

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 22 JULY 2008

INTERNAL AUDIT UPDATE ON QUARTER ONE (APRIL – JUNE 2008)

**JOINT REPORT OF THE HEAD OF AUDIT AND DEMOCRACY and AUDIT & RISK
MANAGER**

1 PURPOSE

- 1.1 To update members on the work of Internal Audit during quarter one April – June 2008.

2 RECOMMENDATIONS

- 2.1 That Members of the Audit Committee note the update on quarter one work.

3 SUMMARY

- 3.1 The Audit Committee receives a quarterly update of the work of Internal Audit. This is the update report for quarter one April – June 2008.

4 PREVIOUS MINUTES

- 4.1 Audit Committee 17th June 2008 (Quarter 4 2007-08 Update Report).

5 INFORMATION – QUARTER ONE UPDATE (APRIL – JUNE 2008)

- 5.1 This section of the report provides information on the work of Internal Audit during April to the end of June 2008 and provides an update on the progress of previous audit reports issued (April 2007 to March 2008).
- 5.2 Internal Audit activity during this period has particularly focussed on completion of the audits set out in the Internal Audit Plan and the review of a sample of Performance indicators across all Portfolios including arrangements for information collection systems and data quality.
- 5.3 There is a follow up to the amber catering report currently in progress (a verbal update will be provided at the meeting). In addition a computer systems audit is also being undertaken on the PCS (Plastic Card Services) catering system. The results of this audit will inform the work already undertaken in this area.
- 5.4 At the previous meeting members requested information on the catering arrangements in the Council's schools. All the primary schools buy into the Council's education catering arrangements. Secondary schools have a choice and currently the following schools use the Council's catering arrangements:

- 1) Lord Silkin
- 2) Phoenix
- 3) Newport Girls High
- 4) Sutherland

- 5) Wrockwardine Wood Arts College
- 6) Erccall Wood Technology College
- 7) Madeley Academy
- 8) Abraham Darby (until 31/08/08 when it will transfer to the Academy)

The secondary schools not using the Council's catering arrangements are Burton Borough, BRJ, Adams Grammar, HLC and Charlton.

- 5.5 The Corporate Parenting – 16+ Team follow up was completed during the quarter. This was a follow up of the red report issued in October 2007. The follow up is categorised as amber due to management controls implemented still not working as effectively as they could. Audit continues to work with management in this area to improve controls and a further follow up review will be undertaken in September 2008.
- 5.6 There are no other issues to bring to the attention of members of the Committee. The appropriate management teams have agreed action plans and have commenced implementation for the 2 amber reports summarised in Appendix D. Internal Audit are confident that the controls have and will continue to improve in these areas but will report back after follow up, if required.
- 5.7 Information has been attached to the report as the following appendices:
 - i) Appendix A – List of final reports issued quarter one with our grading – red, amber, yellow or green and any appropriate comment on internal controls.
 - ii) Appendix B – List of all work undertaken for quarter one of 1 day or more.
 - iii) Appendix C- Previous graded reports from April 2007 to March 2008 and their current status.
 - iv) Appendix D – Further information for the 3 amber reports.

6 OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	All members of Audit Services have attended equal opportunities/diversity training. If any such issues arose during an audit they would be notified to the appropriate manager.
Environmental Impact	Such issues would be notified to the appropriate manager during or immediately following the audit.
Legal Implications	Audit Services classify recommendations as either Statutory, Financial regulation, Policy/Procedure or Best Practice. This means that where service areas are not operating within statutory requirements there is an obligation to implement the recommendations as soon as possible. These recommendations are followed up within 6 months. Audit Services can only, within their resource constraints provide reasonable assurance (rather than "absolute assurance") to the authority upon the operation of controls.
Links with Corporate Priorities	The audit plan is linked to corporate priorities via the risk management process. Where high risks are identified then Audit Services undertakes work on a more regular basis.
Risks and Opportunities	The role of internal audit includes a review of the controls in place to manage the risks within service areas. The reports produced assist the Council in improving systems and controls (reducing risks) and therefore the delivery of services and achievement of objectives.

	In addition Internal Audit have reviewed the Council's risk management process during the year and concluded that it is operating effectively
Financial Implications	Audit Services operated within budget 2007/08 with a small under spend due to a delay in filling a vacant post. Where recommendations are made by Audit Services, if possible, cost implications are identified.
Ward Implications	Internal Audit is responsible for the internal audit of all the Council's activities and at all Council locations. They therefore operate within all Council Wards.

7 BACKGROUND PAPERS

Annual Audit Plan 2008/09

Report by Jenny Marriott, Audit & Risk Manager 383101