



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

MONDAY, 17TH MARCH 2008 AT 6.00 P.M.

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 10th December 2007 (Pages 1 - 2)
4. Civic Bonfire and Fireworks Event (Pages 3 - 8)
5. Annual External Audit Report 2006/07 (Pages 9 - 32)
6. Risk Management Tracker (Pages 33 - 38)
7. Procedures Re Code of Conduct (Pages 39 - 50)
8. Future Training Plan (Verbal Update)
9. Budgetary Control Audit Process (Pages 51 - 56)
10. 2008/09 Internal Audit Plan (Pages 57 - 64)
11. Recommendation Tracker (Pages 65 - 80)
12. Internal Audit Performance and Workload (Pages 81 - 88)

13. 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

5th March 2008

Agenda Item 3

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

MONDAY, 10TH DECEMBER 2007 AT 6.00 PM

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

Observers: Councillor G. N. Denaro (Portfolio Holder for Finance)

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

27/07 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Mrs. C. J. Spencer.

28/07 DECLARATIONS OF INTEREST

No declarations of interest were received.

29/07 MINUTES

The minutes of the meeting of the Audit Board held on 15th October 2007 were submitted.

RESOLVED that the minutes be approved as a correct record.

30/07 INTERNAL AUDIT PERFORMANCE AND WORKLOAD

Members considered a report which provided a summary of current performance and workload of the Internal Audit Section.

The Audit Services Manager advised Members of adjustments which were required to the 2007/08 Audit Plan in the light of staff shortages. It was predicted that by 31st March 2008 the Section would have had access to only 86% of its planned staff resources and it was therefore proposed that four audit reviews (14%) be removed from the Plan.

RESOLVED:

- (a) that the current status and work completed on the 2007/08 Audit Plan be noted and approved;
- (b) that the four audit reviews highlighted for removal from the 2007/08 Audit Plan be removed;
- (c) that the work completed by the Internal Audit Section between September and November 2007 be noted;
- (d) that the summary of investigations completed by the Internal Audit Section be noted;

- (e) that the current Internal Audit Performance Indicator statistics be noted; and
- (f) that the amendments to the Internal Audit Section's standard documentation be noted.

31/07 **RECOMMENDATION TRACKER**

Consideration was given to a report which provided a summary of previously selected audit report "priority one" recommendations.

Members noted the reasons detailed in the report in relation to the recommendations which were still ongoing and outside of their target dates, and commented that they would not wish to see any further slippages beyond the new due dates established for these. The Audit Services Manager stated that it was important that managers set realistic completion dates in the first instance. With regard to recommendations 9 and 10 (National Non Domestic Rates - Billing Procedures and Bill Suppressions), Members requested that a report detailing the Council's billing procedures, including write-offs, arrears and voids, be brought to the next meeting of the Board.

RESOLVED:

- (a) that the "priority one" recommendations detailed in Appendix A to the report be noted;
- (b) that the recommendations that had been implemented be removed from the report and replaced by new recommendations; and
- (c) that a report explaining the Council's billing procedures be brought to the next meeting of the Audit Board.

32/07 **RISK MANAGEMENT TRACKER**

Members considered a report which presented a summary of progress to date against all of the improvement actions detailed on individual Service risk registers for the period 1st April to 31st October 2007.

Members noted the year end prediction in the report in relation to the number of actions and improvements likely to be completed by the financial year end, together with the factors outlined which had impacted on progress.

RESOLVED that the progress to date against all Service risk register actions for 2007/08 be noted.

The meeting closed at 6.38 pm

Chairman

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17TH MARCH 2008

CIVIC BONFIRE AND FIREWORKS EVENT

Responsible Portfolio Holder	Councillor June Griffiths
Responsible Head of Service	John Godwin

1. SUMMARY

- 1.1 The report relates to the Civic Bonfire and Fireworks Event that took place on Sunday 4th November 2007, Sanders Park, Bromsgrove and considers the content of a scrutiny proposal put forward by Councillor Pardoe that reads as follows: 'No tickets issued on entry to the event. How can receipts be audited?' and that 'Apparently we do not actually have a record of the exact number of people that attended but the estimates are that it was over 9,000 through out the day'.

2. RECOMMENDATION

- 2.1 Members are recommended to note the content of the report and the proposed enhancement for the 2008 event.

3. BACKGROUND

- 3.1 Members will be aware that the 2007 Bonfire event was organised for the first time as a chargeable event to the public. This presented a number of additional organisational challenges to the officers responsible for delivering a successful event.

- 3.2 As a consequence of the introduction of charging the public entry to the event and having risk assessed the additional requirements for the 2007 event, the main considerations that needed to be addressed were as follows:

1. To enhance the level of site security to manage public access, crowd movement and public egress safely within a secured zone
2. To establish a secure fenced zone around the parks perimeter
3. To introduce an efficient gate receipt system and a safe means of securing and transporting the gate receipts collected
4. To provide additional policing and security to manage the increased potential of public order issues that may arise, as advised by the Police
5. To change road closure methods specifically to meet the new operational requirements of the event and as advised by the Police

- 3.3 LMS Security and Events Service were appointed to provide the specialist security events personnel and the specialist events infrastructure required for the event, including the fenced perimeter and the gate entry points.

LMS are experts within the security and events industry and have a long and established history of working nationally and on large outdoor festivals including Glastonbury and the Virgin music festivals.

LMS have been previously successfully employed by the council to manage the crowd dynamics and elements of the event infrastructure for the previously free bonfire event. Their services were extended for the 2007 event to provide additional events infrastructure and security personnel, money collectors and money counting staff, all appointed with the necessary experience and skills.

Council staff were not involved in any actual money transactions and exchanges during the event yet the council did in advance of the event agree with LMS the audit requirements that the company would adhere to, relating to the float for the event and the taking and reconciliation of the gate receipts.

- 3.4 Six gate entry points were established at strategic locations around the perimeter of the park to facilitate safe access and egress to the public. Each gate entry point consisted of a marquee shelter with chairs and tables set out within them to facilitate safe collection of money by LMS operatives.

The event teams in conjunction with LMS and the Police planned the right locations for each entry point based upon previous knowledge and experience of managing the event. This planning determined the size of each gate entry point and specifically identified the number of LMS operatives required to operate each gate entry point.

Each gate entry point had a minimum of two members from the security team appointed to control the queues that formed, in order that each money collector was dealing with only one transaction at a time. Upon payment each member of the public received a printed stamp to the back of their hand to show proof of payment. The stamp was pre-designed to contain a 'flaw' that was unique to the 2007 bonfire event to prevent unauthorised replication. Upon payment a member of the security team guided the public into the park and recorded their entry with the use of a manual hand held 'clicker' counter device. The throughput of people should be therefore recorded as exact at each gate entry point.

Due to the nature of it being a predominantly evening focused event one of the key challenges was to process several thousand people into the park within a short period of time. Pre marketing publicity material, including press releases, were designed to promote to the public to consider arriving at the event earlier than in the past, due to the new charging arrangements.

Paramount of importance to the success of the event was the health and safety of the public. A system of gate entry points was therefore preferred that would facilitate quick and safe entry to the event of all members of the public. To this end and following advisory meetings with other partners including LMS and the Police the 'hand stamp' and 'clicker' counter system was the preferred option, and therefore adopted as the quickest and safe means of ensuring members of the public entry to the event.

- 3.5 Prior to the event the council's events team discussed the preferred option with the council's audit team. The audit team acknowledged that the preferred option would not be able to accurately reconcile the gate receipts with the number of people attending yet accepted the context of why the preferred option was to be implemented. The audit team's preferred option would have been to have a ticketed system allowing the gate receipts to be reconciled with the number of people attending. The audit team prior to the event approved the events team's audit arrangements and procedures with LMS.

The event teams did consider a ticketed system for public entry yet the advice the events team had received from LMS and the Police was to implement a system of entry that was the quickest and safest, the 'hand stamp' and 'clicker,' and that a ticketed system would slow each member of the public's entry to the event.

The money taken from the public at each gate entry point was collected in money belts by LMS operatives. To prevent the risk of theft regular collections throughout the event by LMS senior personnel of the gate receipts, from each gate entry point, were taken to a safe house within the park (located within the Park Information Office). The money was counted by specialist LMS staff under the supervision of LMS senior personnel and in the presence of council employees. At the safe house the gate receipts were counted and another appointed security company (Close Protection Security) removed the takings from the park prior to the end of the event to be taken to be paid into the council's bank account.

3.6 AREAS OF CONCERN

Issue

How can you audit receipts for every paid entry by a member of the public to the event?

Existing control

Using hand stamps to record and denote each paid member of the public to the event.

Failure of existing control

The hand stamp system can only be used to record and denote paid entry by a member of the public to the event and is not a means of auditing receipts for paid entry by a member of the public.

Revised control and enhancement

To introduce a paid ticket system for each member of the public attending the event, the paid ticket system would enable the receipts to be fully audited.

Risk of revised control and enhancement

A paid ticket system would allow all gate receipts to be fully audited and reconciled, if implemented correctly.

Reducing the risk of the revised control and enhancement

To instruct all key events personnel on the correct operation of the paid ticketed system.

Issue

Recording the actual number of people attending the event.

Existing control

Using clickers to record the actual number of people attending the event.

Failure of existing control

The clickers failed to work consistently throughout the event to record accurately the actual numbers of people attending the event.

Revised control and enhancement

To introduce a ticket system to record the exact number of people attending the event, which would produce an exact record of how many children, adults and families attended the event.

Risk of revised control and enhancement

Introducing a ticket system would slow down each member of the public's entry to the event and would put additional pressure on each of the gate entry points.

Reducing the risk of the revised control and enhancement

The gate entry points will need to be redesigned to manage the ticket system to reduce the time it will take to process each ticket sale, the entry of each member of the public and the additional pressure on each of the gate entry points.

4. FINANCIAL IMPLICATIONS

4.1 The financial implications will be met within existing budgets.

5. LEGAL IMPLICATIONS

5.1 None

6. COUNCIL OBJECTIVES

6.1 Council Objective 2 Improvement and Council Objective 3 Sense of Community and Well Being

7. RISK MANAGEMENT

7.1 None

8. CUSTOMER IMPLICATIONS

8.1 The public will be made aware of the paid ticket system for the annual bonfire event through external communications throughout the year leading up to the event.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

9.1 The paid ticket system will need to accommodate less abled customers.

10. VALUE FOR MONEY IMPLICATIONS

10.1 None

11. OTHER IMPLICATIONS

Procurement Issues None
Personnel Implications None
Governance/Performance Management None
Community Safety including Section 17 of Crime and Disorder Act 1998 Community Safety support the improvements to the event
Policy None
Environmental None

12. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	No
Chief Executive	No
Executive Director (Partnerships and Projects)	<u>No</u>
Executive Director (Services)	<u>No</u>
Assistant Chief Executive	<u>No</u>
Head of Service	<u>Yes</u>
Head of Financial Services	<u>No</u>

Head of Legal, Equalities & Democratic Services	<u>No</u>
Head of Organisational Development & HR	<u>No</u>
Corporate Procurement Team	<u>No</u>

13. WARDS AFFECTED

All Wards

14. APPENDICES

None

15. BACKGROUND PAPERS

None

CONTACT OFFICER

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BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17th MARCH 2008

ANNUAL EXTERNAL AUDIT REPORT 2006/07

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

1. SUMMARY

- 1.1 The Council's previous External Auditor (KPMG LLP) has issued the Annual External Audit Report for 2006/07 (Appendix A). This was issued to Officers of the Council in draft form at the end of December and has been amended to take account of the majority of those comments. It also includes the management response to the recommendations.

