

Joint Audit and Governance Committee



AGENDA ITEM

Report of Internal Audit Manager

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To: Joint Audit and Governance Committee

DATE: 25 January 2022

Internal audit management report quarter three 2021/22

Recommendation(s)

- (a) 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 2021/22 audit plan up to 17 January 2022; and
 - to summarise the priorities for quarter four 2021/22.
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 07766 780835, email victoria.dorman-smith@southandvale.gov.uk.

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), effective from 1 April 2017, state 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 Audit and Governance Committee approved the 2021/22 annual internal audit plan on 30 March 2021.
5. The PSIAS also states that the head of internal audit must periodically report on performance relative to the plan.

Management issues

6. The internal audit manager returned from maternity leave on 22 November 2021, consequently the contract with the interim internal audit manager, Richard Green ended on 26 November 2021.

Progress against the 2021/22 audit plan

7. Progress against the approved audit plan for 2021/22 has been calculated for the quarter and year to date and is summarised in **appendix 1** attached.
8. Performance figures to date are as follows:

	Target	YTD	Actuals by Quarter			
			Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22
Chargeable (identifiable client and/or specific IA deliverable)	76%	55%	54%	58%	56%	-
Non-Chargeable (corporate, not IA deliverable)	7%	21%	20.5%	22%	20%	-
Planned Lost (i.e. leave)	14.5%	19%	21.5%	12%	22%	-
Unplanned Lost (i.e. study, sickness)	2.5%	5%	4%	8%	2%	-

9. As at 17 January 2022 the status of audit work against the 2021/22 audit plan is as follows:

Planned

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

2021/22	Planned	Not Performed (Removed)	Deferred	To commence Q4	In progress	Completed or Draft Out
Total	34	7	6	8	5	8
Joint	32	5	6	8	5	8
SODC	1	1	0	0	0	0
VWHDC	1	1	0	0	0	0

Based on the internal audit manager's assessment of the remaining audits (in progress and to commence in Q4), available audit hours to 31 March 2022, and suitability of audits at this time, the following updates have been made to the annual audit plan:

Audits to remove

Audit Area	Audit Type	Comments
Payroll	Key Financial	Payroll not audited in 21/22, due to the previous audit being reported in July 2021. However, a follow up of the previous audit recommendations will be performed in Q4 and the next payroll audit will be scheduled for Q1 of 22/23. Payroll is replaced by Learning and Development.
Pro-Active Anti-Fraud Review	Key Financial	Review of fraud risks considered in every audit now – new scoping template to support this. Separate audit not required.
Receipt & Collection of Income	Operational	Replaced by a Cash Office audit, which is already completed.
Didcot Community Facilities	Consultancy	Work is either underway or under consideration in these areas, so no value to be gained at this stage from a consultancy review.
Cornerstone	Consultancy	
The Beacon	Consultancy	
Corporate Landlord	Consultancy	

Audits to defer

Audit Area	Audit Type	Comments
Estates & Facilities Management	Operational	This area is moving under Corporate Landlord model, which is a work in progress. No added value from an internal audit in 21/22
IT Operations	Operational	Significant work on IT strategy currently in progress, defer audit to a later date, once finalised.
Planning Applications	Operational	Review of the development management process currently being commissioned. No added value from an internal audit.
Planning Enforcement	Operational	Recent Council paper considered planning enforcement, therefore audit deferred.
Procurement	Operational	New procurement strategy in place – audit in 22/23 to review progress.
Whistleblowing & Fraud	Operational	Audit not required, no areas of concern or high risk.

Audits to commence in Q4

Audit Area	Audit Type	Comments
Capital Management & Accounting	Key Financial	Annual review of the capital financial strategy and asset management plan, capital contracts and budget monitoring, and the completeness and accuracy of the asset register.
Housing Benefits & Council Tax Reduction Scheme	Key Financial	Annual review of housing benefits and CTRS payments, benefit assessments and subsidy claims, and benefit overpayments.
Follow Up of Payroll 20/21 Recommendations	Key Financial	Payroll not audited in 21/22, due to the previous audit being reported in July 2021. However, a follow up of the previous audit recommendations will be performed in Q4.
Brown Bins	Operational	Audit initially started in June 2021 and will recommence in Q4; however, the audit scope will be revisited to address current risks.
Disposal of Assets & Property	Operational	Disposal's strategy newly implemented (Sep-21). Limited review of policy contents and any disposals since adoption of new policy.
Information Governance (incl. SAR, GDPR, FOI)	Operational	No specific areas of concern and last audited in 17/18.
Learning & Development	Operational	Replaces Payroll 21/22 audit.
S106/CIL	Operational	Review of income collection.

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).

2021/22	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.

2021/22	Requested	Complete	Draft	In progress	To commence
Follow up	0	5	0	0	1
Joint	0	4	0	0	1
SODC	0	0	0	0	0
VWHDC	0	1	0	0	0

Priorities for 2021/22 quarter four (January – March 2022)

10. The priorities for quarter four are to:
 - Continue the planned audit work for 2021/22, in line with the audit plan;
 - Prepare the annual audit plan for 2022/23;
11. The schedule for remaining 2021/22 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