

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

19TH FEBRUARY 2007

INTERNAL AUDIT PERFORMANCE AND WORKLOAD

Responsible Portfolio Holder	Councillor Mrs. M. M. T. Taylor
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. Recommendation

2.1 The Audit Board is recommended to note and approve the:

- Current status and work completed on the 2006/2007 Audit Plan.
- Work completed by the Internal Audit Section during the first ten months of 2006/2007.
- Work regarding any ongoing investigations.
- Current Performance Indicator statistics.

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:

- 2006/2007 Audit Plan - Current Status.
- Audit Work Completed since the previous Audit Board meeting.
- Summary of Investigations and Recommended Improvements.
- Performance Indicator statistics.
- New or updated audit documents.

4. 2006/2007 Audit Plan - Current Status

4.1 The 2006/2007 Audit Plan came into effect on the 1st April 2006. 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						
Agency & Casual Staff	HR & OD	Qtr 1	✓			Review will not be completed during 2006/2007.
Staff Leave (incl. Flexi & TOIL)	HR & OD	Qtr 1	✓			Review will not be completed during 2006/2007.
Data Protection	Legal & Demo.	Qtr 1			✓	Audit completed.
Housing Enabling	Plan. & Env.	Qtr 1			✓	Audit completed.
Travel Concessions	St. Scene & Waste Mngmnt	Qtr 1			✓	Audit completed.
CCTV System (incl. Control Room)	Cult. & Comm.	Qtr 2			✓	Audit completed.
Development Control	Plan. & Env.	Qtr 2			✓	Audit completed.
Sports Development	Cult. & Comm.	Qtr 2			✓	Audit completed.
Information & Knowledge Management	Legal & Demo.	Qtr 2		✓		Steering group meetings attended.
Woodrush Dual Use Centre	Cult. & Comm.	Qtr 2			✓	Audit completed.
Financial Regulations	Financial Srvs	Qtr 2			✓	Internal Audit involvement complete.
Parks & Open Spaces	Cult. & Comm.	Qtr 2			✓	Testing completed, draft report issued.
Museum and TIC	Cult. & Comm.	Qtr 2			✓	Audit completed.
Budgetary Control & Strategy	Financial Srvs	Qtr 3		✓		Testing ongoing.
Treasury Management	Financial Srvs	Qtr 3		✓		Testing completed, draft report to be discussed.
Asset Management	Financial Srvs	Qtr 3			✓	Audit completed.
Creditors	Financial Srvs	Qtr 3		✓		Testing completed, draft report to be discussed.
NNDR	Financial Srvs	Qtr 3			✓	Testing completed, draft report issued.

Description	Section	Start Date	Current Status			Comments
			To Start	Ongoing	Complete	
Customer Service Centre	E-Gov. & CS	Qtr 3			✓	Audit completed.
Benefits	Financial Srvs	Qtr 4		✓		Testing ongoing.
IT Security (Software / Hardware / Back Up)	E-Gov. & CS	Qtr 4	✓			Review will not be completed during 2006/2007.
Section 106 Monies	N/A	Qtr 4			✓	Audit completed.
Payroll	HR & OD	Qtr 4		✓		Testing ongoing.
General Ledger & Bank Reconciliations	Financial Srvs	Qtr 4		✓		Testing ongoing.
Debtors	Financial Srvs	Qtr 4		✓		Testing ongoing.
Council Tax	Financial Srvs	Qtr 4		✓		Testing ongoing.
Projects						
Risk Management	Financial Srvs	Ongoing		✓		Ongoing Internal Audit responsibility for Risk Management.
E-Government Projects	E-Gov. & CS	Ongoing		✓		Steering group meetings attended.
Corporate Governance & Recovery Plan	N/A	Ongoing			✓	Local Code of Corporate Governance reviewed and Statement of Assurance approved.
ICT Infrastructure Project	E-Gov. & CS	Ongoing		✓		Assistance in disposing of old IT equipment.

5. Audit Work Completed

5.1 In addition to the delivery of the 2006/2007 Audit Plan, as detailed in section 4, the following work has been completed by the Internal Audit section between 31st October 2006 and 31st January 2007.

- The responsibility for embedding risk management throughout the Authority was passed to Internal Audit from the 1st January 2007. So far, Internal Audit have reviewed and updated the previous risk management process, updated

the Risk Management Strategy and worked with all Services to collate their new Risk Registers.

