



Manchester City Council

Audit 2008-09

Follow-up Audit
Corporate Governance Arrangements

12 June 2009

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1 Executive Summary

Introduction

- 1.1 The purpose of this report is to update management and the Audit Committee on progress the Council has made in implementing recommendations arising from our 2007-08 audit of the Council's governance framework.
- 1.2 The Council has ambitions of becoming a top performing authority in the Use of Resources assessment and we concluded in our audit last year that this would require integration of governance and assurance, and further development across key areas of:
- risk management
 - internal audit
 - audit committee

Risk management

- 1.3 Robust arrangements for risk management are a key component of an overall assurance framework to ensure delivery of the Council's objectives. Our 2007-08 audit concluded that the Council had made reasonable progress in implementing a system of risk management, coming from a low baseline of inadequate arrangements three years ago. In particular:
- there was evidence of improving member and senior officer awareness of risk;
 - risk registers were being developed for all areas of the Council's activities; and
 - some progress had been made in implementing previous external audit recommendations.
- 1.4 The Council recognised that it had further action to take in fully implementing a system of risk management, including:
- ensuring that risks are managed and controlled by departments throughout the year, through regular maintenance of risk registers;
 - demonstrating consideration of risk when making key decisions and initiating major projects; and
 - developing procedures, registers, training, corporate support and partnership risk management.
- 1.5 The Council has continued to develop its risk management arrangements over the last year. Key developments include:
- revision of the risk management strategy and policy, and associated procedural guidance;
 - development of the corporate risk register;
 - improved guidance on departmental risk registers;

- improved monitoring of risk through establishment of the Use of Resources and Governance Sub Group, and improved reporting on risk management to SMT;
- the development of a standard framework for assessing and quantifying risk;
- the development of a risk management training programme which has now commenced; and
- development of partnership risk management.

1.6 The key priority for the Council going forward is to maintain momentum to ensure developments are finalised in accordance with clear timescales and new arrangements are embedded and operate effectively within departments and partnerships. In particular:

- a clear timetable should be set, and monitored, for full roll out of training and training for members should be organised and delivered as soon as possible;
- outstanding structural issues should be addressed as part of wider developments to now bring risk management within the remit of the Head of Internal Audit and Risk Management;
- departmental risk registers should be completed, used and monitored to a consistent quality across all departments;
- the corporate risk register could be further developed through more specific identification of risk and ensuring required additional controls are measurable and have clear implementation targets;
- SMT should have effective mechanisms in place to obtain assurances that controls are operating effectively and that required new controls are implemented according to timescale and are effective in practice; and
- partnership risk management arrangements need to be embedded and the risk protocol for the Manchester Partnership adopted.

1.7 A summary of the Council's progress in implementing recommendations made in our June 2008 report is attached at Appendix A.

Internal Audit

1.8 An effective internal audit service is an essential component of good governance and internal control. The adequacy of internal audit provision forms a key part of our Use of Resources assessment. In addition, we seek to place reliance on the work of internal audit to support our accounts opinion.

1.9 Our 2007-08 audit concluded that internal audit did not fully comply with CIPFA's Code of Practice for Internal Audit and, due to less than expected coverage of core financial systems, we were unable to place full reliance on internal audit to support our accounts opinion.

1.10 Key issues underlying our assessment related to:

- the lack of clarity regarding the role and expectations of internal audit;
- the Council's difficulty in recruiting and retaining internal audit resource and the associated interim structure; and
- lack of direction and inadequate resource to ensure completion of the internal audit SIP.

