

Public Document Pack



Committee: Accounts, Audit and Risk Committee
Date: Monday 27 October 2008
Time: 6.30 pm
Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor Ken Atack (Chairman)	Councillor Timothy Hallchurch MBE (Vice-Chairman)		
Councillor John Donaldson	Councillor George Parish	Councillor Lawrie	
Councillor Simon Holland	Councillor Devena Rae	Stratford	
Councillor Alastair Milne Home	Councillor Trevor Stevens	Councillor Rose	Stratford

Substitutes: Any member from the relevant political group

AGENDA

Overview and Scrutiny Members should not normally be subject to the party whip. Where a member is subject to a party whip they must declare this at the beginning of the meeting and it should be recorded in the minutes.

1. **Agenda** (Pages 1 - 75)

Information about this Agenda

Apologies for Absence

Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or 01295 221587 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item. The definition of personal and prejudicial interests is set out in Part 5 Section A of the constitution. The Democratic Support Officer will have a copy available for inspection at all meetings.

Personal Interest: Members must declare the interest but may stay in the room, debate and vote

on the issue.

Prejudicial Interest: Member must withdraw from the meeting room and should inform the Chairman accordingly.

With the exception of the some very specific circumstances, a Member with a personal interest also has a prejudicial interest if it is one which a Member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Queries Regarding this Agenda

Please contact James Doble, Legal and Democratic Services james.doble@cherwell-dc.gov.uk (01295 221587)

Mary Harpley
Chief Executive

Published on Friday 17 October 2008



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NOTICE OF MEETING

COMMITTEE: ACCOUNTS, AUDIT AND RISK
DATE: MONDAY, 27 OCTOBER 2008
TIME: 6.30 PM
VENUE: BODICOTE HOUSE, BODICOTE, BANBURY

M Harpley
Chief Executive

AGENDA

1 MINUTES

To confirm as a correct record the Minutes of the meeting of the Committee held on 18 September 2008. (Pages 5 - 7)

2 APOLOGIES FOR ABSENCE, NOTIFICATION OF ALTERNATE MEMBERS AND DECLARATIONS OF INTEREST

The Head of Legal and Democratic Services to report on apologies for absence and on the names of any alternate Members notified to her before the start of the meeting.

(Contact James Doble (extension 1587) to tender apologies or advise of attendance by alternate Members.)

Members are asked to declare any personal interest **and the nature of that interest** which they may have in any of the items under consideration at this meeting. (Please refer to the notes at the end of this agenda.)

(**Note:** The Council and its Committees and Sub-Committees are required to consider the implications of the Crime and Disorder Act 1998 and the Human Rights Act 1998 when exercising their functions.)

3 ADDITIONAL ITEMS, ITEMS BROUGHT FORWARD, PETITIONS AND REQUESTS TO ADDRESS THE MEETING

- (a) The Chairman to advise whether any item of an urgent nature has been admitted to the agenda.
- (b) Members of the Committee to have the opportunity to bring forward for a decision, other than noting, any of the report items for information and note included in this agenda.
- (c) The Chairman to report on any requests to submit petitions to, or to address, the meeting.

4 REVIEW OF STRATEGIC RISKS (Pages 9 - 16)

Report of the Strategic Director - Customer Service & Resources and the Head of Exchequer

Summary

To update the Committee on the management of the Council's Strategic Risks in accordance with the approved rolling reporting cycle.

Recommendations:

The Accounts, Audit and Risk Committee is **RECOMMENDED** to: consider and approve the reports relating to the management of the strategic risks in cycle 1, set out in section 5.3 of this report, reporting any concerns arising to the Executive.

5 THE COUNCIL'S RISK MANAGEMENT WORKING GROUP (RMWG) (Pages 17 - 24)

Report of the Strategic Director - Customer Service & Resources and the Head of Exchequer

Summary:

To update the Committee on the progress being made by the newly formed Risk Management Working Group (RMWG).

Recommendations:

The Accounts, Audit and Risk Committee is **RECOMMENDED** to: consider and approve the report relating to the embedding work of the Risk Management Working Group, reporting any concerns arising to the Executive.

6 INTERNAL AUDIT PROGRESS REPORT 2007/08 (Pages 25 - 28)

Report of the Interim Chief Internal Auditor

Summary:

The purpose of this report is to provide the Committee with a final progress report on Internal Audit activity against the 2007/08 audit plan, for the period from 1 April 2008 to date.

Recommendations:

The Accounts, Audit and Risk Committee is **RECOMMENDED** to consider this progress report and to make any comment that it considers necessary.

7 INTERNAL AUDIT RISK ASSESSMENT AND AUDIT PLAN 2008/09 (Pages 29 - 50)

Report of the Interim Chief Internal Auditor

Summary:

In order to ensure that the Council's (CDC's) internal audit resources are effectively utilised, we have made use of the current assessment of the most significant risks facing CDC, as part of the process for preparing the Annual Internal Audit Plan for the period 2008/2009. This is in line with current Internal Audit Standards and the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

This Risk Assessment (attached) is a key factor in deciding how to allocate internal audit resources available. It ensures that resources are focused on those areas where they can be of most benefit to the Council by providing assurance to the Accounts, Audit and Risk Committee and management on controls over key risks. This document sets out the key risks identified and our responses as internal auditors.

Recommendations:

The Accounts, Audit and Risk Committee is **RECOMMENDED** to consider and approve this risk assessment and audit plan.

8 INTERNAL AUDIT PROGRESS REPORT 2008/09 (Pages 51 - 66)

Summary

The purpose of this report is to provide the Committee with a report summarising progress made against the internal audit plan for 2008/09 which is being presented to this meeting for approval.

Recommendations:

The Accounts, Audit and Risk Committee is **RECOMMENDED** to consider this progress report and to make any comment that it considers necessary.

9 INTERNAL AUDIT CHARTER (Pages 67 - 77)

Summary

The CIPFA Code of Practice for Internal Audit in Local Government 2006 requires that the Council should formally define the purpose, authority and responsibility of Internal Audit. An Audit Strategy and Terms of Reference were presented to the Accounts Audit and Risk Committee in September 2007. This Internal Audit Charter seeks to build on the Audit Strategy and Terms of Reference and to set out clearly the role of Internal Audit within Cherwell District Council. The Charter will be reviewed regularly in order to ensure that it reflects current requirements. The Charter will be communicated to all staff.

Recommendations:

The Accounts, Audit and Risk Committee is **RECOMMENDED** to consider and approve this Internal Audit Charter.

10 VERBAL UPDATES

- a) CORPORATE GOVERNANCE**
- b) VFM REVIEW OF INTERNAL AUDIT**
- c) OVERVIEW AND SCRUTINY**
- d) ACCOUNTS, AUDIT AND RISK COMMITTEE MEMBER TRAINING**

11 ANY OTHER ITEM WHICH THE CHAIRMAN HAS DECIDED IS URGENT

*****PLEASE NOTE THAT FOLLOWING THE MEETING THERE WILL BE TRAINING ON THE COUNCIL RISK REGISTER SOFTWARE MAGIQUE******

(Notes:

- (a) On declaration of interest
 - (i) any Member arriving after the start of the meeting is asked to declare interests as necessary as soon as practicable after their arrival even if the item in question has been considered;
 - (ii) with the exception of the circumstances listed in paragraph 10(2) of the Local Code of Conduct for Members, a Member with a personal interest also has a prejudicial interest if it is one which a Member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest. In such circumstances, the Member must withdraw from the meeting room, and should inform the Chairman accordingly.
 - (iii) Officers cannot offer advice during the meeting on whether or not a personal interest should be declared, or whether a personal interest should also be regarded as prejudicial.
- (b) Members are reminded of the requirements of Section 106 of the Local Government Finance Act, 1992, and those Members affected by its provisions will need to make a declaration and refrain from voting when a matter caught by the Act is discussed. An indication is given in the "Financial Effects" statements of those matters likely to be so caught.
- (c) Members are asked to sign the Attendance Register.

JD 16 October 2008

ACCOUNTS, AUDIT AND RISK COMMITTEE

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, on 18 September 2008 at 6.30 pm.

Present: Councillor Ken Atack (Chairman)

Councillor John Donaldson
Councillor Timothy Hallchurch
Councillor George Parish
Councillor Devena Rae
Councillor Trevor Stevens
Councillor Lawrie Stratford
Councillor Mrs Rose Stratford

Also in attendance: Councillor Barry Wood (Executive Leader)

Officers: Mary Harpley (Chief Executive)
Karen Curtin (Chief Accountant)
Philip O'Dell (Chief Financial Officer)
Jess Lacey (Technical Accountant)
Leanne Locke (Trainee Accountant)
Chris Dickens (Interim Chief Internal Auditor)
Maris Grindley (District Audit)
Mary Fetigan (Audit Commission)
Alexa Coates (Democratic and Scrutiny Officer)

Apologies for absence were received from Councillor Andrew Fulljames and Julie Evans (Strategic Director, Customer Service and Resources).

RESOLUTIONS

A: MATTERS NOT OF AN EXEMPT OR CONFIDENTIAL NATURE

AC.20 MINUTES

The Minutes of the meeting of the Committee held on 30 June 2008 were approved as a correct record and signed by the Chairman.

AC.21 ADDITIONAL ITEMS, ITEMS BROUGHT FORWARD , PETITIONS AND REQUESTS TO ADDRESS THE MEETING

The Interim Chief Internal Auditor gave a verbal update to the Committee relating to the internal audit risk assessment and draft operation plan 2008/09. The Members of the Committee were invited to feedback their comments to Mr Dickens on the plan before the next meeting of the Committee in October.

AC.22 DECLARATIONS OF INTEREST

There were none.

AC.23 STATEMENT OF ACCOUNTS 2007/08

The Chief Financial Officer and Chief Accountant submitted the amended Statement of Accounts for 2007/09, together with the Letter of Representation for the Committee to consider.

