



**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT BOARD**

**MONDAY, 10TH DECEMBER 2007 AT 6.00 PM**

**CONFERENCE ROOM, THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE**

**MEMBERS:** Councillors C. J. K. Wilson (Chairman), S. R. Colella (Vice-Chairman), Mrs. H. J. Jones, D. McGrath, C. R. Scurrall, Mrs. C. J. Spencer and E. C. Tibby

**AGENDA**

1. To receive apologies for absence
2. Declarations of Interest
3. To confirm the accuracy of the minutes of the meeting of the Audit Board held on 15th October 2007 (Pages 1 - 4)
4. Internal Audit Performance and Workload (Pages 5 - 14)
5. Recommendation Tracker (Pages 15 - 32)
6. Risk Management Tracker (Pages 33 - 38)
7. To consider any other business, details of which have been notified to the Head of Legal, Equalities and Democratic Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting

**K. DICKS**  
**Chief Executive**

The Council House  
Burcot Lane  
BROMSGROVE  
Worcestershire  
B60 1AA

29th November 2007

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## BROMSGROVE DISTRICT COUNCIL

### MEETING OF THE AUDIT BOARD

MONDAY, 15TH OCTOBER 2007 AT 6.00 P.M.

PRESENT: Councillors C. J. K. Wilson (Chairman), S. R. Colella (Vice-Chairman), Mrs. H. J. Jones, D. McGrath, C. R. Scurrall (during Minute Nos. 22/07 to part of 25/07), Mrs. C. J. Spencer and E. C. Tibby

Observer: Councillor G. N. Denaro

Officers: Mr. K. Dicks, Ms. J. Pickering, Mr. N. Shovell and Ms. D. Parker-Jones

22/07 **APOLOGIES FOR ABSENCE**

No apologies for absence were received.

23/07 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

24/07 **MINUTES**

The minutes of the meeting of the Audit Board held on 17th September 2007 were submitted.

**RESOLVED** that the minutes be approved as a correct record.

25/07 **ANNUAL AUDIT AND INSPECTION PLAN**

The Board considered the draft annual Audit and Inspection Plan. The Plan, which was based on the Audit Commission's risk-based approach to audit planning and the requirements of the Comprehensive Performance Assessment (CPA), set out the audit and inspection work that the Audit Commission proposed to undertake for the 2007/08 financial year.

The Chairman introduced Ms Liz Cave and Mr David Evans, District Auditor and Audit Manager respectively, of the Audit Commission. Apologies were submitted on behalf of Mr Gary Stevens, the Council's Relationship Manager and primary point of contact at the Audit Commission, who was unable to attend the meeting owing to a prior engagement. Ms Cave presented the Plan and highlighted the key aspects of this.

It was noted that as the Audit Commission had not yet completed its audit for 2006/07, the audit planning process for 2007/08, including the risk assessment, would continue as the year progressed, with the information and fees contained in the Plan to be kept under review and updated as necessary.

Whilst the Audit Commission had become the Council's appointed auditor for 2007/08, the Council's former appointed auditor from KPMG was still best placed to complete a range of work with the Council. This work would include the Audit Opinion for 2006/07, the 2007 Use of Resources assessment and the assessment of the arrangements for Data Quality.

Under the Summary of inspection activity section of the Plan, it was noted that the original inspection of culture services contained within the 2006/07 Plan had not been completed because of the Council's request for a CPA. In the light of the issues identified by the CPA the Audit Commission no longer proposed to carry out this inspection and would, instead, be using this resource to undertake an assessment, at a senior level, of the Council's capacity and governance to support the Council's improvement priorities. The direction of travel assessment would also include some extra focus on this. Ms Cave added that Mr Stevens would be discussing with the Chief Executive how and when the capacity and governance assessment was to be undertaken.

In relation to the initial risk assessment undertaken for the Council's use of resources, the Head of Financial Services advised that officers were fully aware of the risks identified and that the Internal Audit team would be monitoring these and raising any issues of concern as appropriate.

**RESOLVED** that the 2007/08 Audit and Inspection Plan be noted and approved.

26/07    **ETHICAL/SOCIAL POLICY**

Following a request made at the full Council on 27th June 2007, a report which informed Members of the existing social/ethical policies which were in place with the main provider of the Council's banking services, and which also reported on the options for the development of an ethical policy for the Council corporately, was considered.

It was noted that HSBC Bank currently provided the banking arrangements for the Council. A summary of the Corporate Responsibility policy that had been adopted by HSBC was appended to the report, which represented HSBC policies on ethical issues such as: lending proposals and investments; the promotion of good environmental practice and sustainable development; and commitment to the welfare and development of each local community. It was noted that the HSBC had a robust corporate responsibility in place, which it used as the framework for any transactions undertaken on behalf of the Council.

The Head of Financial Services advised that only HSBC and the Co-operative Bank had robust Corporate Responsibility policies in place. She added that over the last 18 months there had been an improvement in the procurement policies and practices undertaken by the Council, which involved officers having to consider a number of factors when procuring assets, supplies or services. Members felt it important to ensure that checks were in place to ensure that officers were complying with the necessary requirements in this

regard, which the Head of Financial Services confirmed would be incorporated into the system.

**RESOLVED** that the summary of the HSBC Corporate Responsibility policy be noted; and

**RECOMMENDED** that, it being noted that with only the HSBC Bank and Co-operative Bank having robust Corporate Responsibility policies in place, and following consideration of the internal policies in place at the Council and in acknowledging the development of future plans, that Members be satisfied that current organisational requirements were being met and that it be agreed that there was no need for further action at this time.

