

Joint Audit and Governance Committee



Report of Internal Audit Manager

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To: Joint Audit and Governance Committee

DATE: 27 January 2020

Internal audit management report quarter three 2019/2020

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 2019/2020 audit plan up to 31 December 2019; and
 - to summarise the priorities for quarter four 2019/2020.
2. The contact officer for this report is Victoria Dorman-Smith, Internal Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), telephone 01235 422430.

Strategic objectives

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

Background

- 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 2019/2020 annual internal audit plan on 25 March 2019.
- The PSIAS also states that the head of internal audit must periodically report on performance relative to the plan.

Management issues

- Due to two auditor vacancies, two agency auditors were engaged for a total of 18 weeks at the beginning of quarter three to assist the audit team in the completion of the 2019/2020 key financial audits. Following continued recruitment activity in the quarter, the two vacancies were filled by Patricia Kilker and John Tredrea on 21 October 2019 and 18 November 2019 respectively. The contracts with the two agency auditors ended on 25 October 2019 and 15 November 2019.

Progress against the 2019/2020 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 to date are as follows:

	Target	YTD	Actuals by Quarter			
			Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20
Chargeable (identifiable client and/or specific IA deliverable)	75%	69%	70%	72.5%	69%	-
Non-Chargeable (corporate, not IA deliverable)	9%	11.5%	10%	14%	16.5%	-
Planned Lost (i.e. leave)	14%	18%	17.5%	13.5%	12.5%	-
Unplanned Lost (i.e. study, sickness)	2%	1.5%	2.5%	0%	2%	-

- As at 31 December 2019 the status of audit work against the 2019/2020 audit plan is as follows:

Planned

Strategic, operational and financial assurance work known and approved by the joint audit and governance committee. Two planned audits (health and safety, performance management) have been delayed until at least 2020/21 for the following reasons (see **appendix 1**):

- **Health and Safety** - an external health and safety consultant has been engaged by the programmes and assurance manager during quarter three to undertake a strategic health and safety review across both councils. Therefore, the audit has been delayed until the completion of this review.
- **Performance Management** - the SODC and VWHDC corporate plans for 2020-2024 are undergoing review, hence the audit has been delayed until the plans are implemented.

2019/2020	Planned	Complete	Draft	In progress	To commence
Planned	24	6	3	8	5 in Q4 2 audits delayed
Joint	22	5	3	8	4 in Q4 2 audits delayed
SODC	1	1	0	0	0
VWHDC	1	0	0	0	1 in Q4

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).

2019/2020	Requested	Complete	Draft	In progress	To commence
Ad-hoc	0	0	0	0	0
Joint	0	0	0	0	0
SODC	1	0	0	0	1
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.

2019/2020	Requested	Complete	Draft	In progress	To commence
Follow up	0	0	0	0	5
Joint	0	0	0	0	5
SODC	0	0	0	0	0
VWHDC	0	0	0	0	0

Priorities for 2019/2020 quarter four (January 2020 - March 2020)

- The priorities for quarter four are to:
 - Complete planned audit work, in line with the 2019/2020 audit plan;
 - Develop draft 2020/2021 audit plan
- Remaining 2019/2020 planned audit work 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.

VICTORIA DORMAN-SMITH
INTERNAL AUDIT MANAGER