

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17TH SEPTEMBER 2007

INTERNAL AUDIT PERFORMANCE AND WORKLOAD

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

1. SUMMARY

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

2. RECOMENDATION

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

- Current status and work completed on the 2007/08 Audit Plan.
- Work completed by the Internal Audit Section during the first five months of 2007/08.
- Work regarding any ongoing investigations.
- Current Performance Indicator statistics.

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 and Recommended Improvements.
- 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	Qtrtr 1		✓		Testing ongoing.
Street Cleansing	St. Scene & Waste Mngmnt	Qtrtr 1			✓	Audit completed.
Web Development / Updates	E-Gov. & CS	Qtrtr 1			✓	Audit completed.
Stores & Garage (incl. Business Support)	St. Scene & Waste Mngmnt	Qtrtr 1	✓			Audit yet to start.
Members' Expenses	Legal & Demo.	Qtrtr 1			✓	Audit completed.
Enforcement	Plan. & Env.	Qtrtr 1			✓	Audit completed.
Council Risk Registers	Corporate	Qtrtr 2	✓			Audit yet to start.
Equality and Diversity	Legal & Demo.	Qtrtr 2	✓			Audit yet to start.
Refuse Collection & Recycling	St. Scene & Waste Mngmnt	Qtrtr 2	✓			Audit yet to start.
Health & Safety	HR & OD	Qtrtr 2		✓		Testing ongoing.
CCTV - Lifeline System	Cult. & Comm.	Qtrtr 2			✓	Audit completed.
Asset Management	Legal & Demo.	Qtrtr 2	✓			Audit yet to start.
Performance Indicators & Data Quality	Policy & Perf.	Qtrtr 2		✓		Testing ongoing.
E-mail policy & Internet Usage	E-Gov. & CS	Qtrtr 2	✓			Audit yet to start.
Licensing & Taxi Licensing	Plan. & Env.	Qtrtr 2	✓			Audit yet to start.
Budgetary Control & Strategy	Financial Srvs	Qtrtr 3	✓			Audit yet to start.
Procurement (incl. E-Procurement & Best Value)	Financial Srvs	Qtrtr 3	✓			Audit yet to start.

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

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 1st April 2007 and 31st August 2007.

- The section has been assessed by the Council's external auditors, with no major issues being raised.
- 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.
- Two "Introduction to Risk Management" training sessions have been held for staff.
- Ongoing assistance on the Purchase Order Processing (POP) Project.
- The sixth Fraud Newsletter has been circulated to staff.
- Monthly monitoring of the Internal Audit Section's 2006/07 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. Internal Audit's involvement in each case 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 is currently ongoing.
- Investigation Code F302: Internal Audit was contacted regarding a contract monitoring issue. The review is currently ongoing.
- Investigation Code FR303: A process review was requested at short notice. Internal Audit has completed the review and a final report, detailing process improvements, has been issued and agreed.
- Investigation Code FR304: Internal Audit was contacted to provide resources, guidance and support in completing the investigation. The review has been completed and issue resolved.
- Investigation Code FR305: A process review was requested at short notice. After consultation with management, alternative action has been taken to resolve the issue.

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 five months performance against the agreed targets.

No	Description	2007/08 Target	2007/08 Actual	Comments
1	Delivery of Audit Plan (Jobs Finished)	21%	18%	18% of reviews have been completed during 2007/08. Additionally, work has commenced on 29% of the Audit Plan.
2	Delivery of Audit Plan (Resources)	95%	74%	74% of planned resources have been available during 2007/08. This is due to one Auditor being seconded to the Legal department and the other Auditor post being vacant since July.
3	Productive audit time	63%	65%	65% of 2007/08 audit time has been classed as productive.
4	Assignments completed within budget	85%	80%	80% 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%	100%	Post audit meetings have been held for 80% of 2007/08 audit reviews.
8	Draft report turnaround	5 days	1 day	All draft reports have been issued within 5 days for 2007/08.
9	Final report turnaround	10 days	15 days	Final reports have been issued within 15 days for 2007/08.
10	Number of recommendations accepted	95%	99%	99% of audit recommendations have been accepted for 2007/08.
11	Post Audit Questionnaires returned	85%	60%	60% of quality questionnaires have been returned for 2007/08.
12	Customer feedback rating	92%	96%	96% positive feedback has been received from post audit questionnaires

No	Description	2007/08 Target	2007/08 Actual	Comments
				returned during 2006//07.
13	Attendance	3.4 days	0 days	To date, there has been no staff sickness for 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:

- CCTV – Lifeline System Review:

“Considering the speed at which the decision to complete an audit was taken and then the subsequent audit I found it all highly organised, efficient and pain free, proving that sometimes anticipation of such an event is far worse than the audit itself.”

- Benefits System Review:

“The process was helpful and not intrusive. It is always difficult to suggest a good time to audit revenues or benefits, but the recommendations are helpful and will assist us in achieving performance standards.”

- Council Tax System Review:

“The review was conducted in a professional manner. It was very thorough and questions were asked when the auditor was unsure how to find the data required. The auditor would listen to any comments I raised and that may have changed the results of some of the findings/checks. Overall, a very fair review.”

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 04: Improvement.

12. RISK MANAGEMENT

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

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

12.2 These risks are being managed as follows:

- Non-compliance with statutory requirements:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

- Ineffective Internal Audit service:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

- Lack of an effective internal control environment:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

13. CUSTOMER IMPLICATIONS

13.1 No customer implications.

14. EQUALITIES AND DIVERSITY IMPLICATIONS

14.1 No equalities and diversity issues.

15. OTHER IMPLICATIONS

Procurement Issues:
None
Personnel Implications:
None

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

16. **OTHERS CONSULTED ON THE REPORT**

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

17. **APPENDICES**

None.

18. **BACKGROUND PAPERS**

None.

CONTACT OFFICER

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