The meeting closed at 6.55 pm

Chairman

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## BROMSGROVE DISTRICT COUNCIL

### AUDIT BOARD

10TH DECEMBER 2007

#### INTERNAL AUDIT PERFORMANCE AND WORKLOAD

Responsible Portfolio Holder	Councillor Geoff Denaro
Responsible Head of Service	Head of Financial Services

#### 1. SUMMARY

- 1.1 To present a summary of the current performance and workload of the Internal Audit Section.

#### 2. RECOMENDATION

- 2.1 The Audit Board is recommended to note and approve the:

- Current status and work completed on the 2007/08 Audit Plan.
- The removal of four reviews from the 2007/08 Audit Plan.
- Work completed by the Internal Audit Section between September and November 2007.
- Work regarding any investigations.
- Current Performance Indicator statistics.
- Amendments to the section's standard documentation.

#### 3. BACKGROUND

- 3.1 Following the Audit Board meeting on the 25th April 2006, a number of standard agenda items and topics were agreed. This report includes information on the following areas:

- 2007/08 Audit Plan – Current Status.
- Audit Work Completed since the previous Audit Board meeting.
- Summary of Investigations.
- Performance Indicator statistics.
- New or updated audit documents.

#### 4. 2007/08 AUDIT PLAN – CURRENT STATUS

4.1 The 2007/08 Audit Plan came into effect on the 1st April 2007. Detailed below is the work completed to date on the audit reviews detailed in the plan.

Description	Section	Start Date	Current Status			Comments
			To Start	Ongoing	Complete	
<b>Audit Reviews</b>						
Project Management Methodology	E-Gov. & CS	Qtr 1		✓		Testing ongoing.
Street Cleansing	St. Scene & Waste Mngmnt	Qtr 1			✓	Audit completed.
Web Development / Updates	E-Gov. & CS	Qtr 1			✓	Audit completed.
Stores & Garage (incl. Business Support)	St. Scene & Waste Mngmnt	Qtr 1	✘			To be removed.
Members' Expenses	Legal & Demo.	Qtr 1			✓	Audit completed.
Enforcement	Plan. & Env.	Qtr 1			✓	Audit completed.
Council Risk Registers	Corporate	Qtr 2			✓	Testing completed.
Equality and Diversity	Legal & Demo.	Qtr 2	✓			Audit yet to start.
Refuse Collection & Recycling	St. Scene & Waste Mngmnt	Qtr 2	✘			To be removed.
Health & Safety	HR & OD	Qtr 2			✓	Testing completed.
CCTV - Lifeline System	Cult. & Comm.	Qtr 2			✓	Audit completed.
Asset Management	Legal & Demo.	Qtr 2		✓		Testing ongoing.
Performance Indicators & Data Quality	Policy & Perf.	Qtr 2			✓	Testing completed.
E-mail policy & Internet Usage	E-Gov. & CS	Qtr 2	✓			Audit yet to start.
Licensing & Taxi Licensing	Plan. & Env.	Qtr 2	✘			To be removed.
Budgetary Control & Strategy	Financial Svcs	Qtr 3	✓			Audit yet to start.
Procurement (incl. E-Procurement & Best Value)	Financial Svcs	Qtr 3		✓		Testing ongoing.



Description	Section	Start Date	Current Status			Comments
			To Start	Ongoing	Complete	
Benefits	Financial Srvs	Qtr 3	✓			Audit yet to start.
Dolphin Centre	Cult. & Comm.	Qtr 3	*			To be removed.
Debtors	Financial Srvs	Qtr 3			✓	Testing completed.
Customer Service Centre	E-Gov. & CS	Qtr 3		✓		Testing ongoing.
Payroll	HR & OD	Qtr 4	✓			Audit yet to start.
Creditors	Financial Srvs	Qtr 4	✓			Audit yet to start.
General Ledger & Bank Reconciliations	Financial Srvs	Qtr 4	✓			Audit yet to start.
Treasury Management	Financial Srvs	Qtr 4		✓		Testing ongoing.
Council Tax	Financial Srvs	Qtr 4	✓			Audit yet to start.
Disabled Facilities & Improvement Grants	Plan. & Env.	Qtr 4			✓	Audit completed.
NNDR	Financial Srvs	Qtr 4	✓			Audit yet to start.
<b>Projects</b>						
Amphlett Hall	Legal & Demo.	Qtr 1		✓		Management Committee attended.
Leadership Development Programme	N/A	Qtr 1			✓	Work completed.
Equalities Champion	Legal & Demo.	Qtr 1		✓		Equalities Champion meetings attended.
Information Management	E-Gov. & CS	Qtr 1		✓		Project support provided.
POP Project	Financial Srvs	Qtr 1		✓		Project support provided.
PPlus System	Policy & Perf.	Qtr 1			✓	Work completed.
Local Code of Corporate Governance	Corporate	Qtr 1			✓	Work completed.
Risk Management	Corporate	Qtr 1		✓		Ongoing facilitation and support.
Spatial Project	E-Gov. & CS	Qtr 1		✓		Project support provided.
Wyre Forest Risk Management	Corporate	Qtr 3			✓	Work completed.

4.2 During 2007/08 the Internal Audit team has suffered from a shortage of staff resources to deliver the 2007/08 Audit Plan. Although the team has been fully staffed since the 10th October 2007, it is anticipated that rather than having 1040 days for 2007/08, only 892 days will be available. The table below details how it is expected this time will be spent.