2. RECOMMENDATION

- 2.1 The Board is asked to consider the Annual External Audit Report for 2006/07 and, subject to any comments they may wish to make, to accept it.
- 2.2 The Board is asked to endorse the management response to the Annual External Audit Report for 2006/07 recommendations.

3. BACKGROUND

- 3.1 Attached at Appendix A is the Annual External Audit Report for 2006/07 which reports the significant findings from work undertaken by KPMG LLP (the Council's appointed auditors for 2006/07) as part of the 2006/07 Audit and Inspection Plan. The report focuses on the following main areas:

- Audit of Accounts
- Audit of Use of Resources

- 3.2 The report also includes:

- Data Quality
- Follow up of previous years Annual Audit and Inspection Letter recommendations
- Statutory report on Best Value Performance Plan
- Summary of audit reports issued during the year

- 3.3 The findings of the report include the demonstration of clear improvements in a number of areas including the Medium Term Financial Strategy and budget monitoring arrangements. The score of 2 in relation to Use of Resources shows the

Council is sustains its improvements in Financial Management and has the procedures in place to improve in the future.

3.4 From the 12 criteria that the Council is assessed on the auditors concluded that we met 9 of the criteria. This is an improvement on the 2005/06 judgement of 4 out of the 12 criteria being met.

3.5 The areas where the Council did not meet the criteria were:

- Setting strategic and operational objectives
- Consultation with stakeholders
- Monitoring and Scrutiny of performance.

3.6 It is considered by officers that the above areas have been addressed during 2007/08 and further improvements have been identified in the Management Response to the recommendations as identified by KPMG in the report.

4. FINANCIAL IMPLICATIONS

4.1 None

5. LEGAL IMPLICATIONS

5.1 The presentation of the Annual Report is a responsibility of the External Auditors under the Audit Commissions Code of Practice

6. COUNCIL OBJECTIVES

6.1 Council Objective 02: Improvement.

7. RISK MANAGEMENT

7.1 Addressing the recommendations identified will further support the Councils Use of Resources scoring in ensuring that we have a robust internal control and financial management framework for officers to work within.

8. CUSTOMER IMPLICATIONS

8.1 No customer implications.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

9.1 No equalities and diversity issues.

10. 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

11. 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

12. APPENDICES

12.1 Appendix A – External Audit Report.

13. BACKGROUND PAPERS

13.1 None.

CONTACT OFFICER

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INFRASTRUCTURE, GOVERNMENT
& HEALTHCARE

Annual External Audit Report

2006/07

**Bromsgrove District
Council**

January 2008

AUDIT

The contacts at KPMG LLP in connection with this report are:

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- 1.1 Scope of this report
- 1.2 Summary of findings
- 1.3 Looking forward
- 1.4 Acknowledgements

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- 2.1 Audit of the Authority’s accounts
- 2.2 Certification of grant claims and returns
- 2.3 Questions and objections from electors

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- 3.1 Use of Resources scored judgment
- 3.2 Audit of data quality
- 3.3 Best Value Performance Plan

Appendices

- Appendix A: Summary of 2006/07 recommendations and action plan
- Appendix B: Audit reports issued
- Appendix C: Fee summary

This report is addressed to the Authority and has been prepared for the sole use of Bromsgrove District Council (“the Authority”). We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled: *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG LLP’s work, in the first instance you should contact Jon Gorrie who is the engagement director to the Authority, telephone 0121 335 2741 email : jonathan.gorrie@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, e-mail trevor.rees@kpmg.co.uk , who is the national contact partner for all of KPMG’s work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission’s complaints procedure. Put your complaint in writing to the Complaints Team, Nicholson House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SU or by e-mail to: complaints@audit-commission.gov.uk. Their telephone number is 0117 975 3131, textphone (minicom) 020 7630 0421.

Section 1

Executive summary

1.1 Scope of this report

This report summarises the 2006/07 external audit work carried out by KPMG LLP ("KPMG") at Bromsgrove District Council ("the Authority") with regards to the areas of our audit responsibility under the Audit Commission's *Code of Audit Practice* ("the Code"). Under the Code we are required to review and report on two specific areas which we have used to structure this report. In particular, this report includes our findings in relation to the:

- audit of accounts (section 2) and
- audit of Use of Resources (section 3).

1.2 Summary of findings

Accounts and Statement of Internal Control

This area is concerned with the accounts production process and the associated opinions that we provide on the Authority's financial statements and the Whole of Government Accounts (WGA) submission (section 2).

To bring local government into line with other parts of the public sector, the timetable for preparation and publication of accounts has been gradually brought forward. For 2006/07, the accounts needed to be prepared by the end of June 2007 and published by the end of September 2007. Whilst this is not formally an audit deadline, it is desirable for the accounts to be published with the audit opinion included, so we plan our audit work to deliver the opinion by this date.

We issued our unqualified opinion on 24 September 2007.

At the same time as giving our opinion on the Authority's accounts, we issued our audit certificate, which marks the conclusion of our statutory responsibilities for the year. We also reviewed the Authority's WGA submission and concluded that it was consistent with the statutory accounts.

Use of resources

Between August and October 2007, we completed our third scored judgement on the Authority's use of resources. This assesses the Authority against Key Lines of Enquiry (KLOEs) specified by the Audit Commission, on which the Authority is scored on a scale between 1 (below minimum requirements) and 4 (performing strongly). The scores were reviewed by both KPMG's local and national quality control processes and then by the Audit Commission to ensure consistency in scoring with other auditors and authorities.

We assessed the Authority's arrangements as adequate, giving an overall score of 2. This sustains the good performance of the previous year's assessment. We noted clear improvements in a number of areas of the assessment, including the Authority's medium term financial strategy and budget monitoring arrangements. We have summarised our findings and conclusions in section 3 with a summary of our recommendations included in Appendix A. We also reconsidered all our recommendations made in the previous year and have reiterated those that we consider significant within this year's recommendations.

We reported our conclusion on the Authority's use of resources alongside our accounts opinion on 24 September 2007. The conclusion is based on to the extent to the Authority meets 12 criteria specified by the Audit Commission which link to our other audit work – for example, on Use of Resources scored judgement and Data Quality. It is unqualified where these are all met and qualified if there are areas where the minimum standards are not fully addressed.

We concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness on 9 of 12 criteria determined by the Audit Commission. The Authority was not able to meet 3 criteria as follows: setting strategic and operational objectives, consultation with stakeholders and monitoring and scrutiny of performance. This represents an improvement from last year as the Authority failed to achieve 8 of the 12 Audit Commission criteria last year. We reported our findings in the report to those charged with governance (ISA 260) in September 2007.

Audit of data quality

In 2007, we completed our second review of data quality at the Authority using a methodology developed by the Audit Commission. We considered the Authority's arrangements to be adequate overall. This marks significant progress over last year's assessment when the Authority's arrangements were judged inadequate overall. We have reported in detail on our findings and made appropriate recommendations in section 3.

Section 1

Executive summary

1.3 Looking Forward

Section 4 of this report includes an outline of the changes that are anticipated as a result of both the implementation of the Statement of Recommended Practice (SORP) and the potential introduction of International Financial Reporting Standards (IFRS). In light of the difficulties experienced this year with the changes arising in the 2006/07 SORP, the Council should monitor these 2007/08 changes carefully .

1.4 Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

Section 2

Accounts and Statement on Internal Control

Our *Report to Those Charged with Governance 2006/07* (“ISA 260 report”) detailed our findings and initial conclusions in relation to the Authority’s 2006/07 accounts and set out our findings in relation to the Authority’s controls and internal audit function.

This report summarises our findings from the audit of the accounts and Statement on Internal Control for 2006/07, including the submission process for Whole of Government Accounts (WGA).

2.1 Audit of the Authority’s accounts

Opinion and certificate

We issued an unqualified opinion on the accounts on 24 September 2007. Our audit report also incorporated a conclusion on the Authority’s use of resources. This is discussed in more detail in section 3 and in our *Report to Those Charged with Governance*, issued on 10 September 2007.

The Authority coped well with the additional challenges in the accounts process this year. The requirements of the SORP changed significantly for the 2006/07 year which resulted in more adjustments being required than in 2005/06. However, in other respects, the Authority has improved its accounts production process over prior years – for example, the accounts were supported by clear working papers from the outset.

A number of adjustments were required to the accounts to ensure compliance with the SORP. None of these however, were considered to be material. There was one uncorrected error, where the Authority was not able to provide sufficient evidence to support a VAT creditor balance. We therefore agreed that an adjustment was not required and this did not impact our proposed unqualified audit opinion.

The Statement on Internal Control

We also reviewed the information supporting the Authority’s Statement on Internal Control for 2006/07. The statement was amended to include a clear reference to the Authority’s improvement plan. Once amended we concluded that it was consistent with our understanding of the Authority.

Evaluation of Internal Audit

We also concluded that we were able to place reliance on the work of Internal Audit in 2006/07. We noted that Internal Audit raised a number of recommendations aimed at improving the Authority’s financial controls throughout the year and we continue to support Internal Audit in raising these issues and recommendations.

We have also assessed the Authority’s Internal Audit function as part of the Internal Control Use of Resources KLOE. We concluded that the Authority has adequate arrangements in place to maintain a sound system of internal control. For further detail see section 3.

Whole of government accounts opinion

Whole of Government Accounts (“WGA”) are accounts that cover the whole of the public sector and include some 1,300 separate bodies. Each of these bodies is required to submit a consolidation pack which is based on, but separate from, their statutory accounts.

The 2006/07 year was the year of full “live” consolidation for the WGA process, and as auditors we were required to review and report on the WGA consolidation pack.

We submitted the Authority’s WGA pack to the Department for Communities and Local Government (DCLG) within the Government deadline. In our opinion, the consolidation pack, with the adjustments schedule addendum, is consistent with the statement of accounts for the year ended 31 March 2007.

Summary of issues arising

We reported our performance improvement observations relating to the accounts production process in our *Report to Those Charged with Governance*, issued on 10 September 2007. We have no further issues to report which have not already been addressed in sufficient detail in that document.

The Authority’s accounts production process is also assessed as part of our Use of Resources assessment. As part of our feedback on this process we have also considered the production process against the Financial Reporting Key line of Enquiry in section 3 of this report (Section 3.1).

Section 2

Accounts and Statement on Internal Control

Future accounting developments

Further changes to accounting requirements take effect in 2007/08. The 2007 SORP incorporates the provisions of FRS 25 (Financial instruments: disclosure and presentation), FRS 26 (Financial instruments: recognition and measurement) and FRS 29 (Financial instruments: disclosure).

The new requirement for a Revaluation Reserve and Capital Adjustment Account will significantly alter capital accounting requirements. They are expected to prove challenging for many authorities – this change was originally to be brought in for 2006/07 but was postponed to allow more preparation time, given that significant changes will be required to fixed asset records going forward.

In the March 2007 Budget, the Chancellor confirmed that central government bodies would be required to adopt International Financial Reporting Standards (IFRS), adapted as necessary for the public sector. The timetable announced by the Government is that adoption will be required for 2008/09. This will require the 2007/08 accounts to be restated for comparative purposes.

In local government, the transition to IFRS is not expected before 2009/10, although the Whole of Government Accounts returns for 2008/09 will have to be prepared under IFRS.

CIPFA has published an analysis of the key differences between the SORP and IFRS and the key issues for local government (accounting for PFI/PPP schemes, leases and accounting for infrastructure) will be the subject of Treasury guidance which is expected to be issued soon.