1.11 As a consequence of these and related factors:

- there was insufficient resource to ensure delivery of internal audit's plan, and internal audit was performing significant unplanned work;
 - the 2007-08 audit plan presented to members was based on unrealistic staffing assumptions and did not clearly demonstrate how it addressed the Council's key risks and associated required assurances; and
 - reporting of progress against the plan to the Audit Committee was unclear, in particular the extent of non delivery and the impact on planned assurances.
- 1.12 We issued a detailed report of our findings in June 2008 and made a number of recommendations which are summarised at Appendix B. Key recommendations were to:
- clarify the role and function of internal audit within the Council's overall assurance framework;
 - determine and secure the level of internal audit resource needed to deliver the required annual assurances; and
 - improve management information to better quantify the assurance required and enable better quantification and tracking of delivery of internal audit's plan.
- 1.13 The Council responded quickly and positively to our report and has made good progress in the last year. In particular, appointment of an Interim Head of Internal Audit has led to significant improvement in the operational delivery of the service in what has been a challenging year given internal audit's involvement in dealing with IT security related issues.
- 1.14 Notable improvements during the year include:
- introduction of a revised reporting structure with the Head of Internal Audit now reporting direct to the City Treasurer;
 - delivery of the 2008-09 audit plan, with only five jobs deferred to 2009-10;
 - improved reporting of the outcome of audits through use of an overall assurance opinion and assessment of the Council's capacity to improve, together with 'traffic light' reporting;
 - improved reporting to the Audit Committee, particularly of progress against plan;
 - recent appointment to four vacancies within the section and the cessation of 'acting up' arrangements; and
 - an improved risk assessment process to support development of the 2009-10 plan.
- 1.15 Having successfully addressed high priority operational needs of the service to ensure delivery of the 2008-09 plan, future development will need to focus on the strategic positioning of internal audit, and identification and quantification of overall level of assurance required as part of the Council's risk management and assurance framework process. Further development and enhancement of audit quality and impact is needed through the development of internal audit's Quality Manual and key performance indicators.

Audit Committee

- 1.16 At the time of our 2007-08 review the Council's Audit Committee had been in place for around two years and its processes and work were becoming established. Members

recognised that, whilst the Committee was working well, it was not fully mature, and it was agreed that a review of effectiveness would be timely, in light of recently published national good practice and the importance of the Committee in the Council's overall governance framework.

- 1.17 We observed the operation of the Audit Committee during the year and, in July 2008, facilitated a self-assessment by Audit Committee members to identify opportunities to strengthen the Committee's role, followed by a workshop to discuss outcomes from the self-assessment. Our review demonstrated that members:
- had a generally good understanding of their role and the roles of key assurance providers to the Committee;
 - actively engaged in the work of the Committee through reading of papers and asking questions; and
 - were committed to strengthening the role and profile of the Committee, to improve control and drive performance improvement.
- 1.18 Through our audit and the member workshop we identified a number of opportunities to further strengthen the role and operation of the Committee, including:
- officer briefings and induction training to clarify member roles, including the differing roles of Audit and Scrutiny Committees;
 - development of a Committee workplan to align assurance the Audit Committee is required to give, with the inputs it will receive during the year;
 - appointment to the two vacancies for independent members to the Audit Committee; and
 - improvement in reporting to the Committee and management of meetings.
- 1.19 We issued a detailed report in September 2008 and made a number of recommendations, summarised in Appendix C. The Audit Committee, led by the Chair, responded positively to the self-assessment workshop and the recommendations made in our report and significant progress has been made in the development of the Committee over the last year. In particular:
- the Council has appointed two independent members to broaden the Committee's experience, and specifically deal with future challenges around financial reporting and Comprehensive Area Assessment;
 - the Committee Secretary has introduced a formal workplan to set out future business of the Committee and help manage collation and issue of papers; and
 - the use of pre-meetings, improved reporting and effective chairing has improved the conduct of meetings, helped enable members to focus on significant matters and reduce politically motivated questions.
- 1.20 Going forward, the Committee should ensure that:
- there is clear ownership of the workplan to ensure that it is accurate and that appropriate support is given to the Committee Secretary in maintaining it and compiling the agenda;

- a clear timetable exists for the provision of member training and that this is incorporated into the workplan to ensure it is delivered in a timely and effective manner; and
- plans are in place to conduct an annual self-assessment. We would be happy to help facilitate this through a further workshop or in other ways.

The way forward

1.21 The findings from our follow up audit will be presented to the June 2009 Audit Committee. We recommend that the Committee specifically monitors progress in the areas outlined above as part of its regular follow up of implementation of audit recommendations.

