

Joint Audit and Governance Committee



Report of Internal Audit Manager

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To: Joint Audit and Governance Committee

DATE: 25 March 2019

Internal audit management report quarter four 2018/2019

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 2018/2019 audit plan up to 8 March 2019; and
 - to summarise the priorities for quarter one 2019/2020.
2. The contact officer for this report is Victoria Hughes, Internal Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), telephone 01235 422430.

Strategic objectives

3. Delivery of an effective internal audit function will support the councils in meeting their strategic objectives.

Background

4. The Public Sector Internal Audit Standards (PSIAS) from 1 April 2017 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 resource requirements to deliver the plan, for audit committee approval. The joint committee approved the 2018/2019 annual internal audit plan on 26 March 2018.
5. The PSIAS also states that the head of internal audit must periodically report on performance relative to the plan.

Management issues

6. As stated in the January 2019 audit and governance committee, a corporate fraud has been engaged to perform an independent assessment of the current state of the corporate fraud and cyber security risks across SODC and VWHDC. The officer has been engaged for a period of four months, ending 31 March 2019.
7. Two agency auditors have been engaged since 17 January 2019 and 7 February 2019 for a period of five and six weeks respectively to back-fill the two vacant auditor posts. The agency auditors have been engaged to assist the audit team in the completion of the 2018/2019 key financial audits.
8. Recruitment for the two auditor posts is in progress; however, the auditor vacancies will impact the delivery of the 2018/2019 audit plan (see **appendix 1**). The 2019/2020 audit allocation calculation allows for two months to recruit to post (April and May 2019).

Progress against the 2018/2019 audit plan

9. As at 14 March 2019, 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 to date are as follows:

	Target	YTD	Actuals by Quarter			
			Q1 18/19	Q2 18/19	Q3 18/19	Q4 18/19
Chargeable (identifiable client and/or specific IA deliverable)	74%	69.5%	78%	76%	80.5%	85%
Non-Chargeable (corporate, not IA deliverable)	9%	11.5%	4.5%	9%	7%	7%
Planned Lost (i.e. leave)	15%	17.5%	16%	13.5%	11%	4%
Unplanned Lost (i.e. study, sickness)	2%	1.5%	1.5%	1.5%	1.5%	4%

10. As at 14 March 2019 the status of audit work against the 2018/2019 audit plan is as follows:

Planned

Strategic, operational and financial assurance work known and approved by the audit and governance committee.

2018/2019	Planned	Complete	Draft	In progress	To commence
Planned	24	9	1	8	3 in Q4 3 carry forward 19/20
Joint	24	9	1	8	3 in Q4 3 carry forward 19/20
SODC	0	0	0	0	0
VWHDC	0	0	0	0	0

Ad-hoc

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).

2018/2019	Requested	Complete	Draft	In progress	To commence
Ad-hoc	0	0	0	0	0
Joint	0	0	0	0	0
SODC	0	0	0	0	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 unless the area is subject to an annual review.

2018/2019	Requested	Complete	Draft	In progress	To commence
Follow up	0	2	0	1	3
Joint	0	2	0	1	3
SODC	0	0	0	0	0
VWHDC	0	0	0	0	0

Priorities for 2019/2020 quarter one (April 2019 – June 2019)

11. The priorities for quarter one are to:
- Complete 2018/2019 audits in progress at year end.
 - Commence 2019/2020 planned audit work.
 - Review and update the internal audit charter.
12. Remaining 2018/2019 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.

VICTORIA HUGHES
INTERNAL AUDIT MANAGER