The Chief Accountant advised the Committee that three adjustments had been made to the Statement of Accounts following advice from the external auditors. The first was provision for £1.3 million accounting for the future cost of staff receiving their pension before normal retirement age due to the staff restructure in 2007/08, the Performance Related Pay buy-out and prior period adjustments. Secondly an accrual of £0.4 million in relation to the staff performance related pay buyout which, even though the final payment would be made in April 2008, should be included in the 2007/08 accounts as the decision was made in 2007. The final adjustment related to a cash flow note for £0.4 million.

The Committee considered the Letter of Representation and were advised that an additional paragraph was required to represent the adjustments made to the Statement of Accounts.

RESOLVED

- (1) To note the above changes and the audited Statement of Accounts 2007/08
- (2) To approve the Letter of Representation subject to an additional paragraph to represent the adjustments made to the Statement of Accounts to be completed by the Chief Finance Officer in consultation with the Chairman.

AC.24 EXTERNAL AUDIT REPORT (ISA 260)

The External Auditors presented their Annual Governance Report to the Committee and noted that there had been an improvement in how the Council had dealt with financial issues and presented their accounts and that there had been a better process followed in comparison to the previous year

RESOLVED that the contents of the Annual Governance reported be noted.

AC.25 ANNUAL REPORT AND SUMMARY OF ACCOUNTS 2007/08

The Chief Executive presented the new combined annual report and summary of accounts 2007/08 to the Committee. The Committee noted that the report and summary provided an opportunity for the Council to present to local residents and businesses their achievements in terms of performance. The report contained fourteen promises to the public for the forthcoming year.

The Committee thanked the finance team for their efforts in producing the summary of accounts 2007/08

RESOLVED that the Annual Report and Summary of Accounts 2007/08 be approved subject to the front cover being developed and agreed by the Chief Executive in consultation with the Leader of the Council.

AC.26 **RESERVE MEETING/TRAINING DATES**

The Chairman advised the Committee that the 27 October 2008 reserve date would be used for the next meeting of the Committee. At that meeting the Risk Register, Corporate Governance arrangements and internal audit review would be discussed.

The meeting ended at 7.40 pm.

CHERWELL DISTRICT COUNCIL
ACCOUNTS, AUDIT AND RISK COMMITTEE

27 OCTOBER 2008

REPORT OF THE STRATEGIC DIRECTOR - CUSTOMER SERVICE & RESOURCES AND
THE HEAD OF EXCHEQUER

REVIEW OF STRATEGIC RISKS

1 Introduction and Purpose of Report

- 1.1 To update the Committee on the management of the Council's Strategic Risks in accordance with the approved rolling reporting cycle.

2 Wards Affected

- 2.1 All wards.

3 Effect on Policy

- 3.1 None.

4 Contact Officer(s)

- 4.1 Rosemary Watts (extension 1566)

5 Background Information

- 5.1 At its meeting on 2 April 2007, the Executive approved a proposal that the Accounts, Audit and Risk Committee should receive and consider a report on the management of strategic risks as a standing item on the agenda of each of their meetings and should report any concerns arising to the Executive.
- 5.2 At its meeting on 16 April 2008, the Corporate Management Team re-considered the Council's Strategic Risks originally identified in 2007/2008 and a number were re-allocated to senior management to monitor and review. With new risks identified, this left six high level Strategic Risks for the Corporate Management Team to monitor and review.
- 5.3 The Accounts Audit & Risk Committee approved the revised planned cycle for reporting to during 2008-2009 at its meeting on 28 May 2008 as detailed below:
- Cycle 1 : September 08 - Strategic risk numbers F01.0397; F01.0347
Cycle 2 : December 08 - Strategic risk numbers F01.0350; F01.0355
Cycle 3 : March 09 - Strategic risk numbers F01.0398; F01.0399
- 5.4 This report provides an update on the management and review of the Council's strategic risks in cycle 1.

6 Strategic Risks

- 6.1 Using a 5 x 5 matrix, the strategic risk owners score each of the strategic risks for both 'gross' and 'net' likelihood and impact (i.e. *gross* = before considering any controls or mitigating factors which may already be in place; *net* = after considering the existing controls and mitigating factors).

The current results of this quarterly reviewing/scoring exercise are attached (Annex A).

- 6.2 The Council operates a '*red, amber, green*' or 'RAG' system to classify its risks. The summary at Annex A indicates that :
- there are 2 strategic risks with a **red gross risk score**, and **4 with amber gross risk scores**
 - all 6 strategic risks currently have **amber net risk scores**.

7 Risk Assessment, Financial Effects and Contributions to Efficiency Savings

- 7.1 The following details approved by Phil O'Dell (Ext 7098) (Financial) and Rosemary Watts (Extension 1566) (Risk).

7.2 Risk assessment

There are no direct risks associated with this report. However, if strategic risks are not regularly monitored and reviewed there is a danger of the Council not achieving its corporate objectives and receiving a poor Use of Resources assessment.

7.3 Financial effects

None resulting directly from this report.

7.4 Efficiency savings

None resulting directly from this report.

8 Recommendation

- 8.1 The Accounts, Audit and Risk Committee is **RECOMMENDED** to: consider and approve the reports relating to the management of the strategic risks in cycle 1, set out in section 5.3 of this report, reporting any concerns arising to the Executive.

Ref	Risk Detail	Risk Owner	Due Date	Gross Impact	Gross Likelihood	Gross Risk	Gross Score	Net Impact	Net Likelihood	Net Risk	Net Score
F01	Strategic Risks										
	Strategic Risks										
0347	Council fails to deliver its community leadership role Changes resulting from Local Government White Paper and new emphasis on improved 2 tier working fail to deliver the best outcome for local residents and other stakeholders in terms of improved service and/or increased efficiencies.	CEO/Comm & Corporate Planning Manager	24/09/08	3 Moderate	5 Highly Probable	Medium	15 3 Moderate	3 Possible	Medium	9	
0350	Failure to deliver fair and equitable access to services to everyone (SDEC) Failure to deliver fair and equitable access to services to everyone and meet legislative requirements and CPA expectations re equality and accessibility	SD Environment & Community	23/09/08	3 Moderate	4 Probable	Medium	12 3 Moderate	3 Possible	Medium	9	
0355	Failure to demonstrate continuous improvement/meet public expectations for a cleaner Failure to demonstrate continuous improvement and to meet public expectations for a cleaner District.	SD Environment & Community	23/09/08	4 Major	3 Possible	Medium	12 4 Major	2 Unlikely	Medium	8	
0397	Failure to have robust financial arrangements in place to deliver the Council's Strategic Agenda As the Council's available capital reduces with investment so must our dependency on interest to support revenue expenditure and our capital assets will need to be rebuilt to fund future infrastructure investments,	SD Customer Services & Resources	16/09/08	4 Major	4 Probable	High	16 3 Moderate	3 Possible	Medium	9	

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Ref	Risk Detail	Risk Owner	Due Date	Gross Impact	Gross Likelihood	Gross Risk	Gross Score	Net Impact	Net Likelihood	Net Risk	Net Score
0398	<p>Failure to adapt to the economic issues and pressures in the District (SD PHE)</p> <p>General economic conditions create a more or less favourable backdrop to Council activities.</p>	Strategic Director (PHE)	19/09/08	4 Major	4 Probable	High	16 3 Moderate	4 Probable		Medium	12
0399	<p>Failure to adapt to social issues and pressures in the District (SDEC)</p> <p>Failure to understand the needs and issues facing the Council's diverse communities and lack of effective engagement with hard-to-reach groups.</p> <p>Failure to fulfil the community leadership role in the event of a significant social issue (eg closure of large employer in the district, review of healthcare provision, etc)</p>	Strategic Director Environment & Community	26/09/08	4 Major	3 Possible	Medium	12 2 Minor	3 Possible		Medium	6

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Number of Risk : 6

CHERWELL DISTRICT COUNCIL

STRATEGIC RISK REPORT TO THE ACCOUNTS, AUDIT AND RISK
COMMITTEE (RESERVE)

27 OCTOBER 2008

Risk No: F01.0347	Council fails to deliver its community leadership role
Risk Category:	S1. Political
Responsible Officer	Chief Executive
Risk Last Reviewed:	12 September 2008
Risk Detail	Changes resulting from Local Government White Paper and new emphasis on improved two-tier working fail to deliver best outcome for local residents and other stakeholders in terms of improved service and/or increased efficiencies
Consequence	Lost opportunity results in failure to achieve required levels of efficiency savings leading to inability to improve UOR and CPA rating and damaged reputation
Gross Rating before Controls	Severity 3 (Moderate) x Probability 5 (Highly Probable) = 15
Net Rating after Controls	Severity 3 (Moderate) x Probability 3 (Possible) = 9
Report of the Chief Executive:	<p>The local Audit Commission team is just completing a review of the steps which all Oxfordshire Local Authorities are taking towards improved two-tier working. We are yet to receive the formal report, but the reviewer has confirmed verbally that it is clear that we are sufficiently open-minded towards shared services are moving forward with this agenda with a number of projects.</p> <p>We have finished a full review of our partnership working and are now clear on which partnerships are significant in terms of their contribution to our strategic objectives and to our ability to deliver value for money. We are establishing a review and reporting mechanism for these partnerships which will link to the new scrutiny arrangements.</p>
Amendment to Nature of Risk:	None
Effectiveness of Controls:	Acceptable
Any Changes to Controls:	None
Signature & Date:	Mary Harpley, 12 th September 2008

CHERWELL DISTRICT COUNCIL

STRATEGIC RISK REPORT TO THE ACCOUNTS, AUDIT AND RISK
COMMITTEE (RESERVE)

