



Meeting: **AUDIT COMMITTEE**  
Date: **29 JUNE 2011**  
Time: **4.00PM**  
Venue: **COMMITTEE ROOM 2**  
To: **Councillors Mrs E Casling (Chair), J Cattanach, J Crawford,  
M Dyson, Mrs C Mackman (Vice Chair), Mrs M McCartney,  
I Nutt, R Packham, I Reynolds**

## Agenda

### 1. Apologies for absence

### 2. Disclosures of Interest

Members of the Audit Committee should disclose personal or prejudicial interest(s) in any item on this agenda.

### 3. Minutes

To confirm as a correct record the minutes of the proceedings of the meeting of the Audit Committee held on 29 March 2011 Pages 3 to 5 attached

### 4. Chair's Address and Introduction to the Audit Committee

### 5. Audit Committee Report A/11/1 – Work Programme 2011/2012

Report of the Executive Director (S151) Pages 6 to 10 attached

### 6. Timing of Meetings

### 7. Audit Committee Report A/11/2 – Internal Audit Annual Report 2010/11

To receive the report of the Executive Director (S151) Pages 11 to 21 attached and to receive feedback from Human Resources Manager and Land Charges Officer

### 8. Audit Committee Report A/11/3 – Internal Audit Plan 2011/12

Report of the Executive Director (S151) Pages 22 to 29 attached

**9. Risk Management Training**

**10. Audit Committee Report A/11/4 – Risk Management Annual Report**

Report of the Executive Director (S151) Pages 30 to 32 attached

**Martin Connor**  
**Chief Executive**

<b>Dates of next meetings</b>
28 September 2011
4 January 2012
18 April 2012

Enquiries relating to this agenda, please contact Richard Besley on:  
Tel: 01757 292227; Fax: 01757 292020; Email: [rbesley@selby.gov.uk](mailto:rbesley@selby.gov.uk)

## Selby District Council

### MINUTES

Minutes of the proceedings of a meeting of the Audit Panel held on 29 March 2011, in Committee Room 2, The Civic Centre, Portholme Road, Selby, commencing at 4:30 pm.

634	Apologies for Absence and Notice of Substitution
635	Disclosure of Interest
636	Minutes
637	Overview on International Financial Reporting Standards
638	The Audit Plan Report
639	Internal Audit Q3 + Interim Report 2010/11
640	Internal Audit Plan
641	Accounts and Audit Regulation: Regulation 6 Review

Present: Mrs E Casling (In the Chair)

Councillors: J Cattanach, R Packham, M Jordan and Mrs A Spetch.

Also in attendance: Finance and Administration Manager, Audit and Engagement Manager (Audit Commission), and Audit Manager, North Yorkshire Audit Partnership.

Public: 0

Press: 0

#### 634 **Apologies for Absence**

None.

#### 635 **Disclosure of Interest**

There were none.

#### 636 **Minutes**

##### **Resolved:**

**That the minutes of the Audit Panel held on 7 December 2010 be confirmed as a correct record and be signed by the Chair.**

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### **Overview on International Financial Reporting Standards**

The Committee received a presentation from Audit Engagement Manager.

A summary and explanation of the IFRS was given on the impact on Selby District Council and the changes the councillors will see in the reporting methods.

#### **Resolved:**

**That the presentation be noted.**

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### **The Audit Plan Report**

The Committee received a report from the Audit Engagement Manager. The report set out the proposed work to audit the financial statements and the value for money conclusion in 2010/11. There is no proposal to increase the current fee.

Clarification was given on the 2 key reviews that will be carried out as part of this plan.

#### **Resolved:**

**That the report be noted.**

639

### **Internal Audit Q3 + Interim Report 2010/11**

Councillors received the report of the Head of Partnership, North Yorkshire Audit Partnership presented by the Audit Manager, the Internal Audit Q3 + Interim Report for 2010/2011.

Councillors heard that the report provided a statement of assurance that would ultimately support the Annual Governance Statement.

It was decided that Audit Panel will call in officers to discuss recommendations from previous audit reports which had not been actioned and that officers from Land Charges and HR will be invited to the next meeting.

The Audit Manager was asked to amend future reports to include the officers responses to recommendations on the Summary of Key Issues for Audit Panel to review.

**Resolved: That;**

- i) The Internal Audit Q3 + Interim Report 2010/11 be approved.**
- ii) Officers from Land Charges and HR be invited to attend the next meeting to respond to questions raised by Audit Panel members.**

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### **Internal Audit Plan 2011/12**

The Audit Manager, North Yorkshire Audit Partnership presented the report which provided councillors with the Internal Audit Plan for 2011/12.

The Internal Audit Plan had been drafted using the Partnership risk assessment model. The plan had been subject to consultation. The final Internal Audit Plan will be presented at the next Audit Panel.

**Resolved: That;**

- i) The Draft Internal Audit Plan 2011/12 be approved.**
- ii) The Final Internal Audit Plan is presented to the next meeting**

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### **Accounts and Audit Regulation: Regulation 6 Review**

The Audit Manager - North Yorkshire Audit Partnership presented the Annual Review of the effectiveness of the system of internal audit for approval by the Committee.

The Committee heard that the review provided an overall opinion and assurance that the system of Internal Audit and provision of Internal Audit for the Council during 2011/12 was considered as effective.

The Audit Manager reported that significant time is allocated to the development of the Council and Service Delivery Vehicle model over the longer term.

**Resolved:**

**That the report be approved.**

The meeting closed at 5.25pm



**Report Reference Number A/11/1**

**Agenda Item No: 5**

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**To:** Audit Committee  
**Date:** 29 June 2011  
**Author:** Glenn Shelley, Democratic Services Manager  
**Lead Officer:** Karen Iveson, Executive Director (S151)

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**Title: Audit Committee Work Programme**

**Summary:** The report provides a draft work programme for Audit Committee for the 2011/12 municipal year. The Committee is asked to contribute to and approve the work programme.

