

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

Date 9th June 2011

**THE ACTING WORCESTERSHIRE INTERNAL AUDIT MANAGER'S DRAFT
2010/11 AUDIT OPINION FOR INCLUSION IN THE ANNUAL GOVERNANCE
STATEMENT.**

Relevant Portfolio Holder	Councillor Roger Hollingworth
Relevant Head of Service	Executive Director (Finance & Corporate Resources)
Key Decision / Non-Key Decision	

1. SUMMARY OF PROPOSALS

1.1 To present:

- A draft of the 2010/11 Acting Worcestershire Internal Audit Shared Services Manager's Opinion.

2. RECOMMENDATION

2.1 That the Audit Board notes:

- the Internal Audit Opinion for inclusion in the Annual Governance Statement as detailed in Appendix 1.

3. BACKGROUND

3.1 To provide Members with a copy of the proposed Acting Worcestershire Internal Audit Services Manager's opinion, which is to be included as part of the Annual Governance Statement and included with the Statement of Accounts for 2010/11.

3.2 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. Under the Local Government Act 1999 the Council also has a duty to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Council also has a responsibility for ensuring a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

3.3 The Audit Board has a responsibility to consider the effectiveness of the Council's internal control environment.

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

Date 9th June 2011

- 3.4 A key element of the Council's Annual Review and Statement of Accounts is the formal Annual Governance Statement, which is certified by the Chief Executive and the Leader of the Council.

4. KEY ISSUES

- 4.1 An element of the overall statement is the Acting Worcestershire Internal Audit Shared Services Manager's opinion a draft of which is contained at Appendix 1.

5. FINANCIAL IMPLICATIONS

- 5.1 None as a direct result of this report.

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. POLICY IMPLICATIONS

- 7.1 None as a direct result of this report.

8. COUNCIL OBJECTIVES

- 8.1 Compliance with the accounting standards supports the improvement objective across the Council.

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

- 9.1 The main risks associated with the details included in this report are.
- Non-compliance with statutory requirements.

10. CUSTOMER IMPLICATIONS

- 10.1 None as a direct result of this report.

AUDIT BOARD

Date 9th June 2011

11. EQUALITIES AND DIVERSITY IMPLICATIONS

11.1 None as a direct result of this report.

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

12.1 A robust internal control environment ensures that Value for Money is delivered in the service provision across the Council.

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

13.1 None as a direct result of this report.

14. HUMAN RESOURCES IMPLICATIONS

14.1 None as a direct result of this report.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

15.1 Effective overall governance process.

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

16.1 None as a direct result of this report.

17. HEALTH INEQUALITIES IMPLICATIONS

17.1 None as a direct result of this report.

18. LESSONS LEARNT

18.1 Nothing to report for this Board.

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

19.1 None as a direct result of this report.

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

Date 9th June 2011

20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	No
Chief Executive	No
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	No
Executive Director – Planning & Regeneration, Regulatory and Housing Services	No
Director of Policy, Performance and Partnerships	No
Head of Finance and Resources	No
Head of Legal, Equalities & Democratic Services	No
Corporate Procurement Team	No

21. WARDS AFFECTED

All Wards.

22. APPENDICES

Appendix 1 ~ Acting Worcestershire Internal Audit Shared Services Managers' Opinion

23. BACKGROUND PAPERS

None.

AUTHOR OF REPORT

Name: Andy Bromage
Acting Service Manager ~ Worcestershire Internal Audit Shared Service
E Mail: andy.bromage@worcester.gov.uk
Tel: 01905 722051

**Acting Worcestershire Internal Audit Shared Services Manager's Opinion
on the Effectiveness of the System of Internal Control at Bromsgrove
District Council (the Council) for the Year Ended 31st March 2011**

1. Audit Opinion

- 1.1 The internal audit of Bromsgrove District Council's systems and operations during 2010/11 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit Board on 15th March 2010 with a revised version being approved by the Audit Board on 27th September 2010 and a further revision being approved on the 13th December 2010.
- 1.2 From the 1st April 2010 the Internal Audit function did not meet the planned targets. This was due to additional demands of the WETT programme (for example, attendance at Worcestershire Internal Audit Shared Service management meetings), additional resource included in the WETT business case which was not provided until September 2010 and fundamental activities such as follow up checks and professional training block release were omitted from the original plan. An increased number of days was also required for Risk Management to provide support for new members of the Senior Management Team.
- 1.3 The Worcestershire Internal Audit Shared Service came into effect on 1st June 2010 and an interim review with the Section 151 Officer took into consideration the above factors and, based on risk, a revised plan was compiled to reflect the requirements for the remainder of the year.

During October 2010 a part time manager was appointed to support the existing team and a further revision of the plan took place to reflect the reclassification of the direct audit management time.

- 1.4 Based on the audits performed in accordance with the approved revised plan, the Acting Worcestershire Internal Audit Shared Services Manager has concluded that the internal control arrangements during 2010/11 effectively managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council's corporate objectives have been met.

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

Date 9th June 2011

- 1.5 It should be noted that as part of the risk based approach to the testing of core financial systems which has been agreed with External Audit no work was performed on Budgetary Control & Strategy, Cash, General Ledger & Bank Reconciliations and Asset Management during 2010/11 as these systems were assessed as low risk to the Council.
- 1.6 In relation to the eight reviews that have been undertaken, five audits have been completed and three are to be completed and finalised. A further audit in relation to Regulatory Services was performed at the request of the WETT partners.
- 1.7 All of the completed audits have been allocated an opinion of either 'Full' or 'Significant' Assurance meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified during a time of significant transformation and change.

Andy Bromage

Acting Worcestershire Internal Audit Shared Services Manager

May 2011