Given that extensive changes may be required when IFRS is introduced, we believe that the extension of the period available to local government to prepare for IFRS must be used wisely if some of the problems experienced by companies in moving to IFRS are avoided and we would be happy to work with you to identify the key areas where progress really needs to be made.

2.2 Certification of grant claims and returns

We have now certified all applicable grant claims and returns for the financial year 2006/07. No amendments to, or qualifications of, these claims were required.

2.3 Questions and objections from electors

Electors of the Authority can raise with the auditor questions or objections to items of account. Any such queries can then require us to investigate the issue raised.

We did not receive any such questions or objections during the 2006/07 audited year.

Section 3

Use of Resources

The following section comments on our work on the Use of Resources scored judgement, and makes links to the risk areas we have identified in our 2006/07 Audit Plan where relevant.

3.1 Use of Resources scored judgement

The Use of Resources assessment is based around five Key Lines of Enquiry (KLOEs): Financial Management, Financial Standing, Financial Reporting, Internal Control and Value for Money.

The Authority prepared a self assessment against the five KLOEs to help inform our review. We formulated our judgement against the KLOEs by considering the evidence in the self assessment, holding interviews with the Authority's Officers and Members and through consideration of evidence from our other audit work. Following internal quality control processes by KPMG at both a local and national level, the draft scores were submitted to the Audit Commission to ensure comparability of scoring with other audit suppliers, and have now been approved. The 2007 scores for the five individual KLOEs for the Authority are:

KLOE	2007	2006
Financial Reporting	2	2
Financial Management	2	2
Financial Standing	2	2
Internal Control	2	2
Value for Money	1	1
Overall Score	2	2

Improvement opportunities within each KLOE assessment area are detailed in the following sections.

KLOE 1: Financial Reporting

KLOE	Score
1.1: Production of statutory annual accounts	2
1.2: Promoting external accountability	2
Overall score for KLOE 1	2

The overall aim of the financial reporting assessment is to understand how effective the Authority's arrangements are for producing and publicising its annual accounts in accordance with relevant standards and timetables.

The accounts were prepared and published in accordance with statutory requirements and made available to audit within the agreed timetable. The accounts presented for audit were supported by adequate quality working papers and were provided at the start of the audit.

The accounts were presented to the Audit Board and were subject to Member scrutiny before approval.

All adjustments identified by audit were agreed by management and corrected in the final version of the accounts with one exception, where the Authority was not able to provide sufficient evidence to support a VAT creditor balance. This did not impact the proposed unqualified audit opinion.

In order to improve its score, the Authority should further refine its quality assurance procedures to reduce the level of adjustments needed to the accounts. As noted in section 4, given that there are further changes in accounting standards in 2007/08, it may be beneficial to engage with the Authority's new auditors at an early stage to establish a dialogue over how these changes should be interpreted.

Section 3

Use of Resources

In recent months, the Authority has consulted with the public on whether it should produce an annual report. The Authority can demonstrate the impact of this consultation by implementing its findings, producing an annual report which meets users' requirements.

Summary of recommendations on KLOE 1:

Recommendation 1: The Authority should seek to refine the quality assurance procedures over the accounts further to reduce the level of adjustments needed through the audit process. In relation to new accounting requirements in particular, the Authority should engage early with its external auditors to establish a dialogue over the implications of the changes.

Recommendation 2: The Authority should follow through the results of its public consultation exercise on reporting by publishing an annual report which addresses users' requirements.

KLOE 2: Financial Management

KLOE	Score
2.1: Financial planning and budget setting	2
2.2: Managing performance against budgets	2
2.3: Asset management	2
Overall score for KLOE 2	2

The aim of the Financial Management assessment is to understand how effectively the Authority plans its finances and delivers on these plans.

The Authority's arrangements for financial and service planning have become more established since our previous assessment. For example, in terms of its budget setting arrangements (**KLOE 2.1**), the Authority has made progress by explicitly linking top-level priorities to individual objectives and budgetary pressures for both revenue and capital expenditure. It is easier to see how corporate objectives and the Medium Term Financial Plan drive service plans. The links between risk and finance have also been made clearer.

At present, the Medium Term Financial Plan does not explicitly refer to other strategies, such as HR and IT. This presents the risk that other strategies may propose developments for which the costs and potential savings are not incorporated into medium term financial plans.

All organisations face financial uncertainties – Single Status, as referred to in section 2, is just one example. It is important to have mechanisms in place to ensure that financial planning takes account of these uncertainties – sensitivity analysis is one way to do this.

Broadly, sensitivity analysis sets out to consider the effect of financial uncertainties by considering various scenarios – for example, considering the effect of different pay models under Single Status, or of varying inflation assumptions – and calculating the effect on the Authority's financial position in the medium term.

Officers take account of past history in setting budgets to ensure that they reflect experience, but it would be beneficial to consider known risk factors more formally, as described above. Similarly, there would be scope to provide a greater focus on risk in monitoring budgets – for example, using a "traffic light" system to show clearly the budgets which need the greatest focus from officers and Members.

As shown above, the Authority has made strides in improving its financial management arrangements, there are benefits to performing a comprehensive review – for example, using the CIPFA Financial Management model – to capture all improvement opportunities in a single action plan.

To improve decision making, it is important that not only accountants receive finance training. Service managers and Members should also be trained in the issues which affect the decisions they need to make in their respective roles. This should then be supported by periodic reviews of the training to ensure that it achieves its objectives.

The Authority has improved its asset management arrangements (**KLOE 2.3**) in a number of respects. For example, it has recently introduced a revised Asset Management Plan and established an Asset Management Group to implement and monitor the Asset Management plan.

Section 3

Use of Resources

To demonstrate the effectiveness of these arrangements, the Authority needs to ensure that the actions in the Asset Management Plan are fully implemented and that Members are fully involved in scrutinising the management of the Authority's asset base.

Summary of recommendations on KLOE 2:

Recommendation 3: The Authority should ensure that the medium term financial plan explicitly refers to and reflects the implications of key strategies, such as HR and IT.

Recommendation 4: The Authority should make use of sensitivity analysis for key risks in the medium term financial planning process and should ensure that budget monitoring also focuses on areas of risk.

Recommendation 5: The Authority should perform an overall review of its financial management arrangements to create an action plan for improvement. The action plan should be monitored by an appropriate Member committee.

Recommendation 6: The Authority should ensure that appropriate finance training is provided to Members and service managers, and should periodically evaluate the training programme to determine its effectiveness.

Recommendation 7: The Authority should ensure that the actions set out in its Asset Management Plan are fully implemented and should involve Members in scrutinising the management of the Authority's asset base.

KLOE 3: Financial Standing

KLOE	Score
3.1: Managing spending within available resources	2

The aim of the Financial Standing assessment is to evaluate how the Authority ensures that its finances are sustainable.

The Authority's policy is to maintain reserve levels above £0.6m. As at 31 March 2007, the General Fund balance stood at £1.8m, so the targeted level is achieved at present.

However, in considering the sustainability of these arrangements, it is important to consider whether the target level of reserves is, in fact, appropriate. This should be done by quantifying the financial implications of the risks to which the Authority is exposed. This should be set out in budget setting reports to Members.

The Authority has made progress in managing its budget during 2006/07. Despite overspends in the Street Scene and Waste Management service areas, the Authority balanced its budget overall, achieving a small underspend at a corporate level.

The overall underspend was achieved through management of staff vacancies and investment income exceeding budget because of variations in interest rates. However, as these factors are not within the Authority's control, they cannot be relied upon to achieve financial balance. Therefore, the Authority should continue to work to refine budget setting and management to ensure that the overall budget is achieved in a controlled and managed fashion. The recommendations on budget setting and monitoring above should help to achieve this.

Summary of recommendations from KLOE 3:

Recommendation 8: The Authority should review the financial impact of the risks it faces. This should be used to compute a fully risk-based target reserve level. The risk assessment and resulting reserves policy should be reported to Members on an annual basis.

Section 3

Use of Resources

KLOE 4: Internal Control

KLOE	Score
4.1: Risk management	2
4.2: Internal control	2
4.3: Ethics and conduct	2
Overall score for KLOE 4	2

The aim of the Internal Control assessment is to understand the Authority's governance and control arrangements, encompassing risk management, the internal control framework and how the Authority ensures a high standard of conduct by Members and officers.

The Authority has made some refinements to the arrangements in place and has, as a result, sustained the scores from the previous assessment.

We confirmed that the Authority has an approved and risk management strategy in place. During 2006/07, the Audit Board reviewed and approved the Statement on Internal Control, the risk management process and the systems of internal control. The Authority also has a fully resourced internal audit function that operates in accordance with the CIPFA *Code of Practice for Internal Audit in Local Government*. The Authority has adopted a formal codes of conduct for Members and officers. The Standards Committee's membership and functions accord with the requirements of the Local Government Act 2000. The Authority also has an appropriate anti fraud corruption policy in place.

To develop its risk management arrangements (**KLOE 4.1**) further, the Authority needs to demonstrate that the risk management process is embedded within the Authority and is integral to how the organisation is run – for example, consideration of risk should be pervasive in financial management. The Authority can take steps to achieve this by providing regular risk management training to officers and risk awareness training to Members.

The Authority needs to consider risks in relation to partnerships explicitly to ensure that these are always considered and managed. It should revisit its corporate risks at least twice a year and ensure that Members are kept informed and also have the opportunity to input actively into identifying and managing risks themselves.

In recent years, significant improvements in internal control (**KLOE 4.2**) have been achieved. These can now be further refined. For example, the Authority now has well-established procedure notes and manuals for key systems; to maintain the usefulness of these documents, they should now be subject to scheduled, periodic review and updating.

The Audit Board has now been in place for some time. The next step is for it to demonstrate its own effectiveness more clearly; it should be evident how the Board has successfully influenced management. For example, we would expect that the Board would regularly call service managers to account where prompt action has not been taken to address weaknesses, such as where the recommendations of Internal Audit have not been implemented in a timely fashion.

To improve the score in relation to ethical conduct (**KLOE 4.3**), the Authority needs to enhance its arrangements for ensuring high standards of conduct – such as through regular ethics training – but also to demonstrate the effectiveness of these arrangements. This could be achieved through surveying Members and officers on their understanding and compliance with ethical codes. The Audit Commission's Ethical Governance Toolkit is one way to facilitate this assessment.

There is also more scope for proactive counter fraud and corruption work to provide assurance that potential fraud risk areas are adequately controlled.

Section 3

Use of Resources

Summary of recommendations on KLOE 4

Recommendation 9: The Authority should introduce a programme of regular risk management training to officers and risk awareness training to Members.

Recommendation 10: The Authority should ensure that its risk register explicitly considers risks arising from its significant partnerships.

Recommendation 11: The Audit Board should consider further how it can demonstrate its effectiveness and, where necessary, strengthen its working practices – for example, calling managers to account for weaknesses identified by internal and external audit which have not been addressed by the due date.

Recommendation 12: The Authority should ensure that the procedure notes and manuals for key systems remain up to date.

Recommendation 13: The Authority should further develop its arrangements which ensure ethical conduct through the provision of training to Members and officers and through proactive counter fraud audit work. It should review the effectiveness of these arrangements by assessing officers' and Members' views on ethical behaviour – for example, by applying the Audit Commission Ethical Governance Toolkit.

