

At a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the CIVIC CENTRE on Friday 10 February 2012

Present:

Mr G N Cook in the Chair

Councillor Forbes, Tate, T Wright and Mr J P Paterson.

Declarations of Interest

The following Councillors declared personal interests in the reports listed below for the reasons indicated: -

Item 6 – Treasury Management Policy and Strategy	Councillor Tate	Member of Newcastle International Airport Local Authority Holding Company
Item 8 – Audit Plan for 2011/2012	Councillor Tate	Member of GMB

Apologies for Absence

Apologies for absence were received from Councillors Rolph and Speding.

Minutes

37. RESOLVED that the minutes of the meeting of the Committee held on 20 January 2012 be confirmed and signed as a correct record.

Internal Audit Progress Report

The Head of Audit, Risk and Procurement submitted a report outlining progress of Internal Audit up to 30 December 2011, the areas of work undertaken and the internal audit opinion regarding the adequacy of the overall system of control within the Authority.

Members' attention was drawn to Appendix 1, which showed that all Key Performance Indicators had been met with the exception of two areas. One of these

was the percentage of audits completed by target date which stood at 72% against a target of 80%. This was mainly because of the support work being required by managers due to the amount of change currently underway and the availability of clients. This was not considered to be of any concern.

The other area which was behind target was the implementation of medium risk recommendations. This currently stood at 78% against a target of 90% and Members had previously been made aware this was mainly due to low rates of implementation in Health, Housing and Adult Services. Action was being taken within the Directorate to address this but it would take a number of months before it was reflected in the overall rate. It was suggested that if the direction of travel did not improve for the implementation of medium risk recommendations, the Committee would consider inviting the Executive Director of Health, Housing and Adult Services to attend a future meeting to outline the action being taken by the Directorate.

Good progress had been made against the Internal Audit Plan and all Key Risk Areas were showing an overall opinion of good or satisfactory. The Head of Audit, Risk and Procurement advised that if any piece of work which was in the plan was not carried out, an explanation would be given.

Councillor Wright noted that implementation rates of medium risk recommendations had reduced in some directorates between November and December and asked how this was measured. The Head of Audit, Risk and Procurement advised that the implementation rate was based on the last 10 to 12 follow up audits in each directorate which look at the total number of recommendations and total number which had been implemented. This would provide the latest attitude towards implementation in directorates.

Referring to housing benefit fraud, Councillor Wright queried the different values of overpayment reflected in the report and was informed that seven prosecutions had arisen as a result of the National Fraud Initiative and the other overpayments were identified through a Department for Work and Pensions (DWP) matching exercise. The Head of Audit, Risk and Procurement explained that when overpayments were identified, 40% of the value was received back from the DWP and the Council then had to recover the rest from the individual concerned. The rate of recovery was currently 71% across all overpayments. As this was already at a high level, increased resources in the area would not make a significant impact.

Councillor Tate highlighted the audits of schools and asked how an auditor might differentiate between an opinion of good or satisfactory. The Head of Audit, Risk and Procurement stated that the audit opinion was a judgement rather than a formula and schools which met the minimum standards would be judged as satisfactory and those where compliances levels were very high would be judged as good. Internal Audit would only carry out follow up audits with schools if there were any medium risk recommendations.

Councillor Wright asked for further information about the unplanned audit of 'Technoforge' and was informed that this was an IT system which stored data on land and property. The audit opinion had been unsatisfactory but only medium risk because the system was not yet being relied upon and needed improvement before

it went live. Councillor Wright added that he assumed an audit of assets would have to be carried out, given that the Government had said that local authority assets could be transferred to the community. Dennis Napier, Assistant Head of Financial Resources reported that an exercise had been carried out within a separate system to account for assets and match what was held by Technoforge. A full audit of the area had been carried out.

In response to a query from Councillor Forbes, the Head of Audit, Risk and Procurement advised that work to identify any duplicate payments would also seek to identify the reasons for any duplicates as well as recovery of the payments.

Councillor Forbes also expressed concern that an audit of adoption allowances had resulted in an unsatisfactory conclusion. The Head of Audit, Risk and Procurement advised that the allowances had been set in 1993/1994, had not been reviewed for some time and there was no information to indicate how they had initially been structured. In addition, adoption allowances were not linked to fostering allowances. A number of other issues had been identified which had led to the unsatisfactory opinion but Members were assured that these would all be addressed through the recommendations made, which would be followed up.

Having considered the report, the Committee: -

38. RESOLVED that
- (i) the information regarding progress against the planned audit work for the year and performance targets be noted;
 - (ii) the opinion that the Council continues to have an adequate system of internal control be noted; and
 - (iii) the rate of implementation of medium risk recommendations in Health, Housing and Adult Services be monitored.

Treasury Management – Third Quarterly Review 2011/2012

The Executive Director of Commercial and Corporate Services submitted a report detailing the third quarterly review of Treasury Management performance for 2011/2012 in accordance with the requirements of the Treasury Management Policy and Strategy.

The Assistant Head of Financial Resources stated that this was a very positive report and that the performance of the Treasury Management function continued to make contributions by making financial savings to support future year's capital programmes and by taking advantage of debt rescheduling opportunities and obtaining low cost borrowing where possible, which in turn also helped reduce capital financing costs for the revenue budget. Higher rates of return on investments also helped to support the revenue budget.

The Committee were informed that the Council's interest rate on borrowing was very low and the levels and types of borrowing were well within all Prudential Indicators. The rate of return on investments was also higher than expected at 1.63% compared with the benchmark rate of 0.4%. To put this in context, the Assistant Head of Financial Resources advised that additional interest received was almost £1.1 million above the budget target for 2011/2012 up to the end of December 2011.

Members were assured that changes to financial institutions ratings were monitored on a daily basis and changes made accordingly. Recent amendments to the Counterparty Criteria and Approved Lending List had been highlighted in bold within the report. The Council would continue to follow its prudent policy in relation to all Treasury Management activities.

Having congratulated the officers involved on an excellent report, the Committee: -

39. RESOLVED that: - (i) the Treasury Management performance for quarter 3 of 2011/2012 be noted; and
- (ii) the amendments to the Lending List Criteria and the Lending List be approved.

Treasury Management Policy and Strategy 2012/2013

The Executive Director of Commercial and Corporate Services presented a report informing the Committee of the proposed Treasury Management Policy and Strategy for 2012/2013 and the Prudential 'Treasury Management' Indicators for 2012/2013 to 2014/2015. The Committee was requested to provide comments to the Cabinet and Council on the Strategy where appropriate.

The Treasury Management Strategy comprises a Borrowing and an Investment Strategy and sets out the Council's policies for managing its borrowing and investments and for giving priority to the security and liquidity of investments.

