

**AUDIT BOARD**

**19<sup>th</sup> September 2013**

**THE WORCESTERSHIRE INTERNAL AUDIT MANAGER'S DRAFT 2012/13  
AUDIT OPINION FOR INCLUSION IN THE ANNUAL GOVERNANCE  
STATEMENT.**

Relevant Portfolio Holder	Councillor Roger Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa Kristunas Head of Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

**1. SUMMARY OF PROPOSALS**

1.1 To present:

- A draft of the 2012/13 Worcestershire Internal Audit Shared Services Manager's Opinion.

**2. RECOMMENDATION**

2.1 **The Board is asked to RESOLVE that the report for the Internal Audit Opinion for inclusion in the Annual Governance Statement is noted.**

**3. KEY ISSUES**

**Financial Implications**

3.1 There are no direct financial implications arising from this report.

**Legal Implications**

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2011 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

**Service / Operational Implications**

- 3.3 To provide Members with a copy of the proposed 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 2012/13. The Opinion forms part of the Annual Report and should be considered along with the 2012/13 Annual Report which is under a separate cover for consideration by the Audit Board.
- 3.4 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.
- 3.5 The Audit Board has a responsibility to consider the effectiveness of the Council's internal control environment.
- 3.6 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.
- 3.7 An element of the overall statement is the Worcestershire Internal Audit Shared Services Manager's opinion a draft of which is contained at Appendix 1.

**Customer / Equalities and Diversity Implications**

- 3.8 There are no implications arising out of this report.

**4. RISK MANAGEMENT**

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

- Non-compliance with statutory requirements.

**5. APPENDICES**

Appendix 1 ~ Worcestershire Internal Audit Shared Services Managers' Opinion

**6. BACKGROUND PAPERS**

None

**7. KEY**

N/a

**AUTHOR OF REPORT**

Name: Andy Bromage  
Service Manager ~ Worcestershire Internal Audit Shared Service

E Mail: andy.bromage@worcester.gov.uk

Tel: 01905 722051

**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 31<sup>st</sup> March 2013**

**1. Audit Opinion**

- 1.1 The internal audit of Bromsgrove District Council's systems and operations during 2012/13 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit Board on 29<sup>th</sup> March 2012.
- 1.2 The Internal Audit function was set up as a shared service in 2010/11 and hosted by Worcester City, for 5 district councils. The shared service operates in accordance with the Institute of Internal Auditors Public Sector Internal Audit Standards and the CIPFA Code of Practice 2006 and objectively reviews on a continuous basis the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic and effective use of resources.
- 1.3 The Internal Audit Plan for 2012/2013 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk fraud risk, and external risk) using a predefined scoring system. It included:
- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' other corporate systems for example governance and
  - a number of operational systems, for example parks and open spaces, markets and cemeteries, were looked at to maintain and improve its control systems and risk management processes or reinforce its oversight of such systems.
- 1.4 The 2012/13 internal audit plan was delivered in full providing sufficient coverage for the Service Manager to form an overall opinion.
- 1.5 Based on the audits performed in accordance with the approved plan, the Worcestershire Internal Audit Shared Services Manager has concluded that the internal control arrangements during 2012/13

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.

- 1.6 In relation to the twenty one reviews that have been undertaken, seventeen audits have been finalised and four are nearing completion at draft report stage. Risk management has been re-launched during 2012/13 with a Corporate Risk Register being formulated and training being provided. Further work is required to embed this throughout the organisation with the outcomes being monitored by the Risk Management Group.
- 1.7 As part of the process of assessing the Council's control environment, senior officers within the Council are required to complete an annual "Internal Control Assurance Statement" to confirm that the controls in the areas for which they are responsible are operating effectively. Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they are responsible and confirming that those controls were operating effectively except where reported otherwise. No areas of significant risk have been identified. Any concerns raised by managers will be assessed and addressed by the Authorities Corporate Management Team.
- 1.8 The majority of the completed audits have been allocated an audit assurance of either moderate or above 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 continuing significant transformation and change.

**Andy Bromage**  
**Worcestershire Internal Audit Shared Services Manager**  
June 2013