

**Title of Report:**

## **Assurance Interim Report 2005/06**

**Item 5**

**Report to be considered by:**

Governance and Audit Committee

**Forward Plan Ref:**

**Corporate Plan Priority:**

D4 – Stronger governance

The proposals contained in this report will help to achieve the above Corporate Plan priority by:

Providing assurance on the soundness of the Internal Control framework

**Purpose of Report:**

**To support the production of the Statement of Internal Control for 2005-06**

**Recommended Action:**

**To note the progress of the Internal Audit, Health and Safety and Risk Management teams work for 05-06**

**Reason for decision to be taken:**

To allow members to comment on the outcomes of the work

**List of other options considered:**

none

**Key background documentation:**

- Report to Corporate Board

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## **Supporting Information**

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### **Background**

1. A report is made by Internal Audit twice a year to Corporate Board to present the results of audits. In addition, over the last year, information on the work of the related Risk Management and Health and Safety teams has been reported to Corporate Board.
2. The purpose of the report is to update the Governance and Audit Committee on the results of work carried out by these three teams within the Assurance Service.
3. The report covers the first six months of 2005-06. In the past the results of this work was reported to the Executive Committee, however, in line with best practice contained in the revised use of resources CPA assessment the Governance and Audit Committee is a more appropriate forum to receive this report.
4. A further purpose of the report is to meet the requirements of the CIPFA “Code of Practice for Internal Audit” which requires the “Head of Audit” to provide an opinion on the Council’s internal control framework.

### **Appendices**

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A Report to Corporate Board

### **Consultation Responses**

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**Local Stakeholders:** None

**Officers Consulted:** None

**Trade Union:** None

## **Implications**

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<b>Policy:</b>	None
<b>Financial:</b>	None
<b>Personnel:</b>	None
<b>Legal:</b>	None
<b>Property:</b>	None
<b>Risk Management:</b>	None

**Corporate Board**  
**Assurance**  
**Interim Report 2005 -06**  
**Jan 06**

### 1 Introduction

- 1.1 The CIPFA Code of Practice for Internal Audit in Local Government requires the “Head of Internal Audit” to make a formal report annually to the Council. The report should cover:
- An opinion on the overall effectiveness of the Council’s internal control framework, making any qualifications as necessary
  - Provide a summary of the work undertaken upon which the opinion is based
  - Highlight any issues relevant to the preparation of the Statement of Internal Control
  - Summarise performance of Internal Audit and comment on compliance with the CIPFA Code of Practice
- 1.2 The Code recommends interim reporting during the year on any emerging issues.
- 1.3 This interim report meets the requirements of the CIPFA Code of Practice and also includes the results of the related work of Health and Safety, and Risk Management carried out by the Assurance Service.

### 2 The Internal Control Framework

- 2.1 The internal control framework remains robust. No fundamental weaknesses were identified in the work carried out by Internal Audit.

### 3 Results of work completed

#### Internal Audit

- 3.1 The audit plan was approved in May 05 as part of the Assurance Work Programme.
- 3.2 A listing of the results of work that has been completed over the last six months is attached at appendix A. This list uses a traffic lights system to set out the position of each audit or follow up audit.
- 3.3 A rating system is used to derive the overall opinion. Each audit is categorised into one of five, these are – Very Weak, Weak, Satisfactory, Well Controlled, Very Well Controlled. Satisfactory and better are given a Green rating, weak and very weak are give Amber. Where an action plan for an audit that was Amber has not been implemented, then a Red rating is given.
- 3.4 A key outcome of each audit is a management action plan that is designed to resolve issues of concern. All action plans are drawn up between the auditor and the service manager, agreed with the Head of Service, and copied to the relevant Corporate Director.

## **Internal Audit – Interim Report for 2004-05**

- 3.5 Internal Audit carry out follow up reviews to ensure that action plans are progressing as agreed.
- 3.6 The areas of real concern are those where a weak or very weak opinion has been given, action plans agreed, but follow up work, or repeat audits, by Internal Audit indicate difficulties in delivery of agreed action plans. As noted above, such audits are given a Red. There were no areas in the Red category.