Description	2007/08 Planned Days	1.4.07 – 16.11.07 Actual Days	2007/08 Year End Prediction	Comments
Audit Reviews	475.0	197.5	397.0 (84%)	Prediction based on resource levels at 86% for the year.
Projects	120.0	73.0	102.0 (85%)	Prediction based on resource levels at 86% for the year.
Contingency	68.0	31.5	56.0 (82%)	Prediction based on resource levels at 86% for the year.
Previous Years Work	10.0	14.5	14.5 (145%)	Additional time required to complete the 2006/07 reviews.
Fraud	42.0	12.5	20.0 (48%)	Less time due to the section being involved in fewer fraud investigations.
Administration	15.0	11.5	17.0 (110%)	Additional administration time.
Management	128.0	100.5	142.0 (111%)	Additional time required for recruitment, new starter training, the Council's new external auditors and general training.
Leave	182.0	72.0	143.5 (79%)	Prediction based on resource levels at 86% for the year.
<b>TOTAL</b>	<b>1040.0</b>	<b>513.0</b>	<b>892.0 (86%)</b>	<b>Predicted total time, due to Auditor vacancies.</b>

4.3 As it is predicted that by the 31st March 2008 the section will have only had access to 86% of its planned staff resources, it is proposed that four audit reviews (14%) be removed from the 2007/08 Audit Plan:

- Dolphin Centre: due to its low risk score and possible trust transfer. The potential trust transfer is being reviewed as part of the Project Management Methodology audit.

- Licensing & Taxi Licensing: due to its low risk score.
- Refuse Collection & Recycling: although the review received a medium risk score, the Street Cleansing audit, completed September 2007, included several recommendations that related to both services.
- Stores & Garage (incl. Business Support): due to its low risk score and the Street Cleansing including several recommendations that related to both services.

It is anticipated that the other 24 reviews on the 2007/08 Audit Plan will be completed by the 31st March 2008.

## **5. AUDIT WORK COMPLETED**

5.1 In addition to the delivery of the 2007/08 Audit Plan, as detailed in section 4, the following work has been completed by the Internal Audit section between 31st August and 23rd November 2007.

- Ongoing communication with the Council's new external auditors.
- The Internal Audit Section has a representative on the Risk Management Steering Group and has provided ongoing support and facilitation in implementing the Council's Risk Management Strategy.
- Further "Introduction to Risk Management" training sessions have been held for staff.
- The seventh Fraud Newsletter has been circulated to staff.
- Monthly monitoring of the Internal Audit Section's 2007/08 Performance Indicators. Further information has been provided in section 7.
- The National Fraud Initiative (NFI) data matches are being resolved, with assistance from other sections around the Council.
- Additional support on internal investigations.

## **6. SUMMARY OF INVESTIGATIONS**

6.1 Internal Audit has been involved in five investigations since 1st April 2007. Three of the investigations were completed and reported to the Audit Board on the 17th September 2007 (FR303, FR304 and FR305). Internal Audit's involvement in the other two investigations can be summarised by the following:

- Investigation Code FR301: Internal Audit was contacted to provide resources, guidance and support in completing the investigation. The review has been completed.
- Investigation Code F302: Internal Audit was contacted regarding a contract monitoring issue. The review is currently ongoing.

6.2 None of the completed investigations detailed above have resulted in any major risks to the Council and its assets. Additionally, where possible, the issues detailed above and Internal Audit's subsequent involvement resulted in improved systems, processes and a more robust system of internal control within the Council.

## 7. 2007/08 INTERNAL AUDIT PERFORMANCE INDICATORS

7.1 At the Audit Board meeting on the 19th February 2007, the new 2007/08 Performance Targets were agreed. Detailed below is the first seven months performance against the agreed targets.

No	Description	2007/08 Target	2007/08 Actual	Comments
1	Delivery of Audit Plan (Jobs Finished)	54%	29%	29% of reviews have been completed during 2007/08. Additionally, work has commenced on 39% of the Audit Plan.
2	Delivery of Audit Plan (Resources)	95%	76%	76% of planned resources have been available during 2007/08 due to one secondment and one vacancy. However, the vacant Auditor post has been filled since 8 <sup>th</sup> October and the team is now fully staffed.
3	Productive audit time	65%	65%	65% of 2007/08 audit time has been classed as productive.
4	Assignments completed within budget	85%	75%	75% of completed reviews for 2007/08 have been delivered within the days allocated. A new audit process has been adopted which should improve performance.
5	Response time to fraud/allegations	5 days	3 days	All allegations and investigations have been responded to within 5 days for 2007/08.
6	Pre-audit meetings held for each audit	100%	100%	Pre-audit meetings have been held for all 2007/08 audit reviews.
7	Post audit meetings held for each audit	100%	88%	Post audit meetings have been held for 88% of 2007/08 audit reviews. This is due to timing and all meetings will be attended by year end.
8	Draft report turnaround	5 days	1 day	All draft reports have been issued within 5 days for 2007/08.
9	Final report turnaround	10 days	13 days	Final reports have been issued within 13 days for 2007/08. This is subject to ongoing consultation with managers and Heads of Service and performance is improving.

No	Description	2007/08 Target	2007/08 Actual	Comments
10	Number of recommendations accepted	95%	99%	99% of audit recommendations have been accepted for 2007/08.
11	Post Audit Questionnaires returned	85%	100%	100% of quality questionnaires have been returned for 2007/08.
12	Customer feedback rating	92%	98%	98% positive feedback has been received from post audit questionnaires returned during 2006//07.
13	Attendance	4.7 days	2.5 days	An average of 2.5 days sickness per team member has been taken during 2007/08.

