
Internal audit summary report for Audit and Governance Committee

February 2013



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Plan outturn

2012/13 Audit Plan

We have undertaken work in accordance with the 2012/13 Internal Audit Plan which was approved by the Audit and Governance Committee at its meeting in April 2012.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. At the time of this meeting of the Audit and Governance Committee, we have completed 170 days out of a total planned 220 days (77%). This is in line with the agreed profile of work.

We have continued to review our Audit Plan on an ongoing basis to ensure that it meets Oxford City Council's (the Council) risks. On that basis, we have made the following revisions to our audit plan as outlined below:

- Our original plan included 8 days to review Data Quality. It has been agreed with management that our controls work relating to Data Quality is covered through the Risk Management and Performance audit and the review has been cancelled. These days have been utilised for a value enhancement review of Standard Operating Procedures;
- The scope of the Standard Operating Procedures review has been calculated as taking 5 internal audit days. The remaining 3 days have been placed as a contingency for any overruns or additional reviews to be performed.

The standards that Internal Audit in local government is expected to operate to are changing. From April 2013, the new Public Sector Internal Audit Standards will replace the CIPFA Code. We will be updating our internal audit charter to reflect the new standards and will bring this to a future meeting of the Committee. We will also produce a briefing note on the new standards for the Committee's information.

Reporting Activity and Progress

Final reports issued since the previous meeting

General Ledger

We have classified our findings in this area as **Low Risk**.

The Council has continued to improve controls relating to general ledger processing. No control design issues were noted this year and only one medium risk issue has been identified relating to the authorisation of journals. One low risk issue has been raised regarding timely performance of reconciliations.

Payroll

We have classified our findings in this area as **Low Risk**.

Payroll performance is comparable to last year and the control environment continues to be strong. Only one issue has been noted:

- One member of staff was paid for two months after their leave date, this was due to the leaver form not being forwarded to Payroll at the time the employee left; and, that one leaver had exceeded their annual leave entitlement and no adjusting calculation was made.

Creditors

We have classified our findings as **Medium Risk**.

Performance has significantly improved since last year. No control design issues were noted this year but the Council need to ensure they adhere to processes in place to ensure these controls operate effectively. The implementation of purchase to pay (P2P) should ensure that the majority of these issues are addressed (authorisation, date stamping, raising of purchase orders and documenting goods receipt checks) however the findings noted will remain risks for any invoices processed outside of the P2P process.

The report has been included in full as part of these papers.

Debtors

We have classified our findings as **Medium Risk**.

The overall control environment within the Debtors function is strong and the increase in risk rating this year is largely due to non-compliance by other departments across the organisation with procedures: for example, authorisation of sales orders and timeliness of invoice processing. The Debtors function should ensure departments are reminded of their responsibility to comply with these procedures to maintain good performance.

The report has been included in full as part of these papers.

Barton Project

This was a value enhancement review conducted at the request of management. No overall classification has been provided and the report will be presented separately to this meeting.

Fieldwork and draft reports

Draft reports have been issued and/or fieldwork has commenced in the following areas: -

- Direct Payments;
- Budgetary Control and Efficiency Savings;
- P2P implementation;
- Collection Fund;
- Disaster Recovery and Business Continuity;
- Risk Management and Performance;
- Standard Operating Procedures;
- Health and Safety – Housing and Communities and Corporate Assets;
- Member Development;
- Fixed Assets; and
- Policy Review.

Appendix 1 – Plan Progress

Ref	Auditable Unit	Indicative number of AuditDays	Status/Revisions to plan
A	Cross-cutting Processes		
A.1	General Ledger	5	Completed.
A.2	Creditors	5	Completed.
A.3	Budgetary Control and Efficiency Savings	5	Fieldwork completed.
A.4	Collection Fund	10	Fieldwork completed.
A.5	Housing Benefits	5	Fieldwork completed.
A.6	Fixed Assets	5	Fieldwork completed.
A.7	Car Parking	5	Completed.
A.9	Governance	2	To commence in Q4.
A.10	Risk Management and Performance	10	Fieldwork commenced.
A.12	Debtors	5	Completed.
A.14	Payroll	5	Completed.
	TOTAL	62	
B	Department Level		
B.1	Finance – Fixed Asset Register Implementation	5	To commence in Q4.
B.2	Finance – Year end Support	5	To commence in Q4.
B.3	Finance – Insurance	5	Completed.
B.4	Corporate Assets – Commercial Property Follow Up	5	Completed.
B.5	Housing and communities – Northgate testing	-	Review cancelled as Capita undertook this work. Days to be utilised for Health and Safety review. See VE.7.
B.6	Housing and Communities – Direct Payments	7	Fieldwork completed.
B.7	Business Improvement – Data Quality (DQ)	-	Review cancelled as DQ covered in Risk Management review. Days utilised for Standard Operating Procedure review. See VE.9.
B.8	Direct Services – Garden Waste	5	Completed.
B.9	Law and Governance – Business Continuity	5	Scoping commenced.
B.10	ICT Strategy – Windows Licensing	13	To commence in Q4.
B.11	ICT – Lagan Post Implementation and Benefits Realization	10	To commence in Q4.
B.12	People and Equalities – Health and Safety	5	Completed.
	TOTAL	65	
VE	Value Enhancement		

VE.1	Law and Governance – Member Development	10	Scoping commenced.
VE.2	Direct Services – Transport Services VfM and Trading Services	10	To commence in Q4.
VE.3	Business Improvement – P2P Implementation	5	Scoping commenced.
VE.4	Fraud Risk Assessment	5	Completed.
VE.5	People and Equalities – Policy Review	10	Draft report.
VE.6	Corporate Asset – Asset Management Strategy	5	To commence in Q4.
VE.7	Health and Safety – Housing and Communities and Corporate Assets	5	Fieldwork completed.
VE.8	Barton Project	5	Completed.
VE.9	Standard Operating Procedures	5	Draft report.
	TOTAL	60	
	Follow up	5	Ongoing.
	Audit Management	25	Ongoing.
	Contingency	3	Scope to be agreed.
	TOTAL	220	
	2011/12 Roll Forward		
RF.1	Repairs and Maintenance	4	Completed.
RF.2	Project Management	-	Days utilised for Barton Project review. See VE.8.

Summary of recommendations (cross cutting and departmental only)

Assignment	High (10 points)	Medium (3 points)	Low (1 point)	TOTAL POINTS	Overall Risk Rating
General Ledger	0	1	1	4	LOW
Debtors	0	2	1	7	MEDIUM
Creditors	0	2	3	9	MEDIUM
Payroll	0	1	0	3	LOW
Health and Safety	0	1	2	5	LOW
Insurance	0	2	4	10	MEDIUM
Car Parking	0	0	4	4	LOW
Commercial Property	0	1	2	5	LOW
Garden Waste	0	1	2	5	LOW
Total	0	11	19	-	-

Appendix 2 – Recent PwC Publications

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. The PricewaterhouseCoopers Public Sector Research Centre (PSRC) produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

Under Pressure: Securing success, managing risk in public services

Government is still in the foothills when it comes to reducing the public debt mountain and demand for public services just keeps growing. Public sector organisations must deal with overwhelming pressure to cut costs, while continuing to deliver and improve public services.

Our new book, *Under Pressure: Securing success, managing risk* is a practical guide for government on how to deliver public service reform and identify, manage and avoid failure as public services open out to new and different providers.

All publications can be read in full at www.psrc.pwc.com/.

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