

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 13th JULY 2005

INTERNAL AUDIT SERVICES – ANNUAL REPORT 2004/2005

REPORT OF THE INTERNAL AUDIT MANAGER (this matter is the responsibility of Councillor Williams, the Leader of the Council)

EXECUTIVE SUMMARY

Under the Account and Audit Regulations 2003, the Council is required to maintain an adequate and effective system of internal audit of its financial management and system of internal control, in accordance with proper internal audit practices. This report summaries internal audit activity over the 2004/05 financial year.

1. Purpose of Report

Internal Audit forms part of the corporate governance and internal control arrangements for the Council. The person responsible for the Internal Audit function is required to submit a formal report to members which should include:-

- An opinion on the adequacy and effectiveness of the Council's internal control environment.
- Disclose any qualifications to that opinion.
- Present a summary of Internal Audit work undertaken to formulate that opinion.
- Compare work undertaken with the work that was planned and summarise the performance of the Internal Audit function against performance measures.

2. Internal Audit Opinion

Overall the Council has in place an adequate and effect internal control environment. Most audits undertaken during 2004/05 showed compliance with the relevant internal controls. Whilst recommendations have been made to improve the internal control environment in some areas, there were no instances in which internal control weaknesses created significant risks for the Council activities or services. Where any control weaknesses were identified recommendations for improvement have either been adopted or have been acknowledged for action by Service Managers.

4. Summary of work undertaken

Audit

There were 31 audit reviews completed during 2004/05 that resulted in 269 recommendations. A list of those reviews completed during the year is shown in Appendix A. Detailed reports have been issued to the relevant Service Managers on the results of individual audits completed during the year. In addition new reporting arrangements have now been put in place so that interim and final reports are issued to Heads of Service. This process will ensure that each Head of Service can review the standards of internal control and focus on weaknesses with a view to progressing remedial action where appropriate. In all audits undertaken it is considered that the objectives for the review were fully met and recommendations for improvement to the internal control environment have been agreed with management. Each audit area is revisited after 6 months to review whether the agreed management actions have been successfully implemented.

Risk Management

Internal Audit has been fully involved in embedding Risk Management across the Council working on risk identification covering service, strategic and project risks.

Value for Money

Reviews were completed during 2004/05 on the use of mobile phones and the Council's control team functions within Finance and Revenues. Both reviews resulted in recommendations being made that have identified either service improvements or potential budgetary savings.

Information Governance

The section has been involved with the update and review of the Council's Information Services Strategy, continued to provide advice and guidance on Data Protection issues and has played a fundamental role in the implementation of the Freedom of Information Act across the Council.

Contract Audit

The section has continued to review all final accounts but has also undertaken work on the Council's major partnering initiatives including the maintenance of gas central heating systems.

General Financial Advice

The section has continued to provide general finance and guidance on internal control issues to staff across the Council.

5. Performance against 2004/05 Audit Plan

This section of the report informs members of the work undertaken by Internal Audit during the 2004/05 financial year, comparing performance against the Annual Plan that was agreed by the Committee last year. The table below shows the planned audit days compared to the days delivered during 2004/05

Description	Days Planned	Days Delivered
Main Financial Systems	178	201
Information Governance	133	81
Contract Audit	50	17
Other Areas of Work	105	70
Fraud & Corruption	60	49
Departmental Systems	223	103
Total	749	521

Performance during 2004/05 was affected by a number of issues including a part-time vacancy, increased sickness levels and most significantly the time devoted to setting up the South West Audit Partnership which should reap rewards over time. Despite these unforeseen circumstances the section still managed to complete 75% of what it set out to do in the 2004/05 Audit Plan.

6. Recommendation

The Committee should note the content of this report.

Appendix A

Detail of Internal Audit Reviews completed during 2004/05

Sheltered Scheme Managers
Review of Control Team
Sale of Council Houses
Wellington Sports Centre
Taunton Pool
St James Street Pool
Vivary Park Golf Course
Wellsprings
Blackbrook Sports Centre
National Non-Domestic Rates
Cash Receipting
Council Tax
Bank Reconciliation
Capital Charges
Main Accounting
Creditors
Taunton Deane Debts
Housing Benefits
Treasury Management
Housing Rents
Concessionary Travel
Officers Allowances, Gifts & Hospitality
Car Loans
Licensing
DLO/DSO accounts
CCTV
Payroll
Piper
Housing Benefits Post Room
Housing Rent Arrears
Mobile Phones