7.2 Following each final report, the Head of Service and/or Service Manager are issued with a Quality Questionnaire. This enables them to rate the service they received and detail any areas that require improving. From the questionnaires issued since 1st April 2007, the following comments have been received:

- Street Cleansing Process Review:

“I thought the process was very good, the auditor very professional and helpful, and was beneficial to our service.”

- Disabled Facilities and Improvement Grants Process Review:

“I have found the audit very useful in assisting us to review the service and the delivery of grants. The Audit staff have been supportive and helpful in working with my officers to identify more efficient procedures and processes.”

## **8. NEW OR UPDATED AUDIT DOCUMENTS**

8.1 A review of all standard Internal Audit manuals, procedures, protocols, charters and documents was completed during October 2007. A few minor amendments were made to ensure the documents are kept up to date. However, these amendments did not require any documents to be resubmitted for approval.

## **9. FINANCIAL IMPLICATIONS**

9.1 None outside existing budgets.

## **10. LEGAL IMPLICATIONS**

10.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to “maintain an adequate and effective system of internal audit of its accounting

records and of its system of internal control in accordance with the proper internal audit practices”.

## 11. **COUNCIL OBJECTIVES**

11.1 Council Objective 02: Improvement.

## 12. **RISK MANAGEMENT**

12.1 The main risks associated with the details included in this report are:

- Non-compliance with statutory requirements.
- Ineffective Internal Audit service.
- Lack of an effective internal control environment.

12.2 These risks are being managed as follows:

- Non-compliance with statutory requirements:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

- Ineffective Internal Audit service:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

- Lack of an effective internal control environment:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

## 13. **CUSTOMER IMPLICATIONS**

13.1 No customer implications.

## 14. **EQUALITIES AND DIVERSITY IMPLICATIONS**

14.1 No equalities and diversity issues.

## 15. **OTHER IMPLICATIONS**

Procurement Issues:

None

Personnel Implications: None
Governance/Performance Management: Effective governance process.
Community Safety including Section 17 of Crime and Disorder Act 1998: None
Policy: None
Environmental: None

**16. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	No
Chief Executive	Yes
Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

**17. APPENDICES**

None.

**18. BACKGROUND PAPERS**

None.

**CONTACT OFFICER**

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## BROMSGROVE DISTRICT COUNCIL

### AUDIT BOARD

10TH DECEMBER 2007

#### RECOMMENDATION TRACKER

Responsible Portfolio Holder	Councillor Geoff Denaro
Responsible Head of Service	Head of Financial Services

#### 1. SUMMARY

- 1.1 To present a summary of progress to date against the previously selected audit report “priority one” recommendations.

#### 2. RECOMMENDATION

- 2.1 The Audit Board is recommended to:

- Review the “priority one” recommendations detailed in Appendix A.
- Agree any necessary action and reporting process.
- Agree that any recommendations that have been implemented can be removed from the report and replaced by new recommendations.

#### 3. BACKGROUND

- 3.1 Following completion of an audit review, recommendations are made to assist Heads of Service and Managers to improve their operational effectiveness. Each recommendation is included in a final report and is prioritised based on the following matrix:

Priority 1: Recommendations that are **fundamental** to improving the controls within the system.

Priority 2: Recommendations that are **important** to improving the controls within the system.

Priority 3: Recommendations that are **desirable** to improving the controls within the system.

Prioritising recommendations enables Heads of Service and Managers to implement recommendations based on importance, in order to improve control within their systems and processes.

- 3.2 During the Audit Board meeting on the 17th September 2007 it was agreed that a selected number of “priority one” recommendations would be monitored on a quarterly basis to ensure they were being implemented. Progress against each recommendation would then be reported to the Audit Board for information and any further action would be agreed, as required.
- 3.3 Heads of Service and Managers are contacted on a quarterly basis and an update is requested on each key “priority one” recommendation included on their audit reports. Progress is monitored along with any action completed.

#### **4. RECOMMENDATION TRACKER REPORT SUMMARY**

4.1 Attached in Appendix A is a summary of 22 key “priority one” recommendations that have been reported since 1st April 2006. The summary report includes the following information:

- Audit Review Title;
- Service Area;
- Final Report Date;
- Recommendation;
- Due Date; and
- Current Position.

4.2 From the 22 recommendations:

- Twelve have been implemented;
- One is ongoing and within the target date; and
- Nine are ongoing but are outside the target date.

For the nine recommendations that are outside target but ongoing, progress to date and new implementation dates have been agreed. Based on the new target dates it is expected that all 22 recommendations will be implemented by March 2008.

#### **5. FINANCIAL IMPLICATIONS**

5.1 None outside existing budgets.

#### **6. LEGAL IMPLICATIONS**

6.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

#### **7. COUNCIL OBJECTIVES**

7.1 Council Objective 02: Improvement.

## 8. RISK MANAGEMENT

8.1 The main risks associated with the details included in this report are:

- Non-compliance with statutory requirements.
- Ineffective Internal Audit service.
- Lack of an effective internal control environment.

8.2 These risks are being managed as follows:

- Non-compliance with statutory requirements:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

- Ineffective Internal Audit service:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

- Lack of an effective internal control environment:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

8.3 Service specific improvements and actions are also monitored as part of each individual service risk register.

## 9. CUSTOMER IMPLICATIONS

9.1 No customer implications.

## 10. EQUALITIES AND DIVERSITY IMPLICATIONS

10.1 No equalities and diversity issues.

## 11. OTHER IMPLICATIONS

Procurement Issues: None
Personnel Implications: None
Governance/Performance Management: Effective governance process.

