

Title: **Internal Audit Reports**

Lead Member: **Cllr J Osborn - Chair of Audit Committee**

Reporting Officer: **Ian Jamieson - Corporate Director
(Chief Finance Officer)**

Purpose

To consider the following Internal Audit reports:

2008/09

- 1 Treasury Management
- 2 Accountancy and Budgetary Control
- 3 Expenditure and Creditors
- 4 Payroll
- 5 Income and Debtors
- 6 Council Tax and NNDR
- 7 Housing Benefit payments
- 8 Review of cash Income
- 9 Review of 5 Towns Initiative
- 10 Discretionary Rate Relief

Background

KPMG provide the internal audit service to the Council. The work has been carried out in accordance with the Internal Audit plan approved by Corporate Management Team and the Audit Committee. The plan is designed to allow an opinion to be given on the adequacy and effectiveness of the Council's risk management, control and governance processes.

Key Issues

Each internal audit assignment is risk rated as either good, satisfactory, weak or unacceptable. All audit reports classed as good are reported in summary form only. The full audit report is available from Finance on request.

There are ten audit reports for consideration:

- The Five Towns Initiative review did not contain an overall system rating or any recommendations.
- The National Non-Domestic Rates review of granting of discretionary relief did not contain an overall system rating or any recommendations.
- The results from the remaining eight audits are summarised in the table overleaf.
- The Review of Cash Income has been rated as Satisfactory and is produced in full in Appendix one.

All recommendations are prioritised as high, medium or low.

Table of results

	Overall system rating	Recommendations		
		High	Medium	Low
Treasury Management	Good	0	0	0
Accountancy and Budgetary Control	Good	0	0	1
Expenditure and Creditors	Good	0	0	2
Payroll	Good	0	0	0
Income and Debtors	Good	0	0	2
Council Tax and NNDR	Good	0	0	1
Housing Benefit Payments	Good	0	0	2
Review of Cash Income	Satisfactory	0	3	0

Treasury Management

This report identified eight areas of positive practice and one area for further development. There are no recommendations but one suggestion for improvement, although it was recognised that the Council has little scope to act in the time remaining before the creation of the new unitary authority.

The report concluded there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Accountancy and Budgetary Control

This report identified three areas of positive practice and two that could be further enhanced. There is one recommendation for improvement, deemed as low priority. The report concluded there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Expenditure and Creditors

This report identified four areas of positive practice and two areas for further development, both deemed to be low priority.

Two low priority recommendations from the previous year have been fully implemented and one has been partially implemented, however LGR and resource pressures within finance have curtailed the full implementation. The report concluded there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Payroll

This report identified seven areas of positive practice. There were no areas for further development. The report concluded there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Income and Debtors

This report identified four areas of positive practice and two areas for further development, both deemed to be low priority.

Two recommendations from the previous year have been fully implemented. The report concluded there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Council Tax and NNDR

This report identified five areas of positive practice and one area for further development, which was of low priority.

Two low priority recommendations from the previous year have been fully implemented and three have been partially implemented. Of those partially implemented it has been recognised that two of the issues may be better considered after 1 April 2009. The third has been reiterated as a new recommendation in the current report.

The report concluded there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Housing Benefit Payments

This report identified three areas of positive practice and two areas for further development, both deemed to be low priority.

Three low priority recommendations from the previous year have been fully implemented and one has been partially implemented, which leads to recommendation one in the current report.

The report concluded there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Review of Cash Income

This report identified four areas of positive practice and three areas for further development, all deemed to be medium priority.

The report concluded there is some risk that objectives may not be fully achieved. Slight improvements are required to enhance the adequacy and/or effectiveness of risk management, control and governance.

A full copy of the report can be found at appendix one.

The Five Towns Initiative – a review of ongoing projects

The aim of the review was to assess the arrangements in place across the Five Towns Initiative to manage the outstanding capital projects that is currently undertaking and to identify any significant risks to the successful completion of these projects.

A table showing conclusions in respect of each project can be found below:

Town	Project	Status	Estimated completion	Level of Risk	Comment
Bradford-on-Avon	Town Bridge	Planning	Unknown	High	No clear funding strategy
Melksham	Town centre	Detailed design	2011	Medium	WCC funds not yet approved
Trowbridge	Pedestrian signage	Detailed design	Early 2009	Low	Needs to be progressed as quickly as possible
Warminster	Town centre	In construction	Mid 2009	Low	
Westbury	Market place	In construction	Early 2009	Low	

National Non Domestic Rates – review of granting of discretionary relief

The aim of the review was to review the process that the Council followed in reaching the decision to refuse an application from a local organisation with regard to discretionary relief in respect of national non domestic rates.

The report concluded that the Council considered the application for discretionary relief in a way that is consistent with its internal policies and schemes of delegation.

Effect on strategies and codes

The internal audit opinion supports the 'sound financial management' principle.

Risk Management implications

These are contained within the report.

Financial and performance implications

There are no financial implications.

Legal and human rights implications

There are no direct legal or human rights implications.

Next steps

Recommendations will be implemented as detailed in the individual internal audit report action plans.

All outstanding recommendations will be passed to the new Wiltshire Council to take forward.

The subsequent internal audit work will review progress on implementation.

Recommendations

The Audit Committee:

- Reviews the internal audit reports.