**Recommendation:**

**That Councillors use the attached information and the discussion with those present at the meeting to develop its work programme.**

**Reason for recommendation**

That the Committee ensures the contribution of scrutiny is effective in supporting of service improvement and delivery against district wide and Council priorities.

**1. Introduction and background**

- 1.1** The adoption of a revised constitution and an Executive system from May 2011 has placed an increased emphasis on the role of the Audit Committee within Selby District Council.
- 1.2** This report provides the Audit Committee with a draft Work Programme for approval.
- 1.3** The Constitution states that 'each year all Overview and Scrutiny Committees will formulate a work programme setting out their planned work for the year ahead'. It also states that Overview and Scrutiny Committees must consult with the Executive, before presenting their Work Programme to Council. The Work Programme is scheduled for the Executive on 7 July 2011 and then to be approved by Council on 13 September 2011.

## **2. The Report**

- 2.1** Councillors are reminded that the role of Audit Committee is to implement an annual work programme which effectively scrutinises and monitors the control systems, procedures and risk management systems operating at the Council.
- 2.2** The Work Programme has been developed to allow the opportunity for focussed debate on key issues and to allow the time for the committee to add real value to the topics identified.
- 2.3** A key aspect of the work programme is that it should be owned and developed by councillors. The ideas put forward by officers represent a suggested way forward, but it is important that councillors give input to the work programme.
- 2.4** However, when considering new items for inclusion on the work programme it is important that the following are taken into consideration:

### **Relevance:**

Undertaking scrutiny work is resource intensive for both councillors and officers. Investing such a level of resources can only be justified for high priority issues. The suggested topic should relate to issues associated with the Corporate Plan, the Council's 2011/12 priorities, the Forward Plan and the Budget.

### **Co-ordination:**

Topics on the work programme should not already be under consideration elsewhere within the Council or, if long term plans have been agreed, the work of Overview and Scrutiny should be co-ordinated and timely.

### **Time and Resource Constraints:**

The Committee is scheduled to hold four meetings per year, this provides a finite amount of time for the Committee to carry out its work programme. Councillors may wish to supplement this with task and finish groups or by requesting individual members to carry out work. However, the time constraints and resource demands of both councillors and officers should be considered when determining how many task and finish groups it is feasible to operate at one time.

- 2.5** In addition to the work programme, Audit Committee members will receive all final Internal Audit reports and can request that relevant officers attend scheduled meetings, to be held to account for issues raised during audit.

### **3. Legal/Financial Controls and other Policy matters**

#### **3.1 Legal Issues**

Any legal issues arising will be identified in the relevant report at the time of consideration by the Committee.

#### **3.2 Financial Issues**

There is a defined budget available for the ad hoc costs associated with the support of Task and Finish Groups. A budget has been allocated for officer time in supporting the committee and this will be closely monitored.

### **2. Conclusion**

That the Committee uses the attached draft and discussion at the meeting to finalise a work programme to present to the Executive and Council.

### **5. Background Documents**

**Contact Officer: Glenn Shelley**  
**Democratic Services Manager**  
**Selby District Council**  
***gshelley@selby.gov.uk***

#### **Appendices:**

Appendix A – Draft Audit Committee Work Programme



**Audit Committee Work Programme 2011/12**

<b>Date of Meeting</b>	<b>Topic</b>	<b>Action Required</b>
29 June 2011	Introduction to the Audit Committee	To brief councillors on the remit of Audit Committee and their role as committee members
	Audit Committee work programme 2011/12	To approve the 2011/12 work programme for the committee
	Time of Meetings	To agree the commencing time of the Audit Committee meetings.
	Internal Audit Annual Report 2010/11	To review progress against the Internal Audit Plan for 2010/11
	Internal Audit Plan 2011/12	Formal noting of the Internal Audit Plan for 2011/12
	Risk Management Training	A short session on the role of councillors in the management of Council risks
	Risk Management Annual Report	To review work taken on risk management over 2010/11 and approve actions for 2011/12
28 September 2011	Statement of Accounts (post audit)	To approve the Councils Statement of Accounts for the financial year 2010 /11
	Annual Governance Statement	To approve the review of the effectiveness of the systems of internal control within the Council
	Audit Commission's Annual Governance Report and Opinion on the Financial Statements	To consider the Audit Commission's findings from auditing the 2010/11 financial statements
	Review of Corporate Risk Register	To review the latest Corporate Risk Register
	Counter Fraud Annual Report	To review counter fraud activity for 2010/11

	Internal Audit Quarter 1+Report 2011/12	To review progress against the Internal Audit Plan
4 January 2012	Internal Audit Quarter 2+ Report 2011/12	To review progress against the Internal Audit Plan
	Review of Risk Management Strategy	To approve the Risk Management Strategy
	Review of Corporate Risk Register	To review the latest Corporate Risk Register
	Counter Fraud Strategy	To approve a refreshed Counter Fraud Strategy following a self assessment against 'best practice'
	Annual Audit Letter	To receive the Audit Commission's report on the 2010/11 audit and value for money conclusion
	Annual Governance Statement – Action Plan Review	To review progress against the AGS Action Plan
18 April 2012	Internal Audit Quarter 3+ Report 2011/12	To review progress against the Internal Audit Plan for 2011/12
	Review of Corporate Risk Register	To review the latest Corporate Risk Register
	Internal Charter, Terms of Reference and Audit Plan 2012/13	To approve the Internal Audit Plan 2012/13
	External Audit Work programme	To receive the Audit Commissions proposals for auditing the financial statements and value for money conclusions for 2012/13
	Audit Committee Work Programme 2012/13	To approve the 2012/13 work programme for the committee

**Report Reference Number A/11/2**

**Agenda Item No: 7**

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**To:** Audit Committee  
**Date:** 29 June 2011  
**Author:** James Ingham; North Yorkshire Audit Partnership; Head of Partnership  
**Lead Officer:** Karen Iveson; Executive Director (S151 Officer)

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**Title:** Annual Internal Audit report 2010/2011

**Summary:** The purpose of the report is to present the Annual Internal Audit Report for 2010/11. That report is prepared by the North Yorkshire Audit Partnership and is attached as a supporting document.