KLOE 5: Value for Money

KLOE	Score
5.1: Achievement of value for money	1
5.2: Processes to improve value for money	2
Overall score for KLOE 5	1

The Authority has now continued to strengthen its arrangements for managing and improving its value for money (**KLOE 5.2**) during 2006/07 and there is a much stronger understanding of the Authority's costs and performance. The Authority's new performance management system has helped it to produce quarterly performance reports for its Performance Management Board. This together with its Procurement Steering Group has helped to deliver efficiencies and reduced costs.

However, in terms of achievement of value for money (**KLOE 5.1**), the Authority recognises that there are further improvements required to improve its value for money, such as reducing costs whilst improving performance compared to similar authorities. This will need to be addressed through the use of more formalised benchmarking in a consistent and robust manner.

At the time of our review, there was not clear evidence that a culture of value for money exists, though we noted increased awareness of performance information, amongst both middle managers and other staff.

In order to improve the score for value for money, the Authority should now analyse and report on the links between costs and performance across its services. The Authority should align these reports to its corporate priorities. The Authority should build and develop the VFM and efficiency culture by involving the understanding and ownership of Members.

Summary of recommendations for KLOE 5:

Recommendation 14: The Authority should further develop how performance and financial information is reported through to Members together and should ensure that formal benchmarking is in place to drive action to improve performance or reduce costs.

Section 3

Use of Resources

3.2 Audit of data quality

Scope of our work

This is the second review of data quality using a methodology set out by the Audit Commission.

Data quality is important because of the reliance on information for decision-making and performance management, so the accuracy of the information is vital for effective management of the organisation. Data is also important to external stakeholders wishing to review authorities' performance. Our work includes the validation of certain indicators to assist the Audit Commission with the CPA process.

Our review of data quality was performed following Audit Guides specified by the Audit Commission. These divide our work into three phases.

- **Stage 1: Review of management arrangements.** We consider the arrangements in place by which the Authority defines its objectives for data quality and aims to achieve them. The conclusion of this work also decides if the Authority has met the criterion relating to data quality out of the 12 for our Use of Resources Conclusion.
- **Stage 2: Comparison to other authorities.** This step involves high-level validation of a selection of indicators, considering factors such as variances year on year and disparities with the values reported by the Authority's peers. This includes considering questions raised by the Audit Commission and responding with our findings.
- **Stage 3: Data testing.** We perform sample testing on some indicators from a list selected by the Audit Commission, carrying out the tests specified in the Audit Guide. The number of indicators tested is dependent upon our assessment of the adequacy of arrangements in Stage 1 and any areas of concern raised at Stage 2.

This section of the report sets out our findings from each of these three stages.

Summary of our assessment

Stage 1: Following our review of the management arrangements over data quality we passed the Authority on the related Audit Commission criteria for our Use of Resources Conclusion issued in September 2007. This shows a clear improvement from last year as the Authority failed to meet this criterion.

We have made a number of recommendations these will provide the Authority with an opportunity to improve its arrangements in the coming year. The recommendations are set out overleaf and summarised in Appendix A.

Stage 2: We followed up questions raised by the Audit Commission on eight indicators and found all variances as real and consistent with our understanding of the Authority's performance.

Stage 3: Based on our risk assessment on indicators selected by the Audit Commission, we selected BV82a Recycling performance, BV82b Composting performance and non BVPI HIP HSSA private sector Percentage of total private sector homes vacant for more than six months to test. We found all indicators to be fairly stated.

Governance arrangements

This section of our management arrangements review covered the Authority's leadership over data quality, including:

- its top level commitment to data quality;
- how responsibilities for data quality are defined and communicated;
- its data quality objectives in place; and
- how standards for data quality are monitored and reviewed.

This area is important because it defines what is expected from staff and how officers and Members will ensure that this is achieved.

Section 3

Use of Resources

The Authority's governance arrangements for data quality have improved from the time of our previous assessment. The Authority has now employed a Performance Policy officer who has helped to improve the arrangements in place for data quality. The 'Council Results' document now clearly refers to the importance of data quality. Data quality also features in the corporate risk register.

Individual service plans for service areas specify the officer responsible for the calculation of each performance indicator. The Performance Policy officer reviews the performance indicators submitted to him and feedbacks data quality issues to Heads of Service.

From a leadership perspective, the Assistant Chief Executive leads on data quality, though the nature of this role has not been formally defined. At the time of our review, a Member lead for data quality had not been established. Formally defining these roles would help to raise the profile of data quality amongst Members and senior officers; this should help improve the robustness of the performance management framework.

Recommendation 15: The Authority should nominate Member and officer leads for data quality to reinforce the importance of data quality within the performance management framework.

The policy framework for data quality

This review area considered the Authority's policies in relation to data quality and how they are implemented.

The Authority now has a data quality strategy in place approved by the Cabinet in June 2007. The strategy sets out an action plan to embed the arrangements over data quality. The action plan covers important aspects of data quality such as data quality training.

In order to improve the arrangements the Authority needs to ensure that the action plan approved as part of the data quality strategy is implemented and progress reported to Members.

Recommendation 16: The Member and officer leads for data quality should take an ongoing role in monitoring progress with the data quality action plans.

Information systems and processes

Fundamental to the reliability of the Authority's information is the robustness of the systems which store the underlying data. This section of the management arrangements review considers the robustness of the systems in place, including management's action in relation to previously identified weaknesses, and consideration of data security and integrity. It also considers the systems for collating indicators and sharing information.

The Corporate Communication Policy and Performance Team is responsible for collating and reporting on performance indicators. The team was fully resourced during the year. The Authority's Internal Audit function has been involved in collating performance indicators and performing a high level review of performance indicators. The Authority is in the process of implementing the LAMP (Local Authority Modernisation Project) project which will result in data cleansing, updating and linking of data, covering multiple data sets produced and maintained by the Authority.

We did not identify weaknesses in the systems used for producing indicators for those where we performed in-depth work at Stage 3.

In some cases, the Authority is dependent on other organisations to provide it with cost or performance data, so it is more difficult to be certain of the quality of this data. It is considered good practice to have protocols in place with these third parties to obtain assurance over the data which the Authority would wish to rely on. Introducing such protocols across key partnerships, including the Local Area Agreement, would help ensure consistency in the quality of all performance information, whatever its source.

Recommendation 17: The Authority needs to ensure that formal protocols and standards are developed to ensure data quality is achieved for all instances of internal and external data sharing.

Section 3

Use of Resources

People and skills

The sections set out above require a range of skills for successful implementation – whether knowledge of information systems or the knowledge of processes to ensure that they are appropriately designed to deliver high-quality data. It is, therefore, important that the Authority considers the skills it needs to deliver its data quality objectives. Once these have been identified, it will be necessary for the Authority to implement training programmes and briefings in order to fully develop these skills.

The IT department has facilitated workshops to introduce staff to the LAMP project explaining how the project will ensure clean, current and up to date data.

We noted that the new Performance Plus User Group, attended by departmental performance officers plays an effective role in debriefing and sharing good practice and in highlighting potential issues/problems.

The data quality strategy action plan includes an action point relating to data quality training. The strategy also requires roles and responsibilities regarding data quality to be written in job descriptions of officers who deal with data.

All staff are aware of their roles and responsibilities; performance appraisals provide an opportunity to reinforce these. Any issues in relation to data quality training can also be highlighted. However, there would be scope to formalise further how officers' performance in achieving data quality is measured. In particular for "transactional" areas of service, such as processing benefit claims, council tax details or creditor payments, it would be possible to set performance targets for each indicator, cascaded through to each individual. This would allow the achievement of data quality to be monitored and also linked into individual performance.

Recommendation 18: The Authority needs to develop data quality targets and indicators to measure data quality. The performance of the staff responsible for data quality should be assessed against these targets.

Using data effectively

Performance data should be used by Members to inform decision-making and improvement. In order to facilitate this, performance information should be appropriate, timely and subject to a thorough review by senior staff before used by Members.

The Authority reports to the Performance Monitoring Board and staff against a 'basket' of 45 performance indicators on a quarterly basis. Reports are produced on an exception basis, to focus Member and senior officer attention on areas where clear action is required. Reported data is submitted back to heads of services where performance is discussed in department management team meetings. Performance review clinics led by the Director of Improvement are held for areas where performance is below target.

The Senior Policy and Performance officer maintains a file of indicators which includes evidence of the reports used to compile each performance indicator with background information on its compilation and explanations for variances.

3.3 Best Value Performance Plan

We are required to audit the Authority's Best Value Performance Plan to ensure that its contents comply with statutory requirements. We issued an unqualified opinion on the 2007/08 Plan on 3 December 2007. There are no issues arising from our work which we wish to bring to Members' attention.

Section 4

Accounting Policies

4.1 Financial Reporting Requirements

Further changes to accounting requirements take effect in 2007/08, a result of the 2007 SORP, including a new requirement for a Revaluation Reserve and Capital Adjustment Account will significantly alter capital accounting requirements. They are expected to prove challenging for many authorities – this change was originally to be brought in for 2006/07 but was postponed to allow more preparation time, given that significant changes will be required to fixed asset records going forward. We will evaluate the impact of any other changes and liaise with the Authority accordingly.

- In a statement in the March 2007 budget, the Chancellor confirmed that Central Government bodies covered by the FReM would be required to adopt International Financial Reporting Standards (IFRS), adapted as necessary for the public sector. The timetable announced by the Government is that adoption will be required for 2008/09. This will require the 2007/08 accounts to be restated for comparative purposes.
- The CIPFA/LASAAC Joint Committee which is responsible for the LA SORP has indicated that IFRS will not be adopted in the local government sector until 2009/10, at the earliest, although the WGA returns for 2008/09 will have to be prepared under IFRS. CIPFA has published an analysis of the key differences between the SORP and IFRS and two of the key issues for local government (accounting for PFI/PPP schemes and accounting for infrastructure) will be the subject of Treasury guidance to be issued before the end of 2007.
- As we get more guidance as to how IFRS are to be adapted for the public sector we will liaise with the Authority's finance team to ensure that they have appropriate plans in place to manage the transition. We are also working closely with our private sector IFRS team to ensure we benefit from our experience of the IFRS convergence process and we will work closely with you to ensure that we can transfer those benefits to you in the period leading up to full adoption. We also believe that the extension of the period available to local government to prepare for IFRS must be used wisely if some of the problems experienced by companies in moving to IFRS are avoided and we would be happy to work with you to identify the key areas where progress really needs to be made.