A Updated Action Plan - Risk Management

	Recommendation (June 2008)	Progress
1	<p>The Council should include the following in this year's planned update of the risk management policy and strategy:</p> <ul style="list-style-type: none"> • reflect where arrangements do not operate in accordance with the strategy and alternative arrangements have evolved • take account of any relevant emerging corporate developments, for example in the wider governance framework. 	<p>An updated Risk Management Strategy and Policy was approved by SMT and the Audit Committee in September 2008, to take account of findings from the Service Improvement Programme and our external audit review, and used as the basis for developing risk management arrangements.</p> <p>The strategy and policy describe the emerging corporate developments and provide an overview of key responsibilities within the governance framework. This extends to risk management arrangements in partnerships.</p>
2	<p>The risk management policy and strategy should be supplemented by a more comprehensive set of procedures to clearly identify how those responsible for risk management will perform their functions.</p>	<p>The Council now has procedural guidance in place to assist managers in the assessment and mitigation of risk. This guidance has been compiled on a dedicated intranet site and this has been communicated across the Council.</p>

	Recommendation (June 2008)	Progress
3	<p>The Council should clarify the links between the corporate risk register and the corporate plan, so that it can be assured that it has identified the significant risks to the achievement of principal objectives.</p>	<p>The Council has reviewed the corporate risk register in line with our recommendations, overseen by the SMT Use of Resources and Governance Sub Group. The focus of this review was to ensure that the corporate risk register reflects risks drawn from four main sources:</p> <ul style="list-style-type: none"> • the Corporate Plan • business planning processes • partnerships • risks highlighted by Strategic Directors. <p>The corporate risk register now incorporates these risk sources and has been regularly updated and reported to SMT. Currently there are 38 risks identified on the register.</p>
4	<p>The Council should review the format and content of the corporate risk register to facilitate the effective management of corporate risks. This would include improved risk scoring, mapping of controls to trigger events, evaluating and testing the effectiveness in controls in managing risks and action planning for additional controls required.</p>	<p>The format and content of the corporate risk register was reviewed as part of the exercise overseen by the SMT Use of Resources and Governance Sub Group and includes:</p> <ul style="list-style-type: none"> • a standard risk assessment scoring mechanism, assessing likelihood and consequence of each risk • assessment of existing mitigating controls in place and additional controls required • assignment of responsibility at SMT and SMT Sub-Group level

	Recommendation (June 2008)	Progress
		<p>The corporate risk register could be developed further by:</p> <ul style="list-style-type: none"> • more specific description of risks • more explicit linkage of risks to Council performance targets • ensuring required additional controls are measurable and have implementation targets. <p>To further develop arrangements, the Council needs to consider effective mechanisms for SMT to obtain assurance that the additional controls identified are being implemented in line with identified timescales and are effective in practice.</p>
5	<p>The Council should address with partners how partnership risk management will work in practice, as part of implementation of actions to clarify and strengthen its own processes.</p>	<p>As part of the Council's Partnership Governance Framework, each partnership is required to submit its risk register, which is reviewed by the Council's officers responsible for partnership governance. The Partnership Governance Framework provides assurances for the Council's Annual Governance Statement. The Council has acknowledged that further work is required to ensure that appropriate partnership governance is in place, for example through the incorporation of significant partnerships within service financial, performance and risk monitoring and reporting arrangements.</p> <p>Arrangements for the ongoing assessment and review of risk within the Manchester Partnership are currently being reviewed with the support of external consultants. We are aware that a draft Partnership Risk Management protocol has been produced and it is important that the Public Service Board agrees how this protocol will operate in practice across the thematic partnerships.</p>

	Recommendation (June 2008)	Progress
6	<p>The Council should ensure that departmental risk registers are further developed to more consistently describe risks, consequences and mitigating controls.</p>	<p>The Council is working with Heads of Service to improve the quality of departmental risk registers. Risk identification and evaluation is being strengthened through the use of the Council's standard risk assessment scoring mechanism, which is used to provide an overall risk rating and assesses the likelihood and consequences of each risk. The Council's business planning process requires departmental risk registers to be included in business plans.</p> <p>There is further scope for improvement in the consistency of arrangements for evaluating and monitoring risks within departments. Whilst some departments have established routine monitoring arrangements through DMTs, this is still not consistent across all departments. The risk management training programme currently being rolled out, supported by additional guidance on escalation of identified risks, seeks to further strengthen the consistency of arrangements.</p> <p>We are currently undertaking an exercise to assess the extent to which departmental risk registers have been regularly updated throughout the year to a consistent quality.</p>