**Recommendation:**

**It is recommended that the Annual Internal Audit Report for 2010/11 be approved.**

**Reasons for recommendation**

It is recommended that the report is considered by the Audit Committee as it summarises the audit work undertaken during the year. It also encompasses the overall internal audit opinion of the internal control framework which forms part of the Annual Governance Statement.

**1. Introduction and background**

- 1.1. The provision of Internal Audit is a statutory requirement (Accounts & Audit Regulations).
- 1.2. Compliance with established Internal Audit Codes of Practice (CIPFA; IIA) require that the Audit Committee are provided with an annual report setting out the work done by internal audit, and that such a report contains an overall opinion of the Internal Control Framework.

## **2. The Report**

- 2.1. The Annual Audit Report provides a statement of assurance, primarily to the Executive Director (s151 Officer) that will support the Annual Governance Statement (AGS) that is included with the Council's Financial Statements.
- 2.2. It also includes a summary of the audit opinions issued for the audits completed in the year to support the overall opinion, and thence to the AGS. It also includes a synopsis of the performance of the Audit Partnership in delivering internal audit to Selby.
- 2.3. It is recognised that the Council will need to continue its existing high degree of commitment and effort to consolidate the embedding of Risk Management into the everyday operations of the Council. It is in this respect that internal audit have taken a key role through the facilitation of Risk Management and therefore will assist, by promulgating the understanding and implementation of risk management across the Council.
- 2.4. It will also include an assessment of the application of risk management, and management of the identified risks, within its programme of audits.
- 2.5. The Audit Partnership works to the CIPFA Code of Practice for Internal Audit in Local Government.
- 2.6. The Council's External Auditors are satisfied with the work undertaken, and place reliance on the work of the Partnership, which helps to optimise the overall cost of audit to the Council.

## **3. Legal/Financial Controls and other Policy matters**

### 3.1. Legal Issues

- (a.) None.

### 3.2. Financial Issues

- (a.) None.

#### **4. Conclusion**

- 4.1. The review provides an overall opinion and assurance that given all the circumstances pertaining during 2010/11, the Internal Control Environment in Selby may be considered satisfactory.
- 4.2. This is not a 'carte blanche' but a balanced judgement. As with any such review there will always be areas that could be improved.

#### **5. Background Documents**

**Contact Officer:** *James Ingham; Head of Partnership; North Yorkshire Audit Partnership; 01723/232364; [James.Ingham@Scarborough.gov.uk](mailto:James.Ingham@Scarborough.gov.uk)  
John Barnett; Audit manager (Selby) North Yorkshire Audit Partnership; 01757/292281; [JBarnett@Selby.gov.uk](mailto:JBarnett@Selby.gov.uk)*

**Appendices:** - Annual Internal Audit Report 2010/2011 - North Yorkshire Audit Partnership

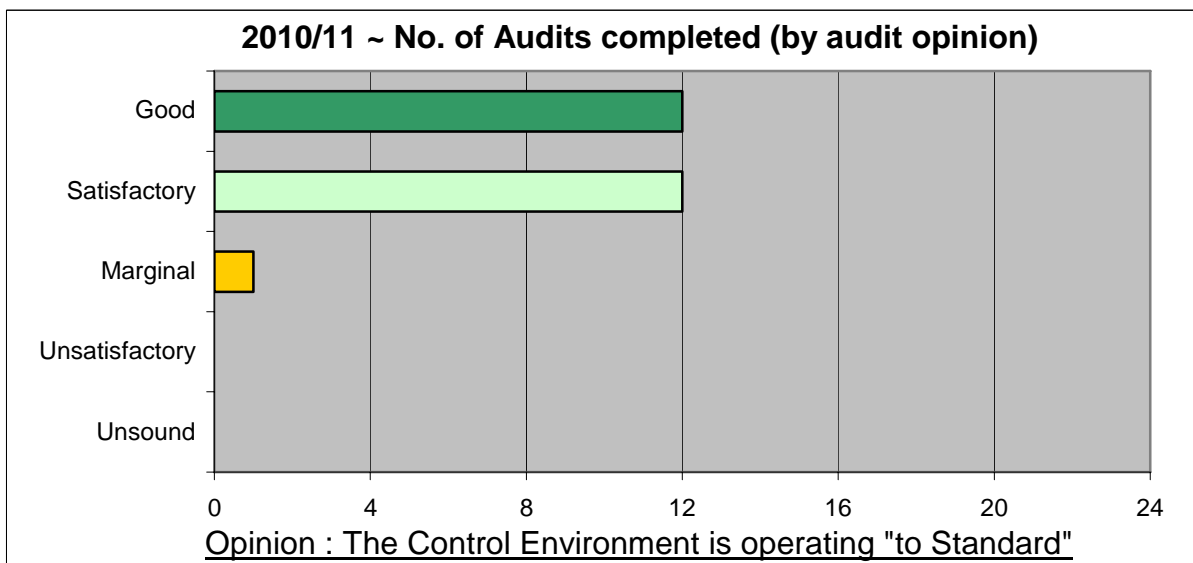


*Independent Assurance*

# Internal Audit Annual Report



## Selby DC June 2011



Head of Partnership: James Ingham CPFA

Audit Manager : John Barnett

Circulation list: Members Audit Committee  
Chief Executive  
Executive Director (s151 Officer)