Community Safety including Section 17 of Crime and Disorder Act 1998: None
Policy: None
Environmental: None

**12. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	No
Chief Executive	Yes
Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

**13. APPENDICES**

13.1 Appendix A: Recommendation Tracker Report.

**14. BACKGROUND PAPERS**

None.

**CONTACT OFFICER**

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**Recommendation Tracker Report**

**Priority 1 Audit Recommendations – Current Status**

Current Position Key:

<b>GREEN</b>	Recommendation implemented
<b>AMBER</b>	Work currently ongoing
<b>RED</b>	Work yet to start

No.	Audit Title	Recommendation	Due Date	Current Position
1	CCTV System (Culture and Community Services)  Final Report Issued: 14 <sup>th</sup> September 2006	<b><u>CCTV Code of Practice</u></b>  We recommend that the CCTV Code of Conduct be formally approved and adopted.	Nov. '06	<b><u>AMBER</u></b>  The Council's RIPA Policy is being presented for approval during Jan. '08. Once it is approved, the current CCTV Code of Practice will be updated and amended to reflect the Council's approach.  New date: Mar. '08

No.	Audit Title	Recommendation	Due Date	Current Position
2	<p>Data Protection (Legal and Democratic Services)</p> <p>Final Report Issued: 3<sup>rd</sup> October 2006</p>	<p><b><u>Retention of Documents</u></b></p> <p>We recommend that staff be reminded to ensure regular housekeeping is carried out in all areas to ensure data is not held for longer than is necessary and is disposed of in a secure manner.</p>	Jan. '07	<p><b><u>AMBER</u></b></p> <p>Staff have received cards advising them of the data protection principles.</p> <p>The Council is currently undergoing an Information Management audit. The process should be completed by Jan. '08 and will include the collation of a Document Retention Policy which will be circulated accordingly.</p> <p>New date: Jan. '08</p>
3	<p>Treasury Management (Financial Services)</p> <p>Final Report Issued: 4<sup>th</sup> May 2007</p>	<p><b><u>Investment Reports Received from Managed Accounts</u></b></p> <p>We recommend that reports received for managed accounts are subjected to a senior management review and this is evidenced.</p>	Feb. '07	<p><b><u>GREEN</u></b></p> <p>Monthly reports are received from HSBC and reviewed by the appropriate members of the team. The information is used for financial forecasting.</p> <p>New date: N/A – implemented</p>

No.	Audit Title	Recommendation	Due Date	Current Position
4	<p>Development Control (Planning and Environment Services)</p> <p>Final Report Issued: 30th November 2006</p>	<p><b><u>Planning Enforcement Procedures</u></b></p> <p>We recommend that workable procedures should be agreed and written which conform to the Enforcement Concordat Good Practice Guide.</p> <p>We also recommend that when agreed the Policy should be publicised where appropriate as per the above guide.</p>	Mar. '07	<p><b><u>AMBER</u></b></p> <p>A draft policy and procedure document has been written and is due to be reviewed and agreed by management.</p> <p>New date: Dec. '07</p>
5	<p>Section 106 (Corporate)</p> <p>Final Report Issued: 15th January 2007</p>	<p><b><u>Procedures</u></b></p> <p>We recommend that a clear procedure for dealing with and managing Section 106 Agreements is written.</p> <p>The procedures should clearly document all stages of the process including the implementation and monitoring of agreements.</p> <p>You should refer to the Planning Obligations: 'Practice Guide and research other local authority' procedures for further guidance.</p>	Apr. '07	<p><b><u>AMBER</u></b></p> <p>Due to a vacancy within the Accountancy section, there has been a delay in producing the procedure. This role has since been reallocated</p> <p>New date: Mar. '08</p>

No.	Audit Title	Recommendation	Due Date	Current Position
6	<p>Customer Service Centre (E-Government and Customer Services)</p> <p>Final Report Issued: 15th December 2006</p>	<p><b><u>Monitoring</u></b></p> <p>We recommend that management:</p> <ul style="list-style-type: none"> <li>- establish if it is possible to print a Customer Relationship Management (CRM) system report that details, for specified time periods, the identity of customers who have telephoned the Centre;</li> <li>- use such a report to monitor the quality and consistency of CRM notes on a risk basis. That is, start with the same percentage check for all CSAs and either increase or decrease the percentage checked dependent upon the number of errors identified; and</li> <li>- remedial action (for example, training) should be put in place to address any identified issues.</li> </ul>	Apr. '07	<p><b><u>GREEN</u></b></p> <p>Management are satisfied that the combination of performance reports, qualitative reports and monthly meetings identifies issues with the quality of the service provided by the CSC.</p> <p>Furthermore, management is aware that the mechanism for monitoring quality will be honed with the implementation of the Customer Feedback system.</p> <p>New date: N/A – implemented</p>



