1
Tender Process	Completed	10	17	New Auditor	Satisfactory	5	0	N/A	4	3.5	1	1	0.5
TOTALS	-	812	522			40	51	51	20	19	15	14	9.5
			.5		Full Satisfactory	3			2	8.5	2	6	
					Limited	14							
					Nil	0							

FOLLOW UP AUDITS 2007/2008

System Name	Total Days Used	Audit Opinion Issued	Total No. of Recs Agreed	Implemented	Partly Implemented	Not Implemented	Ongoing
SODC							
Building Control	0.5	Satisfactory	3	1	2	0	0
Didcot Wave and Leisure	0.5	Satisfactory	5 (1 now obsolete)	3	1	0	0
Elections	1	Limited	14	5	5	3	1
Housing Allocations	1.5	Satisfactory	6	5	1	0	0
Cleansing Service	0.5	Satisfactory	1	0	1	0	0
Waste Management	0.5	Full	1	1	0	0	0
Business Continuity Planning	0.5	Satisfactory	9	3	1	3	2
Dog Control	0.5	Limited	9	6	1	2	0
Data Protection	0.5	Limited	6	1	2	3	0
Housing Development	0.5	Satisfactory	5	2	0	2	1
Officers Travel and Subsistence	0.5	Satisfactory	9	5	1	3	0
VWHDC							
Refuse Collection and Street Cleansing	1	Satisfactory	8	3	2	3	0
Recycling	1.5	Satisfactory	12	5	3	4	0
Excess Charges	0.5	Good (now Full)	2	2	0	0	0
Health and Safety	2	Satisfactory	17	10	5	2	0
Insurance	1	Satisfactory	5	1	0	4	0
Cash	1	Satisfactory	23 (14 review in 08/09 work, 9	7	0	2	0

			followed up)				
SOLL Leisure	0.5	Satisfactory	6	6	0	0	0
Environmental Protection	0.5	Good (now Full)	4	3	1	0	0
Benefit Counter-Fraud (1 st)	1	Satisfactory	4	1	0	2	1
Elections	1	Satisfactory	6	6	0	0	0
Concessionary Fares	1	Satisfactory	6	2	0	3	1
Abingdon Local Services Point	1	Satisfactory	11	11	0	0	0
Benefit Counter-Fraud (2 nd)	1	Satisfactory	3	1	0	2	0
White Horse Tennis & Leisure Centre	0.5	Limited	4	2	0	1	1
TOTALS	20.5		164	92	26	39	7

FOLLOW UP AUDITS 2008/2009

System Name	Total Days Used	Audit Opinion Issued	Total No. of Recs Agreed	Implement ed	Partly Implement	Not Implement	Ongoing
SODC							
Petty Cash	0.5	Satisfactory	12	4	3	5	0
Complaints	0.5	Satisfactory	9	3	2	4	0
Consultation	0.5	Limited	17	0	17	0	0
VWHDC							
Gifts and Hospitality	0.5	Satisfactory	7	7	0	0	0
Bar Management	0.5	Satisfactory	6	6	0	0	0
TOTALS	2.5		51	20	22	9	0

UNPLANNED WORK 2008/2009

CONSULTANCY

System Name	Status	Audit Allocation	Total Days Used	Requested By
JOINT				
None	-	-	-	-
SODC				
Focus Group Cash Payments	Completed	3	6	Chief Executive
S106 Commuted Sums	On hold to Q1 2009/2010	5	3.5	Strategic Directors
VWHDC				
None	-	-	-	-

CONTINGENCY

System Name	Status	Audit Allocation	Total Days Used	Requested By
JOINT				
None	-	-	-	-
SODC				
Investigation 1	Completed	10	15	Chief Executive
VWHDC				
Investigation 1	Completed	To Completion	29.5	Strategic Director

SYSTEM DEVELOPMENT

System Name	Status	Audit Allocation	Total Days Used	Requested By
JOINT				
None	-	-	-	-

SODC				
Fit for the Future	On hold to Q2 2009/2010	-	-	Strategic Director
VWHDC				
None	-	-	-	-