	Recommendation (June 2008)	Progress
7	<p>The Council should ensure that departmental risk registers:</p> <ul style="list-style-type: none"> • clearly show how mitigating controls will manage the risk, explain the basis of the judgement on acceptability of residual risk and set out how assurance will be obtained over the effectiveness of operation of mitigating controls • allocate management of the risk to a named individual and set a deadline for implementation of any actions on mitigating controls 	<p>The Council's departmental risk registers have been used to inform the 2009/10 business planning process, with each business plan including a business risk register. To inform this process and improve consistency in quality of risk registers, guidance has been issued showing that departmental risk registers should record:</p> <ul style="list-style-type: none"> • description of risk • description of the consequence of risk • a scored risk rating using the Council's standard scoring methodology • description of existing controls • a decision on acceptance or rejection of risk with appropriate rationale • further mitigating controls required • allocation of responsibility for the management of risk. <p>However, discussion with management shows that there is further scope for improvement in the consistency of arrangements for evaluating and monitoring risks within departments in line with the risk management guidance issued.</p> <p>The Council has established monitoring arrangements to review mitigating controls through quarterly performance and risk reports to SMT, which include departmental risk registers.</p>
8	<p>The Council should ensure that departmental risk registers are updated throughout the year to evidence ongoing management of risks.</p>	<p>We are currently reviewing the extent to which departmental risk registers have been regularly updated throughout the year and are of a consistent quality.</p>

	Recommendation (June 2008)	Progress
9	The Council should evidence that it has considered the risk of fraud and corruption when compiling and updating risk registers.	There is no clear evidence that the risk of fraud and corruption is routinely considered in compiling and updating risk registers. However, Internal Audit has identified a Lead Auditor to take responsibility for developing counter fraud activity and it is envisaged that this will lead to the promotion of a wider understanding of fraud risks across departments.
10	The Council should more clearly evidence consideration of risks as part of making strategic policy decisions.	<p>The Council has reviewed the content of Executive reports to support strategic policy decisions. Each report must include the following considerations:</p> <ul style="list-style-type: none"> • risk management issues • legality issues • equal opportunities • revenue and capital financial consequences. <p>We have reviewed a sample of reports to Executive and in each case there was a section addressing risk management issues, including how strategic decisions could assist in the mitigation of existing risks where appropriate.</p> <p>We will review the wider consideration of risk in strategic policy decision making through our planned 2009-10 work on the adequacy of the Council's project management arrangements.</p>
11	The Council should ensure that risks are being consistently considered and managed across all projects, from initiation to completion.	The Council has a well established project management methodology, the 'Manchester Method'. Within this methodology is clear consideration of risk. Specific training for project managers will be provided to further strengthen arrangements as part of the current roll out of risk management training.

	Recommendation (June 2008)	Progress
12	<p>The Council should develop a programme of mandatory risk management training and workshops for responsible officers, to develop a more consistent understanding of what is required of them.</p>	<p>The Council has developed a mandatory risk management training programme for all responsible officers. The first round of training has been delivered during March and April 2009 for management level staff. This course sought to embed the generic risk management framework including:</p> <ul style="list-style-type: none"> • identification of risk • evaluation of risk • identification of risk owners • assessment of acceptable levels of risk • identification of responses to risk • creation of risk log and record of actions • reporting and reviewing arrangements <p>We have reviewed the feedback from course attendees and this shows that the training was well received and managers felt they more clearly understood the Council's risk management process.</p> <p>The training programme will be developed further through delivery of service specific workshops during 2009/10.</p>
13	<p>The Council should increase member understanding of the principles of risk management and the Council's arrangements so that they can lead and challenge the effectiveness of risk management.</p>	<p>This recommendation is currently outstanding. However, we understand that a date has been set for member training on the principles of risk management.</p>