27 OCTOBER 2008

Risk No: F01.0397	Failure to have robust financial arrangements in place to deliver the Council's Strategic Agenda
Risk Category:	O2. Financial
Responsible Officer	Strategic Director Customer Service and Resources
Risk Last Reviewed:	12 September 2008
Risk Detail	As the Council's available capital reduces with investment, so must our dependency on interest to support revenue expenditure and our capital assets will need to be rebuilt to fund future infrastructure investments
Consequence	Failure to manage our dependency on investment income will result in budgetary shortfall, service reductions, above inflation increases to council tax and lack of capital to fund future community schemes.
Gross Rating before Controls	Severity 4 (Major) x Probability 4 (Probable) = 16
Net Rating after Controls	Severity 3 (Moderate) x Probability 3 (Possible) = 9
Report of the Strategic Director Customer Service and Resources:	<p>The combined effects of the buyout of PRP , the restructure, the Admin Review and the express objective of our 08/09 budget to remove systemic under-spending has resulted in a positive effect on the longer term revenue requirements for the council.</p> <p>The attached table and graph illustrate the contribution of the PRP buyout.</p> <p>Our success in delivering to budget with accurate forecasting throughout the year enhanced by the DASHBOARD is further evidence of progress in this area.</p> <p>The MTFS will be recast in November following our half year performance and the current controls should remain in place until then.</p> <p>The integral capital monitoring facility, now part of our dashboard provides a further measure of comfort – effectiveness to be reviewed at the half year</p>
Amendment to Nature of Risk:	None
Effectiveness of Controls:	Acceptable

Any Changes to Controls:	As above
Signature & Date:	Julie Evans 12 September 2008

CHERWELL DISTRICT COUNCIL

ACCOUNTS, AUDIT AND RISK COMMITTEE

27 OCTOBER 2008

REPORT OF THE STRATEGIC DIRECTOR - CUSTOMER SERVICE & RESOURCES
AND THE HEAD OF EXCHEQUER

THE COUNCIL'S RISK MANAGEMENT WORKING GROUP (RMWG)

1 Introduction and Purpose of Report

- 1.1 To update the Committee on the progress being made by the newly formed Risk Management Working Group (RMWG).

2 Wards Effected

- 2.1 All wards.

3 Effect on Policy

- 3.1 None.

4 Contact Officer(s)

- 4.1 Rosemary Watts (extension 1566)

5 Background Information

- 5.1 The Risk Management & Improvement Group (RMIG) has until recently been Chaired and led by a single Strategic Director, with the remainder of the group being in the main, Heads of Service.

- 5.2 As the Council strives to continuously improve, it recognises that within our dynamic environment more effective risk management requires a reporting and review structure that ensures that risks are effectively identified and assessed and that appropriate controls and responses are put in place quickly.

- 5.3 The Corporate Management Team (CMT) has responsibility for determining the strategic direction of the Council and for creating the environment and the structures for risk management to operate effectively. In April 2008, CMT proposed to lead RMIG itself in order to embed risk management further across the whole of the Council. This was endorsed by the Accounts, Audit and Risk Committee on 28 May 2008.

- 5.4 CMT further proposed that a Risk Management Working Group (RMWG) be formed to assist them with the continued embedding process. This again was endorsed by the Accounts, Audit and Risk Committee on 28 May 2008.
- 5.5 Chaired by the Risk Management & Insurance Officer, RMWG is made up of officers below Head of Service level and from a wide range of business units:

Rosemary Watts (Chair)	Risk Management & Insurance Officer
Dave Bennett	Corporate Health & Safety Manager
Liam Didcock	Senior Recreation Facilities Officer
Tim Green	Landscape Officer
Jaqui Hurd	Customer Services Manager
Barrie Smith	Health & Safety Manager, Thorpe Lane Depot
Ros Holloway	Payroll & Performance Manager
David Hanger	Principal Engineer
Gillian Butterworth	Communications Administrator
Pauline McCreadie	Local Transport Co-ordinator
Sean Currell	Caretaker
Sarah Woodman	Assistant Building Surveyor
Liz Maule	Management Support Officer Finance/Exchequer
Steve Davis	Vehicle Parks & Town Warden
David Wade	Corporate Facilities Manager

6 Risk Management Working Group (RMWG)

- 6.1 The RMWG met for the first time on 28 August 2008. The notes of that meeting are attached (Annex 1).
- 6.2 The enthusiasm of group members is very encouraging. They are aware that Members and CMT need them to assist with the risk management embedding process, which must be established across the Council and at all levels.
- 6.3 RMWG members are being encouraged to maintain a communications network that facilitates free flow of information, and to promote risk awareness amongst the business units. It is envisaged that a robust risk aware culture will be successfully and firmly established by encouraging staff at all levels across the organisation to participate in the risk management process. The Risk Management & Insurance Officer is required to report to CMT on a quarterly basis.
- 6.4 The Risk Management & Insurance Officer has given group members individual training on the use of Magique (the Council's Risk Register) and the risk management process as a whole. This exercise was completed at the end of September 2008.
- 6.5 During training, the risk management & Insurance Officer asked group members to discuss departmental risks with colleagues, line managers and Heads of Service. Risks identified on Magique are the starting point for this ongoing exercise. Risks associated with achieving Service Plans need to be identified.

- 6.6. Group members will ask their Heads of Service to include risk management as an agenda item at team meetings, perhaps using brain storming sessions as a means of identifying potential areas of concern. Part of the embedding process is to listen to staff concerns, and so issues raised by staff, however minor, need to be addressed by management.
- 6.7. The Risk Management & Insurance Officer has offered to attend team meetings to assist RMWG members promote risk awareness amongst colleagues.
- 6.8. Health & safety is part of the risk management process and CMT agreed that it should be an agenda item at every RMWG meeting. The Corporate Health & Safety Manager arranged a health & safety training workshop for group members at the end of September 2008. Similar workshops will follow.
- 6.9. Members of the RMWG will provide the Risk Management & Insurance Officer with short progress reports before the next RMWG meeting on 11 November 2008. Once collated, details will be presented to CMT and AARC in December 08.

7 Future Risk Management Working Group Meetings

- 7.1 Future RMWG meetings are arranged for 11 November 08, 10 February 09 and 12 May 09. Meetings will include further risk management and health & safety training, and will provide a forum for open and frank discussion on risk management issues/concerns raised by staff.

Risk Assessment, Financial Effects and Contributions to Efficiency Savings

The following details approved by Phil O'Dell (Ext 7098) (Financial) and Rosemary Watts (Extension 1566) (Risk).

Risk assessment

There are no direct risks associated with this report. However, if risk management is not embedded throughout the Council there is a danger of the Council not achieving its corporate objectives and receiving a poor Use of Resources assessment.

Financial effects

None resulting directly from this report.

Efficiency savings

None resulting directly from this report.

Recommendation

The Accounts, Audit and Risk Committee is **RECOMMENDED** to:
consider and approve the report relating to the embedding work of the Risk Management Working Group, reporting any concerns arising to the Executive.

Risk Management Working Group

Notes from meeting held on 28 August 2008

Present Rosemary Watts (Chair), David Bennett, Steve Davis, Barry Smith, Liam Didcock, Tim Green, Jacqui Hurd, Catherine Phythian, David Hanger, Gillian Butterworth, Pauline McCreadie, Sean Currell, Sarah Woodman, Liz Maule

Apologies David Wade, Jo Smith

ACTION

08/01 **Welcome and Introductions**

Rosemary welcomed everyone to the first meeting of the group and introductions were made. She thanked Liz Maule for agreeing to take Minutes.

08/02 **Background to RMWG**

Rosemary explained that up until recently the Council had in place a Risk Management **Improvement** Group (RMIG) that was led by a Strategic Director. The remit of this group was to manage and identify risks across the Council. In May this year, however, it was decided that because the Corporate Management Team (CMT) has responsibility for determining the strategic direction of the Council, CMT would lead the RMIG themselves. CMT also proposed that a Risk Management **Working** Group (RMWG) be set up to assist them with embedding risk management right across the Council. Health & Safety was part of the risk management process and it would be an agenda item at each quarterly meeting. The Terms of Reference for the Group had previously been circulated to the Group.

Rosemary would be chairing this Group and would be reporting to CMT after each meeting. The reports would then be considered by the Accounts, Audit and Risk Committee.

08/03 **The Need for Risk Management**

Rosemary gave various examples to the Group of incidents in the private sector where events in the past had turned into catastrophes because there was severe mis-management of the risks involved (e.g. the Concorde crash which led to its demise).

Every member of staff is a risk manager and therefore staff should carefully consider risk as part of the planning process of any activity. Will your actions impact on anyone else or another department?

08/04 **Introduction to Magique**

Rosemary demonstrated the Council’s Risk Register which is recorded on a system called Magique. She explained that in the main the register only contained high level risks (i.e. risks that could stop CMT achieving the Council’s strategic objectives). Day to day *operational* risks are not recorded on the register; these risks however are still very important and need to be regularly monitored, controlled and reviewed. She went on to stress the importance of reviewing risks quarterly and took the group through the process of scoring a *gross risk* (i.e. before controls) on a 5 x 5 matrix, how relevant controls were identified, which then led to a *net risk* on the 5 x 5 matrix (i.e. after controls). The scores are used to identify which risks are the most serious, allowing the Council to make decisions about the significance of those risks and how, or whether, they should be addressed.

LIKELIHOOD

IMPACT		Remote	Unlikely	Possible	Probable	Highly Probable
		1	2	3	4	5
	Catastrophic 5	5 ↑	10 ↑↑	15 ↑↑	20 ↑↑↑	25 ↑↑↑
	Major 4	4 =	8 ↑	12 ↑↑	16 ↑↑↑	20 ↑↑↑
	Moderate 3	3 =	6 ↑	9 ↑	12 ↑↑	15 ↑↑
	Minor 2	2 =	4 =	6 ↑	8 ↑	10 ↑↑
Insignificant 1	1 =	2 =	3 =	4 =	5 ↑	

MANAGING RISK

Level of risk (Net risk Score)	Indicated by	How the risk should be managed
Very High Risk (16-25)	Red ↑↑↑	Requires active management High impact / High likelihood: risk requires active management to manage down and maintain the exposure at an acceptable level. Escalate upwards.
Medium to High Risk (10 -15)	Amber ↑↑	Contingency Plans A robust contingency plan may suffice together with early warning mechanisms to detect any deviation from the profile.
Risk (5 – 9)	Amber ↑	Good Housekeeping May require some risk mitigation to reduce the likelihood if this can be done cost effectively, but good housekeeping to ensure that the impact remains low should be adequate. Re-assess frequently to ensure conditions remain the same.
Low Risk (1-4)	Green =	Review periodically Risks are unlikely to require mitigating actions but status should be reviewed quarterly to ensure that conditions have not changed.

