

## **AUDIT COMMITTEE – 3 MARCH 2010**

### **REPORT OF THE AUDIT WORKING GROUP (AWG)**

The Audit Working Group met on 3 February 2010.

The meeting was attended by:

Dr. Geoff Jones – Chairman; Cllr. David Wilmshurst; Cllr Ray Jelf; Cllr. Alan Armitage; Peter Clark, County Solicitor; Ian Dyson, Assistant Head of Finance (Audit); Imran Alvi, Assistant Corporate Performance & Review Manager.

Part meeting only:

Sarah Cox, Audit Manager; Neil Shovell, Audit Manager; Georgina Paton, Principal Finance Manager, (Corporate and Professional Standards); Mike King, ICT Programme Manager.

Observers: Cllr. Darke;

Apologies: Sue Scane, Assistant Chief Executive

#### **AWG WORK PROGRAMME ITEMS**

##### **AWG4 Review of the AWG Terms of Reference**

The Terms of Reference is attached as appendix 1 to this report. Some minor amendments are suggested by the Group as highlighted in bold text. The Committee is asked to consider and approve the revised Terms of Reference.

##### **AWG5 Annual Governance Statement Process and quarterly update of the 2009 AGS Action Plan**

The Group noted there are no material changes to the AGS process that require referral to the Audit Committee.

The report included the results of the first six months Internal Control Checklist returns, which overall did not highlight any areas for concern; however, the Group noted that the CYPF Directorate had an increase in the number of 'room for improvement controls'. Whilst it is likely to be attributable to the impact of the major restructure within the Directorate, the Group will be inviting the Strategic Lead, Business Improvement, and the Service Manager, Communications and Performance, from the CYPF Directorate to the next AWG meeting to understand the issues in more detail. This will coincide with a briefing to the Group from Internal Audit who are currently undertaking an audit of the governance arrangements within CYPF.

The Group noted that overall actions identified in the 2009 AGS will be completed before 31 March 2010, but was concerned that within CYPF, testing of Business Continuity Plans will not be completed before the year end. This will be included in the discussion with the Officers at the next meeting. The Group requested further detail regarding the overall performance of the Council's Business Continuity, in particular an update on the results or issues emerging from the testing of plans, and the recent application of the Major Incident Reporting system resulting from the severe weather.

At the next meeting of the AWG the Group is due to receive an early draft of the 2010 AGS. It was requested this should include items being considered for inclusion in the AGS Action Plan.

#### **AWG6 Risk Management Progress Report**

The Group was pleased to note the Assistant Corporate Performance & Review Manager's confirmation that he will be attending the AWG meetings in the future. The Group was also encouraged at plans to more closely align the risk management, project management and performance management processes. The Group requested that future reports from the Officer should highlight issues emerging from the team's overview of these processes, and their liaison with the risk management leads in each Directorate. The Officer will report at every AWG in future, including a quarterly report on the progress with the risk management action plan.

As requested by the Audit Committee at their meeting on 20 January 2010, the Group reviewed the risk register for Safeguarding and Child Protection Services. The Group could not determine from review of the register alone the process by which the risks identified have been scored and are being managed, so felt it could not draw any conclusions at present. The Group has requested the risk owners attend the next meeting to explain in more detail.

#### **AWG7 Internal Audit Quarterly Report – Q3**

It was reported that whilst good progress is being made in delivering on the Audit Plan, there are resource issues that may result in a small overrun of days into 2010/11; the Group was however assured that this will not have a material impact on next year's Audit Plan.

The Group requested a separate item at the next meeting to consider progress with the Counter-Fraud Action Plan.

#### **AWG8 Progress report on issues arising from External Audit reports**

An updated progress report was tabled at the meeting, but due to time constraints was not discussed. The Chairman has subsequently reviewed the actions and noted that although progress has been made, it was not altogether certain that communication of requirements to schools in respect of, for example, monthly monitoring, year-end closedown information, bank reconciliations and devolved formula capital would actually result in the recommendations being fully implemented. The AGS Action Plan (see above) is likely to pick up some of these issues.

#### **AWG9 SAP Authorisations Project Progress Report**

The Group was satisfied that the project is progressing in accordance with the agreed timetable and decided that it was not necessary for it to receive further specific reports on progress. The project was included in last year's AGS Action Plan and will be monitored by the Corporate Governance Working Group and the AGS process.

**AWG10 Proposed Work Plan**

The proposed work plan for 2010/11 is attached as Appendix 2 to this report for the consideration and approval of the Committee.