Appendices

Appendix A: Summary of 2006/07 recommendations and action plan

No.	Recommendation	Priority	Management response	Timescale
1	The Authority should seek to refine the quality assurance procedures over the accounts further to reduce the level of adjustments needed through the audit process. In relation to new accounting requirements in particular, the Authority should engage early with its external auditors to establish a dialogue over the implications of the changes.	High	Discussions commenced with new external auditors in relation to quality assurance an implications of new SORP. Workshops arranged with Audit Commission for accountancy staff to attend to ensure consistency of approach	Feb–March 2008
2	The Authority should follow through the results of its public consultation exercise on reporting by publishing an annual report which addresses users' requirements.	High	Annual report to be prepared following public consultation in July 08.	July 2008
3	The Authority should ensure that the medium term financial plan explicitly refers to and reflects the implications of key strategies, such as HR and IT.	Medium	Plan to be specific in inclusion of reference to other strategies.	Dec 2008
4	The Authority should make use of sensitivity analysis for key risks in the medium term financial planning process and should ensure that budget monitoring also focuses on areas of risk.	High	Key risks included in the MTFP. Budget monitoring for 2008/09 to be reviewed in relation to higher risk areas.	Quarterly 2008/09
5	The Authority should perform an overall review of its financial management arrangements to create an action plan for improvement. The action plan should be monitored by an appropriate Member committee.	High	Initial action plan in respect of improvements to Use of Resources including financial management prepared. Council has now recruited to the post of Accountancy Services Manager with effect from March 2008. This post will drive the improvements required to improve financial management at the Council.	April-June 2008
6	The Authority should ensure that appropriate finance training is provided to Members and service managers, and should periodically evaluate the training programme to determine its effectiveness.	High	Finance training included in the corporate training directory and the member development programme.	Scheduled during 2008/09
7	The Authority should ensure that the actions set out in its Asset Management Plan are fully implemented and should involve Members in scrutinising the management of the Authority's asset base.	High	Asset Management Plan under review by lead officer (Head of Legal & Democratic Services)	Action plan during 2008/09

Appendices

Appendix A: Summary of 2006/07 recommendations and action plan

No.	Recommendation	Priority	Management response	Timescale
8	The Authority should review the financial impact of the risks it faces. This should be used to compute a fully risk-based target reserve level. The risk assessment and resulting reserves policy should be reported to Members on an annual basis.	Medium	MTFP includes assessment of balances based on % of budget. Risk Registers highlight the financial risk and are reviewed monthly at DMT and Audit Board.	Quarterly during 2008/09
9	The Authority should introduce a programme of regular risk management training to officers and risk awareness training to Members.	High	Risk Management Training for staff being undertaken. Training for members to be arranged as part of member development programme.	Quarterly during 2008/09
10	The Authority should ensure that its risk register explicitly considers risks arising from its significant partnerships.	High	Corporate Risk Registers detail impact of partnership arrangements – monitored monthly at DMT and quarterly at Audit Board.	Quarterly during 2008/09
11	The Audit Board should consider further how it can demonstrate its effectiveness and, where necessary, strengthen its working practices – for example, calling managers to account for weaknesses identified by internal and external audit which have not been addressed by the due date.	High	Recommendation tracker reviewed by Audit Board quarterly – HOS attend meetings with Board to address issues of weakness.	Quarterly during 2008/09
12	The Authority should ensure that the procedure notes and manuals for key systems remain up to date.	High	Included in PDR targets to prepare the system notes for systems.	Per PDR reviews. Monthly reviewed by line manager and 6 month formal reviews together with annual review
13	The Authority should further develop its arrangements which ensure ethical conduct through the provision of training to Members and officers and through proactive counter fraud audit work. It should review the effectiveness of these arrangements by assessing officers' and Members' views on ethical behaviour – for example, by applying the Audit Commission Ethical Governance Toolkit.	High	In January 2007 IDEA undertook an Ethical Governance Review of the Council. An action plan was developed to redress issues identified within this audit and all actions continue within timescales. The actions are mapped and monitored through the Council's Improvement Plan and regular reports to the Government Monitoring Board. A fraud news letter is issued quarterly to officers and Members.	To continue throughout 2008/9

Appendices

Appendix A: Summary of 2006/07 recommendations and action plan

No.	Recommendation	Priority	Management response	Timescale
14	The Authority should further develop how performance and financial information is reported through to Members together and should ensure that formal benchmarking is in place to drive action to improve performance or reduce costs.	High	Performance reported monthly to PMB and quarterly as an integrated report with finance to PMB and Cabinet. Benchmarking to be used to inform reports presented to members from June 2008.	June 2008 and quarterly to members from that date
15	The Authority should nominate Member and officer leads for data quality to reinforce the importance of data quality within the performance management framework.	High	Officer lead Assistant CEO – Hugh Bennett. Member lead Roger Hollingworth. Data quality action plan reported to Performance Management Board quarterly.	Completed and reported monthly and quarterly to members
16	The Member and officer leads for data quality should take an ongoing role in monitoring progress with the data quality action plans.	High	Lead officer reports to members via monthly report to PMB and quarterly to Cabinet.	Completed and reported monthly and quarterly to members
17	The Authority needs to ensure that formal protocols and standards are developed to ensure data quality is achieved for all instances of internal and external data sharing.	High	Data Quality strategy prepared. Includes protocols and standards in respect of data. Procurement code to include responsibility for data quality.	Completed and reviewed annually
18	The Authority needs to develop data quality targets and indicators to measure data quality. The performance of the staff responsible for data quality should be assessed against these targets.	High	Personal Development reviews (PDRs) to include specific target re data quality on relevant individual PDR.	To be actioned by April 2008

Appendices

Appendix B: Audit reports issued

This appendix sets out the reports that we issued during the year.

Report title	Date issued
Annual Audit and Inspection Plan 2006/07	March 2006
Report to Those Charged with Governance 2006/07	September 2007
Auditors' report on 2006/07 accounts	September 2007
Whole of Government Accounts opinion 2006/07	October 2007
Auditors' report on the Best Value Performance Plan 2007/08	December 2007
Annual Audit and Inspection Letter 2006/07	Pending (Scheduled for March 2008)

Appendix C: Fee summary

The table below summarises our fees for the 2006/07 audit.

Area of audit work	Planned fee /£	Actual fee /£
Audit of accounts	52,000	52,000
Use of Resources	42,000	42,000
Grant claim certification	12,000	15,370
Total	106,000	109,370

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17th MARCH 2008

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 December 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.

3.4 In addition reports to members have to consider the management of the risk associated with the item presented to demonstrate that any risk is being managed in a controlled environment.

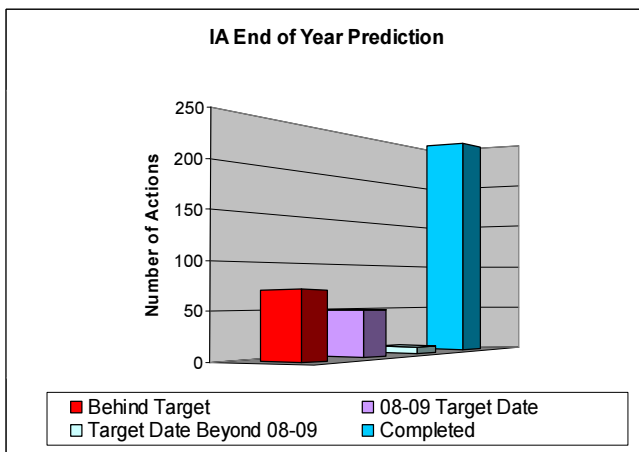
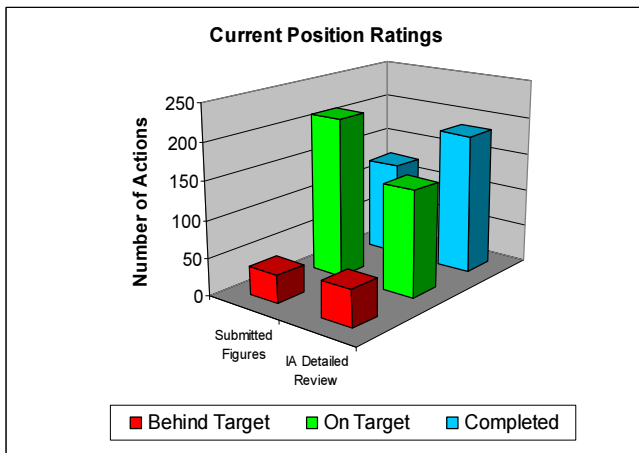
4. ACTIONS/IMPROVEMENTS SUMMARY

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 February 2008, 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. The review identified an improvement on the quality of information provided in the risk registers to enable Audit to make a more informed judgement on the position of the actions and improvements contained within the registers.

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

The information is summarised in the charts below.



From the above chart of Internal Audit's End of Year Prediction a total of 18.9% of Actions/Improvements will be behind target at the end of the financial year.

Furthermore, an additional 15.2% of Actions/Improvements have a target date beyond the current financial year. By including these Actions/Improvements Risk Registers are not being utilised as designed.

When completed, Actions/Improvements help reduce the current risk score to an acceptable level; however, with 15.2% of Actions/Improvements not due for completion during the current financial year these Actions/Improvements will have limited impact on reducing the current risk scores.

We acknowledge that in certain circumstances it is necessary to include Actions/Improvements for forthcoming financial years; however, in order to use the Risk Register as designed, documented Actions/Improvements should only reflect the actual actions that will be completed during the current financial year.

- 4.5 The Risk Registers for 2008/09 are currently being completed by risk champions and Heads of Service and a summary of the key risks identified will be reported to this Board in May.

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 in February 2008 to review the quarter three 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.

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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BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17th MARCH 2008

PROCEDURES RE CODE OF CONDUCT

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

1. SUMMARY

- 1.1 To report to the Board the procedure in place at the Authority for officers to comply with the Code of Conduct.

2. RECOMMENDATION

- 2.1 The Board is asked to note the current policy in place and to make any comments in relation to the policy

3. BACKGROUND

- 3.1 Attached at Appendix A is the current Code of Practice in place for officers of the Council to provide guidance as to the responsibilities officers have when undertaking Council duties.
- 3.2 In addition the Modern Manager Framework is in place for all managers to demonstrate a consistent approach to behaviour and standards of conduct within the Council.
- 3.3 The Code of Conduct is presented to all new employees of the Council as part of the induction process.
- 3.4 The Code of Conduct includes responsibilities in relation to :
- Political impartiality
 - Confidentiality
 - Declaration of relationships with officers or contractors
 - Gifts and Hospitality
- 3.5 An assessment is made by the Head of Service with advice from the Human Resources as to the risk associated with any specific responsibilities on the impact of service delivery. If the risk is not deemed as being high there is no reason for the officer to revise their conduct in any way.

- 3.6 There is a specific request in relation to employees with access to the benefits system for officers to inform the Head of Financial Services, in writing, of any relationships with landlords, tenant or benefit claimants to ensure appropriate checks are in place to protect the Council.
- 3.7 Internal Audit would highlight any specific issues in relation to Code of Conduct when undertaking an audit of a particular service. This would form part of a recommendation to the Head of Service and be tracked through the reporting procedures to the Audit Board.
- 3.8 The Code of Conduct in place provides appropriate protection for the Council and its employees and has not placed the Council at risk of non compliance with the Code.

4. FINANCIAL IMPLICATIONS

- 4.1 None

5. LEGAL IMPLICATIONS

- 5.1 None

6. COUNCIL OBJECTIVES

- 6.1 Council Objective 02: Improvement.

7. RISK MANAGEMENT

- 7.1 The Code of Conduct ensures that the Councils officers adhere to certain responsibilities to ensure the Councils services are delivered within a robust managerial framework.

8. CUSTOMER IMPLICATIONS

- 8.1 No customer implications.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

- 9.1 No equalities and diversity issues.

10. 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

11. **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

12. **APPENDICES**

12.1 Appendix A – Corporate Code of Conduct

13. **BACKGROUND PAPERS**

13.1 None.

CONTACT OFFICER

Jayne Pickering – Head of Financial Services
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Tel: (01527) 881207

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BROMSGROVE DISTRICT COUNCIL

CODE OF CONDUCT

Foreword

As Council employees, we all serve the public, directly or indirectly. We therefore have a particular responsibility to give of our best and remain fair and impartial in all our actions. This Code is intended to help you to do so.

The Code applies to employees of the Council at whatever level, including me as District Secretary, and all Senior Managers. It is our responsibility to abide by the Code and enable everyone to do so.

The Council wants its employees to behave in accordance with the Code's common sense guidelines and the legal framework. But it also wants us to show initiative and act in the best possible interest of the individual, and the Council's community and business interests. Only by doing this will we achieve our goals of providing cost effective, responsible services within a local democratic framework. I hope that you will find this guidance helpful.