Risks are reviewed quarterly as part of the Statement of Assurance which is submitted annually to the Audit Commission.

Rosemary would be giving members of the group one to one training sessions so that they had read-only access to Magique and could flag up issues with their colleagues and Service Heads at team meetings.

Action

All members of the Group to look at their service risks, discuss those risks and new areas of concern with their colleagues, ask Managers to include 'Risk Management' on the Agenda of all team meetings, and encourage Managers to review risks with their staff at least on a quarterly basis. Members to consider whether risks in their department impact on any other department or *vice versa*.

- 08/05 **Training Schedule – Magique** All
Rosemary to set up training sessions on the use of Magique with RW
everyone on the group. This will enable members of the group to look at the risks within their Service and also assist Managers with assessing these risks.

Customer Service had held brain storming sessions to assess risks within their own areas. Two A4 sheets of risks had been identified and although only high level risks were entered on the Risk Register, the sessions had highlighted day to day *operational* risks that everyone needed to be aware of.

Action

Members of the Group to approach Managers and ask to attend team meetings with a view to discussing risks and highlight risks within their areas.

- 08/06 **Health and Safety** All
David Bennett introduced himself as he now managed Health and Safety corporately, even though each Department is responsible for their own Health and Safety issues. David wanted the Group to be the 'eyes and ears' within their own Department and to report any issues to him. David would then look at practical solutions.

- 08/07 **Training Schedule for Health and Safety** All
Members of the Group expressed an interest in receiving Health & DB
Safety Training. Topics to be covered included Work Place Assessments so that members of the Group would be able to carry out these assessments themselves, Manual Handling Procedures and Accident Procedures.

It was also emphasised that all new staff should receive a Health & Safety Induction.

Action

David to arrange H&S training and to issue a template for accident reporting. A Health and Safety Short Guide to be issued.

- 08/08 **What does CMT expect you to do next?** All
All members of the Group should attend section/team meetings to RW
spread the risk management message and raise awareness. Rosemary will arrange a training session with members to give them an overview of Magique and a greater understanding of risk management.

David Bennett will organise Health & Safety Training for members of the Group. DB

Members of the Group to go away, 'advertise' themselves as champions of risk, and raise awareness of the risk management process with colleagues. All

Rosemary to advertise the Group and the remit from CMT in Cascade, 'Inside Cherwell' and the Intranet in order to raise risk awareness amongst all staff. RW

08/09 **Any other Business**

Members discussed issues in their departments that they felt could present risks to the Council. Various control measures were discussed that might reduce those risks.

Date and Time of Next Meeting

11 November 2008 at 2.30 pm in Room 163.

CHERWELL DISTRICT COUNCIL

ACCOUNTS, AUDIT AND RISK COMMITTEE

27 OCTOBER 2008

REPORT OF THE INTERIM CHIEF INTERNAL AUDITOR

INTERNAL AUDIT PROGRESS REPORT 2007/08

1 Introduction and Purpose of Report

- 1.1 The purpose of this report is to provide the Committee with a final progress report on Internal Audit activity against the 2007/08 audit plan, for the period from 1 April 2008 to date.

2 Wards Affected

- 2.1 All wards are affected.

3 Effect on Policy

- 3.1 None.

4 Contact Officer(s)

- 4.1 Chris Dickens (extension 7928)

5 Further Supporting Information

- 5.1 Further to the Internal Audit Annual report presented to this Committee on 28 May 2008 which detailed that there were some audits for 2007/08 still in progress, I can now report that the work on the Audit Plan for 2007/08 has been completed. There is no change to the audit opinion as a result of completion of the outstanding work.
- 5.2 Further details of the audits that have either been completed during the period being reported upon are shown at Appendix A.

6 Risk Assessment, Financial Effects and Contributions to Efficiency Savings

- 6.1 The following details approved by Chris Dickens (extension 7963):
- 6.2 Risk Assessment

The progress of the Audit Plan approved by this Committee is monitored as part of the Council's Performance Monitoring Framework. Any failures to not achieve the audit plan could result in a risk that independent assurance will not be provided on the internal control environment as required, and could be seen to undermine the effectiveness of the Internal Audit team. Failure to achieve the audit plan could lead to adverse comment from the external auditors. This risk has been assessed on the Council's risk register, entry number 0264.

6.3 Financial effects

There are no financial effects resulting from this report.

6.4 Efficiency savings

There are no efficiency savings resulting from this report.

9 Recommendation

9.1

The Accounts, Audit and Risk Committee is **RECOMMENDED** to consider this progress report and to make any comment that it considers necessary.

Appendix A – Table of all 2007/08 audits completed during the current reporting period, showing the total number of recommendations made, a split between high, medium and low categories of significance and a brief summary of each audit.

Audit Title	Conclusion	Recs.	High	Medium	Low	Summary of Audit
Financial Accounting	GOOD	8	0	1	7	<p>The purpose of this audit was to review the accuracy and timeliness of financial information that underpins the financial accounting system and to confirm that internal controls were operating effectively.</p> <p>No high priority recommendations have been made.</p>
Treasury Management	GOOD	9	0	2	7	<p>The purpose of the audit was to provide assurance that the management of the Council's cash flows and money market transactions are carried out with effective control of the risks associated with these activities; the pursuit of optimum performance consistent with those risks; and carried out in accordance with the Councils approved Treasury Management practices.</p> <p>The audit confirmed that internal controls within the Treasury Management system are generally operating satisfactorily and no serious control weaknesses were identified.</p> <p>No high priority recommendations have been made.</p>
Payroll	FAIR	16	0	10	6	<p>The purpose of the audit was to undertake a review of the Payroll system and provide assurance that adequate internal controls are in place to ensure the correct salary is paid to authorised employees securely, at the correct time and payroll information is regularly reconciled.</p> <p>The audit did not identify any serious control weaknesses but did highlight areas where improvements can be made. We were pleased to note that a number of the recommendations detailed in the report were implemented immediately.</p> <p>No high priority recommendations have been made.</p>
Severance Payments	n/a	n/a	n/a	n/a	n/a	<p>This was work undertaken to assist the Audit Commission in their final accounts work by reviewing the final severance payment made to a now former senior employee as it was considered material to the accounts. This was in addition to the approved Internal Audit plan.</p>

Audit Title	Conclusion	Recs.	High	Medium	Low	Summary of Audit
NNDR (Business Rates)	FAIR	7	0	6	1	<p>The purpose of this audit was to review the controls in place over billing, parameters and system calculations, reconciliation to the valuation list and the effective collection, recovery and enforcement of Business Rates.</p> <p>Issues raised as a result of this audit include the lack of a comprehensive local procedure manual; checking of previous years arrears when balances are carried forward to a new year and maintaining a clear separation of duties in respect of write-offs.</p> <p>No high priority recommendations have been made.</p>
Final Accounts	n/a	n/a	n/a	n/a	n/a	<p>The Strategic Director Customer Services and Resources requested that further testing be undertaken by Internal Audit to review compliance with the Audit Commission checklist 'final accounts working paper requirements'. This was in addition to the approved Internal Audit plan.</p> <p>Where there was non-compliance with the checklist this was reported back to Accountancy during the course of this work.</p>
ICT Assets	n/a	12 (draft)	0	6	6	<p>The purpose of this exercise was to undertake a review of the procedure for ordering, receipt, storage and issue of ICT assets within the authority. On the work completed to date, there are concerns which require addressing and therefore it has been proposed to undertake further testing on the new asset storage arrangements and security of assets which are due to be introduced from the end of September 2008. This will form part of the 2008/09 Internal Audit plan.</p> <p>No high priority recommendations have been made.</p>
Employee Management	n/a	n/a	n/a	n/a	n/a	<p>The purpose of the audit was to ensure that agency staff and contractors are employed by the authority in accordance with approved policies and procedures and value for money is secured.</p> <p>No report has been issued in relation to this review owing to the time lapsed since fieldwork was undertaken. Initial findings (none of which were high priority) have been discussed with management where appropriate and will be carried forward into future audit reviews.</p>

CHERWELL DISTRICT COUNCIL

ACCOUNTS, AUDIT AND RISK COMMITTEE

27 OCTOBER 2008

REPORT OF THE INTERIM CHIEF INTERNAL AUDITOR

INTERNAL AUDIT RISK ASSESSMENT AND AUDIT PLAN 2008/09

1 Introduction and Purpose of Report

- 1.1 In order to ensure that the Council's (CDC's) internal audit resources are effectively utilised, we have made use of the current assessment of the most significant risks facing CDC, as part of the process for preparing the Annual Internal Audit Plan for the period 2008/2009. This is in line with current Internal Audit Standards and the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

This Risk Assessment (attached) is a key factor in deciding how to allocate internal audit resources available. It ensures that resources are focused on those areas where they can be of most benefit to the Council by providing assurance to the Accounts, Audit and Risk Committee and management on controls over key risks. This document sets out the key risks identified and our responses as internal auditors.

2 Wards Affected

- 2.1 All wards are affected.

3 Effect on Policy

- 3.1 None.

4 Contact Officer(s)

- 4.1 Chris Dickens (extension 7928)

5 Further Supporting Information

- 5.1 During the current financial year, a decision was taken to bring in an Interim Chief Internal Auditor up to the end of March 2009 from which time the Council will be outsourcing the internal audit function.
- 5.2 Two members of the in-house internal audit function have left during the year. This will necessitate additional resource being brought in to fulfil the audit plan. This resource will be provided by PricewaterhouseCoopers as detailed in the attached plan.