The Assistant Head of Financial Resources reported that there were no major changes being proposed to the overall Treasury Management Strategy in 2012/2013 which would maintain the careful and prudent approach adopted by the Council in previous years. The strategy was informed by factors such as the extent of potential borrowing included in the Council's capital programme, the availability of borrowing, the current and forecast UK and world economic position, specifically in relation to interest rates and security of investments. Despite this, there was still enough flexibility within the strategy to allow for changes to be made at short notice.

Members' attention was drawn to the Treasury Management Indicators and the legal requirement to provide assurance that the Council's Capital Programme was affordable.

The Treasury Management Policy Statement must be approved each year and there was a new requirement for this year's document to be more explicit about both the Council's Borrowing and Investment Strategies, which were set out in summary in

Appendix 2 to the report, to help explain the overarching policies and strategies being adopted in 2012/2013. The Committee were assured that investments were at first deemed to be safe and the optimisation of yields would be considered once security was assured. The Lending List Criteria and Approved Lending List showed that government backed institutions provided the safest opportunities for investment and only short term loans would be taken with other banks.

The Committee were pleased to note that the careful and prudent approach adopted by the Council in previous years would continue and accordingly: -

40. RESOLVED that the Council be advised that, having considered the report on the Treasury Management Policy and Strategy for 2012/2013, the Audit and Governance Committee had concluded that the arrangements for Treasury Management were in an excellent position for next and future years.

Annual Grants Report for 2010/2011

The Executive Director of Commercial and Corporate Services submitted a report presenting the Audit Commission's Annual Report on the Certification of Grants and Claims and Gavin Barker, representing the Audit Commission, spoke to the report.

Gavin advised that the report detailed a good outcome for the Council. There had been no loss of grant due to any error and the amendments made to claims were due to external factors. The most significant change to a claim was £4.1 million of expenditure from the Single Programme which was allowed to be claimed in 2010/2011 due to the programme coming to an end. This had been managed through successfully by officers.

There had been a qualification letter issued for the New Deal for Communities claim but this had not impacted on the grant receivable. The fee for the work in 2010/2011 had been £40,460 which had been £3,500 below the anticipated cost.

Councillor Forbes asked if the Audit Commission had identified any issues with partnership claims and Gavin commented that the Council had a well established verification framework and had good relationships with partners but issues did arise each year from the verification work carried out by council officers. Assurance was necessary for the Council's grant claim but the Audit Commission as part of the process had to review the verification work of Internal Audit with partners.

The Head of Audit, Risk and Procurement added that some problems had arisen as a result of conditions imposed by central Government and the difficulties associated with communicating these to external bodies.

Following consideration of the report, the Committee: -

41. RESOLVED that the Annual Report on the Certification of Claims and Returns be received and noted.

Audit Plan for 2011/2012

The Executive Director of Commercial and Corporate Services introduced the Audit Commission's Audit Plan which notifies the Council of the work that the Audit Commission is proposing to undertake in respect of the audit of the financial statements and the value for money conclusion for 2011/2012.

Gavin Barker, Senior Audit Manager, advised that the plan would be based on the Audit Commission's risk based approach to audit planning. He highlighted that the following risks which had been identified in relation to the audit of the accounting statements: -

- Potential liabilities in respect of equal pay;
- Valuation of Newcastle International Airport;
- Correct accounting treatment of Care and Support Sunderland; and the
- New requirement to account for heritage assets.

Gavin also drew Members' attention to the significant risks which were relevant to the value for money conclusion. These were:

- Delivery of improvements through the Sunderland Way of Working and Corporate Transformation Programmes;
- Close monitoring of the budget position to ensure the delivery of actual savings and efficiencies, given the tight financial settlement, particularly the SWITCH process;
- Maintenance of good governance during a period of major change – evidence of the maintenance and/or improvement of service delivery, despite the difficult financial position;
- Review of any further measures to make savings required for future years; and
- The exploration of alternative models for service delivery.

The Audit Plan set out the key milestones and deadlines to be met by the audit team for 2011/2012 and also the fee for the work. The audit fee was £299,270 which was a 10% reduction on the scale fee for 2010/2011. The fee for auditing grants would also reduce by 13.4% as the number of grants which were subject to audit decreased.

Councillor Wright asked about the likely impact of equal pay claims on the Council and the Executive Director of Commercial and Corporate Services reported that a judgement had been received in relation to a particular tranche of claims and it had gone against the Council. The full detail of the judgement was still being worked through and a view would subsequently be taken about the potential next steps in the process. The Audit Commission had previously noted that the Authority was as best placed as it could be to respond to the issue.

Upon consideration of the report, it was: -

42. RESOLVED that the content of the report and the reduced audit fees for work undertaken in 2011/2012 be noted.

Local Public Audit – The Government’s Response to the Consultation

The Executive Director of Commercial and Corporate Services submitted a report providing a summary of the Government’s response to the consultation on the future arrangements for local public audit.

Following the decision to abolish the Audit Commission, the Government had consulted on proposals for a new local public audit framework and the Council had responded in June 2011. The current position on elements of the framework and relevant commentary from Council officers was outlined within the report.

The Head of Audit, Risk and Procurement highlighted the section relating to the appointment of auditors and that an Independent Auditor Appointment Panel would oversee the process and make a recommendation to full Council. Where a body already had an independent audit committee it could be used as the Auditor Appointment Panel. Over the next few years, Sunderland would need to consider how best to address this, by either establishing a separate Appointment Panel or by altering the make up of the Audit and Governance Committee.

The Audit Commission had evaluated the bids which had been made for its audit work and would make the decision to award contracts on a three or five year basis following discussion with the Department of Communities and Local Government (CLG). The results of the bidding process would be known on 6 March 2012.

The Government had held recent events to enable local authorities, local public bodies and the audit sector to give their views about the underlying detail of the framework. The Executive Director of Commercial and Corporate Services reported that he had attended an event on 27 January 2012 which had been led by CLG, with the Audit Commission and National Audit Office in attendance. There had been discussions about the future shape of the value for money assessment also the arrangements for the Independent Auditor Appointment Panel.

Councillor Wright welcomed the idea of auditors being appointed by an independent panel but commented that he felt the current committee set up was effective and asked if there was potential to establish a sub-committee of the main committee to appoint auditors. The Executive Director advised that this was a possibility, as long as there was a majority of independent members on the appointment panel.

