

AUDIT COMMITTEE – 21 September 2011

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 8 September 2011

The meeting was attended by:

Dr. Geoff Jones – Chairman; Cllr. David Wilmshurst; Cllr. Alan Armitage; Cllr. Charles Mathew; Sue Scane; Peter Clark; Ian Dyson; Belinda Dimmock-Smith; Sarah Cox; Neil Shovell.

Part meeting only: AWG4 Steve Smith and Steve Heliwell; AWG7 Paul Gerrish and Mike King; AWG 8 Alan Sinclair and Jo Stone

Observers: Cllr. Sandy Lovatt; Cllr. Larry Sanders; Cllr. Charles Shouler; Cllr. Lawrie Stratford.

Apologies: Cllr Roy Darke; Steve Howell (AWG4)

AWG WORK PROGRAMME ITEMS

The main business items of the meeting were as follows:

AWG 4 Highways and Transport Action Plan Update
AWG 5 Risk Management – No Matters to report back to Audit Committee
AWG 6 Internal Audit – Issues and Follow Up Progress
AWG 7 SAP Roles Update
AWG 8 Fairer Charging Update

MATTERS FOR REPORT TO THE AUDIT COMMITTEE:

Highways and Transport Action Plan Update

The Group noted the report presented by Officers stating that the majority of actions had now been implemented, and that those outstanding were being monitored through a monthly business management meeting; the Chief Internal Auditor stated that he was satisfied that the actions as designed would provide an acceptable governance framework, but that he had scheduled testing in quarter 3 and quarter 4 to ensure the actions are embedded and working effectively. The Group remain very concerned that what has been reported by both Internal Audit, and officers from the Highways Team is that the operational controls within the contract are still not effective, with management themselves identifying compliance issues. The Group noted that the outcome of the planned Internal Audit work would be reported at the January meeting; however the Group was concerned that this was too long in the absence of any evidence based assurance. Following the meeting, further questions have been raised with the Officers and the Chief Internal Auditor to seek clarity on the risk. The Group have also asked for evidence from management that the controls are now effective. The Group will also be asking officers to attend the meeting in January.

Internal Audit

The Chief Internal Auditor updated the position in his report regarding the outstanding action following the Safer Recruitment audit; stating that action had recently been implemented. The Group raised concern at the number of audits with restated actions that had not been implemented, in particular the need for Financial Regulations in Schools to be updated and issued, which has been an outstanding action since 2008/09. The Chairman of the Audit Committee will be writing to the relevant officers.

The Group noted the emerging issues highlighted in the report, and will be requesting the attendance of the senior managers to the November meeting to ensure that action has been taken.

SAP Roles

The Group noted that the control environment for managing the design and allocation of permissions on SAP is being monitored by the SAP Operational Group. It was reported that the development of roles is now completed, and there is clarity and accountability with business owners being responsible for the approval of new roles and changes to existing roles, overseen by the SAP Operations Group. There is an inherent risk within SAP that conflicts can occur within roles that can compromise separation of duties, or result in unintended access. Work is currently on going to identify the best method for managing this risk. The Group noted the next meeting of the SAP Operational Group is 15 September 2011, and has asked the Chief Internal Auditor following that meeting, to provide an updated opinion to the AWG, by email, on the adequacy and effective of the control environment.

Fairer Charging

The Group was generally satisfied with the actions being taken, noting the improvement in the performance on current cases, but also that some legacy cases were still to be resolved before the agreed performance targets could be met. There was also concern expressed that there may still be unidentified legacy cases that could impact on future performance. The Group however agreed that the overarching improvement required as highlighted in the original audit report, (that performance information be used to manage the system), had been achieved. The Group requested a further update in six months. The Officers were also asked to reinstate copying the Chairman into the monthly performance reports.

Work Programme

The updated work programme is attached as appendix 1 to this report.

The Committee is RECOMMENDED to note the report;

SUE SCANE

Assistant Chief Executive & Chief Finance Officer
Corporate Core

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September 2011

APPENDIX 1

AUDIT WORKING GROUP WORK PROGRAMME 2011/12

2011

Thursday 3 November

- Internal Audit Issues – Ian Dyson
- Risk Management Progress Report – Belinda Dimmock-Smith
- Quarterly Update AGS Action Plan – TBC
- CEF Safeguarding – Management response to Internal Audit report – TBC
- SCS Safeguarding and Alert Service – Management response to Internal Audit Report - TBC

2012

Thursday 5 January

- Annual Governance Statement Process – annual review of the assurance framework – TBC
- Quarterly Update AGS Action Plan – TBC
- Internal Audit Issues – Ian Dyson
- Risk Management Progress Report – Belinda Dimmock-Smith
- Highways and Transport Action Plan – Steve Howell / Steve Smith

Thursday 16 February

- Internal Audit Issues – Ian Dyson
- Risk Management Progress Report – Belinda Dimmock-Smith
- Progress report on issues arising from the External Audit Reports - TBC
- Draft work programme 2012/13 – 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)

Date to be determined:

- Fairer Charging Update

Last updated: 9 September 2011

Ian Dyson, Chief Internal Auditor 01865 323875