6 Risk Assessment, Financial Effects and Contributions to Efficiency Savings

- 6.1 The following details approved by Chris Dickens (extension 7963):

6.2 Risk Assessment

The progress of the Audit Plan approved by this Committee is monitored as part of the Council's Performance Monitoring Framework. Any failures to not achieve the audit plan could result in a risk that independent assurance will not be provided on the internal control environment as required, and could be seen to undermine the effectiveness of the Internal Audit team. Failure to achieve the audit plan could lead to adverse comment from the external auditors. This risk has been assessed on the Council's risk register, entry number 0264.

6.3 Financial effects

Financial effects are as detailed in the attached report and relate to the need to bring in additional audit resource following the departure of two members of the in-house team. The net effect on the internal audit budget for 2008/09 is likely to be a reduction of around £10,000 on salaries and consultancy fees.

6.4 Efficiency savings

As above, the net effect of the change in resourcing mix is likely to be a reduction in budgeted expenditure of approximately £10,000.

9 Recommendation

- 9.1 The Accounts, Audit and Risk Committee is **RECOMMENDED** to consider and approve this risk assessment and audit plan.

Internal audit risk assessment and draft operational plan 2008/09 – version 2



Distribution List

Audit Committee
Chief Executive
Strategic Directors
Corporate Managers

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1 Introduction

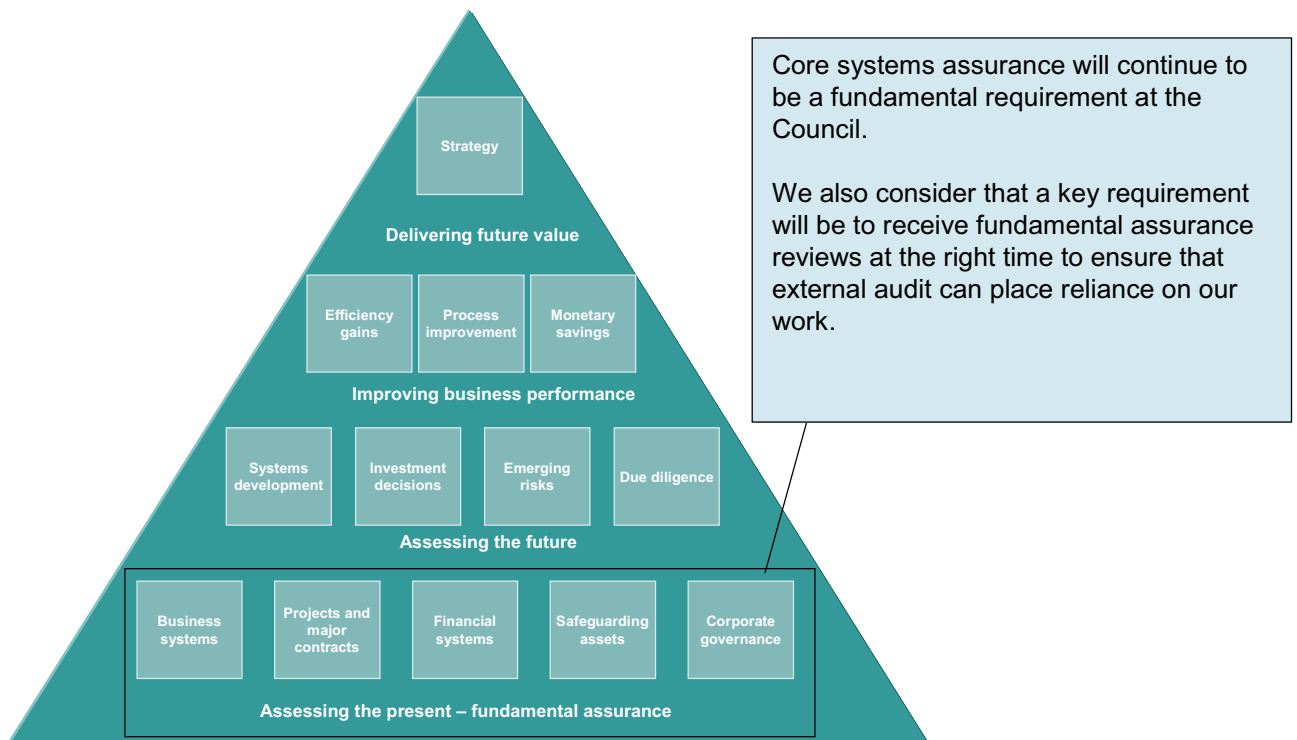
In order to ensure that Cherwell District Council's (CDC's) internal audit resources are effectively utilised, we have made use of the current assessment of the most significant risks facing CDC, as part of the process for preparing the Annual Internal Audit Plan for the period 2008/2009. This is in line with current Internal Audit Standards and the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

Our understanding of the risk management processes at CDC means that we are able to place **some** reliance on the Council's risk management process and its risk registers in formulating our audit plan.

This Risk Assessment is a key factor in deciding how to allocate internal audit resources available. It ensures that resources are focused on those areas where they can be of most benefit to CDC by providing assurance to the Audit Committee and management on controls over key risks. This document sets out the key risks identified and our responses as internal auditors.

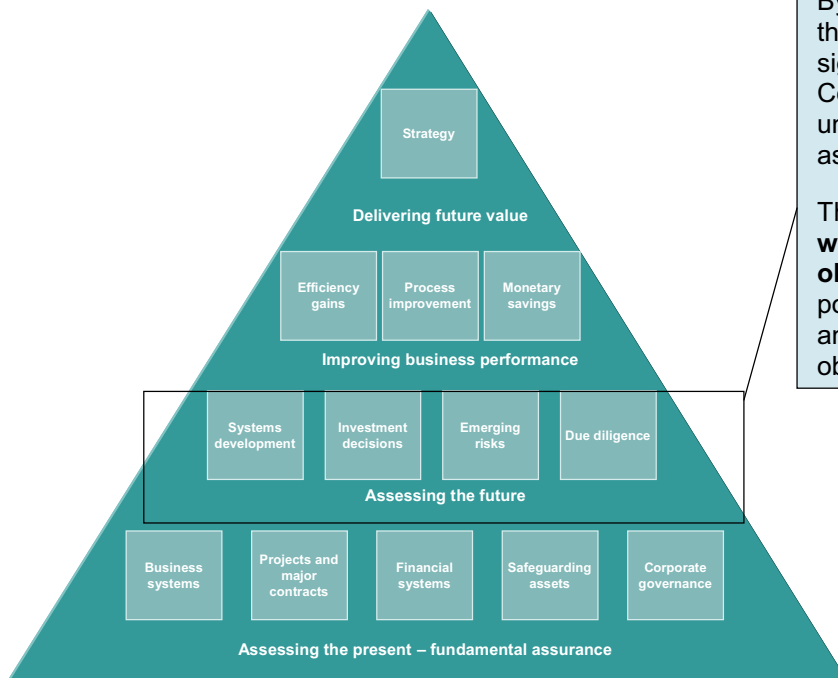
2 Providing assurance

Providing fundamental “core systems” assurance



We recognise the necessity to provide management with an on-going level of fundamental “core systems” assurance. We will also seek to maximise audit efficiency by working closely with the external auditors, the Audit Commission. This includes developing and enhancing existing working arrangements with the external auditors.

Moving towards a risk based audit approach



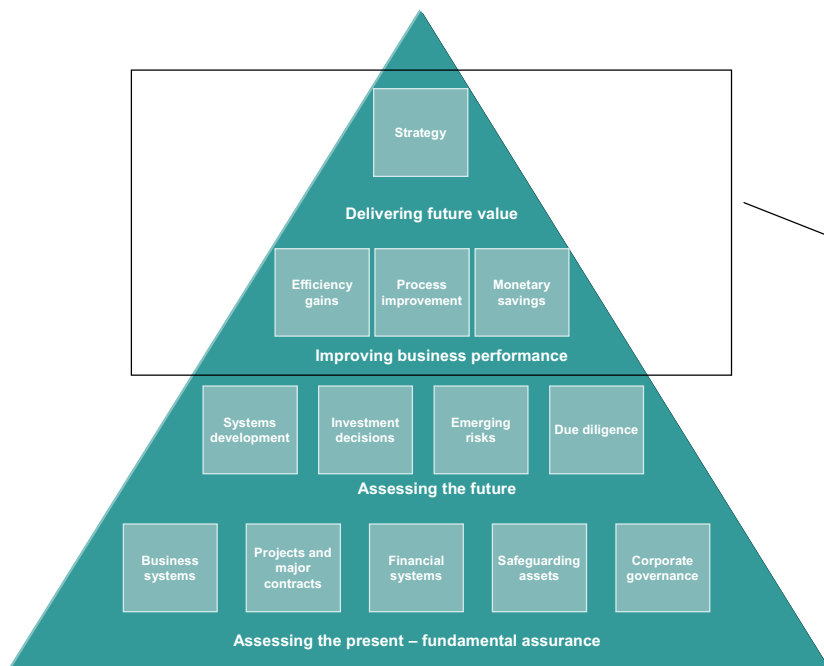
By adopting a risk based audit approach there will be clear linkage between the significant risks identified in the Council's Risk Registers and the work undertaken by internal audit in providing assurance against these.

The definition of risk is **“anything that will prevent you from achieving your objectives”**. As a result, the starting point for a risk based audit approach is an understanding of the Council's objectives.

Risk based work is also critical to the Council, as it seeks to improve the risk awareness of staff, and improve overall control. The internal audit work programme is designed to provide assurance that the significant risks identified within the Council's risk registers are being managed effectively. As part of this process we will also examine the risk management framework and governance procedures.

Delivering value through improved performance

Internal audit can also provide a valuable role in improving business performance and delivering future value. We can assist the Council through the deployment of specialist skills and experience,



A significant element of the internal audit plan will be focused on fundamental assurance. However, over time as risk management processes develop and the internal control environment strengthens, we would expect the proportion of the internal audit plan spent on this to reduce. This will enable us to concentrate more of our resources on assisting the Council in areas such as efficiency gains, process improvements and delivering savings.