### **Health and Safety**

- 3.7 A programme of Health and Safety audits was agreed as part of the Assurance Work Programme. However, these will not be completed because of reduction in staffing levels in the H&S team following the termination of the Amey Contract. Instead the H&S Team are focussing on the implementation of a Council wide Safety Management System.
- 3.8 A programme of visits to schools commenced in 04-05. The aim of the visits was to carry out a thorough, Health and Safety, needs assessment of the schools. During 04-05 35 of the Council's schools were visited. So far in 05-06 a further 16 schools have been visited. It is anticipated that all schools will have had a needs assessment completed by 31.7.06
- 3.9 The Health and Safety team provide assistance to schools deal with outstanding issues where a school chooses to buy back support.
- 3.10 A training programme was also been introduced for schools in 04-05. This has been further developed during 05-06, a copy of the training programme is attached.
- 3.11 Overall, the level of awareness of Health and Safety issues has been raised considerably across the Council.

### **Risk Management**

- 3.12 Over the last year a sound risk management framework has been established across the Council.
- 3.13 The Council's Risk Management Strategy was revised and updated
- 3.14 A Strategic Risk register is in place and has been updated recently. It will now be reviewed on a quarterly basis by Corporate Board, and the Governance and Audit Committee.
- 3.15 All major projects are now required to have a risk register in place with regular updates.
- 3.16 Each service unit has its own risk register.

## **Internal Audit – Interim Report for 2004-05**

- 3.17 Business continuity plans are nearing completion, or are already in place for all areas of the Council's business. A Corporate Business Continuity Plan is being prepared and should be completed by 31.3.06.

### **4 Service performance and Internal Audit and Compliance with the CIPFA Code of Practice**

- 4.1 Overall progress in completion of the audit plan is monitored quarterly by the Council through a PI, LPIIA2. As at 31.12.05 62% of the audit plan had been completed
- 4.2 The Internal Audit service fully complies with the CIPFA Code of Practice. An effective quality assurance process is in place. The Council's External Auditor is able to continue to place reliance on the work of Internal Audit.
- 4.3 Two issues were noted in the annual report to be addressed
- the need to revise the Internal Audit Quality Manual to update it in line with changes in working practices.
  - the loss of a Group Auditor.

These issues have now been addressed.

**Appendix A – summary of the results of Internal Audit work completed over the last 6 months**

	<b>Service</b>	<b>Audit</b>	<b>Opinion</b>
1	Planning and Transport Strategy	Enforcement	Green
2	Information and Communication	Lambourn Library	Green
3	Information and Communication	Thatcham Library	Green
4	Information and Communication	Libraries Internet Access	Green
5	Policy and Performance	Community Advice Training Project	Green
6	Revenues	Council Tax 4/5	Green
7	Strategy and Commissioning	Health and Safety Follow-up	Green
8	Community Care and Housing	Supporting People Follow-up	Green
9	Community Care and Housing	Newbury Day Centre Follow-up	Green
10	Older People's Services	Hungerford Day Centre	Green
11	Countryside and Environment	Nature Discovery Centre	Green
12	Countryside and Environment	Refuse Collection Contract	Green
13	Children's Services	York House- Follow-up	Green
14	Education	Student Finance – Follow-up	Green
15	Education	Central Administration – Child Care Grant – Follow-up	Green
16	Education	Child Protection in Schools	Green
17	Culture and Youth	Theale Green Recreation Centre	Green
18	Culture and Youth	Moorside Youth and Community Centre	Green
19	Culture and Youth	Waterside Youth Centre – Follow-up	Green
20	Culture and Youth	Downlands Sports Centre – Follow-up	Green
21	Culture and Youth	Tourist Information Centre – Follow-up	Green

**Advisory Reviews (such reviews arise from the provision of advice on system key controls, where the Service concerned is already aware that improvement is needed or the systems are being reviewed by the service area, and this approach as been agreed between the relevant Head of Service and Internal Audit at the commencement of the Review).**

**The Standard follow-up process applies to these reviews (except for line 03)– at which time progress made would be linked into the traffic light reporting process.**

1	Planning and Transport Strategy	Developer Contributions
2	Children's Services	Unaccompanied Asylum Seeking Children
3	Community Care and Housing	Joint Working Control Framework – Guidance Notes

In addition the Internal Audit team completed a review of slippage on the Capital Programme. This was undertaken as a Scrutiny Review with a Member Task Group and reported to the Strategy and Resources Select Committee