

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

15 December 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 2008/09 Audit Plan.
- Work completed by the Internal Audit Section between April and November 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:

- 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.
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4. 2008/09 AUDIT PLAN – CURRENT STATUS

4.1 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		✓		This audit is at Draft Report stage and will be completed in the near future when responses have been received from the Service Manager.
Refuse Collection & Recycling	St. Scene & Waste Mngmnt	Qtr 4	✓			
Regulation of Investigatory Powers	Legal & Demo..	Qtr 2		✓		This audit is at Draft Report stage and will be completed in the near future when responses have been received from the Service Manager.
Budgetary Control & Strategy	Financial Srvs	Qtr 4		✓		All planning has been carried out on this audit and testing is nearing completion.
Payroll	HR & OD	Qtr 4	✓			This audit has been outsourced to Worcester City Council and will commence March 09
Creditors	HR & OD	Qtr 4	✓			This audit has been outsourced to Worcester City Council and will commence March 09
NNDR	HR & OD	Qtr 3-4		✓		This audit is at Draft Report stage and will be completed once recommendations have been agreed with the relevant Service Manager
Customer Service Centre	E-Gov. & CS	Qtr 2-3		✓		All planning has been completed with

Description	Section	Start Date	Current Status			Comments
			To Start	Ongoing	Complete	
						testing about to commence.
Benefits	Financial Srvs	Qtr 3		✓		All planning has been completed with testing about to commence.
Asset Management	Financial Srvs	Qtr 3	✓			
General Ledger & Bank Reconciliations	Financial Srvs	Qtr 4		✓		All planning is completed with testing underway.
Debtors	Financial Srvs	Qtr 2-3		✓		Draft Report now produced for review by Service Manager
Treasury Management	Financial Srvs	Qtr 4	✓			This audit has been outsourced to Worcester City Council and will commence March 09
Council Tax	Financial Srvs	Qtr 4		✓		All planning is completed with testing underway.
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.
- 5.4 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.
- 5.5 To date work has commenced on several audits within the 2008/09 audit plan, completion of these has been hampered by the need to carry out fundamental audits which related to the previous year. However, these have now been completed allowing the Audit Team to now focus their attention on the audit plan for the present year. Many audits have now been advanced to the draft report stage and will be finalised upon receipt of responses to recommendations from Service Managers.
- 5.6 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

- 6.1 Internal Audit has not been involved in any allegations or investigations during the first period of 2008/09.
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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%	Several audits at Draft Report stage about to be finalised.
2	Delivery of Audit Plan (Resources)	95%	0%	Several audits at Draft Report stage about to be finalised.
3	Productive audit time	69%	45% 46%	2007/08 Audit work 2008/09 Audit work
4	Assignments completed within budget	87%	N/A	Several audits at Draft Report stage about to be finalised.
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%	100%	
7	Post audit meetings held for each audit	100%	N/A	Several audits at Draft Report stage about to be finalised.
8	Draft report turnaround	5 days	N/A	Several audits at Draft Report stage about to be finalised.
9	Final report turnaround	10 days	N/A	Several audits at Draft Report stage about to be finalised.
10	Number of recommendations accepted	95%	N/A	Several audits at Draft Report stage about to be finalised. Awaiting responses from Service Managers to recommendations.
11	Post Audit Questionnaires returned	85%	N/A	Several audits at Draft Report stage about to be finalised.
12	Customer feedback rating	92%	N/A	Several audits at Draft Report stage about to be finalised.
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

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
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

18.1 All Wards are affected

19. APPENDICES

19.1 None.

20. BACKGROUND PAPERS

20.1 None.

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