

Division(s): N/A

AUDIT COMMITTEE –8 May 2012

INTERNAL AUDIT 2011/12 PROGRESS REPORT AND 2012/13 QUARTER 1 PLAN

Report by the Assistant Chief Executive and Chief Financial Officer

INTRODUCTION

1. This report covers the following:
 - Status of 2011/12 planned audits
 - 2012/13 Quarter 1 Internal Audit Plan
 - 2012/13 Counter-fraud Plan

STATUS OF THE 2011/12 PLANNED AUDITS

2. The last progress report was presented to the Audit Committee on 18 January 2012. The report highlighted delays in the performance of completing audits. In the final quarter priority has been given to completing the planned audit work by the target date of 30 April 2012. Whilst for the majority of the plan this will be achieved, there are a small number of audits that will not be completed until the middle of May 2012.
3. The following table details the audits completed since the 18 January 2012. Summaries of the conclusions from these audits are attached as Annex 1 to this report.

Directorate	Audit	Opinion
E&E	Home to Schools Transport contracts	Unacceptable
	Energy Strategy	Issues
	Highways and Transport Contract	Issues
	Pensions Fund	Acceptable
	Governance and Financial Management Audit of Facilities Management Knights Court	Unacceptable

E&E OCS	System Mapping of Imprest Accounts and Procurement Cards	Issues
	Governance and Financial Management Audit – Health & Safety Management Letter – follow up of 2010/11 management actions	n/a
	Pensions Admin	Acceptable
	Schools Support	Acceptable
	Government Code of Connection	Issues
	Access to Systems	
<u>CEF</u>	CEF Governance and Financial Management – Project Management	Issues
	CEF Governance and Financial Management – East Oxford Hub	Issues
	Schools Assurance - Schools Capital Accounting	Issues
	Early Years – Delivery of Savings Plan	Issues
	CEF Contract Management Audit – Integrated Children’s Community Therapies Services Contract	Issues
	CEF Governance and Financial Management – Overall Directorate Report	Issues
<u>SCS</u>	SCS Governance and Financial Management – Trading Standards	Issues
	SCS Contract Management Audit: SCS Carers Support Service	Issues
	Contract Procurement & Contract Management audit – SCS & E&E Introduction of RFID in Libraries	Issues
	Contract Procurement & Contract Management audit – SCS & E&E Redbride Hollow	Issues

	Contract Procurement & Contract Management audit – SCS Learning Disabilities Specialist Health	Issues
	Contract audit – Commissioning Reablement Contract	Issues
	S&CS Governance and Financial Management – Overall Directorate Report	Issues
<u>CEO</u>	Governance and Financial Management Audit – Risk Management Corporate Findings Management Letter	Issues
	Governance and Financial Management – Authority and Governance Corporate Findings	Issues
	Business Strategy Programme	Issues

4. There are two audits with opinions of “unacceptable level of control. The first, Home to Schools Transport Contracts, was discussed at the AWG on 5 April 2012. The Manager attended the meeting and gave positive assurance that a number of actions have already been implemented, and others are on track in accordance with the timescales set. A follow-up audit is being scheduled for Q2.
5. The second case relates to the financial management audit of Knights Court. Management have responded very positively to the audit, and initiated an action plan that should be completed by the next AWG on 21 June. The Manager of Knights Court has been invited to attend that meeting to assure the Group that actions have been implemented and are effective.
6. The following audits will be completed by 18 May 2012:

Directorate	Audit	Current Status
EE	Governance and Financial Management – Overall Directorate	Draft Report
EE OCS	Procurement Strategy and Governance	Testing
	Compliance with Contract Procedure Rules	Testing
	Accounts Payable	Testing
	Payroll	Draft Report
	Accounts Receivable	Testing
	Capital Accounting	Exit Meeting
	General Ledger & Main Accounting	Testing
CEF	Review of Early Intervention Hubs	Draft Report

	Part 2	
CEO	Governance and Financial Management – Overall Directorate	Draft Report
	Governance and Financial Management – Budgetary Control – corporate findings	Draft Report

2012/13 QUARTER 1 PLAN

7. The plan for the first quarter of 2012/13 is attached as Annex 2 to this report.
8. It is expected the audits identified will extend into Quarter 2 as the team is not fully resourced at present. A Principal Auditor remains on maternity leave and is not expected back until July 2012. The three vacant Senior Auditor posts are currently in the recruitment process. Interviews were scheduled for week commencing 26 April 2012. An update will be provided at the meeting. Agreement has been obtained through the job evaluation process for a career grading of the vacant Principal Auditor post, and this will be advertised week commencing 30 April 2012.
9. The contract for Computer Audit ended on 31 March 2012. A new contract is currently out to tender with a closing date of 18 May 2012, and a planned commencement date of 1 June 2012.
10. To provide additional support with the delivery of the Q1 Plan, a “Principal Auditor” from Deloitte has joined the team on a secondment basis that may extend into Q2 depending on the outcome of the recruitment.

2012/13 Counter-Fraud Plan

11. Attached as Annex 3 to this report is the Counter-fraud Plan for 2012/13. This area of internal audit activity was under resourced last year as priority was given to assurance based audits; however, Counter-fraud will be given a higher priority during 2012/13. The resourcing of the plan will be finalised once the outcome of the recruitment is known. An Audit Manager has been assigned to manage this work, and similar activity in Buckinghamshire County Council to provide a consistent approach. Whilst it is not known at this time who the Counter-fraud work will be assigned to, it is expected that some training will be required for both the team as a whole, and for individuals; funding is available for this. It has already been identified that team training is required for better utilisation of SAP reporting, and also the use of IDEA, which is software designed for data analysis.
12. In the autumn 2012, the biennial National Fraud Initiative data matching exercise commences, and the Council will be required to submit various data sets. The output is usually available the following January.

RECOMMENDATION

The Committee is **RECOMMENDED** to:

- a) note the report; and
- b) approve the Quarter Plan and the Counter-Fraud Plan

Ian Dyson
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Background papers: None.

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