	Recommendation (June 2008)	Progress
14	The Council should identify a member to champion risk management, help facilitate member understanding and ownership, and challenge on how it is being embedded.	The Council has allocated responsibility for this role to the Lead Member for Finance and Human Resources.
15	The Council should improve staff resource to support Strategic Management Team and departmental management in managing risk.	<p>The Service Improvement Programme was completed and a summary report was approved by the Audit Committee in June 2008. The SIP proposed four options to deliver required improvements in risk management and it was agreed to recruit three additional corporate risk management posts.</p> <p>However, the Council subsequently decided to support the delivery of risk management through additional resource from the MIP project team, overseen by the SMT Use of Resources and Governance SubGroup.</p> <p>The Risk Management service has acted under interim line management arrangements during 2008/09. Following the recent appointment of a Head of Internal Audit and Risk Management, reporting lines for the service will change. It is important that the risk management structure is again reviewed and the 2009/10 budget includes funding for the recruitment of officers to a corporate risk management team.</p>
16	The Council should consider the introduction of a corporate risk management group, with representatives from departments, to help embed risk management throughout the Council. (We understand that the Council plans to set up such a group as a sub group of SMT).	The Council has established the SMT Use of Resources and Governance SubGroup to act as a Corporate Risk Management Group and oversee the embedding of risk management throughout the Council. As stated at recommendation 4, further consideration is required as to how SMT obtains assurance that significant corporate and departmental risks are being effectively managed.

B Updated Action Plan - Internal Audit

	Recommendation (June 2008)	Progress
	The scope of internal audit	
1	The Council should formally clarify the role and function of internal audit within an integrated framework of governance.	<p>Following appointment of the Interim Head of Internal Audit the role and function of internal audit was clarified and presented to the September 2008 Audit Committee. This followed discussion with senior management and members and comparison to best practice in local government. In conjunction with an ongoing improvement plan for the work of internal audit, this has led to a clearer focus on the role of internal audit.</p> <p>However, there is scope for further clarification of the role of internal audit within the Council's integrated framework of governance. The 2009/10 internal audit plan is based on delivering risk assessed work within the resources available to the section rather than delivering the assurances the Council has decided it needs. This means that there are risk areas which internal audit will be unable to review in 2009/10 and potentially required assurances that will not be given.</p>
	Independence	
2	The Council should consider whether internal audit should report in its own name to Audit Committee, to better demonstrate independence.	Internal Audit now reports direct to the City Treasurer, rather than through the Head of Financial Management as previously. The Council considered our recommendation and decided to continue with the practice of reporting to the Audit Committee in the name of the City Treasurer, which is not untypical within local authorities. We are satisfied that this arrangement does not, in practice, compromise the independence of internal audit section.

	Recommendation (June 2008)	Progress
	Staffing, training and continuing professional development	
3	The Council should determine and secure the level of internal audit resource needed to deliver the required annual assurances.	<p>The Council has reviewed the structure of internal audit which, if fully resourced, would have 26 FTE posts. The Council has been recently successful in making four appointments, including two new qualified members of staff. There are currently 4 posts which remain vacant.</p> <p>Further work is required to assess whether, strategically, this is the optimum size of the section, given the annual assurances required as part of the Council's wider governance framework.</p>
4	The Council should consider further use of alternative resourcing options for internal audit, such as secondments and additional external support.	The Interim Head of Internal Audit has successfully managed the resource available to him during the year which was made more challenging by the ICT issues at the Council and long term sickness and maternity leave within the section. To ensure that planned work was delivered, an additional external resource of 40 days was purchased.
	Audit strategy and planning	
5	Internal audit should plan to carry out only the work that it can realistically resource. If risks are identified where work cannot be resourced by internal audit, the Council needs to identify alternative arrangements for the provision of the necessary assurances over the control of those risks.	Resourcing of the section has improved and this has enabled delivery of planned work in 2008/09. A draft internal audit plan is in place for 2009/10 which has been aligned to available resource. However, monitoring of the adequacy of resource should remain a priority for the Audit Committee and regular update reports should continue to be received throughout 2009/10.