Following discussion, the Committee: -

43. RESOLVED that the report be noted.

(Signed) G N COOK
Chairman

AUDIT AND GOVERNANCE COMMITTEE

23 March 2012

INTERNAL AUDIT PROGRESS REPORT

Report of the Head of Corporate Assurance and Procurement

1. Purpose of Report

- 1.1 To consider the performance of Internal Audit up to 24th February 2012, areas of work undertaken, and the internal audit opinion regarding the adequacy of the overall system of internal control within the Authority.

2. Description of Decision

- 2.1 The Audit and Governance Committee is asked to consider the report.

3. Key Performance Indicators

- 3.1 Performance against the agreed KPIs to date is shown in Appendix 1.
- 3.2 All KPI's are on target with the following 2 exceptions:
- The percentage of medium risk recommendations implemented currently stands at 80% (excluding schools) against a target of 90%. A summary of the performance by directorate for medium risk recommendations is shown in the table below. Members will be aware that action is being taken by Health, Housing and Adult Services to improve their implementation rate, although as explained in the November progress report this will take time to filter through to the overall rate.

Directorate / Body	Implementation Rate - Dec	Implementation Rate - Feb
Children's Services (non schools)	86%	88%
City Services	90%	90%
Office of the Chief Executive	82%	82%
Commercial and Corporate Services	94%	97%
Health, Housing & Adult Services	54%	56%
Implementation Rate (exc. schools)	78%	80%
Schools	85%	85%
Total Implementation Rate	81%	82%

- Percentage of audits completed by the target date (from scoping meeting to issue of draft report). The actual performance is 74% against a target of 80%. This is mainly due to support work being required by managers across the Council due to the amount of change that is currently underway and the availability of clients. It is not of concern.

4. Summary of Internal Audit Work

4.1 The audit opinion for the audits carried out so far during the year is shown in Appendix 2 along with the current overall opinion based on the current and 2 previous years audit work. Of the 100 planned audits, 79 have been completed to date (7 of which relate to associated bodies). Three have been cancelled as they are no longer required, they are ICT Procurement, Stroke Care Grant and Information Governance at Beamish Museum. The following planned audits are currently ongoing:

- Payroll Processing (ongoing throughout the year)
- Council Tax – Recovery
- Council Tax – Setting and Billing
- Council Tax Valuation
- Responsive Local Services
- Personnel Administration Arrangements
- Revenue Procurement
- 3 schools
- ICT Strategy
- Asset Management
- Corporate Performance Management
- Port Governance
- Personal Budgets
- Facilities Management
- Two audits at the Fire Authority

4.2 Since the last progress report no unplanned audits have been completed.

4.3 Internal Audit carry out proactive advice and guidance work in many areas across the Council where procedures and arrangements are being developed or changed. This work is important in helping the Council build appropriate controls into new systems or procedures and helps to provide assurance that risks are being considered and managed, where appropriate. Guidance has been provided since the last progress report or continues to be provided in the following areas:

- Support is continuing with the implementation of the Local Authority Controlled Company, Care and Support Sunderland Limited.
- Internal Audit are advising the project board which is assessing options for the future delivery of care and support services to adults.

- Proposed changes to the way personal budgets are administered in relation to social care.
- The Council has purchased a replacement customer relationship management system for which support is being provided regarding its implementation.
- The Council is currently implementing a new Corporate Computing Model (CCM) involving the planning, design, and implementation of an end to end solution for server and end-user computing delivery. Internal Audit staff are working in conjunction with ICT, Risk Management and 3rd party partner organisation staff in supporting the implementation of this major project.

4.4 Specific work aimed at detecting fraud, misappropriation or errors which may have resulted in financial loss is currently ongoing in the following areas:

- Foster Care Payments
- Gifts and hospitality
- Security and use of fuel / vehicles
- Income arrangements at the Aquatic Centre

4.5 Work is ongoing with a specialist firm to carry out an exercise to review the Council's creditor payments using advanced software technology to identify any further potential duplicate payments. The work will also help to establish the effectiveness of the NFI exercise.

5. Conclusions

5.1 This report provides information regarding progress against the planned audit work for the year and performance targets.

5.2 Results of the work undertaken so far during the year have not highlighted any issues which affect the opinion that overall throughout the Council there continues to be an adequate system of internal control.

6. Recommendations

6.1 Members are asked to consider the report.

Appendix 1

Internal Audit and Counter Fraud Unit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2011/2012			
Efficiency and Effectiveness			
Objectives	KPI's	Targets	Actual Performance
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified for the Council	1) All key risk areas covered over a 3 year period	1) Achieved
	2) Percentage of draft reports issued within 15 days of the end of fieldwork	2) 90%	2) On target - 92% to date
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report)	3) 80%	3) Behind target - 74% to date
	4) Number of sanctions and prosecutions for housing benefit investigations	4) 155 / annum	4) Ahead of target – 163 to date
	5) Value of overpayments identified during housing benefit investigations	5) £600k / annum	5) Ahead of target - £716,166 to date

Internal Audit and Counter Fraud Unit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2011/2012

Quality			
Objectives	KPI's	Targets	Actual Performance
1) To maintain an effective system of Quality Assurance	1) Opinion of External Auditor	1) Satisfactory opinion	1) Achieved
2) To ensure recommendations made by the service are agreed and implemented	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented	2) 100% for high and significant. 90% for medium risk	2) On target – significant 100% Behind target - Medium 80% (excluding schools)
Client Satisfaction			
Objectives	KPI's	Targets	Actual Performance
1) To ensure that clients are satisfied with the service and consider it to be good quality	1) Results of Post Audit Questionnaires	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)	1) On target - 1.1 to date
	2) Results of other Questionnaires	2) Results classed as 'Good'	2) Non undertaken as yet
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported	3) 26 compliments 2 complaints relating to benefit fraud investigations (one not upheld but improvements identified)

Appendix 2

Audit Coverage

Key Risk Area	Planned Audits	Conclusion (audits undertaken 2011/12)	Overall Opinion
Corporate Governance	Annual Corporate Governance Review	Good	Good
Service / Business Planning	Responsive Local Services Facilities Management Reablement at Home - Adults Business Support	Satisfactory Satisfactory	Satisfactory
Partnerships	Non Planned	N/A	Satisfactory
Financial Management	Corporate Budget Setting and Management Adoption Allowances Social Care Resource Agency Personal Budgets - Adults Port Governance Arrangements Treasury Management 1 Leisure Centre Accounts Payable Accounts Receivable - Collection Periodic Income - Recovery and Enforcement Cash Receipting - Central System Council Tax - Setting Council Tax - Billing Council Tax - Valuation Council Tax - Recovery Business Rates – Recovery & Enforcement BACS Arrangements Charging for Services - HHA Stroke Care Grant Future Jobs Fund Grant Deprived Areas Fund Grant Unplanned Audit – SIB and Community Chest Grants Unplanned Audit – SWITCH Modelling Unplanned Audit – Future Jobs Fund – final audit certificate Unplanned Audit – SWITCH Modelling	Unsatisfactory Good Good Good Good Good Good Good Satisfactory Satisfactory Satisfactory Cancelled Satisfactory Satisfactory Good Satisfactory Satisfactory Satisfactory	Good