Sue Nixon
Chief Executive

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1. Introduction
2. Purpose and status of the Code
3. General Duty
4. Serving the Public
5. Handling Complaints
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7. Trade, Skill and Professional Standards
8. Confidentiality and Openness
9. Disclosure of Relationships
10. Contractors
11. Press and other Media
12. Equal Opportunities
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14. Gifts and Hospitality
15. Financial and Non-Financial Interests
16. Health and Safety
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CODE OF CONDUCT FOR COUNCIL EMPLOYEES

1. Introduction

This Code applies to Council employees.

The code covers a wide range of responsibilities, so some parts may not be relevant to you at present. The Code cannot cover every aspect of your employment. You must therefore ensure that you are familiar with those departmental procedures, Council Financial Regulations and Standing Orders which relate to your work.

We all have a difficult job in providing the best possible quality of service at a time when money is tight. We need employees to carry out their duties to the highest possible standards and behave considerately and responsibly.

2. Purpose and Status of the Code

The Code stresses the need to maintain the highest standards of service and conduct. It defines those standards. Much of the Code is common sense, which you will already be following in your day-to-day work. But please read the Code carefully as there may be points you are unaware of or do not fully appreciate.

Your conduct is important to external customers (that is, members of the public, businesses, voluntary organisations) and internal customers (other employees who rely on your work). You also have a duty to both kinds of customer in relation to health and safety. Any behaviour that falls below the standards defined in the Code is unacceptable. Consistent or serious breaches could lead to disciplinary action.

3. General Duty

The Council's reputation depends largely on the conduct of its employees. The Council therefore expects you to behave at all times with integrity and to contribute fully to the Council's efforts in delivering the highest possible standards of service.

4. Serving the Public

You should always be courteous and helpful when dealing with members of the public.

You should give members of the public information to which they are entitled about the services and activities of the Council.

You should assess impartially their need for any service and avoid personal prejudice in giving or refusing any service.

5. Handling Complaints

Whenever you can resolve a complaint immediately, do so.

Deal with complaints as quickly as possible in accordance with set procedures and in a courteous and sympathetic way.

If you have a role in investigating complaints, you must ensure that any unexpected delays, difficulties or poor quality of service are explained to the customer as courteously and sympathetically as possible.

If a complaint is very serious, you must report it to your Supervisor or Manager.

6. Political Impartiality

When carrying out your Council duties, you must always:

- a) behave in a politically impartial way;
- b) avoid doing anything which is influenced by your own political views or which might suggest that your actions are prompted by party political allegiance;
- c) ensure that your actions do not undermine Council decisions or policies;
- d) show equal and proper consideration to all Councillors whatever their political party.

Certain employees are prevented by law from taking part in political activities in their private time. These are:

- a) employees who are paid at spinal column point 44 or above or equivalent.
- b) employees, whatever their level of pay, who advise Committees regularly or who are authorised to speak on behalf of the Council to the press or other media.

You should consult your Head of Service if you are in any doubt about whether you fall into either group.

7. Trade, Skill and Professional Standards

You must give service or advice in accordance with your skills, knowledge and ability.

You must offer professional advice without fear or favour and advise your Head of Service if you were concerned about services which are putting people at risk or which fail to meet defined standards.

You must advise your Head of Service of any possible irregularity in procedures.

8. Confidentiality and Openness

In general, you should be open about Council services and how these are provided.

During their official duties, councillors have a general right of access to information. Exceptions include the personal circumstances of employees and individual members of the public as Council customers.

In particular circumstances, however, you are legally obliged to maintain confidentiality (e.g. data protection). It is important that you do so.

You should not use information obtained during your employment for personal gain or benefit. Nor should you pass it to others who might use it in such a way.

If you are involved in politics in your private time, you should not behave in a way that might confuse the public about whether you are acting as a Council employee

9. Disclosure of Relationships

If you are employed by the District Council you must disclose relationships you have with employees of the Council. All job applicants must disclose relationships that they have with existing employees when they apply for vacancies.

You must give the information to Personnel.

10. Contractors

In accordance with the law on declaring financial interests, you must tell the District Secretary about any relationship to contractors or potential contractors that could be seen as giving financial gain or advantage.

Contracts must be awarded on merit in fair competition against other tenders. No favouritism may be shown to businesses run by friends, partners or relatives. No discrimination may take place against particular individuals, groups or sections of the community.

11. Press and other Media

Officers authorised by The Council to give information to the press and other media must give only the facts of a situation, such as an explanation of Council policies, proposals or actions. They must not express an opinion in relation to these facts – this is for Councillors to do.

Employees not authorised to give information must observe the following points:

- a) if contacted by the press or other media you must be polite and courteous at all times but say clearly that you cannot give any information or comment whatsoever.
- b) You should, however, be as helpful as possible in finding out the nature of the enquiry and suggesting whom the press or media should contact for information.

Unless authorised to comment as opposed to giving factual information, no employee may make any comment about Council policies without approval from the District Secretary who will, if necessary, discuss the matter with relevant Councillors.

12. Equal Opportunities

The Council wishes to be recognised as an equal opportunities organisation both as a service provider and as an employer. It will achieve this through the actions of its employees and Councillors.

This means:

- a) You must give everyone, members of the public and employees, fair and equal opportunities in any service or work you perform.

- b) You must not allow your judgement or actions to be influenced by any form of personal prejudice.
- c) You should avoid laying down conditions or requirements that are not justifiable in relation to service provision or employment opportunities – for example, specifying unnecessary qualifications for jobs.

13. Dual Employment

Employees should not do work outside the Council that may conflict with their Council work.

If Officers wish to undertake other employment/paid projects, then they must notify their Head of Service, who will consider their request at Officers' Management Team.

14. Gifts and Hospitality

You must be especially careful about accepting any gifts, favours or hospitality from any person or any organisation having an interest in obtaining or providing services to the Council.

Offers to attend purely social or sporting functions must be accepted only when they are part of the life of the community or where the Council should be seen to be represented.

All accepted offers of hospitality must be properly authorised and recorded in your departmental register.

When hospitality offered by contractors has to be declined, you must courteously but firmly inform them of the procedures and standards operating in local government.

When receiving hospitality you must be sensitive to the timing of decisions for letting contracts and to any contractual disputes.

Acceptance of commercial sponsorship for attendance at relevant conferences and courses is acceptable, but only if your first get authorisation and if purchasing decisions are not compromised.

Where visits to inspect equipment etc are required, the Council will meet the cost of such visits where necessary. This is to avoid jeopardising the integrity of purchasing decisions. Normal refreshments on such visits may be accepted.

You should not accept significant personal gifts from contractors and service providers such as food, drink, cars, clothes and jewellery. Inexpensive calendars, diaries, blotting pads, pens etc (perhaps marked with the donor's name) are acceptable.

If in any doubt about whether you should accept a gift, it is best to refuse it. If you receive an unsolicited gift you should return it and report your action. This is safer than having the matter raised by someone else at a later date.

If you are offered something you consider to be beyond a good will gesture (that is, a bribe) you should tell your Supervisor or Manager, who has a duty to report the matter to your Head of Service.

15. Financial and Non-Financial Interests

In general you should not do anything that could not be justified if it were made public. Whenever you have any financial, private or personal interest in any matter in which you are involved at work, you must not allow it to influence in any way how you carry out your work.

Examples of interests include kinship, friendship, membership of an association or society receiving grant aid from the Council, school governorship, involvement with an organisation or pressure group that may oppose Council policies, and any other kind of relationship that could influence your judgement and give the impression that you might be acting from personal motives.

If you, or a member of your family or other person with whom you have a close personal relationship, have a financial interest in a contract which the Council has made or is going to make, you must declare this immediately in writing to your Head of Service.

If your financial or non-financial interest relates to any work that you are doing at the time, you must not deal with that work any more. You should ask your supervisor to give the work to someone else.

If you are at a meeting of a Committee or Sub-Committee of the Council when a contract in which you have an interest is to be considered, you must report this to the District Secretary or the Senior Officer present. You must not speak on any item in which you have an interest. This is a legal requirement and must be complied with.

You must register membership of any organisation closed to the public which requires formal membership and commitment of allegiance, and which has secrecy about rules, membership and conduct. Similarly, you must choose for your own protection to register interests, such as ownership of land and shares in a company. You should contact the District Secretary to record such interests.

16. Health and Safety

You must by law take reasonable care of the health and safety of yourself and other people, including your colleagues, who may be affected by anything you do at work.

You should not do anything intentionally or recklessly which might interfere with what is provided in the interests of health, safety and welfare.

You should not do any job in a way which might endanger yourself, your colleagues or any member of the public.

You should ensure that you are familiar with your department's health and safety policy and act in accordance with it.

17. Alcohol

Your consumption of alcohol, if any, must not at any time impair the level or quality of your work or cause a hazard to the health and safety of yourself, members of the public or colleagues.

At all times you are personally responsible for ensuring that your consumption of alcohol does not in any way conflict with your responsibilities at work or conditions of employment.

18. Equipment and Materials

Council facilities, equipment and materials – such as photocopier, telephone, petrol – should not be used for private purposes except as shown below.

Private use of photocopiers and telephones is allowed if:

- a) it does not reduce the quality of Council service;
- b) you obtain the express permission of your supervisor or manager;
- c) you pay for their use.

Council vehicles must be used for authorised purposes only. Unauthorised use of vehicles is not covered by insurance – you would be personally liable to pay damages in the event of an accident causing injury or damage or both.

19. Advice on the Code

If you are unsure about whether a part of the Code applies to you or unsure of the meaning of a part that does apply to you, it is essential that you speak to your manager.

If, after speaking to your manager, you remain unsure about how the Code applies to you then you must ask for further advice from the Personnel Section.

If you ask for clarification of the conduct expected of you, or if your manager thinks clarification would be helpful to you, it will be given as far as reasonably practicable.

Every effort will be made to ensure that you know what is expected of you to avoid misunderstanding, as this is in the best interests of both the Council and its employees.

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17th MARCH 2008

BUDGETARY CONTROL AUDIT PROCESS

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

1. SUMMARY

- 1.1 To report to the Board the procedure in place to Audit the budgetary control systems within the Council. This includes the formulation of the Annual Budget as part of the Medium Term Financial Plan.

2. RECOMMENDATION

- 2.1 The Board is asked to note the Audit Brief and the procedures in place for Audit of this area.

3. BACKGROUND

- 3.1 The Medium Term Financial Plan is reviewed annually following approval of the Council priorities and the preparation of the service business plans.
- 3.2 As part of the process Heads of Service identify additional provision in priority services that are to be funded by the Council. To demonstrate the funding required a budget bid form is completed (see Appendix A) to identify the link with the priority of the Council and to explain the nature of the additional funding required.
- 3.3 Following the process of bids for additional resources being undertaken the funds are then categorised as high, medium and low depending on the level of delivery of the priority.
- 3.4 The shortfall of funding available is identified and savings are then discussed with Heads of Service in order to deliver the additional resources required to meet the priority services.
- 3.5 These savings include alternative methods of service delivery, procurement savings, additional income generation and restructure of departments. The savings are presented by the Heads of Service with the risk associated with any reduction in costs on delivery of the service. The long term savings to the Council are addressed as short term costs of potential restructures may impact on the initial savings.