	Recommendation (June 2008)	Progress
6	Internal audit plans should clearly set out and quantify the work that will be carried out to contribute towards the framework of assurances required by the Council, as well as the purpose, scope and extent of any other work.	<p>An internal audit plan for 2009/10 has been developed and is to be approved by the Audit Committee in June 2009. The plan is based on a detailed risk assessment and has been aligned to the current resource available in the section.</p> <p>The 2009/10 internal audit plan is based on delivering risk assessed work within the resources available to the section. This means that there are risk areas which internal audit will be unable to review in 2009/10. The Council should consider further how it will receive assurances in these areas.</p>
7	Internal audit should improve its management information to enable better tracking and quantification of delivery of the plan, the reasons for reprioritisation of work and the reasons for any expected under-delivery.	During the year, the Audit Committee has received regular update reports to provide assurance on delivery of the plan. The reports have been an accurate assessment of progress and have provided good assurance to members, including planned remedial action where necessary. The reports have been subject to robust challenge by members and we would expect this to continue during 2009/10.
8	The Council should consider the future role and focus of the SIP, set clear outcomes and a revised timetable for delivery, in the context of the Council's wider review of integrated governance.	Following appointment of the Interim Head of Internal Audit, the future of the SIP was revisited and subsumed into his overall development plan which includes clarifying the role of the section and improving reporting to management and members.

	Recommendation (June 2008)	Progress
	Undertaking audit work	
9	<p>The internal audit quality manual, when produced, should include procedures to:</p> <ul style="list-style-type: none"> • standardise the electronic and paper file structure • ensure that each file contains systems documentation and description of walkthrough testing • incorporate CIPFA key controls into job planning. 	<p>This recommendation remains outstanding. However, our review of internal audit work to date has shown that the overall quality of working papers has improved. Audit planning has clearly identified key controls and files include associated systems documentation.</p> <p>The impact of final reports to management has been greatly improved through the introduction of an overall assurance opinion and an assessment of the Council's capacity to improve. Significant findings and recommendations are now clearly summarised allowing for informed management responses.</p> <p>To further embed good practice, provide clear guidance for staff and underpin the consistent quality of work, arrangements should be consolidated into an internal audit quality manual.</p>
	Principles of reporting	
10	<p>Internal audit should clearly articulate the extent of non-delivery of the audit plan.</p>	<p>The Audit Committee has received regular update reports to provide assurance on delivery of the plan.</p> <p>Pressures on delivery of the plan were experienced towards the end of 2008/09, primarily due to the Council's ICT problems preventing access to Council staff causing delay in completion of work and issuing of audit reports. The Audit Committee was fully appraised of this situation through regular update reports.</p>

	Recommendation (June 2008)	Progress
		We are satisfied that internal audit has successfully managed this situation with only 5 assignments deferred until 2009/10. We would recommend that the Head of Internal Audit provides assurance to the Audit Committee that the delays in completion of the 2008/09 work will not compromise delivery of 2009/10 work which is now starting.
	Performance, quality and effectiveness	
11	The Council should consider the use of an alternative means of performing the annual assessment of internal audit to provide some independence to the process. (Internal Audit currently carries out the assessment)	For 2008/09 a verbal report was presented by the City Treasurer to the May Audit Committee. A finalised report will be completed once comparative statistics are available.
12	Internal audit should report more frequently against a revised set of key performance indicators, agreed with management and the Audit Committee.	<p>Internal audit have been reporting Key Performance Indicators within the regular update reports to Audit Committee. These indicators have focussed on:</p> <ul style="list-style-type: none"> • comparing the annual time budget to actual time spent • total time spent on direct audit activity compared to non-chargeable time • audit reports delivered against plan • percentage of internal audit recommendations actioned <p>Plans are now in place to further develop these indicators to focus on individual KPIs, including personal utilisation and personal performance against budget. We will continue to monitor these developments.</p>

C Updated Action Plan - Audit Committee

	Recommendation (September 2008)	Progress
1	<p>The initial point of contact for role, remit and responsibility queries should be formalised and communicated to members.</p>	<p>The Audit Committee has confirmed that the initial point of contact is the Committee Secretary.</p> <p>There is a clearer understanding of the role, remit and responsibilities of the Committee. During 2008/09 officers have updated the Committee in key areas of its remit, including regular reports from the City Treasurer, Acting Head of Internal Audit and officers responsible for risk management.</p>
2	<p>Officer briefings and induction training should be provided to clarify member roles, including the differing roles of Audit and Scrutiny Committees.</p>	<p>A training and skills development plan was received by the Audit Committee in December 2008.</p> <p>The Council has delivered elements of this training plan during 2008/09, including introductory training for the new independent members and training for all members on the respective roles of the Audit Committee, external audit and internal audit.</p> <p>Going forward, the Committee should set a clear timetable for all planned training, incorporate this into the Committee's workplan, monitor progress and seek feedback. Personal development plans should be in place for all Audit Committee members to ensure individual training needs are identified.</p>