Key Risk Area	Planned Audits	Conclusion (audits undertaken 2011/12)	Overall Opinion
Risk Management	Port Governance Arrangements 1 Leisure Centre Insurance Policies	Good Good	Good
Programme and Project Management	Project Management Information Governance (Project Server)	Good	Good
Local Taxation	Council Tax - Setting Council Tax - Billing Council Tax Valuation Council Tax - Recovery Business Rates - Recovery and Enforcement	Satisfactory	Good
Procurement and Contract Management	Procurement of ICT Equipment Purchasing Card Arrangements Capital Procurement Revenue Procurement	Satisfactory Good	Satisfactory
Human Resource Management	Corporate Training and Development Arrangements Personnel Administration Arrangements Management of Employees in SWITCH	Satisfactory Unsatisfactory	Satisfactory
Asset Management	Asset Management (including Property Asset Database) Asset Register/Capital Accounting Unplanned Audit - Technoforge	Good Unsatisfactory	Satisfactory
ICT Strategy and Delivery	Implementation of the ICT Strategy ICT Remote Access Threats Information Technology Infrastructure Library	Satisfactory Good	Satisfactory
Fraud and Corruption	Counter Fraud Testing (including in schools) Access to IT systems - with movement of employees Social Care Resource Agency 1 Leisure Centre Asset Management - ICT Equipment Unplanned Audit – SIB and Community Chest Grants	Unsatisfactory Good Good Unsatisfactory Good	Satisfactory

Key Risk Area	Planned Audits	Conclusion (audits undertaken 2011/12)	Overall Opinion
Information Governance	Corporate Information Governance (including procedures for remote working) Email Security Smarter Working - Employees Working Remotely within Children's Services Document Management Unplanned Audit – Corporate Data Protection Arrangements	Satisfactory Good Satisfactory Satisfactory Satisfactory (except re Subject Access Requests and Caldicott Guardian)	Satisfactory
Business Continuity and Emergency Planning	Major Incident Planning Business Continuity Planning - Children's Services	Good Satisfactory	Satisfactory
Performance Management	Responsive Local Services Corporate Performance Management Facilities Management Port Governance Arrangements Customer Services Network Reablement at Home - Adults Social Care Resource Agency Follow up – Sunderland Compact	 Satisfactory Satisfactory Good Satisfactory	Satisfactory
Payroll	Payroll Processing and Payment		Good
Housing Benefits	Housing Benefit Administration	Satisfactory	Satisfactory
Schools	38 schools 35 schools audits completed – 32 good, 3 satisfactory	Good	Good

AUDIT AND GOVERNANCE COMMITTEE

23 March 2012

CORPORATE RISK PROFILE

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of the Report

- 1.1 This report outlines the findings of the last review of the Corporate Risk Profile undertaken by the Executive Management Team, which they agreed on 13th March 2012.

2. Corporate Risk Profile

- 2.1 The new Corporate Risk Profile, agreed by EMT, is attached at Appendix 1. The Profile covers those risk areas that relate to the delivery of the Council's strategic priorities.
- 2.2 Seven strategic risk areas were identified. Given the breadth of a number of these areas they were sub-divided in order to ensure appropriate mitigating actions are identified.

The table below shows the strategic risk areas and the number of sub-risks that have been identified.

Strategic Risk Area	Number of Sub-risks
Economy	1
Reduced Resources	1
Community Needs	2
Social breakdown	2
Reputational and Influencing	1
Partnerships	1
Planning and Responsiveness to national agenda	1
	9

- 2.3 The Corporate Risk and Governance group (which will be re-shaped as the Corporate Assurance Group, as part of the introduction of the Integrated Assurance Framework) will oversee the identification of appropriate mitigating actions and their implementation. Progress will be reported to the Committee through the proposed quarterly updates of the Corporate Assurance Map.
- 2.4 The risk areas that have been removed from the profile are shown at Appendix 2 for information. It should be noted that assurance in relation to these areas will be sought as appropriate and monitored through Directorate Risk Management plans and the work of the Internal Audit and/or Risk and Assurance team.

3. Recommendations

- 3.1 The Committee is asked to consider and endorse the Corporate Risk Profile set out in Appendix 1, and note that the strategic risk areas will be included within the Corporate Assurance Map

Corporate Risk Profile

Risk Area	Risk Description	Proposed Risk Owner	Score L x I
ECONOMY	1) Adverse market conditions may delay progress and reduce momentum in achieving the benefits of the Economic Masterplan	Janet Johnson, Deputy Chief Executive	3x4=12
Context Further decline in the national economy and reduction in public sector budgets will adversely impact the ability to grow the local economy, and impact on employment.			
Mitigation areas <ul style="list-style-type: none"> • Prioritise existing work programme • Review programme and project governance / delivery arrangements • Creating, attracting and expanding business in the City • Youth Employment Programme 			
REDUCED RESOURCES	2) Further significant budget cuts	Malcolm Page, ED of Commercial and Corporate Services	3x4=12
Context The budget settlements, Local Government Resource Review and localisation of business rates may significantly impact on the council's financial position.			
Mitigation areas <ul style="list-style-type: none"> • Business Transformation Programme • Commercial Programmes • Service assessment methodology • Cultural Change (e.g. accountability framework, collaborative leadership) • SWITCH and IJM 			

Risk Area	Risk Description	Proposed Risk Owner	Score L x I
COMMUNITY NEEDS	3) The scale of the compound change in the short/medium term within the City is such that the Council is unable to effectively respond to the needs of people and communities	Keith Moore, ED of Children's Services & Neil Revelly, ED of Health Housing & Adult Services	2x4=8
Context Welfare reforms may impact upon the ability of tenants to afford their current accommodation. The current choice of housing may not meet the changing needs of current residents or attract new residents. Levels of unemployment may increase given the state of the economy.			
Mitigation areas <ul style="list-style-type: none"> Analyse the impact of welfare reforms on Sunderland residents and mitigate Type, choice and availability of housing Health and Wellbeing Board Joint Strategic Needs Assessment Responsive Local services Whole Family approach Child and Family Poverty 			
COMMUNITY NEEDS	4) The Council may not identify effective ways of influencing the school improvement agenda so that all children achieve their full potential	Keith Moore, ED of Children's Services	2x3=6
Context Government policy changes have resulted in Local Authorities having reduced influence over schools. A reduction in Government grants has reduced funding for services such as school improvement.			
Mitigation areas <ul style="list-style-type: none"> Relationship with schools Commercialisation of school support services 			