- The Internal Audit Section has a representative on the Information Management Steering Group.
- Providing general contract and procurement advice and guidance on cash and security up procedures.
- Ongoing assistant on the Purchase Order Processing (POP) Project.
- Equalities impact assessments have been completed for all relevant audit documents. The assessments have been reviewed and approved by the Council's Equalities Officer.
- The fourth Fraud Newsletter has been circulated to staff.
- Monthly monitoring of the Internal Audit Section's 2006/07 Performance Indicators. Further information has been provided in section 7.
- Discussing the possibility of offering risk management advice to Wyre Forest DC.
- The Council's Confidential Reporting Code has been revised.
- The 2007/2008 Internal Audit Plan has been collated.
- Data for the National Fraud Initiative (NFI) has been submitted.

6. Summary of Investigations and Recommended Improvements

6.1 Internal Audit has been involved in three investigations since the previous Audit Board meeting. Internal Audit's involvement in each case can be summarised by the following:

- Investigation Code FR204: Internal Audit was consulted regarding best practice and compliance with Council procedures. The review is currently ongoing.
- Investigation Code FR206: Internal Audit was contacted regarding its procurement practice and approach to service level agreements. Following consultation with several parties, the area discussed will be reviewed during 2007/08.
- Investigation Code FR207: Internal Audit was contacted regarding the conduct of a section within the Council. Work is currently ongoing.

6.2 None of the completed investigations detailed above have resulted in any major risks to the Council and its assets. Additionally, where possible, the issues detailed above and Internal Audit's subsequent involvement resulted in improved systems, processes and a more robust system of internal control within the Council.

7. 2006/2007 Internal Audit Performance Indicators

7.1 At the Audit Board meeting on the 25th April 2006, the new 2006/2007 Performance Targets were agreed. Detailed below is the first ten months performance against the targets.

No	Description	2006/07 Target	2006/07 Actual	Comments
1	Delivery of Audit Plan (Jobs Finished)	54%	50%	50% of audit reviews have been completed to date against a target of 54%. Additionally, work has commenced on 87% of audit reviews for 2006/07.
2	Delivery of Audit Plan (Resources)	95%	100%	100% of planned resources have been available during 2006/2007.
3	Productive audit time	67%	66%	Days spent on new starter training, annual leave and bank holidays, all planned for.
4	Assignments completed within budget	85%	93%	One audit assignment has been completed outside budget. However, performance is still within target for 2006/2007.
5	Response time to fraud/allegations	5 days	2 days	All allegations and investigations have been responded to within 5 days for 2006/2007.
6	Pre-audit meetings held for each audit	100%	100%	Pre-audit meetings have been held for all 2006/2007 audit reviews.
7	Post audit meetings held for each audit	100%	100%	Post audit meetings have been held for all 2006/2007 audit reviews.
8	Draft report turnaround	5 days	1 day	All draft reports have been issued within 5 days for 2006/2007.
9	Final report turnaround	10 days	7 days	All final reports have been issued within 10 days for 2006/2007.
10	Number of recommendations accepted	90%	99%	99% of recommendations have been accepted for 2006/2007.
11	Post Audit Questionnaires returned	85%	91%	91% of post audit questionnaires have been returned 2006/2007.
12	Customer feedback rating	90%	99%	99% positive feedback has been received from post audit questionnaires returned during 2006/2007.

No	Description	2006/07 Target	2006/07 Actual	Comments
13	Attendance	6.0 days	3.0 days	Staff sick days are within target for 2006/2007.

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 details any areas that need improving. From the questionnaires issued so far this financial year, the following comments have been received:

- Asset Management Review:

"The audit was particularly well timed as it coincided with the development of the Asset Management Plan (AMP). It therefore added a useful challenge as to whether the improvement actions as contained in the AMP were relevant and based upon the actual situation within the Council. It was also useful as Rachel suggested a number of different areas where things could be improved and also potential ways of making the improvements.

This sort of approach is what is expected the Audit Team and from my perspective adds more value than the typical sort of audit approach."

- Development Control Review:

"A very useful exercise carried out in a professional and friendly manner."

8. New or updated audit documents.

8.1 The Council's Anti Fraud & Corruption Strategy, that was approved by the Executive Cabinet on the 22nd February 2006, has been reviewed and updated. There were only minor changes to the document, and include

- Reference to the new Fraud Act 2006, which came into force on the 15th January 2007;
- Amending the Section 151 Officer role to the Head of Financial Services; and
- Reference to the Council's new Financial Regulations.

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. Corporate Objectives

11.1 Council Objective 04: Improvement.

12. Risk Management

12.1 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". Not fulfilling this requirement would have a negative impact on the Authority.

13. Customer Implications

13.1 No customer implications.

14. Other Implications

14.1

Procurement Issues	None
Personnel Implications	None
Governance / Performance Management	None
Community Safety including Section 17 of the Crime and Disorder Act 1998	None
Policy	None
Environmental	None
Equalities and Diversity	None

15. Others Consulted on the Report

15.1

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

16. Appendices

16.1 None.

Background Papers

Audit Board agenda and reports - 21st November 2006.

Contact officer

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