**The Committee is RECOMMENDED to**

- (a) **note the report;**
- (b) **approve the AWG terms of reference**
- (c) **approve the AWG work plan for 2010/11**

SUE SCANE

Assistant Chief Executive & Chief Finance Officer  
Corporate Core

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17 February 2010

## Audit Working Group

### Terms of Reference

#### Membership

The Audit Working Group shall comprise of:-

~~three County Councillors, including the Chairman of the Audit Committee with three named substitutes;~~

~~one independent member drawn from the Audit Committee (who will be appointed by the Committee and will Chair the Group).~~

**the independent member of the Audit Committee who will chair the Group, together with three members of the Audit Committee, one of whom shall be the Chairman of the Committee. There will also be three named members of the Audit Committee who will deputise as required.**

The Assistant Chief Executive & Chief Finance Officer, the County Solicitor and Monitoring Officer, the Assistant Head of Finance (Audit), and the **Assistant Corporate Performance & Review Manager** ~~Corporate Risk and Performance Adviser~~, or their representatives shall attend the Group meetings.

Members of the Group and their **deputy's** ~~substitutes~~ should have suitable background and knowledge to be able to address satisfactorily the complex issues under consideration and should receive adequate training in the principles of audit, risk and control.

All members of the Audit Committee are invited to attend Audit Working Group Meetings as observers. The Assistant Head of Finance (Audit) should be notified in advance should a member of the Committee wish to attend.

#### Role

The Audit Working Group shall:

act as an informal working group of the Audit Committee in relation to audit, risk and control to enable the Committee to fulfil its responsibilities effectively in accordance with its terms of reference (Section 1 1a of the Constitution);

routinely undertake a programme of work as defined by the Audit Committee;

consider issues arising in detail as requested by the Audit Committee;

receive private briefings on any matters of concern;

at least annually hold a private session with the External Auditors not attended by any officers, and a further private session on Internal Audit matters with the Assistant Head of Finance (Audit) only.

## **Reporting**

The Assistant Chief Executive & Chief Finance Officer will report to the Audit Committee on matters identified by the Group following consultation with the Chairman and members of the Group.

## **Meeting**

The Group shall meet regularly in cycle with the Audit Committee.

The Group may invite any officer or member of the Council to attend its meetings to discuss a particular issue and may invite any representative of an external body or organisation as appropriate.

## **Confidentiality**

The Group will meet in private to allow full and frank consideration of audit, risk and control issues.

All matters discussed and papers submitted for the meetings including minutes of the previous meeting must be treated as confidential. Papers will be circulated in advance to all members of the Audit Committee for information whether attending the Group or not.

Where any other member wishes to inspect any document considered by the Group and believes that s/he has a 'need to know' as a County Councillor, the procedure in the Council's Constitution relating to Members Rights and Responsibilities (Section (ff) paragraph 12) shall apply.

Updated .....February 2010

Review Date.....February 2011

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**AUDIT WORKING GROUP  
DRAFT WORK PROGRAMME 2010/11**

**2010****Thursday 8 April**

- Internal Audit Quarterly Report (Q4 – 2009/10) – Ian Dyson
- Counter-Fraud Action Plan progress report – Neil Shovell
- Early Issues for the Annual Governance Statement and Action Plan
- Draft report – review of the effectiveness of Internal Audit – Peter Clark
- Risk Management Progress Report – Dr Imran Alvi
- Review of Safeguarding Children risk register – Noreen Collins/Damian Griffiths
- Whistle blowing annual report – Peter Clark
- CYPF Internal Control Arrangement – David Calver / Sharon Fleming
- Business Continuity Testing and Major Incident Reporting – Ian Travers-Smith

**Thursday 3 June**

- Internal Audit Progress Report – Ian Dyson
- Draft Internal Audit Annual Report – Ian Dyson
- Risk Management Progress Report – Dr Imran Alvi
- Fairer Charging progress report – Simon Kearey / Sean Collins / Sandra Stapley
- KPMG recommendations follow-up

**Thursday 8 September**

- Internal Audit Progress Report (Including Q1 performance 2010/11) – Ian Dyson
- Risk Management Progress Report – Dr Imran Alvi

**Thursday 4 November**

- Internal Audit Progress Report (Including Q2 performance 2010/11) – Ian Dyson
- Risk Management Progress Report – Dr Imran Alvi
- Quarterly Update AGS Action Plan – TBC

**2011****Thursday 6 January**

- Annual Governance Statement Process – annual review of the assurance framework and results from the Internal Control Checklists – TBC
- Quarterly Update AGS Action Plan – TBC
- Internal Audit Quarterly Report (including Q3 performance 2010/11) – Ian Dyson
- Risk Management Progress Report – Dr Imran Alvi

**Thursday 17 February**

- Internal Audit Progress Report 2010/11 – Ian Dyson
- Risk Management Progress Report – Dr Imran Alvi
- Progress report on issues arising from the External Audit Reports - TBC
- Draft work programme 2010/11 – Ian Dyson
- Review of AWG Terms of Reference – Ian Dyson
- Private Session with External Auditors - TBC
- Private Session with the Assistant Head of Finance (Audit)

Last updated: 3 February 2010

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