

Division(s): N/A

AUDIT and GOVERNANCE COMMITTEE – 4 July 2012

INTERNAL AUDIT 2012/13 PROGRESS REPORT AND QUARTER 2 PLAN

Report by the Assistant Chief Executive and Chief Financial Officer

INTRODUCTION

1. The Internal Audit Plan for Quarter 2 is attached as appendix 1 to this report, and includes a progress status on the Q1 planned activity.
2. Whilst work is progressing with the 2012/13 plan, the focus has been on concluding the 2011/12 work. In addition there are vacancies in the team that has resulted in delays in commencing the 2012/13 work.
3. There are two vacancies, a senior auditor post, and a principal auditor post. We have appointed two Senior Auditors, both of whom started in Q1; we are interviewing for the Principal Auditor post on 27 June 2012. There remains one member of staff on maternity leave; she is due to return in Q2. To cover the resource shortfall we are bringing in three audit professionals on secondment from Deloitte PSIA until the end of December 2012.
4. The action tracking software is now operational, and used to generate the management reports for Directorate Leadership Teams and for the last Audit Working Group (21 June 2012). The implementation has been successful, with all 2011/12 actions on the system, and there has been good engagement from managers in using the system.

2011/12 AUDIT PLAN

5. The following audits have been concluded since the last report to the Audit Committee (summaries of the key findings are attached as appendix 2):

	Directorate	2011/12 Audits	Opinion
1	E&E	Property and Facilities Procurement	Acceptable
2	E&E	Waste Collection Contract Management	Issues
3	OCS	Procurement Strategy, Governance & Communication	Issues
4	OCS	Accounts Payable	Unacceptable
5	OCS	Capital Accounting (Part 1)	Acceptable
6	OCS	Schools Support	Acceptable

7	OCS	Payroll	Issues
8	OCS	Pensions Admin	Acceptable
9	OCS	Accounts Receivable	Acceptable
10	OCS	General Ledger & Main Accounting	Acceptable
11	OCS	Government Code of Connect	Issues
12	CEO	Governance and Financial Management – Budgetary Control Corporate Management Letter	ISSUES
13	CEF	Early Intervention Hubs – Systems Management Letter	N/A – no overall conclusion
14	E&E	Governance and Financial Management – E&E main directorate report	ISSUES
15	CEO	Governance and Financial Management – CEO main directorate report	ISSUES

6. There remains one audit outstanding from 2011/12. It was expected that we would be able to report on the conclusions from our audit of Compliance with Contract Procedure Rules. The report has been prepared but has not been issued as our quality assurance process has identified several queries regarding the output from the audit which are not yet resolved.

Counter - Fraud

Investigations

7. There are three investigations currently being undertaken by Internal Audit. The resource for the investigations has been outsourced; the investigation team consists of an Investigations Manager and a Principal Investigations Officer from Wokingham Borough Council.
8. The investigations should be concluded by the end of July 2012. The cost of the investigations will be recharged to the relevant Directorate.

Proactive Testing

9. We are not currently undertaking any proactive fraud testing.

National Fraud Initiative (NFI)

10. The timescale for the 2012/13 NFI exercise has been finalised. The data will be submitted for matching on the 1 October 2012, with any matches being released to the County Council for investigation on the 31 January 2013.

Counter-Fraud Work Plan

11. A 2012/13 Counter-Fraud work plan has been collated. The main priorities for 2012/13 are:
 - To undertake awareness raising of fraud issues and risks within each Directorate.
 - Produce a fraud risk assessment to inform areas for pro-active fraud testing.
 - Undertake proactive anti-fraud testing to provide assurance on effectiveness of fraud controls.
 - Develop a joined up approach to investigating fraud and corruption allegations and maintain close working relationships with other sections of the Council.
12. Work on completing the actions within the plan has commenced.

RECOMMENDATION

The committee is RECOMMENDED to note the report.

Ian Dyson
Chief Internal Auditor

Background papers: None.

Contact Officer: Ian Dyson 01865 323875