- 3.6 Savings and additional funds are built into the base for each budget holder. The delivery of these savings is monitored on a monthly basis by Heads of Service and quarterly at the Performance Management Board as part of the Integrated Performance and Financial Monitoring Report.
- 3.7 During an Internal Audit review the following areas are investigated to ensure the robust framework of internal control and financial management is in place:
- Process documentation and procedures.
 - Budget preparation.
 - Budget approval.
 - Budget monitoring.
 - Budget report and Information.
 - Computer system security.
- 3.8 The Internal Audit report would not address the appropriateness of savings being identified these are discussed through Corporate Management Team and approved at Full Council.
- 3.9 A Value for Money Audit is planned for April – June 2008. Internal Audit will then review the efficiencies realised from procurement activities and joint arrangements. This report will be presented to the Audit Board in the Summer.
- 3.10 In addition the Value for Money action plan has identified the need to report on the outcomes following alternative service delivery provision within the Council.

4. FINANCIAL IMPLICATIONS

- 4.1 None

5. LEGAL IMPLICATIONS

- 5.1 None

6. COUNCIL OBJECTIVES

- 6.1 Council Objective 02: Improvement.

7. RISK MANAGEMENT

- 7.1 The Internal Audit reviews ensure there is a robust framework of internal control and financial management in place to support the objectives of the Council and to demonstrate effective use of our resources.

8. CUSTOMER IMPLICATIONS

- 8.1 No customer implications.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

- 9.1 No equalities and diversity issues.

10. 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

11. 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

12. APPENDICES

12.1 Appendix A – Detailed bid request form

13. BACKGROUND PAPERS

13.1 None.

CONTACT OFFICER

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Tel: (01527) 881207

Prepared by: John Godwin

Date: 26th September 07

Details of Proposed Revenue Scheme

Title of Scheme:	Capital Cost £	Revenue Cost First year £	Ongoing revenue cost £	Start Year:
Sports Development Officers	N/A	60,000	60,000	2008

Definition

Briefly state what the project is and what it will deliver.

The scheme is to create an additional 2 Sports Development officers and direct delivery staff to expand the current arrangement within the service. The scheme will deliver increased community influence by providing additional activities/sessions, building on the capital investments we have made to Bromsgrove's sports infrastructure and enable BDC to provide greater range of activities to the local community. This work will be split mainly into 2 areas these being youth provision to tackle many issues including ASB, diversionary activities and the current lack of "things for teenager to do" and around increasing the use of facilities across the district this will be around increasing usage at all BDC/partner sites and assisting other local providers Inc WCC to enhance their service delivery. The additional capacity created will also allow the team to work more in partnership with other organisations and allow us to directly assist in the development/delivery of local strategic initiatives.

The consequential risks to the Council arising from not implementing the requested project

Briefly state the consequential risks.

The risks around this project are that we will not be able to support the local community as would be expected and that the investment we have and are currently making around facilities will be not maximised to its full potential.

A further risk around this scheme is that the work we currently have been doing around taking a lead role on sports related matters has raised expectation within the local community and with partner organisations. Should we not be able to build on this or fail to deliver due to capacity implications our reputation could suffer accordingly.

Council Objectives

How will the funds requested be used to help the Council achieve its Objectives (enter details for each relevant priority)?

1. Regeneration

Council Priority 1 – Town Centre

Regeneration:

N/A

2. Improvement

Priority 2 – Customer Service

Improvement:

The scheme will improve our customer service by interacting with a greater number of residents and local organisations, it will also allow for Sports related issues to be lead by the Council and place ourselves at the centre of many important and value project which bring benefits to the local community.

3. Environment

Priority 3 – Clean Streets and Recycling

Environment:

N/A

4. Sense of Community and Well Being

Priority 4 – Stronger Communities

Sense of Community and Well Being:

The scheme will allow for greater community activities to take place and ensure that diversionary activities can be undertaken when required.
It will further more enable BDC to bring more of the community together and promote health and well being by running additional sport or active recreation activities through out the district.

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17th MARCH 2008

2008/09 INTERNAL AUDIT PLAN

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

1. SUMMARY

1.1 To present for approval the 2008/09 Internal Audit Plan.

2. RECOMMENDATION

2.1 The Audit Board is recommendation to consider and approve the 2008/09 Internal Audit Plan, as detailed in the report.

3. BACKGROUND

3.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2003 (as amended 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 practices in relation to internal control”.

3.2 To aid compliance with the regulation, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 details that “Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives and ensure the effective and efficient use of audit resources”.

4. PLANNING PROCESS

4.1 Consultation into the production of the 2008/09 Internal Audit Plan began in December 2007 and involved discussions with the following:

- Chief Executive.
- Executive Directors.
- Assistant Chief Executive.
- Heads of Service.

4.2 Internal Audit has adopted an Audit Risk Model Policy. The document helps guide the planning process and enables a risk based audit plan to be produced. The planning process can be summarised as follows:

- All potential auditable areas are identified using budget details, Committee minutes and reports and meetings with various Council staff.
- Each area is then allocated a risk score based on the following areas:
 - Value of income and expenditure.
 - Number of employees involved and volume of transactions.
 - Risk impact on the organisation.
 - Impact of Management and staff.
 - Standard of Internal Control.
 - Likelihood of occurrence of risk.
 - Likely effectiveness of audit and length of time since previous audit.
 - Third Party Sensitivity and effectiveness of other assurance providers.
- The auditable areas are then ranked in order of risk, with the highest scoring areas being included in the plan.

4.3 The 2008/09 Internal Audit Plan will aid the effectiveness of the Internal Audit function and ensure that:

- Internal Audit assists the Authority in meeting its objectives by reviewing the high risk areas, systems and processes.
- Audit plan delivery is monitored on a weekly basis, appropriate action is taken and performance reports are issued on a regular basis.
- The key financial systems are reviewed annually, enabling the Authority's external auditors to place reliance on the work completed by Internal Audit.
- An opinion can be formed on the adequacy of the Authority's system of internal control, which is detailed in the annual Internal Audit Opinion report included in the statement of accounts.

4.4 A copy of the 2008/09 Internal Audit Plan is attached in Appendix A.

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 2003 (as amended 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

9. CUSTOMER IMPLICATIONS

9.1 No customer implications.

10. EQUALITIES AND DIVERSITY IMPLICATIONS

10.1 No equalities and diversity issues.

11. VALUE FOR MONEY IMPLICATIONS

11.1 None.

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. WARDS AFFECTED

14.1 All Wards are affected.

15. APPENDICES

15.1 Appendix A – 2008/09 Internal Audit Plan.

16. BACKGROUND PAPERS

16.1 None.

CONTACT OFFICER

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2008/09 Internal Audit Plan

Audit Reviews

Description	Risk Score	Directorate	Service	Proposed Start Date
Value for Money	120.7	Services	Financial Services	Quarter 1
Information Management	105.1	Services	E-Government & Customer Services	Quarter 1
Data Protection	97.9	Services	E-Government & Customer Services	Quarter 1
ICT Infrastructure	86.2	Services	E-Government & Customer Services	Quarter 1
Consultancy Fees	75.2	Services	HR & OD	Quarter 1
E-mail Policy & Internet Usage	70.9	Services	E-Government & Customer Services	Quarter 1
Leisure Trust	99.9	Services	Street Scene & Waste Management	Quarter 2
Contract Performance & Monitoring	85.7	Services	Financial Services	Quarter 2
Shared Services	75.4	N/A	Corporate	Quarter 2
Refuse Collection & Recycling	73.9	Services	Street Scene & Waste Management	Quarter 2
Single Status	70.9	Services	HR & OD	Quarter 2
Regulation of Investigatory Powers Act	69.7	Services	Legal, Equalities & Democratic Services	Quarter 2
Spatial Project	107.3	N/A	Corporate	Quarter 3
Budgetary Control & Strategy	89.3	Services	Financial Services	Quarter 3
Payroll	68.8	Services	HR & OD	Quarter 3
Creditors	50.6	Services	Financial Services	Quarter 3
NNDR	50.1	Services	Financial Services	Quarter 3
Customer Service Centre	37.0	Services	E-Government & Customer Services	Quarter 3
Benefits	66.3	Services	Financial Services	Quarter 4
Asset Management	57.9	Services	Legal, Equalities & Democratic Services	Quarter 4
General Ledger & Bank Reconciliation	50.6	Services	Financial Services	Quarter 4

Description	Risk Score	Directorate	Service	Proposed Start Date
Debtors	47.3	Services	Financial Services	Quarter 4
Treasury Management	46.7	Services	Financial Services	Quarter 4
Council Tax	45.8	Services	Financial Services	Quarter 4

Projects

Description	Service	Details	Proposed Start Date
Corporate Governance	Corporate Communications, Policy & Performance	Annual governance statement support	Quarter 1
Risk Management	Financial Services	Risk management support	Quarter 1 - 4
Complaints	Corporate Communications, Policy & Performance	Project support	Quarter 1 & 2
Town Centre Development	Planning & Environment Services	Project support	Quarter 1 - 4

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BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17th MARCH 2008

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.

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 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 16 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 16 recommendations:

- Five have been implemented;
- Two are 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 16 recommendations will be implemented by July 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. **VALUE FOR MONEY IMPLICATIONS**

11.1 Although there are no obvious value for money implications, implementing recommendations should improve the Council's overall control environment.

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. WARDS AFFECTED

14.1 All Wards are affected.

15. APPENDICES

15.1 Appendix A: Recommendation Tracker Report.

16. BACKGROUND PAPERS

16.1 None.

CONTACT OFFICER

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Recommendation Tracker Report

Priority 1 Audit Recommendations – Current Status

Current Position Key:

GREEN	Recommendation implemented
AMBER	Work currently ongoing
RED	Work yet to start

No.	Audit Title	Recommendation	Due Date	Current Position
1	CCTV System (Culture and Community Services) Final Report Issued: 14 th September 2006	<u>CCTV Code of Practice</u> We recommend that the CCTV Code of Conduct be formally approved and adopted.	Nov. '06	<u>AMBER</u> The Council's RIPA Policy was agreed at council in Jan. '08. CCTV Code of Conduct has been updated and a meeting is planned between Community Safety Manager, CCTV and Lifeline Manager and the Acting Head of C&C to agree. Acting Head of C&C will then make the decision on whether this should be agreed by Cabinet. New date: April. '08

No.	Audit Title	Recommendation	Due Date	Current Position
2	<p>Data Protection (Legal and Democratic Services)</p> <p>Final Report Issued: 3rd October 2006</p>	<p><u>Retention of Documents</u></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><u>GREEN</u></p> <p>Information Management audit has been completed and the report is with the Head of E-Government and Customer Services. A Document Retention Schedule has been created and can be found on the Intranet (Corporate > Making Information Manageable > Documentation Retention schedule).</p>
3	<p>Development Control (Planning and Environment Services)</p> <p>Final Report Issued: 30th November 2006</p>	<p><u>Planning Enforcement Procedures</u></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><u>AMBER</u></p> <p>The draft policy and procedure document has been written and reviewed by the Head of P & E and the Legal Department.</p> <p>Comments have been received back but no further work as been allocated.</p> <p>New date: N/A - ongoing</p>

No.	Audit Title	Recommendation	Due Date	Current Position
4	<p>Section 106 (Corporate)</p> <p>Final Report Issued: 15th January 2007</p>	<p><u>Procedures</u></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><u>AMBER</u></p> <p>Due to a vacancy within the Accountancy section, there has been a delay in producing the procedure. This task has been reallocated.</p> <p>New date: Jun. '08</p>
5	<p>Housing Enabling Service (Planning and Environment Services)</p> <p>Final Report Issued: 2nd October 2006</p>	<p><u>Procedures</u></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><u>AMBER</u></p> <p>BDHT have made progress and some key procedures have been implemented (for example, Arrears at Caravan Site and Management of Dispersed Temporary Accommodation for Homeless).</p> <p>Draft Homelessness and Temporary Accommodation procedures have been sent to BDC for comment before being implemented by BDHT.</p> <p>New date: May '08</p>