Next steps

Following consultation with key stakeholders, we will seek final approval of the risk assessment and internal audit plan. When approved, we will agree a 'project sponsor' for each review with management. All project sponsors will then be contacted and made aware of all audits during the year where they are the nominated sponsor. At this stage we will agree the timing of each review and a more detailed scope of work. We will then issue a more detailed operational audit plan for the remainder of the year which will include the agreed audit dates and the key contact from the Council and the internal auditor who will be responsible for the audit. We will then issue Terms of Reference for each review. The intention is for all internal audit work to be completed before the end of March 2009.

3 The risk assessment process

The information which has been used to prepare our Risk Assessment and proposed Internal Audit plan has been collected and collated from a number of different sources, including:

- The original internal audit plan approved earlier in the year
- A review of the CDC strategic and departmental risk registers to identify the highest ranking risks
- Consultation with the following key individuals: * to be undertaken following presentation to the audit committee
 - Chief Executive
 - **Strategic Directors and corporate managers**
 - Chair and members of Accounts, Audit and Risk Committee
 - **External auditors**
- A review of relevant documentation and reports provided to us
- Our knowledge of the Council and results of Internal Audit work undertaken in prior years.

Completeness of assessments and future reviews

Our risk assessment is limited to matters emerging from the processes listed above. We will review and update this assessment and the resulting internal audit plan annually. If, however, additional risks arise, or change in priority, during the year the audit plan will be reconsidered with management and, with the approval of the Audit Committee, amended to ensure that audit resources are focused on the new risk areas.

The risk assessment

Section 4 summarises the results of our Internal Audit Risk Assessment incorporating the corporate and category 1 risks from the corporate and departmental risk registers. They show:

- The risk and action to reduce risk as identified by the Council; and
- Our response with regard to the Internal Audit Plan.

This will allow the Audit Committee to track the proposed audit response to all the most significant risks CDC has identified. The Council's own response to these strategic risks will be addressed through its risk management process, which CDC operates as part of its overall governance arrangements.

4 Our risk assessment

In preparing the draft internal audit plan, we have reviewed the Council's risk registers on Galileo and have recorded the risks with a net risk rating greater than 15 and those risks with a gross risk rating greater than 20.

Risks taken from Galileo with a gross risk rating greater than 20 or a net risk rating greater than 15				Audit response (Cross- referenced to operational plan)
Risk reference	Risk	Gross risk rating	Net risk rating	
A07.0009	Failure to provide an adequate Benefit Investigation Service	16	16	OP 1.11 Housing benefits OP 1.15 Risk management
A10.0042	Lack of required skills and capacity within ICT operations	16	16	OP 2.6 IT Control environment
B04.0263	Concessionary travel budget	20	16	OP 2.4 Concessionary travel
A09.0424	We rely on systems we currently can't support	16	16	OP 2.6 IT Control environment
A07.0025	Internal or external fraud being committed against the Council	25	15	OP 1.15 Risk management
B04.0117	Failure to provide adequate Civil Emergency arrangements	25	10	OP 2.7 Civil emergency planning
A03.0125	Health and Safety	25	10	OP 2.5 Health and safety
B06.0365	Public injury – parks, open spaces and retained land	25	10	OP 2.5 Health and safety
A10.0034	Power failure – ICT long term	25	6	OP 2.6 IT Control environment

Risks taken from Galileo with a gross risk rating greater than 20 or a net risk rating greater than 15				Audit response (Cross- referenced to operational plan)
Risk reference	Risk	Gross risk rating	Net risk rating	
B06.0091	Public injury – fairs	25	6	OP 2.5 Health and safety
B06.0092	Public injury – play facilities	25	6	OP 2.5 Health and safety
A07.0372	Failure to arrange adequate insurance cover for the Council	25	5	OP 2.2 Insurance

Management should consider any areas where there is no specific internal audit work planned and ensure that they can obtain sufficient assurance from other sources that risks are being mitigated effectively.

Any changes to the risk profile of the Council will be considered and may result in changes to the internal audit plan.

5 Proposed internal audit plan

The proposed internal audit plan for 2008/09 is set out below (in summary and detail) for the approval of management and the Audit Committee. This has been informed by the risk analysis in Section 3 in accordance with modern internal auditing standards and the CIPFA Code of Practice for Internal Audit in Local Government in the UK.

In each instance an overview of the review has been included, along with estimated days. Once the programme has been agreed in outline, we will refine the precise scope of each review and agree this, and the related days, with management.

Our plan assumes a mix of days as detailed below:

Grade	Days	% of audit plan
Auditor (including in-house resource)	197	69%
Chief Internal Auditor / Specialist	90	31%

Summary operational internal audit plan 2008/09

Area of coverage	Proposed Days (2008/09)
Fundamental assurance (core systems reviews)	150
Risk based assurance (operational systems reviews)	92
Performance assurance (strategic reviews)	0
Other	45
TOTAL	287

Detailed operational internal audit plan 2008/09

System	Source	Points of Focus	Audit approach	Days
OP1 Core systems reviews – fundamental assurance				
OP1.1 General Ledger / Financial accounting	Managed audit	Input controls. Accuracy of outputs. Security over access and data. System enhancements. Changes in key staff or operating procedures.	Full systems review; Review any system enhancements. Changes in key staff or operating procedures. Follow up	10
OP1.2 Debtors	Managed audit	All sources of income are identified. Invoices are raised in a timely, complete and accurate fashion. Adequacy of debt collection, recovery and write-off procedures. Security over access and data.	Full systems review; Review any system enhancements. Changes in key staff or operating procedures. Follow up	10
OP1.3 Creditor payments	Managed audit	Accuracy and review of output from the creditors system. Orders are raised in respect of all goods required. Payments are accurately made for goods received and appropriate authorisation has taken place. Security over access and data.	Limited scope review; Changes in key staff or operating procedures. Walkthrough testing Follow up	5

System	Source	Points of Focus	Audit approach	Days
OP1.4 Payroll	Managed audit	<p>Starters, leavers and amendments</p> <p>Calculation of deductions</p> <p>Temporary variations to pay</p> <p>Security of system and access controls</p> <p>Operation, recording and certification of flexi time scheme</p>	<p>Full systems review;</p> <p>Review any system enhancements.</p> <p>Changes in key staff or operating procedures.</p> <p>Follow up</p>	10
OP1.5 Budgetary Control / financial accounting	Managed audit	<p>Budgets setting.</p> <p>Budgetary responsibility is delegated to trained and clearly defined budget holders who receive sufficient management information.</p> <p>Monitoring data on overall budget performance is accurate, produced on a regular basis, and subject to appropriate levels of review within the organisation.</p> <p>Budget variations are analysed, investigated, explained and acted upon.</p> <p>Any savings and efficiencies highlighted are realistic and achieved.</p>	<p>Full systems review;</p> <p>Assess implementation of revised budgetary control process.</p> <p>Assess usefulness of reporting.</p> <p>Obtain user feedback on management reporting and monitoring.</p> <p>Identify any areas of major overspend and establish if any saving and efficiencies have been identified to offset these.</p>	10

System	Source	Points of Focus	Audit approach	Days
OP1.6 Council Tax	Managed audit	<p>All properties have been identified and appropriate charges made</p> <p>Adequate control over monitoring and collection of charge</p> <p>Any dispensations are appropriately evidenced and authorised</p> <p>Arrears management</p> <p>Authorisation of write offs</p> <p>Process for amending bandings</p>	<p>Limited scope review;</p> <p>Review any system enhancements.</p> <p>Changes in key staff or operating procedures.</p> <p>Follow up</p>	10
OP1.7 National Non Domestic Rates	Managed audit	<p>Identification and valuation of properties</p> <p>Reliefs and exceptions are appropriately calculated and applied</p> <p>Billing & collection</p> <p>Recovery and enforcement</p> <p>Accounting for NNDR</p> <p>Compliance with legislation</p>	<p>Limited scope review;</p> <p>Assess any changes made to the system.</p> <p>Undertake testing to ensure controls are operating.</p> <p>Follow up</p>	5
OP1.8 Bank Reconciliations	Managed audit	<p>All bank accounts are subject to regular independently reviewed reconciliations.</p> <p>Use of suspense accounts is limited and items promptly cleared.</p> <p>Re-performance of reconciliations to ensure accurately completed.</p>	<p>Limited scope review;</p> <p>Assess any changes made to the system.</p> <p>Undertake testing to ensure controls are operating.</p> <p>Follow up</p>	10

System	Source	Points of Focus	Audit approach	Days
OP1.9 Cashiers	Managed audit	<p>All income collection points are known.</p> <p>Adequate controls are in place over post opening and processes in place for the secure receipt and recording of cash.</p> <p>Cash is adequately safeguarded.</p> <p>Banking takes place promptly.</p> <p>Accurately recorded against debtor and income accounts.</p> <p>Minimal use of suspense accounts.</p> <p>Adequate segregation of duties are in place.</p>	<p>Limited scope review;</p> <p>Assess any changes made to the system.</p> <p>Undertake testing to ensure controls are operating.</p> <p>Follow up</p>	5
OP1.10 Treasury Management	Managed audit	<p>Corporate treasury activities are monitored and controlled</p> <p>Reporting and monitoring of treasury management activities</p>	<p>Specialist review;</p> <p>Review TM/investment strategy in light of current financial climate</p> <p>Follow up</p>	10
OP1.11 Housing Benefits	Managed audit	<p>Benefit assessment and payments</p>	<p>Review of assessment and payment procedures</p> <p>Overview of progress against improvement plan</p> <p>Follow-up</p>	10