	Recommendation (September 2008)	Progress
3	<p>The Committee Secretary and Head of Internal Audit should work with the Chair to revise the workplan to align the assurance the Audit Committee is required to give, with the inputs it will receive during the year. The revised workplan should be used to confirm the completeness and timetable for receipt of inputs to ensure the Committee is able to discharge its responsibilities efficiently.</p>	<p>The Committee Secretary has developed an annual workplan setting out scheduled meetings, discussion items and supporting papers. This is updated and circulated in advance of each Audit Committee.</p> <p>The annual workplan has contained some inaccuracies during the early months of its development. The Chair of the Audit Committee, Interim Head of Internal Audit and External Audit should review the workplan to ensure that it is accurate and in line with to the expected timing of key events and assurances during the year.</p> <p>The annual workplan should also include confirmed dates for Audit Committee training, as set out in to the training and skills development plan (see item 2 above).</p>
4	<p>An annual self-assessment should be carried out, including identification of further briefings and/or training to support members in the most effective discharge of their role.</p>	<p>We are not aware of plans for the Audit Committee to undertake an annual self-assessment against good practice standards. The Committee should agree the appropriate timing and format of this self-assessment and include it in the workplan.</p>
5	<p>The revised work plan should be used to timetable appropriate and relevant Committee briefings that would help members discharge their responsibilities effectively.</p>	<p>The training and skills development plan includes timely training, eg on review of the financial statements. The Audit Committee should give further consideration to the inclusion of relevant operational services briefings that would assist in the discharge of members' roles.</p>

	Recommendation (September 2008)	Progress
6	<p>To improve the independence and effectiveness of the Audit Committee, the Council should:</p> <ul style="list-style-type: none"> • decide whether to appoint the two independent members to the Audit Committee • ensure that training, workshops and briefings are provided and meetings are managed in a way that supports and encourages members to be independent, objective and non party political in their role as Audit Committee members. 	<p>The appointment of two independent members in January 2009 is a positive development for the Audit Committee.</p> <p>The independent members have received appropriate training and bring expertise in value for money and financial reporting.</p>
7	<p>Clearer briefings on the role of the Committee in advance of taking key items should be made, either through briefing sessions or via a cover sheet for each Audit Committee paper detailing:</p> <ul style="list-style-type: none"> • purpose of the paper • the assurance that it informs • key matters of emphasis that the Committee may wish to consider • the action required by the Committee. 	<p>The introduction of briefing sessions in advance of Committee meetings has strengthened understanding of the Committee's role and remit, and provided improved structure and focus to the meetings.</p> <p>Every item received by the Audit Committee now has a covering report, summarising the purpose of the report, recommendations, contact officers and other background documents.</p> <p>The quality of Internal Audit reporting to the Audit Committee has also improved. Progress against plan is more clearly presented and the outcome of audits, using a 'traffic light' system and indication of capacity to improve, provides members with clear information.</p>

	Recommendation (September 2008)	Progress
8	<p>The Acting Head of Internal Audit should work closely with the Chair of the Committee to confirm what action will be taken to ensure the Committee's requirements are achieved. We understand this will include:</p> <ul style="list-style-type: none"> • supporting the Committee's understanding of Internal Audit's roles and responsibilities • clear alignment of the Internal Audit plan to the Council's risk profile and assurance required • demonstration of appropriate Internal Audit cover over the full range of Council business • effective and timely reporting. 	<p>Internal audit progress has been a consistent item of Audit Committee business in 2008/09. The appointment of the Interim Head of Internal Audit improved the quality of reports received by the Audit Committee and routine progress updates have provided assurance over delivery of the 2008/09 plan. We have noted that the Audit Committee has provided robust and informed challenge to the Interim Head of Internal Audit's reports.</p> <p>Recently, the Audit Committee received a draft Internal Audit plan for 2009/10. This is now more clearly aligned to the Council's risk profile and members provided useful comments as to areas of work they would wish to see included in the plan. A final 2009/10 internal audit plan will be presented to the May Audit Committee.</p>



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