## **Summary**

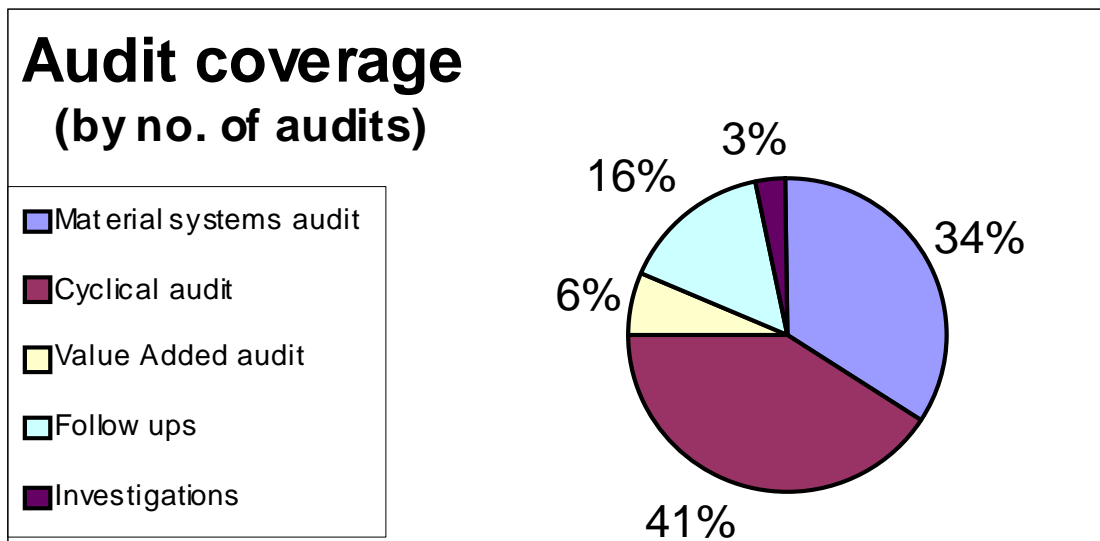
### **1.0 Introduction**

- 1.1 Internal Audit is a mandatory requirement for all councils, (Accounts & Audit regulations). The Council meets that requirement by an Internal Audit service provided through the North Yorkshire Audit Partnership.
- 1.2 The Partnership provides the service and works to the Cipfa Code of Practice for Internal Audit in Local Government. The council's external auditors undertake a tri-ennial review of the Partnership, which adds to the Accounts & Audit regulation requirement that the council undertakes an annual review of the effectiveness of the system of Internal Audit. The results of both reviews are presented to the audit committee of the Council.
- 1.3 Internal audit providers in Local Government have an obligation to produce an Annual Internal Audit Report. This is an important document in many ways and brings together the following in one consolidated report.
- ◆ A clear statement of assurance by the North Yorkshire Audit Partnership regarding the adequacy and effectiveness of the internal control environment.
  - ◆ The key issues and themes arising out of the internal audit activity that has been undertaken during 2010/2011, encompassing systems audit work and any specialist reviews.
  - ◆ A summary of our performance during the year, including details of:
    - The summary of the opinions for the audits completed
- 1.4 The Annual Report is, however, more than the sum of these parts; taken as a whole it is an important contribution to the Council reaching an understanding of what risks exist and how well they are being managed.
- 1.5 The presence of an effective internal audit function contributes significantly to the strong counter-fraud and corruption culture that exists in the council. During 2010/11 the only special investigation work required was around the Gas Maintenance Contract. Work was done in partnership with Veritau. Overall though this paucity of Special Investigations suggests that the present internal control framework is effective.
- 1.6 The internal audit team are closely involved with governance matters, and are directly involved with the preparation and drafting of the Council's Annual Governance Statement.

### **2.0 Planned Audit work 2010/11**

- 2.1 The agreed number of days in the plan for internal audit was 425, a reduction of 5% from the previous year (450 days). The plan itself was derived from the Partnership's risk model, devised to target resources to those areas that are considered to be of the greatest risk.
- 2.2 It is, however, tempered by a number of factors, the most significant of these being the expectation of the external auditors that internal audit undertake work on the material (significant) systems of the council on an annual basis. The volume of time required is largely constant, so the balance is used for locally directed and determined audit assignments.
- 2.3 The plan also includes a provision for specialist audit work including ICT audit, and work around the partnership governance area. Finally it also includes an amount of time to meet Client support requirements, including attending the audit committee, formerly Audit Panel, and ad-hoc or special investigations.

2.4 The chart below shows the spread of audit assignments.



2.5 Appendix A of this report shows the final table of planned audit work, and the audit opinion associated with the audits completed. This section of the annual report focuses on measuring the performance of the North Yorkshire Audit Partnership specifically against the delivery of the internal audit service to Selby District Council.

2.6 Appendix B provides a summary of the performance indicators as measured against accepted standards. It will be noted that some of the performance measures are subjective and can only be considered by the Council.

### **3.0 Where did Internal Audit “add value” in 2010/11?**

3.1 In the current and anticipated future economic climate, all parts of the Council, whether internal units, contracted partners, or joint service arrangements will need to demonstrate that they are ‘adding value’ to the Council.

3.2 Whilst there is a statutory requirement for internal audit, the method used to comply with that basic premise is open to the Council to determine. Therefore it is vital that we identify that we have not only provided a ‘legally compliant’ service but can show where we consider that we have ‘added value’ through our work for Selby.

3.3 The dilemma is that, whilst there is no doubt that internal audit work provides an amount of added value, simply by its very presence, it can be somewhat problematical to determine and quantify ‘added value’ where the output is a positive internal audit report. However the assurance and added value is intrinsic in that if internal audit were not present, active and effective would there be areas of concern that the Council may not be aware of? In effect we add value by the work we do and through that the confirmation of an effective system of internal control which is assessed and reported to members and the wider public through the Annual Governance Statement.

