

REDDITCH BOROUGH COUNCIL

**AUDIT & GOVERNANCE
COMMITTEE**

18th April 2011

INTERNAL AUDIT PROGRESS REPORT

Relevant Portfolio Holder	Councillor Michael Braley – Corporate Management
Relevant Head of Service	Jayne Pickering – Executive Director – Finance and Corporate Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To present an update to Members regarding the audits completed in the period from November 2010 to 28th February 2011.

2. RECOMMENDATIONS

**The Committee is asked to RESOLVE that
the report be noted.**

3. BACKGROUND

- 3.1 The Audit Team has carried out a number of audits since details of audit assignments were last reported to Committee on 24th January 2011 and this report appraises Members of those audits.
- 3.2 A list of all audits completed in the period is attached as Appendix A but not all the audits are reported upon in detail in Appendix B. In cases where no fundamental control risks were identified by the audit work undertaken, no detailed report has been provided for Members.
- 3.3 In addition, in several audits a number of issues identified by Audit were resolved satisfactorily during the course of the audit, whilst the recommendations were implemented by the Heads of Service / Managers concerned at the conclusion of the audit. These recommendations are not being reported to Members as part of this report because the risk that non-implementation would have presented has been removed.

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4. KEY ISSUES

This report informs Members about the audits that have been completed during the period November 2010 to February 2011. The individual audits referred to in this report have identified problems with systems controls and other issues which must be corrected in order that assurance can be given that the systems of internal control in place within the Council are operating effectively.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications arising out of this report.

6. LEGAL IMPLICATIONS

The Accounts and Audit (Amendment) (England) Regulations 2006 state that Local Authorities must maintain an adequate and effective system of Internal Audit to ensure its systems of internal control are operating effectively. The Audit Progress Reports are one way the Council can monitor its Internal Audit Service.

7. POLICY IMPLICATIONS

Further to good practice advice received from the Audit Commission, the Council agreed to set up an Audit and Governance Committee in 2004 as part of its system of controls to gain assurance that the Council's internal control systems are in place and operating effectively.

8. COUNCIL OBJECTIVES

As part of the audit of services, Internal Audit will ascertain whether those services are meeting their laid down objectives including performance indicators.

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

- 9.1 One of the Audit Committee's responsibilities is to ensure its Internal Audit Service is operating effectively. If it is not in place there is a risk of misuse of resources, fraud or corruption taking place and the Council is at risk of not complying with the Accounts and Audit Legislation.

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9.2 In order to manage risks internal controls are used to mitigate and minimise risks to an acceptable level. Any weaknesses in the operation of the Authority's suite of internal controls therefore impacts directly onto the management of risk.

9.3 Risk Management issues could therefore arise when weaknesses in internal controls are being identified during the audit review process but management delay or defer the implementation of recommendations made. By receiving information on key recommendations made in audit reports the Audit Committee is able to re-enforce the importance of getting these recommendations in place in accordance with the timetable agreed as part of the audit process.

10. CUSTOMER IMPLICATIONS

There are no direct customer implications arising out of this report.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

There are no equalities or diversity issues arising out of this report.

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

When carrying out all audits, Internal Audit seeks to determine whether the services being reviewed are complying with the Council's laid down procurement procedures or not and is achieving value for money when procuring goods and services.

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

There are no climate changes, carbon implications or biodiversity implications arising out of this report.

14. HUMAN RESOURCES IMPLICATIONS

There are no direct human resources issues arising out of this report.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

There are no direct governance/performance implications arising out of this report.

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**16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF
CRIME AND DISORDER ACT 1998**

There are no community safety implications arising out of this report.

17. HEALTH INEQUALITIES IMPLICATIONS

There are no health inequality implications arising out of this report.

18. LESSONS LEARNT

In all audits undertaken by the service, Internal Audit try to give assurances as to whether the controls in the systems being audited are adequate and are being complied with. In all cases where they are not, hopefully lessons will be learnt and management will implement recommendations made as part of the audits to ensure the future soundness of the Authority's system of internal control.

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

There are no community and stakeholder engagement implications arising out of this report.

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20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	No
Chief Executive	Yes
Executive Director (S151 Officer)	Yes
Deputy Chief Executive/Executive Director – Leisure, Environment and Community Services	Yes
Executive Director – Planning & Regeneration, Regulatory and Housing Services	Yes
Director of Policy, Performance and Partnerships	Yes
Head of Service	Yes
Head of Resources	Yes
Head of Legal, Equalities & Democratic Services	Yes
Corporate Procurement Team	No

21. WARDS AFFECTED

None directly.

22. APPENDICES

Appendix A - Index of audit reports completed in the period November 2010 to 28th February 2011.

Appendix B - Details of a number of audits where key recommendations have been made that may impact upon the Council's system of internal controls

23. BACKGROUND PAPERS

Individual Internal Audit reports.

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AUTHOR OF REPORT

Name: Bob Haycock
E Mail: Bob.Haycock@redditchbc.gov.uk
Tel: Ex. 3051