No.	Audit Title	Recommendation	Due Date	Current Position
7	<p>Housing Enabling Service (Planning and Environment Services)</p> <p>Final Report Issued: 2nd October 2006</p>	<p><b><u>Procedures</u></b></p> <p>We recommend that the action plan arising from the Audit Commission Strategic Housing Services July 2006 inspection report is implemented as soon as possible.</p> <p>As most homelessness related activities have been outsourced to BDHT, it is imperative that the action plan includes procedures for processes that are the responsibility of BDHT. Officers from BDC should consult with representatives of BDHT when compiling procedures for those activities undertaken by BDHT.</p>	Apr. '07	<p><b><u>AMBER</u></b></p> <p>Progress has been made with some key procedures implemented (for example, Arrears at Caravan Site and Management of Dispersed Temporary Accommodation for Homeless). However, a further meeting has been arranged with BDHT to identify and initiate compilation of outstanding procedures.</p> <p>New date: Mar. '08</p>
8	<p>Debtors System (Financial Services)</p> <p>Final Report Issued: 3rd May 2007</p>	<p><b><u>Management Information</u></b></p> <p>We recommend that useful system reports are identified and produced, for example:</p> <ul style="list-style-type: none"> <li>- debtor details / account amendments;</li> <li>- reminders; and</li> <li>- accounts currently with the Legal Section.</li> </ul>	Jun. '07	<p><b><u>GREEN</u></b></p> <p>Reports are now being produced for:</p> <ul style="list-style-type: none"> <li>- Debtor details/amendments (weekly).</li> <li>- Reminders (monthly).</li> <li>- Accounts with Legal (monthly).</li> </ul> <p>New date: N/A – implemented</p>

No.	Audit Title	Recommendation	Due Date	Current Position
9	NNDR (Financial Services)  Final Report Issued: 22nd February 2007	<p><b><u>Billing Procedures</u></b></p> <p>We recommend that a clear documented procedure for billing is established which should not just focus on the input of data into academy.</p>	Jun. '07	<p><b><u>AMBER</u></b></p> <p>An online procedure manual has been made available. However, a full internal procedure manual still needs to be collated.</p> <p>Work has commenced in Nov. '07 on the internal procedure manual.</p> <p>New date: Mar. '08</p>
10	NNDR (Financial Services)  Final Report Issued: 22nd February 2007	<p><b><u>Bill Suppressions</u></b></p> <p>We recommend that an adequate documented process for dealing with suppressed accounts is established.</p> <p>The process should include:</p> <ul style="list-style-type: none"> <li>- the level of detail to be recorded on the NNDR system to support the suppressed bill;</li> <li>- adequate review process to ensure suppressed accounts are subject to a regular review;</li> <li>- the process for monitoring suppressed accounts, including the use of report 6100e; and</li> <li>- authorisation levels where necessary.</li> </ul>	Jun. '07	<p><b><u>AMBER</u></b></p> <p>Authorisation levels to suppress accounts has been reviewed and updated.</p> <p>Work is ongoing to clear bill suppressions by the end of the financial year.</p> <p>New date: Mar. '08</p>

No.	Audit Title	Recommendation	Due Date	Current Position
11	Customer Service Centre (E-Government and Customer Services)  Final Report Issued: 15th December 2006	<p><b><u>Exception Reports</u></b></p> <p>We recommend that as part of the Civica project training is provided in relation to Radius report writing and identification of useful reports. Additionally, once useful reports have been identified the following should be included within Cashier procedures:</p> <ul style="list-style-type: none"> <li>- a schedule of when reports should be produced;</li> <li>- a distribution list;</li> <li>- guidance as to what should be done with the reports; and</li> <li>- responsibilities, that is, who needs to review any actions and outcomes.</li> </ul>	Jun. '07	<p><b><u>GREEN</u></b></p> <p>Management are satisfied that the combination of investigating tills that do not balance, unders/overs and the reconciliations that identify mismatches provide sufficient assurance that inaccurate adjustments are identified and investigated.</p> <p>New date: N/A – implemented</p>

No.	Audit Title	Recommendation	Due Date	Current Position
12	Creditors System (Financial Services)  Final Report Issued: 8th May 2007	<p><b><u>System Reports</u></b></p> <p>We recommend that a review of the Creditors system be completed that identifies a full list of potential reports that can be used to aid the section and provide management information. Examples of reports to include:</p> <ul style="list-style-type: none"> <li>- new suppliers and system amendments.</li> <li>- payments outstanding;</li> <li>- levels of expenditure by supplier;</li> <li>- accounts in dispute;</li> <li>- cancelled payments and reissued cheques;</li> <li>- credit notes outstanding; and</li> <li>- potential duplicate payments.</li> </ul> <p>Once a list of reports has been identified, we recommend that a timetable be created that details:</p> <ul style="list-style-type: none"> <li>- who produces and receives the report;</li> <li>- when and how often the report is produced; and</li> <li>- any action, following the production of the report.</li> </ul>	Jul. '07	<p><b><u>GREEN</u></b></p> <p>Reports are now being produced for:</p> <ul style="list-style-type: none"> <li>- New Suppliers (weekly).</li> <li>- Payments Outstanding (weekly).</li> <li>- Expenditure by supplier (on request).</li> <li>- Accounts in dispute (monthly).</li> </ul> <p>Additionally, a duplicate payment report is still under review with the POP project and other reports will be developed when required.</p> <p>New date: N/A – implemented</p>