No.	Audit Title	Recommendation	Due Date	Current Position
6	NNDR (Financial Services) Final Report Issued: 22 nd February 2007	<p><u>Billing Procedures</u></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><u>AMBER</u></p> <p>An online procedure manual has been made available. However, a full internal procedure manual still needs to be collated.</p> <p>Work commended in Nov. '07 on the internal procedure manual and is on-going.</p> <p>New date: Jul. '08</p>
7	NNDR (Financial Services) Final Report Issued: 22 nd February 2007	<p><u>BillSuppressions</u></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"> - the level of detail to be recorded on the NNDR system to support the suppressed bill; - adequate review process to ensure suppressed accounts are subject to a regular review; - the process for monitoring suppressed accounts, including the use of report 6100e; and - authorisation levels where necessary. 	Jun. '07	<p><u>AMBER</u></p> <p>Authorisation levels to suppress accounts have been reviewed and updated.</p> <p>Work is ongoing to clear bill suppressions.</p> <p>New date: Jul. '08</p>

No.	Audit Title	Recommendation	Due Date	Current Position
8	CCTV – Lifeline System (Culture and Community Services) Final Report Issued: 18 th June 2007	<p><u>Lifeline Procedures</u></p> <p>We commend the work that has been completed in collating the new procedure manuals.</p> <p>However, we recommend that the new procedure manuals are agreed and adopted as soon as possible to ensure a consistent and high level of service delivery.</p>	Jul. '07	<p><u>GREEN</u></p> <p>Procedure manuals have been agreed, adopted and all members of staff have received appropriate training. The documents are due for their annual review in May. '08</p>
9	Council Tax System (Financial Services) Final Report Issued: 16 th May 2007	<p><u>Arrears Reports</u></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><u>GREEN</u></p> <p>Training has been completed by the Senior Revenues and Recovery Officer who is now able to produce ad- hoc reports using Academy Decision Support (ADS) system called Hummingbird.</p>

No.	Audit Title	Recommendation	Due Date	Current Position
10	<p>Benefits (Financial Services)</p> <p>Final Report Issued: 5th April 2007</p>	<p><u>BACS Transmission</u></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"> - specific to one member of staff with a deputy; - only allow access to the Revenue and Benefits BACS files; and - stored securely. 	Sep. '07	<p><u>Green</u></p> <p>Separate Cards have been obtained for Accountancy, Revenues & Benefits and Payroll.</p> <p>Accountancy and Revenues & Benefits cards were registered with BACS 28th December 2007 and are in use.</p> <p>Payroll is moving over to Redditch in April 2008 therefore the card has not been registered.</p>
11	<p>CCTV – Lifeline System (Culture and Community Services)</p> <p>Final Report Issued: 18th June 2007</p>	<p><u>Lifeline Training</u></p> <p>We recommend that once the new procedures are adopted, staff are fully trained on the new processes.</p> <p>Refresher training should also be completed as and when required.</p>	Sep. '07	<p><u>Green</u></p> <p>As point 8, new procedures have been created and implemented and all staff have received appropriate training.</p> <p>CCTV and Lifeline Manager spends a lot of time in the CCTV room providing refresher training on a 1-2-1 basis.</p>

No.	Audit Title	Recommendation	Due Date	Current Position
12	<p>Disabled Facilities & Improvement Grants (Planning and Environment Services)</p> <p>Final Report Issued: 25th October 2007</p>	<p><u>Work Not Undertaken by Original Contractor</u></p> <p>We recommend procedures to be followed when original contractors are unable to undertake the work are clearly documented. The procedures should detail:</p> <ul style="list-style-type: none"> - accepted circumstances for being unable to carryout the work i.e. workload, bankruptcy, etc.; - confirmation in writing required on the contractor's official paperwork; and - agreements with the new contractor made official and the change recorded. <p>We further recommend that when written the policy should be made available to all applicants, agents and contractors as appropriate.</p>	Nov. '07	<p><u>AMBER</u></p> <p>Procedures have been written and agreed by the Acting Private Sector Housing Team Leader.</p> <p>Contractors and the Care and Repair Agency have been informed of the change in the process.</p> <p>Amendments are still required to the documentation in place.</p> <p>New date: May 08</p>

No.	Audit Title	Recommendation	Due Date	Current Position
13	<p>Disabled Facilities & Improvement Grants (Planning and Environment Services)</p> <p>Final Report Issued: 25th October 2007</p>	<p><u>System Reports</u></p> <p>We recommend that a review of the M3 system be completed that identifies a full list of potential reports that can be used to aid the section and inform management decision. Examples of reports include:</p> <ul style="list-style-type: none"> - new grant applications; - approval decision dates; - approved grant amounts; - work commenced dates; - work completed dates; - payments made or outstanding; and - payments over approved amounts. <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"> - who produced the report; - when and how often the report is produced; - who received the report; and - any action required. 	Nov. '07	<p><u>AMBER</u></p> <p>The information on the M3 system is identified by codes i.e;</p> <ul style="list-style-type: none"> - 0000 procedure started ; - L20 Application received; - 414 Grant approvals. <p>The codes have been identified by the Acting Private Sector Housing Team Leader which will provide meaningful reports for both monthly monitoring and PI information.</p> <p>However due to computer system enhancement currently taking place although the reports have been run in test they are not being run on a regular basis.</p> <p>New date: September 08.</p>

No.	Audit Title	Recommendation	Due Date	Current Position
14	<p>Web Development / Updates (E-Government and Customer Services)</p> <p>Final Report Issued: 24th August 2007</p>	<p><u>Policies and Procedures</u></p> <p>We recommend that you develop clear policies and procedures which effectively govern the management and operation of the Internet and Intranet site.</p>	Nov. '07	<p><u>AMBER</u></p> <p>Compilation of policies and procedures is on-going. The delay in completing the action is due to a vacancy within the department.</p> <p>New date: Jun. 08</p>
15	<p>Enforcement and Environment Services)</p> <p>Final Report Issued: 17th August 2007</p>	<p><u>Planning Enforcement Policy</u></p> <p>We recommend that a policy is written and adopted that sets out, in line with the Concordat Principles, the service standards that will be applied.</p> <p>We further recommend that once the policy has been adopted, all officers in the enforcement section should be made aware of its existence and purpose.</p>	Dec. '07	<p><u>Amber</u></p> <p>A Draft Policy has been written by the Senior Enforcement Officer and was submitted to Head of P & E Services and the Legal department for comments at the end of October.</p> <p>Comments have been received back but no further work as been allocated.</p> <p>New date: N/A - ongoing</p>

No.	Audit Title	Recommendation	Due Date	Current Position
16	Budgetary Control System (Financial Services) Final Report Issued: 9 th May 2007	<p><u>Accountancy Procedures</u></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"> - aspects of the budget setting and monitoring process; and - all relevant operations fulfilled by the section. 	Mar. '08	<p><u>AMBER</u></p> <p>Work has started on allocating tasks and preparing procedure manuals for the relevant areas.</p> <p>This is due to be completed when the new Accountancy Services Manager is in post (24th March 2008)</p> <p>New date: N/A – ongoing</p>

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17th MARCH 2008

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.
- Work completed by the Internal Audit Section between December 2007 and February 2008.
- 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	
Audit Reviews						
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	N/A	N/A	N/A	Removed – as approved by the Audit Board.
Members' Expenses	Legal & Demo.	Qtr 1			✓	Audit completed.
Enforcement	Plan. & Env.	Qtr 1			✓	Audit completed.
Council Risk Registers	Corporate	Qtr 2			✓	Audit completed.
Equality and Diversity	Legal & Demo.	Qtr 2	✓			Audit yet to start.
Refuse Collection & Recycling	St. Scene & Waste Mngmnt	Qtr 2	N/A	N/A	N/A	Removed – as approved by the Audit Board.
Health & Safety	HR & OD	Qtr 2			✓	Draft report being discussed.
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			✓	Audit completed.
E-mail policy & Internet Usage	E-Gov. & CS	Qtr 2	✓			Audit yet to start.
Licensing & Taxi Licensing	Plan. & Env.	Qtr 2	N/A	N/A	N/A	Removed – as approved by the Audit Board.
Budgetary Control & Strategy	Financial Srvs	Qtr 3		✓		Testing ongoing.
Procurement (incl.	Financial	Qtr 3		✓		Testing ongoing.

Description	Section	Start Date	Current Status			Comments
			To Start	Ongoing	Complete	
E-Procurement & Best Value)	Srvs					
Benefits	Financial Srvs	Qtr 3	✓			Audit yet to start.
Dolphin Centre	Cult. & Comm.	Qtr 3	N/A	N/A	N/A	Removed – as approved by the Audit Board.
Debtors	Financial Srvs	Qtr 3			✓	Audit completed.
Customer Service Centre	E-Gov. & CS	Qtr 3		✓		Testing ongoing.
Payroll	HR & OD	Qtr 4		✓		Testing ongoing.
Creditors	Financial Srvs	Qtr 4		✓		Testing ongoing.
General Ledger & Bank Reconciliations	Financial Srvs	Qtr 4		✓		Testing ongoing.
Treasury Management	Financial Srvs	Qtr 4			✓	Draft report being discussed.
Council Tax	Financial Srvs	Qtr 4		✓		Testing ongoing.
Disabled Facilities & Improvement Grants	Plan. & Env.	Qtr 4			✓	Audit completed.
NNDR	Financial Srvs	Qtr 4		✓		Testing ongoing.
Projects						
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			✓	Work completed.
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. &	Qtr 1		✓		Project support

Description	Section	Start Date	Current Status			Comments
			To Start	Ongoing	Complete	
	CS					provided.
Wyre Forest Risk Management	Corporate	Qtr 3			✓	Work completed.

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 26th November 2007 and 29th February 2008.

- 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.
- 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)	75%	46%	46% of reviews have been completed during 2007/08. Additionally, work has commenced on 75% of the Audit Plan.
2	Delivery of Audit Plan (Resources)	95%	83%	83% 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 th October and the team is now fully staffed.
3	Productive audit time	69%	64%	64% of 2007/08 audit time has been classed as productive.
4	Assignments completed within budget	85%	82%	82% of completed reviews for 2007/08 have been delivered within the days allocated.
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%	91%	Post audit meetings have been held for 91% 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	3 days	All draft reports have been issued within 5 days for 2007/08.
9	Final report turnaround	10 days	12 days	Final reports have been issued within 12 days for 2007/08. This is subject to ongoing consultation with managers and Heads of Service and performance is improving.
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

No	Description	2007/08 Target	2007/08 Actual	Comments
				returned during 2006//07.
13	Attendance	6.6 days	3.0 days	An average of 3.0 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:

- Performance Indicator and Data Quality Process Review:

“This is the first time I have been audited here at Bromsgrove. Despite the hiccup at the end of the process over our response time, it was very useful and professionally conducted.”

8. NEW OR UPDATED AUDIT DOCUMENTS

8.1 There are no new or updated Internal Audit documents to report.

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. VALUE FOR MONEY IMPLICATIONS

15.1 None.

16. 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

17. 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

18. WARDS AFFECTED

18.1 All Wards are affected.

19. APPENDICES

19.1 None.

20. BACKGROUND PAPERS

20.1 None.

CONTACT OFFICER

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