

# **BROMSGROVE DISTRICT COUNCIL**

## **AUDIT BOARD**

**17<sup>th</sup> 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:<br>None   |
| Personnel Implications:<br>None   |
| Governance/Performance Management:<br>Effective governance process.           |
| Community Safety including Section 17 of Crime and Disorder Act 1998:<br>None |
| Policy:<br>None   |
| Environmental:<br>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**

Jayne Pickering – Head of Financial Services  
E Mail: [j.pickering@bromsgrove.gov.uk](mailto:j.pickering@bromsgrove.gov.uk)  
Tel: (01527) 881207