3.4 We consider that we have added value in the year through the following: -

- ◆ Material Systems audit work; where our work provides a solid base for the external auditors in their review of these systems as part of their opinion work. This also improves External Audit liaison and this shared work if not done may lead to increased external audit fee. The work we do, therefore maintains, and may also be said to reduce, the external audit fee.
- ◆ Assurance from cyclical audit work adds value to the organisation by providing that continuing confidence that our work has not identified significant control failings. Where issues are identified these are discussed with relevant line management and recommendations are proposed and agreed with them for implementation. Through this dialogue we add value by enhancing the control environment and by providing the Committee where member responsibility for that exists through the regular briefings in our quarterly and annual IA reports on the control environment. .



- ◆ Our Follow up process which covers most of the audits adds value by providing assurance to line management, Directors, and the Audit Committee members that the agreed recommendations are being properly implemented. Through this process the overall Control Environment is continually upgraded.
- ◆ We have added value to the Audit Committee, through our support and advice to it. This is through the circulation to all members of final audit reports, discussion of the contents either directly via e-mail, or through the open discussion at the meetings. We have assisted by suggesting and facilitating the attendance of managers to respond directly to members questions and concerns over the audit reports and the actions that managers are taking to implement agreed recommendations.
- ◆ We provide specific added value through our work providing contractor assessment using financial reports obtained from Dunn & Bradstreet which are expertly analysed by the specialist staff of the Partnership
- ◆ We also add value through that part of our remit where we provide support to the Council's Risk Management process. This we achieve through reviewing and revising the Risk Management Strategy, and process. We have been instrumental in developing the various risk registers and we ensure that registers are reviewed, and that they link to Service Delivery Plans.
- ◆ We are actively working with Access Selby, which is tasked with delivering services to Selby, not only reviewing and advising on the control environment but also in developing their Risk management approach, strategy, and risk assessment methodology.
- ◆ We add value to the developing and changing nature of the Council's activities as we are working with Access Selby in developing their service delivery systems. Our presence there is to ensure that where there are proposed and new ways of delivering services that the control environment is not overlooked which could lead to the Council being exposed. Through our active participation we look to make this new way of working secure and effective without imposing needless bureaucracy.
- ◆ We have also provided bespoke training sessions to the Staff, for Risk Management and FAT (Fraud Awareness Training) sessions

#### **4.0 Matters of significance from the work completed in the year**

4.1 The areas that were especially pleasing to report are as follows: -

- 👍 Corporate (strategic) and Service risks are now managed through the Covalent performance management system. Further work will be needed, through Covalent, to identify and mitigate the risks for Access Selby.
- 👍 The risks around the control environment have improved within 2010/11 with 96% of audits receiving a 'good' or 'satisfactory' rating. We will work closely with Access Selby to ensure that similar results are achieved during 2011/12.
- 👍 Audit Committee now see all IA reports in full, and are now requesting line management to attend the committee to discuss the audit reports.

4.2 The only areas that generated concern were as follows: -

- 👎 The Creditors review highlighted a number of weak controls as a result of the introduction of the new Creditors COA system. These have been accepted by management and remedial action has taken place. A follow-up review during the year confirmed that the weaknesses have now been mitigated.

#### **5.0 Audit Opinion and Assurance Statement**

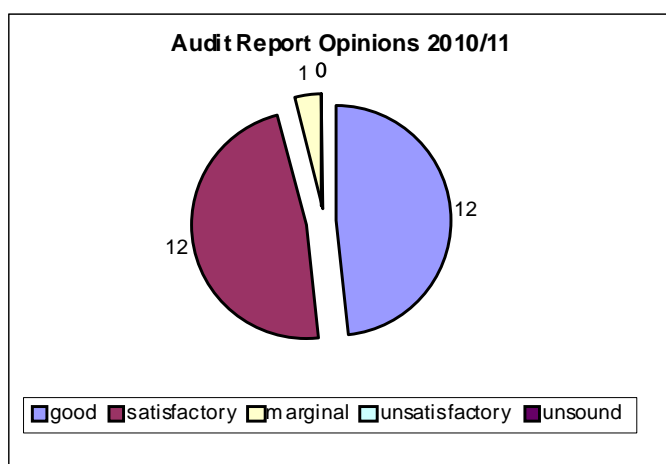
5.1 We have conducted our audits both in accordance with mandatory standards and good practice contained within the CIPFA Code of Practice for Internal Audit in Local Government.

5.2 The Cipfa Code defines Internal Audit as an assurance function providing an independent opinion on the Internal Control Environment, comprising Risk Management, Governance and Internal Control. Accordingly we have structured our opinion around those three themes.

- 5.3 For 2010/2011, the internal audit opinion is derived from work completed as part of the agreed internal audit plan, which includes compliance with the managed audit. This is work done as part of the joint protocol between the Council's internal and external auditors who themselves are required to give an opinion on the Council's accounts. It is accepted that Internal Audit has an established position of independence within the Council more especially with the specific arrangements that exist with the North Yorkshire Audit Partnership. It has experience in control and assurance matters generally.
- 5.4 On balance, based upon the audit work done, together with the pre-existing cumulative audit knowledge and experience of other areas not subject to audit this year our overall audit opinion is that the Internal Control Environment for the Council is operating "to standard".

The Assurance:	
Risk Management	The Council has embedded Risk Management within the organisation. It is now progressing further following the purchase of proprietary Performance and Risk Management software.
Governance	Our work this year leads us to the overall opinion that the Corporate Governance arrangements are sound.
Internal Control [financial systems, etc.]	Our overall opinion is that the internal controls within the financial systems in operation throughout the year are fundamentally sound. (96% of audits completed had a 'good' or 'satisfactory' audit opinion [88% 2009/10]).  This is based upon our examination of the key financial systems as part of the managed audit approach, and the other financial systems that were actually audited. On that basis and our previous experience and knowledge there is no reason to believe that the systems are other than sound.