System	Source	Points of Focus	Audit approach	Days
OP1.12 Fixed Assets	Managed audit	<p>Acquisitions identified</p> <p>Treatment of surplus assets</p> <p>Disposals/transfer of assets</p> <p>Management of capital programme</p> <p>Capital assets are completely and accurately recorded</p> <p>Capital asset verification</p> <p>Accounting for fixed assets and associated capital charges / revaluations</p> <p>Fixed assets are appropriately disclosed</p> <p>System is secure against unauthorised access and data loss</p>	<p>Full scope review;</p> <p>Assess any changes made to the system.</p> <p>Undertake testing to ensure controls are operating.</p> <p>Follow up</p>	10
OP1.13 IFRS Health check	Internal Audit	Preparation for introduction of IFRS	<p>Limited scope specialist review:</p> <p>Assess whether the authority is preparing itself for introduction of IFRS.</p>	5
OP1.14 VAT	Internal audit	Preparation and authorisation of VAT returns	<p>Specialist review:</p> <p>Review arrangements for preparation and authorisation of VAT returns.</p> <p>Overview of VAT arrangements in place</p>	10
OP 1.15 Risk management (including fraud risk management assessment)	CPA – use of resources	<p>Risk management framework</p> <p>Fraud risk management</p> <p>Embedding risk management</p> <p>Link to service planning</p>	<p>Specialist review</p> <p>Progress with risk management and assurance</p> <p>Adequacy of risk register / RM arrangements</p> <p>Fraud risk assessment</p> <p>Benefit investigation service</p>	10

System	Source	Points of Focus	Audit approach	Days
OP 1.16 Governance	Corporate risk register Legal Services risk register	Governance framework	Limited scope review Assessment against Good Governance Standard	10
OP 1.17 Establishment visits	Previous audit plan	Security of cash and stocks Cash reconciliation	Unannounced visits to 6 establishments	10
Subtotal				150

System	Source	Points of Focus	Audit approach	Days
OP2 Operational systems reviews – risk based assurance				
OP 2.1 Partnership working	Internal audit	Identification of key partners Risk assessment process Governance framework CAA implications	Limited scope review: Identification of partnerships Review of governance and risk management arrangements CAA impact assessment	10
OP 2.2 Insurance	Risk register (gross risk rating 25)	Insurance arrangements	Limited scope review: Evaluate existing insurance arrangements	5
OP 2.3 Freedom of Information and Data Protection	Internal audit	Compliance with Legislation. Handling of data.	Limited scope review: Assess compliance with Freedom on Information Act and assess controls in place over data protection.	5
OP 2.4 Concessionary Fares	Risk register (Net risk score 16)	Agreements in place with service providers and cost to the authority.	Limited scope review: Review agreements in place and review process for management of concessionary fares. Assess impact of grant payment	5
OP 2.5 Health and safety	Internal Audit Risk register (Gross risk score 25)	Compliance with legislation Public injury risk assessment	Limited scope review: High level review of compliance including corporate	10

System	Source	Points of Focus	Audit approach	Days
			manslaughter and asbestos legislation Review risk assessment process for public injuries	
OP2.6 ICT audits	Risk register (Net risk score 16)	IT risks – skills and capacity / systems support Security of ICT assets Data security	Full scope reviews: ICT control environment IT assets including procurement Information governance assessment	25
OP 2.7 Civil Emergency Planning	Risk register (Gross risk score 25)	Emergency plan Communications	Review responsibilities of CDC Follow-up prior year	5
OP 2.8 Performance Indicators	Previous audit plan	Adequacy and timeliness of data submitted	Adequacy of data issued to Audit Commission	11
OP 2.9 Building Control fees	Previous audit plan	Breakdown of cost against income	Benchmarking of information	11
OP 2.10 Data Quality	Internal audit	Improved procedures	Specialist review Follow-up of previous audit report	5
Subtotal				92

System	Source	Points of Focus	Audit approach	Days
OP4 Other				
OP4.1 General follow up	Internal audit	Recommendations made as part of 2007/08 Internal Audit Work.	To obtain confirmation of actions taken to address any weakness highlighted as part of 2007/08 Internal Audit Work and verify where appropriate.	10
OP4.2 Contingency & Investigative work				Outside of audit plan
OP4.3 Audit management	Internal audit	Interim Chief Internal Auditor	Audit planning and management Attendance at audit committee Report and audit plan preparation	35
Subtotal				45
TOTAL				287

This represents the audit need at September 1st 2008. The total days may be reduced following a more detailed assessment of work already undertaken during the year to date whether as part of the 2007/08 plan or the 2008/09 original plan. Some reviews (Performance Indicators and Building Control fees) have been completed.

6 Resourcing implications

The existing internal audit resource consists of one in-house internal auditor following the recent departures of two other staff members. At present this is supplemented by the Interim Chief Internal Auditor on a part time basis. In order to meet the assessed internal audit need as set out in the attached plan, the following resource assessment has been undertaken:

	Fundamental assurance	Risk based assurance	Other	Total
Auditor (including in-house resource)	115	72	10	197
Specialist	35	15	-	50
Chief internal Auditor	-	5	35	40
Total	150	92	45	287

28 days have already been completed by the in-house auditor at 30th August leaving a balance of 259 days.

Assuming that there are 30 weeks remaining in the financial year (from 1st September), and that the in-house internal auditor is available for 101* productive days in that time, this leaves a resource gap of 118 days (excluding the Chief Internal Auditor position) of which 50 days are likely to require specialist input. This is for the following reviews:

- IFRS
- VAT
- Risk management (management)
- ICT (management)

* The 101 days is based on 130 possible working days less annual leave and bank and statutory holidays, and other non-productive time. If this increases it will reduce the cost of further resource.

CHERWELL DISTRICT COUNCIL

ACCOUNTS, AUDIT AND RISK COMMITTEE

27 OCTOBER 2008

REPORT OF THE INTERIM CHIEF INTERNAL AUDITOR

INTERNAL AUDIT PROGRESS REPORT 2008/09

1 Introduction and Purpose of Report

- 1.1 The purpose of this report is to provide the Committee with a report summarising progress made against the internal audit plan for 2008/09 which is being presented to this meeting for approval.

2 Wards Affected

- 2.1 All wards are affected.

3 Effect on Policy

- 3.1 None.

4 Contact Officer(s)

- 4.1 Chris Dickens (extension 7928)

5 Further Supporting Information

- 5.1 The report is produced to inform the Committee on internal audit activity in the current year up to the date of the Committee meeting. The report will give an update on reports issued and recommendations made as well as highlighting any issues that are considered appropriate to bring to the attention of the Committee.
- 5.2 There was a significant overrun in completing the internal audit plan for 2007/08. As a result of this, there has been limited activity to date in relation to 2008/09. The revised internal audit plan, presented separately to this Committee, recognises this fact and the need to complete almost a full year's internal audit plan in the remaining 5-6 months of the current year.

6 Risk Assessment, Financial Effects and Contributions to Efficiency Savings

- 6.1 The following details approved by Chris Dickens (extension 7963):

6.2 Risk Assessment

The progress of the Audit Plan approved by this Committee is monitored as part of the Council's Performance Monitoring Framework. Any failures to not achieve the audit plan could result in a risk that independent assurance will not be provided on the internal control environment as required, and could be seen to undermine the effectiveness of the Internal Audit team. Failure to achieve the audit plan could lead to adverse comment from the external auditors. This risk has been assessed on the Council's risk register, entry number

0264.

6.3 Financial effects

There are no financial effects resulting from this report.

6.4 Efficiency savings

There are no efficiency savings resulting from this report.

9 Recommendation

- 9.1 The Accounts, Audit and Risk Committee is **RECOMMENDED** to consider this progress report and to make any comment that it considers necessary.

Internal audit summary
report for Accounts,
Audit and Risk
Committee

October 2008



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1. Plan outturn

2008/09 Audit Plan

We have undertaken work in accordance with the 2008/09 Internal Audit Plan which is being presented to the Accounts, Audit and Risk Committee for approval at the meeting in October 2008.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. This shows that we have undertaken a small number of reviews for which reports have been issued either in draft or final versions and have begun planning in a number of reviews over the next couple of months.

It is our intention to complete the full internal audit plan before the end of the financial year in order that the annual internal audit report can be produced in time to inform the Annual Governance statement (AGS). Future progress reports will give an update on the percentage of the audit plan completed or commenced and will indicate whether or not the objective of completing the audit plan in year is likely to be achieved.

2. Reporting and activity progress

Final reports issued

The following reports have now been issued in Final.

08_09 1 BVPI's – During the review we noted that elements of the process for PI submission were not operating effectively, notably the timetabling of the process prior to submission and also the apparent lack of understanding of some of the officers who are tasked with the collation and submission of the BVPI outturns. Consequently, we have given a **FAIR** audit opinion for this area. The main issues that management should address are:-

- A lack of adherence to procedures in place to ensure that BVPI outturns are completed and submitted within an agreed timescale, through a clearer and consistent approach for signing off data at directorate level;
- A clearly defined process for the verification of PI's prior to submission;
- A need for improvement in the accuracy of the data (and supporting evidence) submitted to the Improvement Team in advance of the verification exercise; and
- An apparent lack of understanding within some areas, of the process for collating and submitting BVPI returns. This may be associated with the issue of accountability for the PI's as it appeared from our review that some of the responsible officers had delegated the task to more junior staff who were unclear of the process.

08_09 2 Building Control Fees – the scope of this review was restricted to the building control fee structure and in particular the alignment between case type, workload and fees charged. As such an opinion has not been given. Our work found that further work should be done to review working practices in order to make savings and reduce time spent on areas of work that are resource intensive but generate less overall income to the building control service. We concluded that an increase in fees across the board was not appropriate as the Building Control account looks set to show a surplus in 2008/09 which will further increase the three yearly rolling surplus. Government regulations expect surpluses on this account to be kept to a minimum.

Draft reports

Between the date of writing this report and the meeting of the Accounts, Audit and Risk Committee we expect to have issued the following reports in draft format:-

08_09 4 Corporate Governance

08_09 6 Civil Emergency Arrangements

Fieldwork commenced

08-09 3 Establishment visits

08_09 5 Health and Safety

Other work performed

- A revised internal audit risk assessment and audit plan for 2008/09 has been produced and is submitted to this meeting for approval.
- There was a significant amount of outstanding work relating to 2007/08 which required completion during the current financial year. This has now been completed and a progress report relating to 2007/08 is submitted as a separate paper to this Committee.
- The existing Internal Audit Strategy and Terms of Reference have been reviewed and incorporated into an Internal Audit Charter. This is also presented as a separate paper to the Committee.