Risk Area	Risk Description	Proposed Risk Owner	Score L x I
REPUTATIONAL AND INFLUENCING	5) The reputation of the council may be seriously damaged through negative media coverage on a particularly sensitive issue	Deborah Lewin, Director of Communications	2x3=6
Context Council actions are under an increased level of publicity scrutiny and there has been a huge growth in online and digital media allowing media stories to be spread very quickly.			
Mitigation areas <ul style="list-style-type: none"> • Clear acceleration programme within media/ communications for sensitive media issues • Dedicated, senior media/ comms resource in place for all court cases and serious case reviews • Good relationship with Sunderland Safeguarding Children Board • Media training for key staff and members 			
SOCIAL BREAKDOWN	6) Communities may be unable to positively respond to and cope with changes brought about by the Welfare Reforms and economic climate	Ron Odunaiya, ED of City Services	2x3=6
Context Recent social unrest / 'riots' in other areas, increase in unemployment, reduction in benefits. Lack of resilience and ability to maintain and/or improve standards of living.			
Mitigation areas <ul style="list-style-type: none"> • Community Resilience • Community Engagement and Leadership 			
SOCIAL BREAKDOWN	7) If the City becomes unattractive to residents, businesses and visitors, this would adversely impact upon the ability to build lasting neighbourhoods	Ron Odunaiya, ED of City Services	2x3=6
Context Economic conditions make it more difficult to attract investors and developers. Reduction in public sector budgets will adversely impact on investment.			
Mitigation areas <ul style="list-style-type: none"> • City centre development • City villages • Capital Strategy 			

Risk Area	Risk Description	Proposed Risk Owner	Score L x I
PARTNERSHIPS	8) Inadequate engagement with partners may lead to missed opportunities to co-design services and to share or transfer responsibilities for delivering successful outcomes	Sarah Reed, Assistant Chief Executive	2x3=6
Context Financial pressures on Council and partners affecting local provision – varying standards of quality. Other organisations may develop joint working whilst the Council is developing its own business operating model.			
Mitigation areas <ul style="list-style-type: none">Effectiveness of strategic partnershipsOpportunities to improve outcomes through partnership working			
PLANNING AND RESPONSIVENESS	9) Unable to be responsive to changes in government policy direction and broader external environment in a timely way	Janet Johnson, Deputy Chief Executive	2x2=4
Context New government introducing a number of different policies in a short period of time.			
Mitigation areas <ul style="list-style-type: none">Horizon scanningPolicy and Strategy development			

Risk Scoring Matrix

IMPACT	Critical	4				
	Significant	3				
	Moderate	2				
	Minor	1				
Risk Rating Matrix			1	2	3	4
			Unlikely	Possible	Likely	Almost Certain
			LIKELIHOOD			

Risk Impact:
 1 = Minor
 2 = Moderate
 3 = Significant
 4 = Critical

Risk Likelihood:
 1 = Unlikely
 2 = Possible
 3 = Likely
 4 = Almost Certain

Risks removed from Profile

1) Adverse outcome in relation to Single Status & Equal Pay litigation
2) The Council's data is not adequately protected
3) The Council does not maximise the use of ICT to support the delivery of strategic priorities
4) The Council's Business Continuity arrangements are not resilient to change
5) The effective control and coordination of programmes and projects is not consistently applied across the Council
6) Unable to prevent a high profile safeguarding failure which results in the death or serious injury to a child, young person or vulnerable adult

AUDIT AND GOVERNANCE COMMITTEE

23 March 2012

CORPORATE ASSURANCE MAP 2012/13

Report of the Head of Corporate Assurance and Procurement

1. Purpose of Report

- 1.1 To enable the Audit and Governance Committee to consider and comment on the proposed Corporate Assurance Map and the supporting plans for the Internal Audit and Risk and Assurance teams for 2012/13.

2. Background

- 2.1 In January 2012 the Committee ratified the introduction of a new Integrated Assurance Framework which aims to co-ordinate the key sources of assurance within the Council in relation to strategic and corporate risk areas and make the process for gathering the assurance more efficient and effective. This report presents the Corporate Assurance Map for 2012/13 and sets out where assurance will be obtained from, including the plans of work for Internal Audit and the Risk and Assurance team.
- 2.2 For completeness, the Plan covers Internal Audit's key performance measures. The report does not set out the work to be undertaken for associated bodies for which the Council has a lead responsibility, this is a matter for the bodies concerned.

3. Recommendation

- 3.1 The Audit and Governance Committee is invited to consider and, if appropriate, make comment on the proposed Corporate Assurance Map and the plans of work for the Internal Audit and Risk and Assurance teams.

4. Background Papers

Presentation to the Audit and Governance Committee – January 2012

Corporate Assurance Map and Supporting Plans 2012/13

1. Introduction

- 1.1 In order for the Council to ensure that robust arrangements for managing its affairs and completing its Annual Governance Statement with some certainty, it must have in place three key elements: Governance, Risk Management and Assurance. All of these elements are interrelated and are crucial to the Council. The three elements can be described as follows:
- Governance – A framework of rules and practices by which an organisation is managed. It includes roles, responsibilities and limits of authority, organisational and committee structures, and policies, frameworks and regulations.
 - Risk Management – A set of processes through which management identifies, assesses and where necessary responds appropriately to risks through mitigating actions or taking opportunities.
 - Assurance – Method of monitoring compliance with the established governance arrangements of the organisation and the efficiency and effectiveness of how risks identified are managed.
- 1.2 These three elements are inter-dependent as assurance activity will assess compliance with governance arrangements, identify issues which require additional governance and may highlight risks which were thought to be well managed. Risks identified require additional governance and may influence the focus of assurance activity, and when reviewing governance arrangements new risks may be identified which need to be managed. An environment of good internal control within the Council will support the three elements but internal control is not just about policies and procedures, it is also the actions taken by employees at all levels to achieve objectives that sets the culture of the organisation.

2. Integrated Approach

- 2.1 To provide a robust overall view of the three elements described above an integrated approach should be adopted, i.e. an Integrated Assurance Framework. The framework needs to extend throughout the business and not just reside in specialist corporate functions, with the aim being for it to be embedded into everyday operations. Co-ordinated efforts with other assurance providers will maximise efficiencies and reduce the burden on the everyday activities of the Council.