Table of 2010/11 audit assignments completed



Audit	Status
<u>Material Systems (AC definition)</u>	
Council Tax	Completed - Satisfactory
Creditors & e-procure/purchase cards	Completed - Marginal
Debtors	Completed - Satisfactory
G. Ledger & Bank Reconciliations	Completed – Satisfactory
Housing Benefits	Completed – Good
Housing Rents	Completed – Good
Income System	Completed – Satisfactory
NNDR	Completed – Satisfactory
Payroll	Completed – Good
Treasury Management	Completed – Good
Fixed Assets (Capital Accounting)	Completed - Satisfactory
<u>2010/11 Audit plan work</u>	
<u>Head of Finance</u>	
Performance Indicators	Completed – Good
Tax Management	Completed – Good
<u>Head of Customer and Business Support</u>	
Local Land Charges	Completed – Good
Personnel and Training	Completed – Good
Public Interest Disclosure Act	Completed – Good
Internal CCTV	Completed - Satisfactory
Money Laundering	Completed - Satisfactory

Audit	Status
<u>Head of Partnerships and Commissioning</u>	
Partnership Governance	Completed – Good
Leisure Trust	Completed – Good
Procurement Partnership	Completed - Satisfactory
North Yorkshire Strategic Partnership	Deferred to 2011/12
Environmental Health Service Provision	Deferred to 2011/12
<u>Head of Housing (interim Environmental Health)</u>	
Health and Safety	Completed - Satisfactory
Environmental Sustainability	Completed – Good
Markets	Completed - Satisfactory
ICT Audit	Completed ~ Satisfactory (DRAFT)
<u>Follow Ups: 2009/10 Audits</u>	
Homelessness Accommodation	Completed – Action plan recommendations: - 4 fully implemented.
Warden Scheme	Completed – Action plan recommendations: - 4 fully implemented.
<u>Follow Ups: 2010/11 Audits</u>	
Public Interest Disclosure Act	Completed – Action plan recommendations: - 1 fully implemented.
Creditors	Completed – Action plan recommendations: - 5 fully implemented, 2 partially implemented, 1 not implemented yet

## Selby District Council

### Internal Audit Performance measures

	Performance Measures	Partnership Performance 2010/2011
Cost	<ul style="list-style-type: none"> <li>Estimated cost of service compared with similar organisations, based on the number of days in the audit plan.</li> </ul>	<ul style="list-style-type: none"> <li>Partnership           £ 99,875</li> <li>Family Group       c.£ 116,875</li> <li>Private sector       c.£ 120,000</li> </ul>
Audit Coverage	<ul style="list-style-type: none"> <li>Actual audits completed compared with the plan.</li> <li>Productive or field work time as a percentage of total time</li> <li>Actual areas covered within the plan.</li> </ul>	<ul style="list-style-type: none"> <li>25 out of 27 audits planned were completed: 93% (target 95%). (Revised 2010/11 plan) plus follow up audits.</li> <li>100% non-productive time is borne by the Partnership.</li> <li>All necessary work completed; (any changes made to the original plan are agreed with Head Financial Services).</li> </ul>
Audit Plans	<ul style="list-style-type: none"> <li>Timeliness of preparation.</li> <li>Conformity with CIPFA Standards</li> <li>Usefulness to readers</li> </ul>	<ul style="list-style-type: none"> <li>Annual audit plan always produced and approved in advance of new financial year.</li> <li>Complies with CIPFA standards and external audit requirements.</li> <li>Reg 6 review survey confirms usefulness.</li> </ul>
Audit Reports	<ul style="list-style-type: none"> <li>Timeliness of preparation.</li> <li>Factual accuracy.</li> </ul>	<ul style="list-style-type: none"> <li>Draft reports to be issued within 15 days of completion of audit. (over 80% within target of 10 working days).</li> <li>Council responses to draft reports reflect high levels of factual accuracy achieved.</li> </ul>
Recommendations	<ul style="list-style-type: none"> <li>Comments by clients and management.</li> <li>Implementation of the Management Action Plan (MAP) by clients.</li> <li>Timeliness of follow up of implementation.</li> </ul>	<ul style="list-style-type: none"> <li>Council responses to reports normally very positive. (see reg 6 survey)</li> <li>Generally good implementation of the MAP by clients.</li> <li>Formal follow up process and regular reports to the Audit Committee. (All IA reports are seen by committee members)</li> </ul>
Relationships	<ul style="list-style-type: none"> <li>Senior management's opinion of Internal Audit provided by the Partnership.</li> <li>Relationship with the External Auditors.</li> </ul>	<ul style="list-style-type: none"> <li>This is reflected in the questionnaires used in the A&amp;A Reg 6 review of the effectiveness of its Internal Audit.</li> <li>Relationship with the external auditors is good and audit work is co-ordinated to achieve optimum effectiveness for the Council.</li> </ul>
Reviews by other agencies	<ul style="list-style-type: none"> <li>Extent of External Auditor's reliance on Partnership work.</li> </ul>	<ul style="list-style-type: none"> <li>External auditor's Audit letters confirm continued satisfaction/reliance on our work.</li> </ul>
Staffing and Training	<ul style="list-style-type: none"> <li>Continuity in staffing.</li> <li>Provision of appropriate training for staff.</li> <li>Use of staff with specialist skills; e.g. IT Audit</li> </ul>	<ul style="list-style-type: none"> <li>Head of Partnership for management,</li> <li>Local Audit Manager for Selby for service continuity, and local knowledge.</li> <li>Partnership has an established training policy and programme.</li> <li>Used as required or appropriate to Council's needs.</li> </ul>

**Report Reference Number A/11/3**

**Agenda Item No: 8**

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**To:** Audit Committee  
**Date:** 29 June 2011  
**Author:** James Ingham; North Yorkshire Audit Partnership; Head of Partnership  
**Lead Officer:** Karen Iveson; Executive Director (S151 Officer)

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**Title:** Internal Audit Plan 2011/12

**Summary:** To present the Internal Audit Plan for 2011/12. The plan is prepared by the North Yorkshire Audit Partnership and is attached as a supporting document.

