

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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