- 2.2 The structure of the framework needs to consider the independence of the assurance provider, i.e. the extent to which the assurance provider is removed from those charged with the design and operation of suitable controls. It is considered appropriate that a '3 lines of defence' model be used. This approach incorporates the following levels:
- 1st line – management: focus on owning, designing and operating controls. Management must understand their responsibilities and accountabilities.
 - 2nd line – specialist functions: focus on guiding, supporting and challenging management. This role will need to be formalised within the overall framework.
 - 3rd line – has independent reporting lines, this is Internal Audit.
- 2.3 In order for the integrated framework to be successful assurance will be obtained from each level (line) as appropriate. Management will provide assurance in the form of self assessments / certifications at Head of Service and Executive Director level. This will be taken into account in the overall level of assurance but by its very nature can only be limited assurance.
- 2.4 Specialist functions generally fulfil a corporate role within the Council, and although not their primary role, they do provide a level of assurance as to the Council's governance arrangements. This assurance has been considered through the Annual Governance review in the past but needs to be better co-ordinated with the other sources of assurance. This type of assurance also needs to be formalised to ensure that it fits in with the overall framework and the other sources of assurance. Work will be undertaken with the specialist functions during 2012/13 to achieve the maximum benefit.
- 2.5 The current Risk Management and Internal Audit teams are being restructured to better support the framework and the Council through the many challenges it is facing. Two new teams are being developed, one being Internal Audit but with a much reduced scope of work, concentrating purely on internal audit work in relation to established controls and arrangements. The new Risk and Assurance team will undertake the 'guide, support and challenge' role previously carried out by the Risk Management team in supporting managers to identify, assess and manage risks, and the Internal Audit team in relation to providing advice regarding control during systems developments and major changes to arrangements. This new team will sit in the 2nd line and will work closely with managers involved in projects, service reviews, and the implementation of new service delivery models to ensure that the arrangements developed include appropriate governance and controls and therefore are able to provide a level of assurance on the arrangements due to their knowledge in this regard supplemented by how well risks are being managed.

3 Corporate Assurance Map

- 3.1 To ensure the Council obtains assurance on what is important, from the right sources in an effective and efficient way, it is necessary to 'map' the assurances required and their sources.
- 3.2 To do this it will be necessary to:
- Clarify the current assurance landscape – agree roles, responsibilities and core activities with reference to the 3 lines of defence model. Identify any potential overlap and 'hidden' assurance.
 - Identify cross-reliance opportunities – focus on the overall assurance picture rather than the work of individual functions. Identify areas where reliance can be placed on others. Determine the factors that will allow reliance to be placed and identify gaps.
 - Ensure assurance is consistent – consistent governance, risk and assurance language. Consistent reporting of issues, and working together on an ongoing basis to identify further opportunities.
 - Review and update assurance provider remits – identify unnecessary duplication and understand where different assurance providers may need to have a role in the same areas. Articulate the degrees of assurance and align the remits through appropriate documents.
- 3.3 To date, the above has only been considered in detail in relation to Internal Audit and Risk Management. There is much more work to do to align and formalise the activities of all assurance providers. This will be done with the help of a private sector partner which will be procured to provide this support, as well as providing support where the in-house teams are unable to undertake work due to capacity or experience.
- 3.4 However, work has been undertaken to identify what areas the Council requires assurance on and who can provide assurance in relation the management of risks in those areas. It should be noted that the Integrated Assurance Framework does not provide assurance on the achievement of the Council's priorities, only on the arrangements in place to manage the risks associated with achieving the priorities.
- 3.5 The document overleaf constitutes the Council's proposed Corporate Assurance Map. It sets out what areas assurance will be provided on, this is split between the management of risks in relation to the Council's strategic priorities (Corporate Risk Profile) and the corporate risk areas which are generally the inherent risk areas which exist in large organisation such as the Council. The Map also identifies the current assurance position, based upon previous internal audit work, and where assurance will be obtained from during 2012/13.

Corporate Assurance Map

Assurance Position (as at 14 th March 2012) (Cumulative)	2012/2013								
	Management Assurance	Other Internal Assurance Activity					Risk and Assurance	Internal Audit	External Assurance
		Legal Services	Financial Resources	Transformation Programmes and Projects	Strategy, Policy and Performance	HR & OD			
Strategic Risk Areas									
Economy	X				X		X		
Resources (external and internal)	X		X				X		X
Unable to meet needs of the community	X				X		X		
Reputation	X						X		
Social breakdown	X						X		
Lack of effective strategic partnerships	X				X		X		
Planning and responsiveness to national agenda	X				X		X		
Corporate Risk Areas									
Customer Focus / Service	X				X		X	X	
Legality		X						X	
Service / Business Planning	X				X		X	X	
Programme and Project Management				X			X	X	
Change Management	X			X		X	X		
Partnerships	X						X		
Business Continuity Planning	X						X		
Procurement	X							X	
Relationship and Contract Management	X	X	X				X	X	
Financial Management	X		X				X	X	X
Human Resource Management						X	X	X	
Information Governance	X	X					X	X	
Performance Management	X				X		X	X	
Asset Management	X						X		
ICT Strategy and Delivery	X			X			X		
Fraud and Corruption	X							X	
Risk Management (Service Delivery)	X						X		
Housing Benefits	X							X	
Schools	X		X				X	X	

Key: X=activity planned, White=no coverage, **Green**=full / substantial assurance, **Amber**=moderate assurance, **Red**=limited / no assurance
Previously described as: **Good** **Satisfactory** **Unsatisfactory**

- 3.6 It can be seen that the majority of areas in relation to strategic risk are currently shown as Amber (moderate assurance) with two areas being Red (limited/no assurance). This reflects that a number of these are largely due to external factors which the Council is having to manage. In future reports a view be provided on how well the Council is responding in these areas. Mitigating actions are currently being developed and progress in relation to managing the risks identified will be reported to Members.
- 3.7 The current assurance position in relation to the corporate risk areas is either Amber or Green in all cases. Members should not be concerned about the number of risk areas which are Amber. This is a positive position given the significant amount of change ongoing within the Council, with a significant movement of experienced staff and changes to procedures and ways of working. The Map shows that although there are improvements needed in a number of areas there has not been any significant breakdown in control during this period of unprecedented change. It is expected that the level of assurance in relation to a number of these areas will improve as the new integrated assurance framework is implemented.
- 3.8 The Map has been prepared based on current knowledge of the assurance position from Internal Audit work, a risk assessment covering all of the corporate risk areas and consultation with the Chief Executive, all Executive Directors and key officers across the Council. As previously mentioned, work will be undertaken with the other functions providing assurance during the coming year to develop a more efficient and effective way of working.
- 3.9 The work to be undertaken by Internal Audit in support of the Map is shown at Appendix 1. The appendix shows all of the audits that contribute to providing assurance against each risk area (some audits provide assurance to more than one risk area).
- 3.10 The plan of activity for the Risk and Assurance team is shown at Appendix 2. This is a high level plan as much of the work of the team cannot be planned in detail. The team will be involved in providing support, challenge and assurance to all of the major projects ongoing, especially those considering alternative service delivery models, service areas, partnerships and schools.
- 3.11 Performance measures for the Internal Audit team are shown at Appendix 3.

