

## Internal Audit Reports and Risk Management Group

### Report of the Treasurer and Risk Manager

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202 or Andy Johnson, Head of Risk Management, on 01743 260287.

#### 1 Purpose of Report

The report presents progress on dealing with recommendations by the Internal Auditors, resulting from the 2007/08 audits.

#### 2 Recommendations

The Committee is asked to note progress to date, and approve the actions of the Risk Management Group.

#### 3 Background

In March 2008, the Committee agreed a process for dealing with Internal Audit recommendations which ensured that all matters were dealt with effectively. Recommendations are either:-

- i) Fundamental  
Immediate action required to address major control weaknesses that could lead to material loss;
- ii) Significant  
Action needed to address a substantial control weakness where systems might be working but errors may go undetected;
- iii) Requires Attention  
Action needed to improve existing controls or improve efficiencies.

The Committee agreed it would consider directly any “fundamental” recommendations (of which there have been none in 2007/08).

“Significant” and “Requiring Attention” recommendations would be considered initially by the Risk Management Group and any delays or failures in implementing recommendations would be brought to the Committee.

This report covers the work of the Risk Management Group to date.

#### **4 Work of the Risk Management Group**

The Risk Management Group (RMG) has looked in detail at three reports – on Governance, Creditors and Risk Management.

The key findings were that good progress was being made on recommendations, but it was felt that the Auditors should provide greater detail on examples of failures found, as this would focus the attention of the responsible officer on preventing further failures, and help the RMG monitor improvement. The Auditors have been asked to do this in future.

Based on this exercise, the Group decided that its most effective way of operating was:-

- i) copy all reports to each member of RMG
- ii) at each meeting look in detail at:-
  - fundamental recommendations
  - significant recommendations
  - all recommendations that had been repeated following a previous audit
- iii) clarification on issues and progress on items in ii) above would be sought by any member of the Group of the relevant officer either within or outside the RMG meetings
- iv) members of the RMG would look at all other recommendations outside the meetings and bring back any concerns to the next meeting.

It was anticipated that this process would concentrate attention on all more serious matters, whilst providing the opportunity to assure the Committee that all Internal Audit issues were being monitored and implemented appropriately.

It was also agreed that from 2008/09 Audit should summarise their recommendations in each audit into the appropriate categories.

The schedule of “significant” recommendations and repeated recommendations has already been circulated to the RMG together with the Management response.

Internal Audit has agreed that in 2008/09 the recommended actions will include more detail about the reasons for each recommendation and why it has been categorised at its particular level. This should make it easier for RMG and others to assess the Management response.

## 5 Financial Implications

There are no direct financial implications arising from this report.

## 6 Legal Comment

There are no direct legal implications arising from this report.

## 7 Equality Impact Assessment

This report is purely an update on audit processes to date and the recommendations within the report have no impact on people, therefore an initial Equality Impact Assessment has not been carried out for this report.

## 8 Appendices

There are no appendices attached to this report.

## 9 Background Papers

There are no background papers associated with this report.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	*
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*