

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

15TH SEPTEMBER 2008

INTERNAL AUDIT PERFORMANCE AND WORKLOAD

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

1. SUMMARY

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

2. RECOMENDATION

The Audit Board is recommended to note and approve the:

- Current status and work completed on the 2008/09 Audit Plan.
- Work completed by the Internal Audit Section between June and August 2008.
- Work regarding any investigations.
- Current Performance Indicator statistics.
- Amendments to the section's standard documentation.

3. BACKGROUND

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:

- 2008/09 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. 2008/09 AUDIT PLAN – CURRENT STATUS

The 2008/09 Audit Plan came into effect on the 1st April 2008. 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						
Email and Internet Policy & Usage	E-Gov. & CS	Qtr 2		✓		Audit Brief completed and some testing done
Refuse Collection & Recycling	St. Scene & Waste Mngmnt	Qtr 4				
Regulation of Investigatory Powers	Legal & Demo..	Qtr 2		✓		Audit Brief completed and some testing done
Budgetary Control & Strategy	Financial Srvs	Qtr 4				
Payroll	HR & OD	Qtr 4				
Creditors	HR & OD	Qtr 4				
NNDR	HR & OD	Qtr 3-4				
Customer Service Centre	E-Gov. & CS	Qtr 2-3				
Benefits	Financial Srvs	Qtr 3				
Asset Management	Financial Srvs	Qtr 3				
General Ledger & Bank Reconciliations	Financial Srvs	Qtr 4				
Debtors	Financial Srvs	Qtr 2-3		✓		Audit Brief commenced
Treasury Management	Financial Srvs	Qtr 4				
Council Tax	Financial Srvs	Qtr 4				
Licensing (Inc Env and Taxi)	Planning & Env	4				
Post Room Process	Legal, Equals & Dem	3				
Projects						
Risk Management	Corporate	Qtr 1 - 4		✓		Regular reviews of risk carried out and reported on

5. AUDIT WORK COMPLETED

- 5.1 Due to vacancies and changes in the Audit Team resources a number of Audits from 2007/08 have been completed in the first quarter of 2008/09. This was to ensure the adequate controls were in place as part of the Use of Resources judgement for 2007/08.
- 5.2 Due to the resulting delays in the commencement of the 2008/09 Audit Plan the plan has been reviewed with the aim to comply with our internal control framework within the time remaining. As mandatory system audits are completed each year, some have been allocated as 'light touch'. These audits will have been undertaken thoroughly over the past few years and any issues have already been identified and managed or resolved and therefore any risks will be reduced. A 3 year audit plan should be introduced to schedule a full audit of these systems every third year.
- 5.3 In addition to reducing the time for some audits there is still a short fall of approximately 30 – 40 days. It is possible that statutory audits could be carried out by an external provider. Worcester City Council has offered 30 days audit work in the latter part of the financial year, which has been accepted. The HOFs has requested audit support from Redditch and Wychavon to meet the remaining shortfall.
- 5.4 It is anticipated that the Quarter 2 report submitted to this Board will demonstrate the revised Audit Plan to be on track.
- 5.5 To encourage joint working and capacity across the Districts the Audit Managers are preparing a report to Treasurers as to how the Internal Audit service can be provided across the County. This would ensure that skills and capacity could be addressed to ensure Audit Plans were met.
- 5.6 To date no scheduled audits have been completed due to the additional time spent completing 2007/08 audits. As detailed in the table above a number of audits have commenced.
- 5.7 Other activities include:
 - 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 2008/09 Performance Indicators. Further information has been provided in section 7.

6. SUMMARY OF INVESTIGATIONS

Internal Audit has not been involved in any allegations or investigations during the first period of 2008/09.

7. 2008/09 INTERNAL AUDIT PERFORMANCE INDICATORS

7.1 At the Audit Board meeting on the 19th February 2007, the new 2007/08 Performance Targets were agreed, these have been adopted for 2008/09. Detailed below is the performance against the agreed targets.

No	Description	2008/09 Target	2008/09 Actual	Comments
1	Delivery of Audit Plan (Jobs Finished)	90%	0%	No 2008/09 Audits completed to date
2	Delivery of Audit Plan (Resources)	95%	0%	No 2008/09 Audits completed to date
3	Productive audit time	69%	45% 13%	2007/08 Audit work 2008/09 Audit work
4	Assignments completed within budget	87%	N/A	No 2008/09 Audits completed to date
5	Response time to fraud/allegations	5 days	N/A	No fraud/allegations received to date
6	Pre-audit meetings held for each audit	100%		No 2008/09 Audits completed to date
7	Post audit meetings held for each audit	100%	N/A	No 2008/09 Audits completed to date
8	Draft report turnaround	5 days	N/A	No 2008/09 Audits completed to date
9	Final report turnaround	10 days	N/A	No 2008/09 Audits completed to date
10	Number of recommendations accepted	95%	N/A	No 2008/09 Audits completed to date
11	Post Audit Questionnaires returned	85%	N/A	No questionnaires send out to date
12	Customer feedback rating	92%	N/A	No questionnaires completed to date
13	Attendance	6.6 days	0 days	

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

There are no new or updated Internal Audit documents to report.

9. FINANCIAL IMPLICATIONS

None outside existing budgets.

10. LEGAL IMPLICATIONS

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

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

No customer implications.

14. EQUALITIES AND DIVERSITY IMPLICATIONS

No equalities and diversity issues.

15. VALUE FOR MONEY IMPLICATIONS

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
Executive Director (Services)	Yes
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

All Wards.

19. APPENDICES

None.

20. BACKGROUND PAPERS

None.

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