4. Aims for the coming year

- 4.1 Currently, the Council's assurance arrangements are largely reactive with a high level annual self certification exercise through the Annual Governance review. Internal Audit are relied upon to provide the assurance in relation to the day to day activities of the Council. By following the framework set out above the aim is to reach a balanced state where there is a still self certification arrangements but also a structured programme of monitoring compliance with key governance arrangements, and an Internal Audit programme informed by the assurance activity ongoing elsewhere. It can be seen in the Map above that Internal Audit are not carrying out work in relation to all of the risk areas identified, as they will seek to rely on the work of others.
- 4.2 Working together with other assurance providers will be key to making the framework effective and efficient. This will maximise the benefits and assurance obtained whilst minimising the resources required. Obtaining assurance on an ongoing basis will also be key and arrangements are already being put in place to gather the results of assurance activity as it takes place.

5. Reporting Protocols

- 5.1 A quarterly progress report will be presented to the Committee and to each Executive Director in relation to the assurance activity relevant to their Directorate. This will indicate the level of assurance provided any major findings arising from the work undertaken. Any areas requiring improvement will be highlighted to Members for them to consider. Given the innovative nature of this approach the Map itself will also be kept review on a quarterly basis.
- 5.2 An Annual Report and Annual Corporate Assurance map will be prepared for Cabinet and the Audit and Governance Committee in order to provide assurance or otherwise, and enable the Annual Governance Statement to be completed.

Detailed Audit Coverage

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2012/13
Customer Focus	34%	Area still very much developing. Risk and Assurance Team to provide support to managers through major projects. Limited work by Internal Audit	Children's Services Admissions Area Arrangements for Children's Centres Children's Services – Safeguarding Personal Budgets
Legality	25%	Internal Audit work to review arrangements for monitoring that the Council is operating legally, including review of specific areas	Traffic Management and Road Safety Equality Impact Assessments Corporate Legality
Service / Business Planning	27%	Review of the effectiveness of the new arrangements and the impact in specific service areas	Corporate Service/Business Planning Children's Services Admissions Area Arrangements for Children's Centres Children's Services – Safeguarding Traffic Management and Road Safety
Programme and Project Management	52%	Major projects are ongoing, Internal Audit to review the support being provided. Risk and Assurance Team to provide support and challenge to individual projects	Implementation of the Economic Master Plan Landscape and Reclamation Service Programme and Project Management - support to major projects Operating Model – realisation of benefits
Change Management	59%	Risk and Assurance team to provide support and challenge to the change management arrangements through the Project Assurance role	Non Planned – to be covered by the Risk and Assurance Team
Partnerships	43%	Risk and Assurance team to consider developing partnership arrangements through support and challenge provided to project boards	Non Planned – to be covered by the Risk and Assurance Team
Business Continuity and Emergency Planning	32%	Strong corporate arrangements in place. Assurance to be sought from the Business Continuity Officer regarding the arrangements in place in critical service areas	Non Planned

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2012/13
Procurement	45%	Internal Audit to continue to review a sample of procurements for compliance with the Procurement Procedure Rules. Risk and Assurance team to provide assurance on major procurements such as the new Wear Crossing (SSTC Bridge)	Capital Procurement
Relationship and Contract Management	54%	Internal Audit to review the corporate framework and relationships with new external bodies as they are developed.	Developments in relation provision of Events Care and Support Sunderland Ltd – contract management Corporate Contract Management Framework
Financial Management	46%	Strong controls in place regarding corporate arrangements, however, financial pressures are still significant and there will be significant change in service delivery models so Internal Audit will continue to carry out a proportionate amount of work on financial systems and transactions	YPLA Schools Sixth Form Grant YPLA Young Apprenticeships Cohort 6 Grant YPLA Young Apprenticeships Cohort 7 Grant Department for Business Innovation & Skills – LEP Start Up Fund Department for Business Innovation & Skills – LEP Capacity Fund Deprived Areas Fund Grant Single Investment Programme Grant 1 Leisure Centre 35 Schools Home Improvement Agency – Loans and Mortgages Personal Budgets Direct Payments Care and Support Sunderland Ltd – compliance Landscape and Reclamation Service BACS Payments Cash Receipting checks Capital Procurement Payroll transactions checks Council transactions Tax checks Business Rates transactions checks Accounts Payable transactions checks Accounts Receivable transactions checks

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2012/13
Human Resource Management	63%	It remains important that policies in relation to attendance, at a time of significant change, continue to be followed. SWITCH remains important to the Council and Internal Audit should continue to carry out work in this area and other initiatives to reduce the size of the workforce.	Corporate Attendance Management Arrangements Management of SWITCH
Information Governance	50%	Security of information is still a key risk given the level of change in the organisation and the move to remote/homeworking. Internal Audit to continue to monitor the implementation of recommendations, carry out security checks and cover in relevant audits.	Vulnerable Adults Protection Arrangements Information Governance checks
Performance Management	35%	New arrangements still being implemented. Internal Audit to review them to ensure they become embedded.	Corporate Performance Management Arrangements Operating Model – Realisation of Benefits
Asset Management	52%	Recent audit of the property asset system, Technology Forge highlighted a number of issues, which will be followed-up. Risk and Assurance team to be involved in the development of the Local Asset Based Vehicle	None Planned – to be covered by the Risk and Assurance Team
ICT Strategy and Delivery	40%	Risk and Assurance team to be heavily involved in the major projects ongoing to support the Council and the strategic priorities	Non Planned – to be covered by the Risk and Assurance Team
Fraud and Corruption	34%	Increased risk due to the economic position and the level of ongoing change within the Council. Specific counter fraud testing and increased checks on financial transactions to be undertaken by Internal Audit	Counter Fraud Checks National Fraud Initiative checks Counter Fraud Checks – schools Home Improvement Agency – Loans and Mortgages Direct Payments Cash Receipting transactions checks Payroll transactions checks Council Tax transactions checks Business Rates transactions checks Housing Benefits transactions checks Accounts Payable transactions checks Accounts Receivable transactions checks

