

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

9th JUNE 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 March and May 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.
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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 | | | ✓ | Audit completed. |
| 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 | N/A | N/A | N/A | Audit transferred to 2008/09 |
| 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 | | | ✓ | Audit completed |
| CCTV - Lifeline System | Cult. & Comm. | Qtr 2 | | | ✓ | Audit completed. |
| Asset Management | Legal & Demo. | Qtr 2 | | | ✓ | Audit completed. |
| Performance Indicators & Data Quality | Policy & Perf. | Qtr 2 | | | ✓ | Audit completed. |
| E-mail policy & Internet Usage | E-Gov. & CS | Qtr 2 | N/A | N/A | N/A | Audit transferred to 2008/09. |
| Licensing & Taxi Licensing | Plan. & Env. | Qtr 2 | N/A | N/A | N/A | Removed – as approved by the Audit Board. |
| Budgetary Control & Strategy | Financial Svcs | Qtr 3 | | | ✓ | Audit completed. |

| Description | Section | Start Date | Current Status | | | Comments |
|--|----------------|------------|----------------|---------|----------|---|
| | | | To Start | Ongoing | Complete | |
| Procurement (incl. E-Procurement & Best Value) | Financial Srvs | Qtr 3 | | | ✓ | Audit completed. |
| 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 | N/A | N/A | N/A | Audit transferred to 2008/09. and includes cash, reconciliations and General Ledger |
| Payroll | HR & OD | Qtr 4 | | ✓ | | Testing ongoing. |
| Creditors | Financial Srvs | Qtr 4 | | | ✓ | Audit completed |
| General Ledger & Bank Reconciliations | Financial Srvs | Qtr 4 | N/A | N/A | N/A | See above |
| Treasury Management | Financial Srvs | Qtr 4 | | | ✓ | Audit completed |
| Council Tax | Financial Srvs | Qtr 4 | | | ✓ | Audit completed |
| Disabled Facilities & Improvement Grants | Plan. & Env. | Qtr 4 | | | ✓ | Audit completed. |
| NNDR | Financial Srvs | Qtr 4 | | ✓ | | Testing ongoing. |
| Projects | | | | | | |
| Amphlett Hall | Legal & Demo. | Qtr 1 | | ✓ | | Completed. |
| Leadership Development Programme | N/A | Qtr 1 | | | ✓ | Work completed. |
| Equalities Champion | Legal & Demo. | Qtr 1 | | ✓ | | Finance now covers this. |
| 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. |

| Description | Section | Start Date | Current Status | | | Comments |
|-----------------------------|-------------|------------|----------------|---------|----------|-----------------------------------|
| | | | To Start | Ongoing | Complete | |
| Risk Management | Corporate | Qtr 1 | | ✓ | | Ongoing facilitation and support. |
| Spatial Project | E-Gov. & CS | Qtr 1 | | ✓ | | Project support provided. |
| Wyre Forest Risk Management | Corporate | Qtr 3 | | | ✓ | Work completed. |

5. AUDIT WORK COMPLETED

- 5.1 Due to vacancies and changes in the Audit Team resources the Audit Plan for 2007/08 was not completed within the financial year and therefore has been extended into 2008/09 to cover the necessary audits to give the necessary assurances for final accounts. This means that work on 2008/09 planned audits has not commenced.
- 5.2 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 March and May 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.
 - Monthly monitoring of the Internal Audit Section's 2007/08 Performance Indicators. Further information has been provided in section 7.

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 and the outcome was reported to Standards Committee on 9th November 2007.
 - Investigation Code F302: Internal Audit was contacted regarding a contract monitoring issue. The review has been completed and procedures amended but no further action taken.
- 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.
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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 performance against the agreed targets.

| No | Description | 2007/08 Target | 2007/08 Actual | Comments |
|----|---|----------------|----------------|---|
| 1 | Delivery of Audit Plan (Jobs Finished) | 75% | 80% | 80% of reviews have been completed during 2007/08. (4 Audits deleted as agreed by Audit Board and 4 transferred to 2008/09) |
| 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. |
| 3 | Productive audit time | 69% | 65% | 65% of 2007/08 audit time has been classed as productive. |
| 4 | Assignments completed within budget | 85% | 83% | 83% 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. |
| 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 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

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
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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 Whilst undertaking the Audits the section ensures that all contract and procedure rules are complied with to ensure financial regulations are met..

16. OTHER IMPLICATIONS

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| 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

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|---|-----|
| Portfolio Holder | Yes |
| Chief Executive | Yes |
| Executive Director (Services) | No |
| Executive Director - Partnerships and Projects | 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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