

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

16TH MARCH 2009

2009/10 INTERNAL AUDIT PLAN

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

1. SUMMARY

1.1 To present for approval the 2009/10 Internal Audit Plan.

2. RECOMMENDATION

2.1 The Audit Board is recommendation to consider and approve the 2009/10 Internal Audit Plan, as detailed in the report.

3. BACKGROUND

3.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2003 (as amended 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 practices in relation to internal control”.

3.2 To aid compliance with the regulation, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 details that “Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives and ensure the effective and efficient use of audit resources”.

4. PLANNING PROCESS

4.1 Consultation into the production of the 2009/10 Internal Audit Plan began in December 2008 and involved discussions with the following:

- Executive Directors.
- Assistant Chief Executive.
- Heads of Service.

4.2 Internal Audit has adopted an Audit Risk Model Policy. The document helps guide the planning process and enables a risk based audit plan to be produced. The planning process can be summarised as follows:

- All potential auditable areas are identified using budget details, Committee minutes and reports and meetings with various Council staff.
- Each area is then allocated a risk score based on the following areas:
 - Value of income and expenditure.
 - Number of employees involved and volume of transactions.
 - Risk impact on the organisation.
 - Impact of Management and staff.
 - Standard of Internal Control.
 - Likelihood of occurrence of risk.
 - Likely effectiveness of audit and length of time since previous audit.
 - Third Party Sensitivity and effectiveness of other assurance providers.
- The auditable areas are then ranked in order of risk, with the highest scoring areas being included in the plan.

4.3 The 2009/10 Internal Audit Plan will aid the effectiveness of the Internal Audit function and ensure that:

- Internal Audit assists the Authority in meeting its objectives by reviewing the high risk areas, systems and processes.
- Audit plan delivery is monitored on a weekly basis, appropriate action is taken and performance reports are issued on a regular basis.
- The key financial systems are reviewed annually, enabling the Authority's external auditors to place reliance on the work completed by Internal Audit.
- An opinion can be formed on the adequacy of the Authority's system of internal control, which is detailed in the annual Internal Audit Opinion report included in the statement of accounts.

4.4 A copy of the 2009/10 Internal Audit Plan is attached in Appendix A.

5. **FINANCIAL IMPLICATIONS**

5.1 None outside existing budgets.

6. **LEGAL IMPLICATIONS**

6.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2003 (as amended 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".

7. **COUNCIL OBJECTIVES**

7.1 Council Objective 02: Improvement.

8. **RISK MANAGEMENT**

8.1 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.

8.2 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

9. CUSTOMER IMPLICATIONS

9.1 No customer implications.

10. EQUALITIES AND DIVERSITY IMPLICATIONS

10.1 No equalities and diversity issues.

11. VALUE FOR MONEY IMPLICATIONS

11.1 None.

12. 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

13. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

14. WARDS AFFECTED

14.1 All Wards are affected.

15. APPENDICES

15.1 Appendix A – 2009/10 Internal Audit Plan.

16. BACKGROUND PAPERS

16.1 None.

CONTACT OFFICER

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2009/10 Internal Audit Plan

Audit Reviews

Description	Risk Score	Directorate	Service	Proposed Start Date
Complaints System	98.5	Chief Executive	Corporate Communication, Policy & Performance	Quarter 1
ICT Services (incl Helpdesk)	65.7	Services	E-Government & Customer Services	Quarter 1
Parks & Open Spaces	57.8	Services	Street Scene & Community	Quarter 1
Cesspit Income	41.7	Services	Street Scene & Community	Quarter 1
Trade Waste Income	39.8	Services	Street Scene & Community	Quarter 1
Spadesbourne Suite	23.3	Services	Legal, Equalities & Democratic Services	Quarter 1
Data Protection	97.9	Services	E-Government & Customer Services	Quarter 2
Dolphin Centre	66.1	Services	Street Scene & Community	Quarter 2
Creditors	50.6	Services	Financial Services	Quarter 2
General Ledger & Bank Reconciliations	50.6	Services	Financial Services	Quarter 2
Treasury Management	46.7	Services	Financial Services	Quarter 2
Travel Concessions	42.5	Services	Street Scene & Community	Quarter 2
Gifts & Hospitality	39.7	Services	Financial Services	Quarter 2
Budgetary Control & Strategy	89.3	Services	Financial Services	Quarter 3
Payroll	68.8	Services	HR & OD	Quarter 3
Benefits	66.3	Services	Financial Services	Quarter 3
Asset Management	57.9	Services	Legal, Equalities & Democratic Services	Quarter 3
Member Allowances	35.3	Services	Legal, Equalities & Democratic Services	Quarter 3
Procurement	87.5	Services	Financial Services	Quarter 4
Car Parks	58.5	Services	Street Scene & Community	Quarter 4
NNDR	50.1	Services	Financial Services	Quarter 4
Sports Development	47.9	Services	Street Scene & Community	Quarter 4

Description	Risk Score	Directorate	Service	Proposed Start Date
Debtors	47.2	Services	Financial Services	Quarter 4
Council Tax	45.8	Services	Financial Services	Quarter 4

Projects

Description	Service	Details	Proposed Start Date
Corporate Governance	Corporate Communications, Policy & Performance	Annual governance statement support	Quarter 1
Petty Cash – System Development	Financial Services	New system to improve efficiency	Quarter 2
Risk Management	Financial Services	Risk management support	Quarter 1 - 4
Town Centre Development	Planning & Environment Services	Project support	Quarter 1 - 4