

AUDIT COMMITTEE	AGENDA ITEM No. 8
28 MARCH 2011	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
Committee Member(s) responsible:	Councillor Mark Collins, Chair of Audit Committee	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	☎ 384 557

FEEDBACK REPORT

1. ORIGIN OF REPORT

- 1.1 This is a standard report to Audit Committee which forms part of its agreed work programme.

2. PURPOSE AND REASON FOR REPORT

- 2.1 This standard report provides feedback on items considered or questions asked at previous meetings of the Committee. It also provides an update on any specific matters which are of interest to the Committee or where Committee have asked to be kept informed of progress.

3. FEEDBACK RESPONSES

- 3.1 Feedback items are set out in the following appendices:
- **Appendix A** - items have been actioned and agreed at subsequent Audit Committee meetings.
 - **Appendix B** – outstanding items, not yet actioned / agreed by Committee.

AUDIT COMMITTEE: RECORD OF ACTION TAKEN (COMPLETED / AGREED BY COMMITTEE)

MUNICIPAL YEAR: MAY 2010 - APRIL 2011

DATE ISSUE RAISED	SUBJECT / ITEM	AUDIT COMMITTEE COMMENTS	OFFICER RESPONSIBLE	ACTION TAKEN	SIGN OFF DATE																		
7 June 2010	Agenda Item 5: Fraud & Irregularity Annual Report 2009 / 2010	To provide figures of how many blue badge applications were being dealt with on a yearly basis.	Diane Baker	Blue badge statistics show that for the last full year, and the first 2 months of the new year: <table border="1"> <thead> <tr> <th></th> <th>2009 / 2010</th> <th>Apr'10-May'10</th> </tr> </thead> <tbody> <tr> <td>New Applications</td> <td>968</td> <td>121</td> </tr> <tr> <td>Renewals</td> <td>2,131</td> <td>325</td> </tr> <tr> <td>ISSUED</td> <td>3,099</td> <td>446</td> </tr> <tr> <td>Refused</td> <td>68</td> <td>4</td> </tr> <tr> <td>Total Applications</td> <td>3,167</td> <td>450</td> </tr> </tbody> </table>		2009 / 2010	Apr'10-May'10	New Applications	968	121	Renewals	2,131	325	ISSUED	3,099	446	Refused	68	4	Total Applications	3,167	450	28 June 2010
	2009 / 2010	Apr'10-May'10																					
New Applications	968	121																					
Renewals	2,131	325																					
ISSUED	3,099	446																					
Refused	68	4																					
Total Applications	3,167	450																					
28 June 2010	THERE WERE NO REQUESTS FOR FURTHER INFORMATION FOLLOWING THIS MEETING				6 Sept 2010																		
6 Sept 2010	Agenda Item: 10 Internal Audit Quarter 1 Progress Report	To provide further information regarding whether the limited assurance provided for a number of schools was down to a lack of evidence being available or rather something being wrong / missing.	Steve Crabtree	All schools had met the requirements of the Financial Management Standards in Schools with appropriate processes and procedures in place and were accredited. However, additional works carried out to determine how these were being followed identified a number of shortcomings which could not be evidenced.	27 Sept 2010																		
6 Sept 2010	Agenda Item: 12 Internal Audit Quarter 1 Progress Report	To implement actions in order to raise the profile of Internal Audit within members and the wider community.	Steve Crabtree	Discussions will be held with Democratic Services to look at providing information / training at other council committees, together with providing regular updates to members through the monthly bulletins.	27 Sept 2010																		
27 Sept 2010	THERE WERE NO REQUESTS FOR FURTHER INFORMATION FOLLOWING THIS MEETING				1 Nov 2010																		

AUDIT COMMITTEE: RECORD OF ACTION TAKEN (OUTSTANDING)

MUNICIPAL YEAR: MAY 2010 - APRIL 2011

DATE ISSUE RAISED	SUBJECT / ITEM	AUDIT COMMITTEE COMMENTS	OFFICER RESPONSIBLE	ACTION TAKEN	SIGN OFF DATE
1 Nov 2010	Agenda Item: 7 Annual Governance Statement	To provide a report highlighting a further breakdown of the sickness figures and not including long term sickness figures.	Steve Crabtree	A request has been submitted to Human Resources to obtain details for service areas. Information is being collated and will be sent under separate cover to members.	
7 Feb 2011	Agenda Item 4: Internal Audit Quarter 3 Progress Report	To provide a breakdown of the outstanding invoices identified within the audit report.	Steve Crabtree	For analysis, refer to the attached Appendix C.	
7 Feb 2011	Agenda Item 6: External Audit Reports	To provide an up to date report showing the breakdown of all certification fees	Steve Crabtree	A response was sent out under separate cover to all committee members.	

ANALYSIS: OUTSTANDING INVOICES

1. During fieldwork for the last Accounts Payable (AP) audit it was estimated by the Payments team that there were approximately 2,000 invoices on hold. Reports detailing all invoices on hold in the Oracle Accounts Payable (AP) system at 25-Feb-10 and 14-Feb-11 have been analysed by Internal Audit. The actual number of invoices on hold at 25-Feb-10 was found to be 1,659. By 14-Feb-11 this had fallen to 496, a reduction of approximately 70%. The number of invoices on hold for more than 90 days has reduced by just over 80%.

It should be noted that within Oracle AP is possible for invoices to be subject to more than one kind of hold, and the number and type of holds are dependent on what is considered wrong with the invoice (refer to 3. below).

	Invoices On Hold
At 25-Feb-10	1,659
At 14-Feb-11	496
Reduction	1,163
% Reduction	70.1

2. There are a number of reasons for the reduction in invoices on hold. Firstly following the audit there was a concerted effort by the Payments team to clear the backlog. Secondly since late 2010 all invoices that fail to quote a valid purchase order number or exemption code are rejected and returned to the supplier unpaid, thus reducing the number of new holds being created. This is being rigidly enforced. Lastly, issues with certain suppliers, or types of supplier, have been resolved, most notably Anne Corder Recruitment and utility companies.
3. Most hold types within Oracle AP are applied automatically by the system, e.g. where an invoiced value does not match the value of receipts made against the related purchase order. A few are manually applied (e.g. Invoice is disputed with supplier). The following analysis shows that 73% of all holds are where the invoice exceeds the amount ordered or receipted on the i-Procurement system, and in those circumstances departments rather than the Payments team must resolve the issues.

	% of Total Holds
Distribution account is invalid	0.1
Invoice is not matched to any PO	0.7
Invoice is disputed with supplier	8.7
Invoice price exceeds purchase order price	2.5
Invoice tax amount does not fall within range	2.3
PCC CIS Precheck	0.1
PCC Exempt Invoice	3.7
PO has already been final matched to another invoice	1.6
Quantity billed exceeds quantity ordered	22.7
Quantity billed exceeds quantity received	50.3
Total of invoice distributions does not equal invoice amount	7.4