No.	Audit Title	Recommendation	Due Date	Current Position
13	Council Tax System (Financial Services)  Final Report Issued: 16th May 2007	<p><b><u>Suspense Account – Access and Authorisation</u></b></p> <p>We recommend that access to transfer items from the suspense account is restricted to authorised officers.</p> <p>In addition the level of authorisation required to transfers items from the suspense accounts should be documented in procedures.</p>	Aug. '07	<p><b><u>GREEN</u></b></p> <p>Access to allocate items from suspense has been reviewed and updated.</p> <p>All suspense allocations now have documentary evidence to support the transaction.</p> <p>New date: N/A – implemented</p>
14	Council Tax System (Financial Services)  Final Report Issued: 16th May 2007	<p><b><u>Arrears Reports</u></b></p> <p>We recommend that problems regarding the arrears reporting are investigated. Appropriate action should be taken to obtain adequate monitoring reports.</p>	Aug. '07	<p><b><u>AMBER</u></b></p> <p>System training has been arranged for the appropriate members of staff.</p> <p>New date: Mar. '08</p>
15	Payroll System (Human Resources and Organisational Development)  Final Report Issued: 24th July 2007	<p><b><u>Management Review</u></b></p> <p>We recommend that the monthly 10% variation report and BACS payment reports, for all payment types, are submitted to senior management for reasonableness checks prior to the BACS transmission.</p>	Aug. '07	<p><b><u>GREEN</u></b></p> <p>A copy of each payment run reconciliation is reviewed for reasonableness. This is evidenced by an appropriate member of the team.</p> <p>New date: N/A – implemented</p>

No.	Audit Title	Recommendation	Due Date	Current Position
16	Benefits (Financial Services)  Final Report Issued: 5th April 2007	<p><b><u>BACS Transmission</u></b></p> <p>We recommend that a separate BACS authorisation card be obtained for Revenue and Benefits.</p> <p>This card should be:</p> <ul style="list-style-type: none"> <li>- specific to one member of staff with a deputy;</li> <li>- only allow access to the Revenue and Benefits BACS files; and</li> <li>- stored securely.</li> </ul>	Sep. '07	<p><b><u>AMBER</u></b></p> <p>Progress has been made and cards have been obtained for:</p> <ul style="list-style-type: none"> <li>- Accountancy;</li> <li>- Revenues &amp; Benefits; and</li> <li>- Payroll.</li> </ul> <p>Before cards may be used there must also be a PIN and an e-mail from BACS for each card. Although the Accountancy card is in use, the section is waiting for the e-mail from BACS for the Revenues &amp; Benefits and Payroll cards.</p> <p>New date: Dec. '07</p>

No.	Audit Title	Recommendation	Due Date	Current Position
17	Council Tax System (Financial Services)  Final Report Issued: 16th May 2007	<p><b><u>Management Reports</u></b></p> <p>We recommend that appropriate training is provided and meaningful management information is available and utilised.</p>	Sep. '07	<p><b><u>GREEN</u></b></p> <p>Officers have attended system report training during May '07 and further training has been planned for Dec. '07.</p> <p>A budget bid has also been submitted for further work to be done on the reporting ability of the system.</p> <p>New date: N/A – implemented</p>
18	NNDR (Financial Services)  Final Report Issued: 22nd February 2007	<p><b><u>System Access</u></b></p> <p>We recommend that system access is reviewed and adequate procedures are put in place which governs the level of access and permissions granted.</p> <p>Restricted access should be established where necessary.</p>	Sep. '07	<p><b><u>GREEN</u></b></p> <p>User access rights have been reviewed and the necessary changes have been made to restrict access, where necessary.</p> <p>New date: N/A – implemented</p>

No.	Audit Title	Recommendation	Due Date	Current Position
19	NNDR (Financial Services)  Final Report Issued: 22nd February 2007	<p><b><u>Management Reports</u></b></p> <p>We recommend that appropriate training is provided and meaningful management information is available and utilised.</p>	Sep. '07	<p><b><u>GREEN</u></b></p> <p>Officers have attended system report training during May '07 and further training has been planned for Dec. '07.</p> <p>A budget bid has also been submitted for further work to be done on the reporting ability of the system.</p> <p>New date: N/A – implemented</p>
20	Budgetary Control System (Financial Services)  Final Report Issued: 9th May 2007	<p><b><u>Accountancy Procedures</u></b></p> <p>We recommend that an Accountancy Procedure Manual be created and distributed to all staff.</p> <p>The manual should include:</p> <ul style="list-style-type: none"> <li>- aspects of the budget setting and monitoring process; and</li> <li>- all relevant operations fulfilled by the section.</li> </ul>	Mar. '08	<p><b><u>AMBER</u></b></p> <p>Work has been completed on collating a full task list of Accountancy roles and responsibilities.</p> <p>Work has started on allocating tasks and preparing procedure manuals for the relevant areas.</p> <p>New date: N/A – ongoing</p>



No.	Audit Title	Recommendation	Due Date	Current Position
21	Creditors System (Financial Services)  Final Report Issued: 8th May 2007	<p><b><u>New Suppliers</u></b></p> <p>We acknowledge that it is the intention to explore the availability of system reports during the implementation of Purchase Ordering Process (POP) within Agresso.</p> <p>However we recommend that due to system reports being unavailable that a manual record is introduced which includes:</p> <ul style="list-style-type: none"> <li>- new supplier name;</li> <li>- new supplier ID;</li> <li>- date created on system;</li> <li>- documentation used to create supplier; and</li> <li>- signature of verifying officer.</li> </ul> <p>We further recommend that the helpdesk call placed with Agresso is followed up.</p>	Mar. '08	<p><b><u>GREEN</u></b></p> <p>A report is now produced on a weekly basis and reviewed by an appropriate member of the team.</p> <p>New date: N/A – implemented</p>
22	Council Tax System (Financial Services)  Final Report Issued: 16th May 2007	<p><b><u>Year End Reconciliations</u></b></p> <p>We recommend that adequate documentation be retained to support the year-end reconciliation.</p> <p>Documentation should clearly evidence the carried forward figure and bought forward figure to ensure they agree. All reconciliations be signed and dated to evidence the management check.</p>	Mar. '08	<p><b><u>GREEN</u></b></p> <p>All year end documentation is signed off by the appropriate members of staff and retained on file.</p> <p>New date: N/A – implemented</p>

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## BROMSGROVE DISTRICT COUNCIL

### AUDIT BOARD

10TH DECEMBER 2007

#### RISK MANAGEMENT TRACKER

Responsible Portfolio Holder	Councillor Geoff Denaro
Responsible Head of Service	Head of Financial Services

#### 1. SUMMARY

- 1.1 To present a summary of progress to date against all the improvement actions detailed on individual Service risk registers for the period 1st April to 31st October 2007.

