

# Joint Audit and Governance Committee

Report of Audit Manager

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To: Audit and Governance Committee

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## Internal audit activity report quarter one 2015/2016

### Recommendations

- (a) That members note the content of the report

### Purpose of Report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity at both councils for the committee to consider. The committee is asked to review the report and the main issues arising, and seek assurance that action will be/has been taken where necessary.
2. The contact officer for this report is Adrianna Partridge, Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), telephone 01235 540389.

### Strategic Objectives

3. Managing our business effectively.

## Background

4. Internal audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of the Council's objectives. It assists the councils by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work, and recommending improvements where necessary. After each audit assignment, internal audit has a duty to report to management its findings on the control environment and risk exposure, and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.

5. Assurance ratings given by internal audit indicate the following:

**Full assurance:** There is a good system of internal control designed to meet the system objectives and the controls are being consistently applied.

**Substantial assurance:** There is a sound system of internal control designed to meet the system objectives and the controls are being applied.

**Satisfactory assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

**Limited assurance:** There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.

**Nil assurance:** Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

6. Each recommendation is given one of the following risk ratings:

**High Risk:** Fundamental control weakness for senior management action

**Medium Risk:** Other control weakness for local management action

**Low Risk:** Recommended best practice to improve overall control

## 2015/2016 Audit Reports

7. Since the last Audit and Governance Committee meeting, the following audits and follow up reviews have been completed:

### Completed Audits

Full Assurance: 5

Substantial Assurance: 9

Satisfactory Assurance: 0

Limited Assurance: 0

Nil Assurance: 0

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	Agenda Item 8		
						No. Agreed	Low Risk Recs.	No. Agreed
<b>SODC</b>								
Treasury Management 1415	Full	0	0	0	0	0	0	0
Creditor Payments 1415	Substantial	1	0	0	1	1	0	0
Housing Bens and CTRS 1415	Full	1	0	0	0	0	1	1
NNDR 1415	Substantial	2	0	0	0	0	2	2
Sundry Debtors 1415	Substantial	3	0	0	1	1	2	2
Council Tax 1415	Substantial	4	0	0	0	0	4	4
Pro-active Anti-fraud 1415	Substantial	1	0	0	1	1	0	0
<b>VWHDC</b>								
Treasury Management 1415	Full	1	0	0	0	0	1	1
Creditor Payments 1415	Substantial	1	0	0	1	1	0	0
Housing Bens and CTRS 1415	Full	1	0	0	0	0	1	1
NNDR 1415	Substantial	2	0	0	1	1	1	1
Sundry Debtors 1415	Full	2	0	0	0	0	2	2
Council Tax 1415	Substantial	3	0	0	0	0	3	3
Pro-active Anti-fraud 1415	Substantial	3	0	0	1	1	2	2

### Follow Up Reviews

	Initial Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing
Anti-fraud and corruption policies 1415	Limited	6	1	1	4	0
Bank contract and arrangements 1415	Full	1	1	0	0	0
Contact monitoring 1415	Full	2	1	0	1	0
Travel and subsistence 1415	Full	2	2	0	0	0
<b>VWHDC</b>						
Anti-fraud and corruption	Limited	6	1	1	4	0

policies 1415					<b>Agenda Item 8</b>	
Bank contract and arrangements 1415	Full	1	1	0	0	0
Contact monitoring 1415	Full	2	1	0	1	0
Travel and subsistence 1415	Full	2	2	0	0	0

8. Members of the committee are asked to seek assurance from the internal audit reports and/or respective managers that the agreed actions have been or will be undertaken where necessary.
9. A copy of each report has been sent to the appropriate service manager, the strategic management board, the section 151 officer and the relevant member portfolio holder. In addition to the above arrangements, reports are now published on the councils' intranet.
10. Internal audit continues to carry out a six month follow up on all non-financial and non-key financial audits to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.

### **Overdue Recommendations**

11. **Appendix 1** of this report summarises all overdue recommendations within each service area. Whilst attempts have been made by internal audit and officers to review and update all of the recommendations, there have been access issues to the system which has prevented a full update. The report has been circulated to the relevant service manager, heads of service, the strategic management board and the portfolio holder.

### **Financial Implications**

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

### **Legal Implications**

13. None.

### **Risks**

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

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AUDIT MANAGER