

**BROMSGROVE DISTRICT COUNCIL**

**AUDIT BOARD**

**8TH JUNE 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 performance and workload of the Internal Audit Section to 31st March 2009.

**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 to March 2009.
- Current Performance Indicator statistics..

**3. BACKGROUND**

3.1 Following the Audit Board meeting on the 25<sup>th</sup> 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.

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

4.1 The 2008/09 Audit Plan came into effect on the 1<sup>st</sup> 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	
<b>Audit Reviews</b>						
E-mail & Internet	E-Gov. &	Qtr 2			✓	Audit completed.

Description	Section	Start Date	Current Status			Comments
			To Start	Ongoing	Complete	
Usage Policy	CS					
Regulation of Investigatory Powers Act	E-Gov. & CS	Qrtr 2			✓	Audit completed.
Customer Services Centre	E-Gov. & CS	Qrtr 2			✓	Audit completed
Debtors	Financial Srvs	Qrtr 2			✓	Audit completed.
NNDR	Financial Srvs	Qrtr 3			✓	Audit completed.
Housing Benefits	Financial Srvs	Qrtr 3			✓	Majority completed
Asset Management	Legal & Demo.	Qrtr 3		✓		Testing complete – draft report issued in April
Council Tax	Financial Srvs	Qrtr 3		✓		Testing complete – draft report issued in May
Licensing	Plan & Env	Qrtr 3	✓			Excluded from plan due to resource issues – low priority
Refuse Collection & Recycling	St. Scene & Commtly	Qrtr 3	✓			Excluded from plan due to resource issues – included in 09/10 plan
Budgetary Control & Strategy	Financial Srvs	Qrtr 4			✓	Audit completed
General Ledger & Bank Reconciliations	Financial Srvs	Qrtr 4			✓	Audit Completed
Treasury Management	Financial Srvs	Qrtr 4			✓	Audit completed
Payroll	Financial Srvs	Qrtr 4		✓		Testing complete – draft reports issued for consideration
Creditors	Financial Srvs	Qrtr 4		✓		Testing complete – draft reports issued for consideration
<b>Projects</b>						
Corporate Governance	Corporate	Qrtr 1 - 4			✓	Ongoing facilitation and support.
Risk Management	Corporate	Qrtr 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.
- 5.3 Due to the time spent on prior year audits there remained a shortfall of audit days available to be met by the Councils Internal Audit section. This shortfall is to be met by Worcester City Council Audit Services. This support has enabled the delivery of 70% of the Audit Plan by 31<sup>st</sup> March with the full plan delivered by May 2009. This will also support the delivery of the 2009/10 plan as there has been limited cross over between the two years of audit work.
- 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. This has formed part of the Worcestershire Enhanced Two Tier (WETT) Programme. It has been initially agreed that Internal Audit will continue to be developed in a joint approach across the County with the ultimate aim for one of the Councils to host the service and to deliver it on behalf of the rest of the districts. This model works successfully in both Kent and East Northamptonshire.
- .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. From 1<sup>st</sup> April 2009 the responsibility for undertaking internal investigations has transferred to the responsibility of the Corporate Fraud Team to ensure a more focused and specialist approach to this area. The Corporate Fraud team have not been involved in any investigations from 1<sup>st</sup> April. This Board will be advised of any investigations that are undertaken by the team.
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## **7. FINANCIAL IMPLICATIONS**

7.1 None outside existing budgets.

## **7. LEGAL IMPLICATIONS**

7.1 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”.

## **8. COUNCIL OBJECTIVES**

8.1 Council Objective 02: Improvement.

## **9. RISK MANAGEMENT**

9.1 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.

9.2 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

## **10. CUSTOMER IMPLICATIONS**

10.1 No customer implications.

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**11. EQUALITIES AND DIVERSITY IMPLICATIONS**

11.1 No equalities and diversity issues.

**12. VALUE FOR MONEY IMPLICATIONS**

12.1 None.

**13. 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

**14. 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

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Head of Legal, Equalities & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

**15. WARDS AFFECTED**

15.1 All Wards are affected.

**16. APPENDICES**

16.1 None.

**17. BACKGROUND PAPERS**

17.1 None.

**CONTACT OFFICER**

Jayne Pickering – Head of Financial Services  
E Mail: [j.pickering@bromsgrove.gov.uk](mailto:j.pickering@bromsgrove.gov.uk)  
Tel: (01527) 881207

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