**Recommendation:**

**It is recommended that the Internal Audit Plan for 2011/12 is approved.**

**Reason for recommendation**

Approving the Internal Audit plan is an important role of the Audit Committee and it links to the regular reports that are provided to it, enabling the Committee to monitor progress against the plan.

**1. Introduction and background**

- 1.1. The Internal Audit plan has been drafted using the Partnership's risk assessment model. This model considers various aspects appertaining to activities within Selby DC and assesses the level of inherent risk. This then determines the relative frequency of audit.
- 1.2. The plan has a total value of 400 days and the plan is therefore constrained by that limit. The draft plan has been subject to appropriate consultation.

- 1.3. The committee, in March, considered an early draft, and referred it back to this meeting. This interval has allowed time for wider consultation, and also for it to be re-formatted to reflect the new working arrangements within Selby of a 'core' body and Access Selby. The aim is that the nature, range and scope of the plan is transparent and establishes a clear understanding of the audit aspects of the relationship between the 'core' and Access Selby.

## **2. The Report**

- 2.1. The plan is drafted annually, and operates over a periodic 4 year cycle. Where the risk score of the activity is high, then the frequency of audit within the overall cycle is increased.
- 2.2. The plan is agreed between the Executive Director (S151) and the Audit Partnership.
- 2.3. In addition views are sought from Executive Directors, and the council's external auditors. This wider review is to make sure that the plan is relevant and appropriate to the council's needs.
- 2.4. The view sought from the council's external auditors is appropriate to the continuing expectation that the Partnership works closely with them to minimise the cost of external audit by allowing them to be able to place reliance on the Partnership's audit plan and work in their assessment of the Council.
- 2.5. This does tend to distort the plan to a degree as they expect that we audit the material systems of the council on an annual basis. This drives part of the plan outwith the Partnership's risk assessment. Typically this work accounts for around 35% of the annual plan.
- 2.6. With the development of Access Selby the plan has had to be re-structured to try to reflect the changes that have happened and those that will follow.
- 2.7. It should be born in mind that in such circumstances the plan must be seen as able to be adapted to changing needs during the year.
- 2.8. The plan is attached as Appendix A. Progress against the plan is reported to the Audit Committee on a regular basis, and the plan itself will be reviewed during the year to take cognisance of changes within the audit environment.

### **3. Legal/Financial Controls and other Policy matters**

#### **3.1. Legal Issues**

- (a.) This report supports the Council's requirement to comply with all legislation. Internal Audit is a statutory requirement for councils, and furthermore underpins delivery of the Corporate Strategic Theme 'Making better use of resources', by demonstrating a commitment to local democracy and accountability. Furthermore completion of the approved plan assists in ensuring that the control environment is reviewed on a structured and logical basis.

#### **3.2. Financial Issues**

- (a.) There are no financial implications, beyond the existing budget for Internal Audit and any additional work in respect of Risk Management, and special investigations.

### **4. Conclusion**

- 4.1. The plan has been drafted in consultation with the Executive Director (s151 Officer), and with the Access Selby Management Team, and with the External Auditor's opinion.
- 4.2. Therefore it represents an appropriate plan within the limitations of the budget for Internal Audit.

### **5. Background Documents**

**Contact Officer:** *James Ingham; Head of Partnership; North Yorkshire Audit Partnership; 01723/232364; [James.Ingham@Scarborough.gov.uk](mailto:James.Ingham@Scarborough.gov.uk)  
John Barnett; Audit manager (Selby) North Yorkshire Audit Partnership; 01757/292281; [JBarnett@Selby.gov.uk](mailto:JBarnett@Selby.gov.uk)*

**Appendices: A: - Internal Audit Plan 2011/12**



## NORTH YORKSHIRE AUDIT PARTNERSHIP

SELBY DISTRICT COUNCIL AUDIT PLAN 2011/12 to 2013/14

CODE	AUDIT AREA	RISK SCORE	400 2011/12 days	375 2012/13 days	350 2013/14 days
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Risk appetite score 40: - anything below, do not do.

### COUNCIL ~ CORE

#### Theme:- Organising to Deliver

	<b>Corporate Issues</b>		<b>20</b>	<b>20</b>	<b>20</b>
	Access Selby ~ SDV				
	Third Sector Organisations; Community Engagement Forums				
	Executive Structure				
	Localism Bill		<b>10</b>	<b>5</b>	<b>0</b>
41080	Members Allowances	44	<b>8</b>	<b>0</b>	<b>0</b>
		63	<b>38</b>	<b>25</b>	<b>20</b>

#### Access Selby (SDV ~ service delivery vehicle)

#### Theme:- Putting Customers First

43040	Homelessness Accommodation. (Recession issues)	47	<b>8</b>	<b>0</b>	<b>0</b>
43070	Sheltered Accommodation ~ Warden Scheme	47	<b>0</b>	<b>8</b>	<b>0</b>
		94	<b>8</b>	<b>8</b>	<b>0</b>

#### Theme:- Protecting the Environment

	Environmental Sustainability &				
42020	Carbon Reduction Commitment	49	<b>0</b>	<b>0</b>	<b>10</b>
42130	Pest Control	42	<b>0</b>	<b>8</b>	<b>0</b>
42140	Development Control/Planning Fees	45	<b>0</b>	<b>10</b>	<b>0</b>

SELBY DISTRICT COUNCIL AUDIT PLAN 2011/12 to 2013/14

CODE AUDIT AREA

Risk appetite score 40: - anything below, do not do.