#### 2. RECOMMENDATION

- 2.1 The Audit Board is recommended to note progress to date against all Service risk register actions for 2007/08.

#### 3. BACKGROUND

- 3.1 During December 2006 a review of the Council's risk management arrangements was undertaken by the Internal Audit section. Following the review a new approach, which included updated documentation, was adopted. The revised Risk Management Strategy was approved by the Executive Cabinet on the 7th March 2007.
- 3.2 As part of the new approach, each Service area is required to collate a risk register that details:
- Key Objectives;
  - Risk Score;
  - Current controls;
  - Actions and improvements;
  - Responsible officers and target dates for each action and improvement; and
  - Progress against each action and improvement.
- 3.3 Service areas should update their risk registers on a regular basis to ensure that actions and improvements are being monitored and implemented. The actions and improvements are designed to reduce risks, improve controls and aid individual sections to achieve their objectives.

#### 4. ACTIONS/IMPROVEMENTS SUMMARY

4.1 On a quarterly basis each Service area submits a return to Internal Audit that details the current position for each action and improvement included on their risk register. As each Service risk register was only signed off and agreed by the Risk Management Steering Group in August, the first set of submitted figures were for both quarter one and two.

4.2 During November 2007, the Internal Audit section completed a detailed review of the information provided on each action and improvement. This included a reasonableness test of the target date, current position rating and commentary. Our review highlighted some differences between the data provided and the audited position. The main issues were a lack of information on the:

- Responsible officer;
- Current position commentary; and
- Target completion date.

4.3 Following our detailed review and based on the number of actions and improvements completed during the period 1st April to 31st October 2007, Internal Audit have also predicted an overall position for the end of the financial year.

The above information on the submitted figures, Internal Audit review and year end prediction is summarised in the table below.

<b>Current Position Rating</b>	<b>Service submitted figures</b>	<b>Internal Audit detailed review</b>	<b>Internal Audit end of year prediction</b>
Behind target	49 (16%)	65 (21%)	136 (44%)
On target	177 (56%)	154 (49%)	
08/09 target			17 (5%)
Completed	87 (28%)	94 (30%)	160 (51%)
<b>TOTAL</b>	<b>313 (100%)</b>	<b>313 (100%)</b>	<b>313</b>

4.4 Although the overall prediction does not look that positive, there are a number of reasons, specifically:

- 2007/08 is the first year the Council has attempted to fully embed risk management and track actions and improvements;
- The number of actions and improvements and the allocated target dates may have been too optimistic;
- The Internal Audit prediction is only based on one set of submitted figures. A more accurate prediction will be available once quarter three's figures have been returned; and
- Officer risk management training and embedding a culture of risk management is ongoing.

4.5 Work on collating the 2008/09 Service risk registers will commence during the beginning of 2008, when all the issues detailed in 4.4 will be considered.

## **5. RISK MANAGEMENT STEERING GROUP**

5.1 The Council's Risk Management Steering Group meets on a monthly basis to review Service risk registers and to raise awareness of risk management throughout the Council. Membership of the steering group has been reviewed and updated and the meetings are now chaired by the Head of Financial Services.

5.2 The Risk Management Steering Group met on the 28th November 2007 to review the quarter two action and improvement information. Individual feedback has been provided to all Heads of Service on their risk registers. The main areas of feedback included a need for Services to:

- Detail who the responsible officer is for each action and improvement;
- Include more robust current position commentary;
- Detail a current position rating;
- Update their current risk scores;
- Include a target completion date.

5.3 The Audit Board will be provided will an update on progress against actions and improvements at the next meeting on the 17th March 2008.

## **6. FINANCIAL IMPLICATIONS**

6.1 None outside existing budgets.

## **7. LEGAL IMPLICATIONS**

7.1 None except specific legislation associated with any of the risk registers key objectives.

## **8. COUNCIL OBJECTIVES**

8.1 Council Objective 02: Improvement.

## **9. RISK MANAGEMENT**

9.1 Developing and maintaining Service risk registers will assist the Council to achieve its objectives, priorities, vision and values. The development and continual review of the registers will also support the Councils achievement of the Use of Resources framework.

9.2 Improvements and actions are monitored as part of each individual Service risk register.

## **10. CUSTOMER IMPLICATIONS**

10.1 No customer implications.

**11. EQUALITIES AND DIVERSITY IMPLICATIONS**

11.1 No equalities and diversity issues.

**12. OTHER IMPLICATIONS**

Procurement Issues: None
Personnel Implications: None
Governance/Performance Management: Effective governance process.
Community Safety including Section 17 of Crime and Disorder Act 1998: None
Policy: None
Environmental: None

**13. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	No
Chief Executive	Yes
Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

**14. APPENDICES**

14.1 None.

**15. BACKGROUND PAPERS**

15.1 None.

**CONTACT OFFICER**

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