

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

16TH MARCH 2009

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 2008 and February 2009.
- 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						
E-mail & Internet Usage Policy	E-Gov. & CS	Qtr 2			✓	Audit completed.
Regulation of Investigatory Powers Act	E-Gov. & CS	Qtr 2			✓	Audit completed.
Customer Services Centre	E-Gov. & CS	Qtr 2			✓	Audit completed
Debtors	Financial Srvs	Qtr 2			✓	Audit completed.
NNDR	Financial Srvs	Qtr 3		✓		Draft report being discussed.
Housing Benefits	Financial Srvs	Qtr 3		✓		Testing Underway.
Asset Management	Legal & Demo.	Qtr 3	✓			Audit yet to start.
Council Tax	Financial Srvs	Qtr 3		✓		Testing Underway
Licensing	Plan & Env	Qtr 3	✓			Not Started
Refuse Collection & Recycling	St. Scene & Comnty	Qtr 3	✓			Not Started
Budgetary Control & Strategy	Financial Srvs	Qtr 4			✓	Audit completed
General Ledger & Bank Reconciliations	Financial Srvs	Qtr 4		✓		Draft report being discussed
Treasury Management	Financial Srvs	Qtr 4		✓		Draft report being discussed
Payroll	Financial Srvs	Qtr 4	✓			Not Started
Creditors	Financial Srvs	Qtr 4	✓			Not Started
Projects						
Corporate Governance	Corporate	Qtr 1 - 4			✓	Ongoing facilitation and support.
Risk Management	Corporate	Qtr 1 - 4		✓		Ongoing facilitation and support.

5. AUDIT WORK COMPLETED

- 5.1 Due to vacancies and changes within the Audit Section, it was necessary to complete a number of audits from the previous financial year 2007/08 in the first quarter of 2008/09. This work was carried out to ensure that adequate controls were in place for 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 was reviewed to ensure compliance with our internal control framework within the time remaining. As fundamental system audits are completed each year, some have been reviewed as 'light touch'. These audits will have been undertaken as a full review during the previous few years and any issues have already been identified and managed or resolved, therefore ensuring that the risks inherent with the system have been removed or reduced to an acceptable level. A 3 year rolling audit plan is being developed to ensure that all of these systems are subjected to a full review every third year.
- 5.3 In addition to reducing the time for some audits there is still a shortfall of approximately 30 – 40 days. This shortfall is to be met by Worcester City Council Audit Services.
- 5.4 To encourage joint working and capacity across the Districts the Treasurers' Group is assessing ways in which audit can be offered across the County. Consideration is being given to joint working with Redditch Borough Council or Worcester City Council in the shorter term, and Countywide in the longer term. The Treasurers' Group will be receiving a presentation from the Welland Partnership, which is a successful collaboration of audit sections to assess the viability of this approach.
- 5.5 The Audit Section have now completed several audits within the 2008/09 audit plan as can be seen from the above table. Completion of the audit plan this year should be in line with the Section Performance Indicators.
- 5.6 Other duties undertaken by the Section include:
- Ongoing communication with the Council's 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.
 - Support and advice to Service Providers to ensure adequate controls are present within systems.

6. SUMMARY OF INVESTIGATIONS

- 6.1 Internal Audit has not been involved in any allegations or investigations during the first three periods of 2008/09.
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7. 2007/08 INTERNAL AUDIT PERFORMANCE INDICATORS

7.1 Following the previously mentioned staffing issues within the Audit Section, and the subsequent completion of the 2007/08 audit plan in this financial year, the 2008/09 performance figures will be presented to the Audit Board on 8th June 2009.

8. NEW OR UPDATED AUDIT DOCUMENTS

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

9. RECOMMENDATIONS TRACKER

9.1 The use of the recommendation tracker was suspended earlier in the financial year because of the need to complete the 2007/08 audit plan in 2008/09. This will be recommenced in 2009/10 and will include high priority recommendations and those from which savings can be realised for the Council. The following details will be presented to the Audit Board:

- Audit review title;
- Service area;
- Final Report date;
- Recommendation;
- Due date;
- Current position.

10. FINANCIAL IMPLICATIONS

10.1 None outside existing budgets.

11. LEGAL IMPLICATIONS

11.1 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”.

12. COUNCIL OBJECTIVES

12.1 Council Objective 02: Improvement.

13. RISK MANAGEMENT

13.1 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.
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13.2.1 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

14. CUSTOMER IMPLICATIONS

14.1 No customer implications.

15. EQUALITIES AND DIVERSITY IMPLICATIONS

15.1 No equalities and diversity issues.

16. VALUE FOR MONEY IMPLICATIONS

16.1 None.

17. 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

18. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	No
Corporate Director (Services)	Yes
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

19. WARDS AFFECTED

19.1 All Wards are affected.

20. APPENDICES

20.1 None.

21. BACKGROUND PAPERS

21.1 None.

CONTACT OFFICER

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