3. Summary of key risks

Overview

Our final reports include a number of recommendations and a breakdown of these can be found in Appendix Two, which summarises the risk ratings associated with each finding and recommendation. Further information is provided in the individual reports which can be produced in full if required. No high priority recommendations have been made to date.

4. Other issues

There are no other issues to report at this stage.

Appendix One

Planned activity	Planned days	Actual days	Status
1. Fundamental assurance			
OP1.1 General Ledger / Financial accounting	10	1	Terms of reference drafted
OP1.2 Debtors	10	1	Terms of reference drafted
OP1.3 Creditor payments	5	1	Terms of reference drafted
OP1.4 Payroll	10	1	Terms of reference drafted
OP1.5 Budgetary Control / financial accounting	10	1	Terms of reference drafted
OP1.6 Council Tax	10	1	Terms of reference drafted
OP1.7 National Non Domestic Rates	5	1	Terms of reference drafted
OP1.8 Bank Reconciliations	10	1	Terms of reference drafted
OP1.9 Cashiers	5	1	Terms of reference drafted
OP1.10 Treasury Management	10	0	To be arranged
OP1.11 Housing Benefits	10	1	Terms of reference drafted
OP1.12 Fixed Assets	10	1	Terms of reference drafted
OP1.13 IFRS Health check	5	0	To be arranged
OP1.14 VAT	10	0	To be arranged
OP 1.15 Risk management	10	0	To be arranged
OP 1.16 Governance	10	7	Fieldwork commenced
OP 1.17 Establishment visits	10	6	Fieldwork commenced

Planned activity	Planned days	Actual days	Status
2. Operational system reviews – risk based assurance			
OP 2.1 Partnership working	10	0	To be arranged
OP 2.2 Insurance	5	0	To be arranged
OP 2.3 Freedom of Information and Data Protection	5	0	To be arranged
OP 2.4 Concessionary Fares	5	0	To be arranged
OP 2.5 Health and safety	10	3	Fieldwork commenced
OP2.6 ICT audits	25	2	Initial planning commenced
OP 2.7 Civil Emergency Planning	5	2	Fieldwork commenced
OP 2.8 Performance Indicators	11	11	Final report
OP 2.9 Building Control fees	11	11	Final report
OP 2.10 Data Quality	5	0	To be arranged

Planned activity	Planned days	Actual days	Status
4. Other			
OP 4.1 General follow up	10	0	To be arranged
OP 4.2 Audit Management	35	15	Ongoing
Total	287	66	

Appendix Two

Assignment	High	Medium	Low	Total	Overall opinion
08_09 1 BVPI's	0	4	0	4	FAIR
08_09 2 Building Regulation Fees	0	0	6	6	N/A
Total	0	4	6	10	

Our assessment criteria are shown below:

Each of the issues identified has been categorised according to risk as follows:

Significance	
High	A significant and serious control weakness, which must be referred to the Internal Control Working Group via the Service Unit Manager's quarterly Assurance Statement on the effectiveness of internal control. Immediate action is required.
Medium	A weakness that could undermine the system of internal control and compromise its operation. Action is required as soon as possible.
Low	An improvement to comply with best practice or which offers efficiency savings. Action date to be agreed within a maximum of 12 months.

Overall opinion rating:

Level of assurance	Description
GOOD	Internal Audit can confirm that the significant risks in the areas reviewed have been identified and mitigated to an acceptable level, and that controls are robust and are operating effectively. Those charged with governance can gain substantial assurance on the effectiveness of the internal control environment.
FAIR	Internal Audit can confirm that whilst overall controls are operating at an acceptable level in the areas reviewed, there is still further scope for improvement in either the application or operation of some controls or the identification and mitigation of risks. Those charged with governance can gain moderate assurance on the effectiveness of the internal control environment.
WEAK	Internal Audit can confirm that either there are significant weaknesses in the application or operation of some controls in the areas reviewed, or that there are significant risks which have not been identified or mitigated to an acceptable level. Those charged with governance can gain limited assurance on the effectiveness of the internal control environment.

CHERWELL DISTRICT COUNCIL**ACCOUNTS, AUDIT AND RISK COMMITTEE****27 OCTOBER 2008****REPORT OF THE INTERIM CHIEF INTERNAL AUDITOR****INTERNAL AUDIT CHARTER****1 Introduction and Purpose of Report**

- 1.1 The CIPFA Code of Practice for Internal Audit in Local Government 2006 requires that the Council should formally define the purpose, authority and responsibility of Internal Audit. An Audit Strategy and Terms of Reference were presented to the Accounts Audit and Risk Committee in September 2007. This Internal Audit Charter seeks to build on the Audit Strategy and Terms of Reference and to set out clearly the role of Internal Audit within Cherwell District Council. The Charter will be reviewed regularly in order to ensure that it reflects current requirements. The Charter will be communicated to all staff.

2 Wards Affected

- 2.1 All wards are affected.

3 Effect on Policy

- 3.1 None.

4 Contact Officer(s)

- 4.1 Chris Dickens (extension 7928)

5 Risk Assessment, Financial Effects and Contributions to Efficiency Savings

- 5.1 The following details approved by Chris Dickens (extension 7963):

5.2 Risk Assessment

Failure to maintain the independence of internal audit could lead to a lack of objectivity and an inability to perform in a manner which facilitates impartial and effective professional judgement. This risk has been assessed on the Council's risk register, entry number 0297.

- 5.3 Financial effects - None

- 5.4 Efficiency savings - None

6 Recommendation

- 6.1

The Accounts, Audit and Risk Committee is **RECOMMENDED** to consider and approve this Internal Audit Charter.

Cherwell District
Council
Internal audit charter
October 2008



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1. Mission and scope of work

The mission of internal audit is to provide independent, objective assurance and consulting services designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of work of internal audit is to determine whether the Council's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the Council's control process.
- Significant legislative or regulatory issues impacting the Council are recognised and addressed appropriately.
- Opportunities for improving management control, profitability and the Council's image may be identified during audits. They will be communicated to the appropriate level of management.

2. Accountability

The Chief Internal Auditor, in the discharge of his/her duties, shall be accountable to management and the Accounts, Audit and Risk Committee to:

Provide annually an assessment on the adequacy and effectiveness of the Council's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.

Report significant issues related to the processes for controlling the activities of the Council and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.

Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.

Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

Whilst the annual internal audit report is a key element of the assurance framework required to inform the Annual Governance Statement (AGS), there are also a number of other sources from which those charged with governance should gain assurance. The level of assurance required from internal audit will be agreed with the Accounts, Audit and Risk Committee at the beginning of the year and presented in the annual internal audit plan (and subsequent agreed amendments). As such, the annual internal audit opinion does not supplant responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities

3. Independence

To provide for the independence of internal audit, its personnel report to the Chief Internal Auditor, who reports functionally to the Accounts, Audit and Risk Committee and administratively to the Strategic Director – Customer Service and Resources in a manner outlined in the above section on Accountability. It will include as part of its reports to the Accounts, Audit and Risk Committee a regular report on internal audit progress against the internal audit plan.

4. Responsibility

The Chief Internal Auditor and staff of the internal audit team have responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Accounts, Audit and Risk Committee for review and approval as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Accounts, Audit and Risk Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the Accounts, Audit and Risk Committee and management summarising results of audit activities.
- Keep the Accounts, Audit and Risk Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Accounts, Audit and Risk Committee.
- Assist in the investigation of significant suspected fraudulent activities within the Council in accordance with its anti fraud and corruption procedures and notify management and the Accounts, Audit and Risk Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Council at a reasonable overall cost.

5. Authority

The Chief Internal Auditor and internal audit staff are authorised to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the Accounts, Audit and Risk Committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the Council where they perform audits, as well as other specialised services from within or outside the Council.

The Chief Internal Auditor and internal audit staff are not authorised to:

- Perform any operational duties for the Council or its affiliates.
- Initiate or approve accounting transactions.
- Direct the activities of any Council employee, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

6. Relationships

The Chief Internal Auditor and internal audit staff are involved in a wide range of relationships and the quality of those relationships impact on the quality of the audit function and the effective delivery of that function.

- **Relationships With Management**

The Chief Internal Auditor and internal audit staff will maintain effective relationships with managers of the Authority. Regular meetings will be held with key stakeholders and management will be consulted with in the audit planning process. Timing of audit work will be in conjunction with management.

- **Relationships With Other Internal Auditors**

Where it is necessary for the Chief Internal Auditor and internal audit staff to work with the internal auditors of another organisation, the roles and responsibilities of each party will be agreed. Appropriate safeguards will be put in place to ensure that third party responsibilities are clearly defined understood by all concerned.

- **Relationships With External Auditors**

Internal audit and the Audit Commission will establish a working relationship where internal and external audit can rely on each other's work, subject to the limits determined by their responsibilities, enabling them to evaluate, review and only re-perform where necessary. Regular meetings will be held and plans and reports shared. External audit are consulted as part of the internal audit planning process.

- **Relationships With Other Regulators And Inspectors**

The Chief Internal Auditor and his staff will take account of the results and reports from any inspections when planning and undertaking internal audit work. Where appropriate, the Chief Internal Auditor will establish a dialogue with representatives of the appropriate inspection agencies.

- **Relationships With Elected Members**

The Chief Internal Auditor will establish a good working relationship with members, in particular with members of the Accounts, Audit and Risk Committee. The Chief Internal Auditor has the opportunity to meet with the Chair of the Accounts, Audit and Risk Committee if desired.

7. Standards of audit practice

Internal audit will meet or exceed the *Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors, The Government Internal Audit Standards ("GIAS") and the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006

Interim Chief Internal Auditor

Presented to Accounts, Audit and Risk Committee

Dated _27th October 2008