	400	375	350
RISK SCORE	2011/12	2012/13	2013/14
	days	days	days
136	0	18	10

**Theme:- Promoting Prosperity**

41020	Economic Development - inward invest	44	0	8	0
41075	Land Sales	40	0	8	0
43095	New Homes Bonus (Grant)	42	0	5	0
		126	0	21	0

**Theme:- Community Safety**

41670	CCTV (Community)	45	0	8	0
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**Theme:- Making Better Use of Resources**

40110	Council Tax	56	15	15	15
40120	Creditors + e-procure/purchase cards	63	15	15	15
40130	Debtors inc Legal Debt Recovery	51	12	12	12
40140	General Ledger + Bank Reconciliations	75	12	12	12
40150	Housing Benefits	65	15	15	15
40160	Housing Rents	55	12	12	12
40170	Income System inc Access Selby	64	10	10	10
40180	NNDR	53	12	12	12
40190	Payroll	56	12	12	12
40200	Treasury Mgt	65	10	10	10
42520	Capital A/C & Asset Management	63	8	8	8
43050	Housing Repairs (inc Build Maintenance)	56	8	8	8
		722	141	141	141



SELBY DISTRICT COUNCIL AUDIT PLAN 2011/12 to 2013/14

CODE AUDIT AREA

Risk appetite score 40: - anything below, do not do.

RISK SCORE	400 2011/12 days	375 2012/13 days	350 2013/14 days
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**Access Selby ~ Partnerships (delivery incl. governance)**

**Theme:- Protecting the Environment**

42170	- Waste Mgt/Recycling/Trade - Enterprise	40	10	0	0
43600	- Parks & Recreation Grounds - Enterprise	42	10	0	0
42050	- Car Park cash collection ~ Wigan Leisure				
-	- Environmental Health (service provision)	42	10	0	0
		124	30	0	0

**Theme:- Organising to Deliver**

40125	- Procurement Partnership	42	0	0	10
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**Theme:- Healthier Communities**

48977	Wigan Leisure Trust	44	0	0	10
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**Value Added & Technical (VAT)**

			18%	17%	17%
48000	ICT Audit Work		18	18	18
48xxx	Community Project		6	0	0
48910	Capital Contracts - Final A/C's, Financial Appraisals		1	1	1
48977	Business Process Re-engineering (transformation)		30	30	30
	Follow-Ups	-	8	8	8
	Contingency (SI ~ Gas Maintenance)	-	10	10	10

SELBY DISTRICT COUNCIL AUDIT PLAN 2011/12 to 2013/14  
 CODE AUDIT AREA

Risk appetite score 40: - anything below, do not do.

RISK SCORE	400 2011/12 days 73	375 2012/13 days 67	350 2013/14 days 67
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**Client Support & Advice (CSA)**

Client Overheads	9%	9%	9%
49045 - Audit Panel (4 meetings pa)	25	25	25
49046 - Reg. 6 Review; AGS; AGS review and action Plan f/u			
49045 - Annual Internal Audit Report			
- External Audit Liaison			
Misc. Advice	10	10	10
	35	35	35
	400	375	350

**To:** Audit Committee  
**Date:** 29 June 2011  
**Author:** Risk Management Annual Report 2010/11 –  
John Barnett, Audit Manager NYAP  
**Lead Officer:** Karen Iveson – Executive Director (S151)

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**Summary:**

The report updates Councillors on Risk Management developments throughout 2010/11 and the proposed actions to be taken in 2011/12 to further the process.

**Recommendation:**

**Councillors endorse the actions of officers in furthering the progress of risk management.**

**Reason for recommendation**

The Audit Committee has responsibility for overseeing the implementation and management of 'risks' that the Council, as a whole, faces.

**1. Introduction and background**

1.1 This report updates Councillors on the actions taken by the Council to manage the risks it faces and to highlight the proposed action(s) to further that management.

**2. The Report**

2.1 Over the past year a series of positive actions have taken place within the Council overseen by the Audit Committee, including:

- ◇ A review of the Council's Corporate Risk Register – April/December 2010.
- ◇ Presentation of the Risk Management Annual Report 2009/10 – June 2010.

- ◇ Development of the Covalent Performance Management system to manage risk and integrate it further into the culture within the Council.

2.2 Councillors will appreciate the progress made with risk management, however further work is required following on from the Council's restructure and the creation of Access Selby:

- ◇ Fully utilise Covalent to manage risk.
- ◇ Review of the Corporate Risk Register for Selby District Council – The Core.
- ◇ Work with Access Selby (SDV) to identify and manage their 'corporate' and 'service' risks.
- ◇ Review the risk strategy for the Council, including Access Selby.
- ◇ Presenting risk registers and the risk strategy to the Audit Committee.
- ◇ Providing awareness training to Councillors and key officers.

2.3 The change that the Council has undergone in the last year and continues to go through, should not be underestimated and the fact that we experienced no significant crisis as well as responding to additional challenges such as the economic recession is a testament to the Council's effective management of the risks involved. Risk management arrangements contributed to improved performance across the Council, and risks are considered at each step in the process when planning improvements or reacting to issues.

2.4 Good examples where assessing the risks played a major part in determining the decisions made were through the Working Towards Tomorrow programme, the new committee structure and the Community Project, where risks were identified, controlled and closely monitored.

2.5 Risks around the financial position of the Council and responding to government legislation changes remained high within the Corporate Risk Register during the year. Having undertaken the corporate restructure we could argue that this has mitigated the risks around the Council's financial position to some extent but given the reduction in staff I would also say that there is now greater risk to service delivery – Access Selby's Business Plan recognises the anticipated drop in performance but aims to achieve consolidation and then improvement over the next 3 years.

### **3. Legal/Financial Controls and other Policy matters**

#### **3.1 Legal Issues**

3.1.1 There are no legal implications.

### **3.2 Financial Issues**

3.2.1 There are no financial implications.

### **4. Conclusion**

4.1 Progress has been made in developing risk management during 2010/11 which is now embedded within the Council and work to ensure continuing proactive risk management around the Council under the new 'working together' regime, will continue.

### **5. Background Documents**

Corporate Risk Register 2010/11.  
Risk Management Strategy.

#### ***Contact Officer:***

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#### **Appendices:**

No appendices.