

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

19TH FEBRUARY 2007

2007/2008 INTERNAL AUDIT PLAN

Responsible Portfolio Holder	Councillor Mrs. M. M. T. Taylor
Responsible Head of Service	Head of Financial Services

1. Summary

1.1 To present for approval the 2007/2008 Internal Audit Plan.

2. Recommendation

2.1 The Audit Board is recommendation to consider and approve the 2007/2008 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 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 2003 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 2007/2008 Internal Audit Plan began in December 2006 and involved meetings and discussions with the following:

- Acting Chief Executive.
- Corporate Director (Services).
- Assistant Chief Executive.
- All 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 2007/2008 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.

5. **2006/2007 Internal Audit Plan Summary**

5.1 During 2006/2007 a number of issues impacted on the Internal Audit section. During the planning process for the 2007/2008 Internal Audit Plan, these issues were considered and appropriate action taken to prevent these from occurring during 2007/2008.

Issue	Action
Following the restructure, completed during Feb. '06, two new Auditors commenced employment between Apr. & May '06.	Both Auditors have attended training sessions and are familiar with the Council's operations, no action for 2007/2008.
Additional time was required to complete an unplanned audit review of Haybridge Sports Centre.	Audit review completed during 2006/2007, no action for 2007/2008.

Issue	Action
New working practices and procedures being introduced and delivery of the Internal Audit section in the Council's Recovery Plan.	Work on introducing standard working practices and procedures was completing during 2006/2007, no action for 2007/2008.
Additional unplanned time was required to assist in embedding risk management throughout the Authority. Risk Management was passed to Internal Audit from Jan. '07.	Although some time was built into the 2006/2007 Audit Plan for risk management, this was insufficient to cover the unforeseen event of risk management being passed to Internal Audit. Additional time has been included in the 2007/2008 Audit Plan to cover the sections risk management responsibilities.
A Housing Enabling audit review was completed during 2006/2007. However, following the review, ongoing advice was provided to improve operations.	Audit review and consultancy completed during 2006/2007, no action for 2007/2008.
Work and assistance provided on internal investigations.	An investigation contingency element was built into the 2006/2007 Internal Audit Plan and has also been included in the 2007/2008 Audit Plan.

5.2 Due to these unforeseen events, the following audit reviews were not completed during 2006/2007:

Audit Review	Comment
Agency & Casual Staff	The review was requested by the previous Head of HR & OD. A new process was introduced during the start of 2006/2007 and the review was put on hold. Subsequently, other priorities mean the review will not be completed.
Staff Leave (incl. Flexi & TOIL)	The review was requested by the previous Head of HR & OD. The Council adopted a new process for recording flexi and TOIL during the start of 2006/2007 and the review was put on hold. Subsequently, other priorities mean the review will not be completed.

Audit Review	Comment
IT Security (Hardware / Software / Back Up)	Internal Audit has had some input into the new IT infrastructure. However, due to priorities and IT security being covered to a certain degree during most reviews, the audit has not been completed.

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 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".

7. Corporate Objectives

7.1 Council Objective 04: Improvement.

8. Risk Management

8.1 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 practices in relation to internal control". Not fulfilling this requirement would have a negative impact on the Authority.

8.2 The Council is required to undertake certain judgmental audits each year as part of the managed audit arrangements. All other audit topics are risk assessed annually using an Audit Risk Model Policy and in accordance with the principals of risk management.

9. Customer Implications

9.1 No customer implications.

10. Other Implications

10.1

Procurement Issues	None
Personnel Implications	None
Governance / Performance Management	Improved governance arrangements.

Community Safety including Section 17 of the Crime and Disorder Act 1998	None
Policy	None
Environmental	None
Equalities and Diversity	None

11. Others Consulted on the Report

11.1

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

12. Appendices

Appendix A - 2007/08 Internal Audit Plan.

Background Papers

Audit Board Reports - 28th March 2006.

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APPENDIX A**2007/2008 Internal Audit Plan**Audit Reviews

Description	Risk Score	Directorate	Service	Proposed Start Date
Project Management Methodology	88.9	Resources	E-Government & Customer Services	Quarter 1
Street Cleansing	71.1	Services	Street Scene & Waste Management	Quarter 1
Web Development / Updates	65.8	Resources	E-Government & Customer Services	Quarter 1
Stores & Garage (incl. Business Support)	58.6	Services	Street Scene & Waste Management	Quarter 1
Members' Expenses	58.5	Resources	Legal & Democratic Services	Quarter 1
Enforcement	57.1	Services	Planning & Environment Services	Quarter 1
Council Risk Registers	101.5	Acting Chief Executive	Corporate	Quarter 2
Equality and Diversity	78.1	Resources	Legal & Democratic Services	Quarter 2
Refuse Collection & Recycling	77.5	Services	Street Scene & Waste Management	Quarter 2
Health & Safety	63.3	Resources	HR & OD	Quarter 2
CCTV - Lifeline System	63.2	Services	Culture & Community Services	Quarter 2
Asset Management	62.8	Resources	Legal & Democratic Services	Quarter 2
Performance Indicators & Data Quality	61.4	Assistant Chief Executive	Corporate Communication, Policy & Performance	Quarter 2
E-mail policy & Internet Usage	61.3	Resources	E-Government & Customer Services	Quarter 2
Licensing & Taxi Licensing	59.5	Services	Planning & Environment Services	Quarter 2
Budgetary Control & Strategy	101.3	Resources	Financial Services	Quarter 3
Procurement (incl. E-Procurement & Best Value)	93.1	Resources	Financial Services	Quarter 3
Benefits	64.1	Resources	Financial Services	Quarter 3
Dolphin Centre	59.8	Services	Culture & Community Services	Quarter 3

Description	Risk Score	Directorate	Service	Proposed Start Date
Debtors	53.5	Resources	Financial Services	Quarter 3
Customer Service Centre	40.9	Resources	E-Government & Customer Services	Quarter 3
Payroll	76.9	Resources	HR & OD	Quarter 4
Creditors	68.2	Resources	Financial Services	Quarter 4
General Ledger & Bank Reconciliations	59.8	Resources	Financial Services	Quarter 4
Treasury Management	59.0	Resources	Financial Services	Quarter 4
Council Tax	57.9	Resources	Financial Services	Quarter 4
Disabled Facilities & Improvement Grants	54.5	Services	Planning & Environment Services	Quarter 4
NNDR	53.9	Resources	Financial Services	Quarter 4

Projects

Description	Service	Details	Proposed Start Date
Amphlett Hall	Legal & Democratic Services	Amphlett Hall Management Committee attendance.	Quarter 1
Leadership Development Programme	Corporate	County wide Programme attendance.	Quarter 1
Equalities Champion	Legal & Democratic Services	Equality Champions Working Group attendance.	Quarter 1
Information Management	E-Government & Customer Services	Information Management Working Group attendance.	Quarter 1
POP Project	Financial Services	POP Project input.	Quarter 1
PPlus System	Corporate Communication, Policy & Performance	PPlus System Project input.	Quarter 1

Description	Service	Details	Proposed Start Date
Local Code of Corporate Governance	Corporate	Review the Local Code of Corporate Governance and production of the Statement of Assurance.	Quarter 1
Risk Management	Corporate	Risk Management Steering Group attendance.	Quarter 1
Spatial Project	E-Government & Customer Services	Spatial Project input.	Quarter 1
Wyre Forest Risk Management	Corporate	Provide Risk Management consultancy for Wyre Forest DC.	Quarter 3