

AUDIT PANEL

3 November 2015

Commenced: 2.00pm

Terminated: 2.35pm

Present: Councillor Ricci (Chair)

Councillors Fairfoull, I Miah, Peet, Welsh and Buckley

**Apologies
for absence: Councillors J Fitzpatrick and Bailey**

10. DECLARATIONS OF INTEREST

There were no declarations of interest to report at this meeting.

11. MINUTES

The Minutes of the proceedings of the meeting of the Audit Panel held on 26 May 2015 having been circulated, were signed as a correct record.

12. PROGRESS REPORT ON RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES APRIL TO SEPTEMBER 2015

Consideration was given to a report of the Assistant Executive Director (Finance) and Head of Risk Management and Audit Services detailing the work undertaken by the Risk Management and Internal Audit Service between April to September 2015.

The following areas of work undertaken by Risk Management and Audit were reported as follows:-

Risk management – the approved priorities for 2015/16 were detailed as follows:

- To deliver Risk Workshops for managers from summer onward to enable risk registers to be updated in response to the 'Decant' from TAC;
- To facilitate the continued implementation of the Information Governance Framework by:-
 - Providing advice and guidance in relation to the retention and disposal of information as a priority as part of the 'Big Tac Tidy Up';
 - Keeping the framework up to date with any new guidance issued by the Information Commissioners Office (ICO); and
 - Introducing a series of internal reviews across the Council to ensure compliance with procedures and guidance.
- To review the Business Continuity Management system in place to streamline the process to create a management tool that is workable, with a capability to provide knowledge and information should a major incident occur; and
- To continue to support managers to assess their risks as services are redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur.

With regard to Information Governance Framework, it was reported that advice and guidance was delivered to help support the 'decant' from TAC to ensure that information assets were securely transferred to a new location or disposed of in line with corporate guidance. The Information Governance Framework was currently being reviewed to reflect new ways of working and changing technologies.

With regard to Internal Audit, reference was made to the Internal Audit Plan, which had been approved in May 2015 and covered the period April 2015 to March 2016. An update on progress against the plan was provided. It was reported that 41% of the audit plan had been achieved so far, compared with 50% at this stage during 2014/15 and 45% in 2013/14. It was explained that performance to date had been affected by reduced resources, annual leave and ad hoc requests for reviews, advice and support which were not included in the original plan. It was further explained that the Audit Plan was responsive to the needs of the organisation and as such, it was normal practice to amend the plan during the year.

Taking into account progress against the plan in the first six months, additional audits delivered and a reassessment of the days needed to complete the remaining plan, approximately 300 planned days needed to be removed/rescheduled from the approved plan to accommodate new requests detailed in the revised plan. A revised plan for 2015/16 was appended to the report.

12 final reports had been issued in relation to systems, risk and managed audits. In addition to the final reports issued, 7 draft reports had been issued for management review and responses and these would be reported to the Panel in due course.

A further 9 school audits were completed during the period, the results of which were also summarised. In addition, 3 draft reports had been issued to Schools for management review and responses and these would be reported to the Panel in due course.

It was further reported that the initial review of Internal Audit against the new Public Sector Internal Auditing Standards (PSIAS), which came into effect on 1 April 2013, highlighted that the service was fully compliant with the requirements of the standard.

The Public Sector Internal Audit Standards (PSIAS) introduced from April 2013, required at Standard 1312 that each organisation's internal audit service was subject to an external assessment 'once every five years by a qualified, independent assessor or assessment team from outside the organisation'. As this requirement affected all local authorities, a sub-group of the North West Chief Audit Executives' Group, led by Cheshire West and Chester, had been considering a 'Peer Review' approach where the participating authorities would assess another authority from within the Group. This was a model that was working successfully across the London Boroughs and the key benefits of this type of approach would be consistency of approach, benchmarking and value for money. At its meeting of 23 July 2015 the North West Group signed off a memorandum of understanding (MoU) that enabled the peer review methodology to be piloted during the remainder of the calendar year. It was envisaged that wider rollout of the final methodology would commence during 2016/17. Progress in relation to this matter would be reported to the Panel at the completion of the pilot before the methodology was introduced and rolled out.

Work undertaken in the following areas was detailed as follows:

- Annual Governance Statement;
- Irregularities/Counter Fraud Work; and
- NAFN Data and Intelligence Services.

In respect of Local Audit and Accountability Act 2014, Members were informed that on 13 August 2010, the government announced its intention to abolish the audit commission and put in place new decentralised arrangements for the audit and accountability of local public bodies. The Local

Audit and Accountability Act 2014 abolished the Audit Commission and established new arrangements for the audit and accountability of local public bodies.

Contracts were let by the Audit Commission to appoint firms to take over its in-house audit work from 2012/13 for a period of 5 years. These contracts remained in place.

Section 9 of the Local Audit and Accountability Act 2014 established the "Requirement to have an Auditor Panel" and Schedule 4 highlighted "Further Provisions about Auditor Panels". However, the Local Audit and Accountability Act 2014 (Commencement No. 7, Transitional Provisions and Savings) Order 2015, confirmed that Section 9 and Schedule 4 were not yet in force and would not become so until the end of the transitional period - 31 March 2017. This aligned with the end of the current contract for external audit services. The regulations covered the role and composition of the Auditor Panel - which was only required if the Council was to procure its own external auditor.

The possibility existed for the Secretary of State to extend these contracts, and a decision was expected during autumn 2015 which would therefore delay the need to address the new regulations). Furthermore the Department for Communities and Local Government (DCLG) had asked the Chartered Institute of Public Finance and Accountancy (CIPFA) to write guidance to support the establishment of auditor panels. It was expected this would also be made available in autumn 2015 (however, this may change, dependent on the decision regarding the status of the current external audit contracts).

A further update would be provided to the next meeting once the DCLG announcement was made public.

RESOLVED

- (i) That the report and performance of the Service Unit for the period April to September 2013 be noted; and**
- (ii) That the revised Audit Plan for 2015/16, as appended to the report, be approved.**

13. URGENT ITEMS

The Chair reported that there were no urgent items for consideration at this meeting.

CHAIR