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2012/13
Risk Management (service delivery)	24%	Risk and Assurance team to support managers to identify, assess and monitor risks. Increased focus on providing assurance that mitigating actions are implemented and are being effective	Non Planned – to be covered by the Risk and Assurance Team
Housing Benefits	28%	Internal Audit to carry out regular transactions testing. Risk and Assurance team to be involved in developments in relation to welfare reform	Housing Benefit transactions checks
Schools	20%	Generally, a high level of control within schools although the changing relationship with the Council could lead to them receiving less support. High level review undertaken by Internal Audit to provide assurance over financial management. Risk and Assurance team to provide additional support in relation managing the wider risks in schools	35 school audits plus specific counter fraud work

Risk and Assurance Plan

Area of activity	Estimated Days
Corporate Risk Profile	100
Supporting Executive Directors and Heads of Service to manage risks	120
Service Reviews (including alternative service delivery models), Programmes and Projects (including ICT)	835
Support to Schools	45
Partnerships	70
Governance Review	11
Financial Appraisals of Potential Suppliers	60
General Advice, Guidance and Support regarding service developments	140
Investigations	355
Contingency (for unforeseen work/requests)	150
Total	1,886

Internal Audit and Counter Fraud Unit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2012/13		
Efficiency and Effectiveness		
Objectives	KPI's	Targets
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the corporate risk areas	1) All corporate risk areas covered over a 3 year period
	2) Percentage of draft reports issued within 15 days of the end of fieldwork	2) 90%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report)	3) 70%

Internal Audit and Counter Fraud Unit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2012/13

Quality		
Objectives	KPI's	Targets
1) To maintain an effective system of Quality Assurance	1) Opinion of External Auditor	1) Satisfactory opinion
2) To ensure recommendations made by the service are agreed and implemented	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented	2) 100% for high and significant. 90% for medium risk
Client Satisfaction		
Objectives	KPI's	Targets
1) To ensure that clients are satisfied with the service and consider it to be good quality	1) Results of Post Audit Questionnaires	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)
	2) Results of other Questionnaires	2) Results classed as 'Good'
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported

AUDIT AND GOVERNANCE COMMITTEE

23 March 2012

LOCAL PUBLIC AUDIT – UPDATE ON AUDITOR APPOINTMENT

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1 To provide an update on the appointment of the external auditor to the Council.

2. Background

- 2.1 Members have received previous reports updating them on the progress of the procurement of the external auditor for the Council which is being managed by the Audit Commission. This report provides an update in relation to the results of the procurement process for the Council.

3. Results of the Procurement Process

- 3.1 The proposed external auditor appointment for the Council is the District Audit Partnership. As the Partnership only won one contract nationally it will become a wholly owned subsidiary of Mazars, which had helped to set it up, and will trade as Mazars DA. It is therefore possible that the same staff that currently work as the Council's external auditors will continue to do so. Given the existing good relationships this would be welcomed. The Audit Commission have said that the appointments, along with other efficiencies, will reduce audit fees for local public bodies by 40% overall. Obviously, the position in relation to fees for the Council will not be known until later. The contracts have been awarded for 5 years and will start in September 2012.
- 3.2 Now contracts have been awarded, the Audit Commission will consult with audited bodies on the appointment of their proposed new auditors. These will then be formally approved by the commission's board in July.

4. Recommendations

- 5.1 Members are asked to note the report.

Background Papers

Consultation on Local Public Audit – Audit and Governance Committee 30th
June 2011

Local Public Audit – Update On Procurement Process 25th November 2011

AUDIT AND GOVERNANCE COMMITTEE

23 March 2012

Proposed Forward Plan of Reports for 2012/2013

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1 To enable the Committee to consider and comment on the proposed Forward Plan of reports for 2012/2013.
- 1.2 In order to ensure the best use of the Committee's time it is proposed to reduce the number of meetings from 6 (in 2011/2012) to 5, and to more evenly spread the dates of the Committee meetings throughout the year.
- 1.3 As such there will be 4 quarterly meetings – at which the Committee will consider the Corporate Assurance Map alongside other reports. An additional meeting is scheduled for February in order to consider the Treasury Management Policy and Strategy in order that it can be agreed by Cabinet in February and then by Council in March of each year in line with best practice.

2. Recommendations

- 2.1 Members are asked to consider and agree to the attached proposed Forward Plan of reports.

3. Background Papers

None

**Forward Plan of Reports
Audit and Governance Committee 2012/2013**

Month	Brief Description	Report of
June 2012	Annual Review of Governance Arrangements / Annual Governance Statement (including Annual Report covering work of Internal Audit and Risk and Assurance teams)	Executive Director of Commercial and Corporate Services
	Corporate Assurance Map - update	Head of Corporate Assurance and Procurement
	Member Training and Development	Executive Director of Commercial and Corporate Services
	Interim Opinion Report 2011/12	District Auditor
	Annual Report on the Work of the Committee	Executive Director of Commercial and Corporate Services
	Unaudited Statement of Accounts 2011/2012	Executive Director of Commercial and Corporate Services
	Treasury Management Annual Review 2011/2012	Executive Director of Commercial and Corporate Services
September 2012	Corporate Assurance Map - update	Head of Corporate Assurance and Procurement
	Treasury Management – First Quarterly Review for 2012/2013	Executive Director of Commercial and Corporate Services
	Annual Governance Report 2011/12	District Auditor
	Audited Statement of Accounts 2011/12	Executive Director of Commercial and Corporate Services

**Forward Plan of Reports
Audit and Governance Committee 2012/2013**

Month	Brief Description	Report of
December 2012	Treasury Management – Second Quarterly Review for 2012/2013	Executive Director of Commercial and Corporate Services
	Corporate Assurance Map - update	Head of Corporate Assurance and Procurement
	Internal Audit Plan 2013/2014 - Consultation	Head of Corporate Assurance and Procurement
	Corporate Risk Profile - update	Executive Director of Commercial and Corporate Services
	Annual Audit Letter 2011/12	District Auditor
	Annual Grants Report 2011/12	District Auditor
February 2013	Treasury Management – Third Quarterly Review for 2012/2013	Executive Director of Commercial and Corporate Services
	Treasury Management Strategy and Policy for 2013/2014 including Treasury Management Prudential Indicators for 2013/2014 to 2015/2016	Executive Director of Commercial and Corporate Services
March 2013	Corporate Assurance Map - update	Head of Corporate Assurance and Procurement
	Corporate Risk Profile	Executive Director of Commercial and Corporate Services
	Corporate Assurance Map – 2013/14 (including Internal Audit Plan, and Risk and Assurance team plan)	Head of Corporate Assurance and Procurement
	Proposed Forward Plan of Reports 2013/2014	Executive Director of Commercial and Corporate Services

Note: Other ad-hoc reports/items shall be added to the Agenda where considered necessary