



Summary of Internal Audit Reports Issued to Date

Agenda Item

REPORT OF DAP Partnership Manager
To: Audit & Governance Committee
Subject: Audit Reports Issued to Date
Date: 11th July 2017

Reference:

PURPOSE OF REPORT: To provide a summary of the audit reports issued to date to enable members to discuss any matters they wish to raise.

1. INTRODUCTION

The Audit & Governance Committee requested a regular summary of the audit reports issued to ensure there is opportunity to raise any queries on those reports.

Where possible Members are encouraged to raise any significant concerns with the Service Improvement Officer at the time of issue of the report, however this report gives the opportunity for Members as a group to discuss any related matters.

This committee report covers the audit reports issued to date and not previously reported.

2. REPORT

A summary of those reports issued to date and not included in previous committee reports is included at Appendix A.

There is one audit to be reported upon:

- Risk Management

3. IMPLICATIONS

Legal Implications

None.

Financial Implications

None.

Human Resources Implications

None.

Sustainability Implications

None.

Equality/Diversity

None.

Risk Management

The two key outcomes from an audit are the opinion on the audit subject, which indicates the level of assurance that members can take, and the agreed actions to strengthen the control framework. Any agreed actions are evaluated against the corporate risk matrix and the audit reports include those risks that are medium or high. Low risk or housekeeping matters are reported separately and directly to management for them to manage. Progress with implementing actions is reported to the Head of Paid Service (or Senior Management Team) and to the Audit & Governance committee on a quarterly basis.



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Compliance with Policies and Strategies

This report complies with the Audit & Governance Committee terms of reference and the Audit Procedures Manual.

Ward Member and Leader Member Views

Councillor Philip Hackett, Chair of Audit & Governance, commented “*The Internal Audits Reports contribute to the Council’s robust governance arrangements.*”

4. **CONCLUSIONS**

One report has been issued since the meeting in April. The opinion for this audit at the time of publication was:

Opinion	Audit
‘Satisfactory’ (which means some risks identified; some changes should be made)	Risk Management

Opinions range from: Good; Satisfactory; Satisfactory/Good; Satisfactory / Marginal; Marginal / Satisfactory; Marginal; Unsatisfactory; and, Unsound.

5. **RECOMMENDATIONS**

Committee are asked to:

Note the report issued in this reporting period and raise any queries, suggestions or proposals relating to the three audits in this report.

SUPPORTING INFORMATION

Consultations: Officer - Jenny Wallace; Steve Hearse; Jamie Hollis
 Councillors - Philip Hackett

Contact Officer: Chris Dobbs

Background Papers: Audit files



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Appendix A

Risk Management – Satisfactory (6/8 controls were effective at the time of publishing)

Previous Audit Opinion (April 2016) – Marginal/Satisfactory (4/8 controls were effective at the time of publishing)

Background

The Authority's Risk Management (RM) Strategy defines RM as the process by which risks are identified, assessed, managed and controlled. It is about the way the Council recognizes and plans to deal with the possibility of failing to achieve its corporate and service objectives. It is concerned with identifying the risks, evaluating the impact and likelihood, recording what is in place to mitigate the risks, and if the risks are still too high to take further action to control the risks effectively.

The RM process at the service level is the responsibility of each Operational Manager. Operational Managers are required to maintain a risk register which identifies and evaluates the key service risks that are considered unacceptable and require more regular review and closer monitoring. At the strategic level, there is a Corporate Risk Register which is managed through the Risk Management Group who report to the Senior Management Team (SMT). SMT then review the Corporate Risk Register and conduct horizon scanning in order to identify potential future risks. Corporate Risks are a standing item on the agenda of the Audit & Governance Committee which meets throughout the year. The whole process is governed by the Risk Management Strategy, which has a three year review cycle when it is updated and approved by SMT.

In 2015 the Authority introduced Integrated Business Plans which now include operational risk registers. This was to help embed risk management and ensure risks are considered at key points such as during development of the plans.

Opinion

The audit has found that six of the eight controls tested were working effectively. Improvements can be made with regard to the quality and accuracy of risk register and risk map information and improving awareness of RM through training.

Management Response

Strategic Manager (Resources) - It is pleasing and encouraging to see that there has been a real improvement in how risk is managed throughout the Council. Whilst some areas of improvement have been identified I feel assured that we now have Risk Management more embedded and recognised across all services.

See following page for control table:



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RISK MANAGEMENT - SUMMARY OF MAIN FINDINGS IN RESPECT OF KEY CONTROLS

The table below shows the conclusion derived from the testing of the key controls.

KEY CONTROL	SUMMARY OF FINDINGS	March 17	May 17
C1. There is a risk management strategy and process in place that has been approved and is regularly reviewed.	A RM Strategy and RM Process documents are in place and were last reviewed and approved by Senior Management in June 2015, on a three year cycle.	G	G
C2. The Senior Management Team and Members play an effective role in monitoring risk management arrangements	<p>The Audit and Governance Committee had received periodic reports on Risk Management (RM) and the Corporate Risk Register, however a copy of the register had not always been provided for critical review (per the Agenda packs and minutes).</p> <p>The Strategic Management Team holds discussions on RM at each meeting, including Horizon Scanning. The Risk Management Group has met a total of five times during the current year, based on available agendas and minutes.</p>	G	G
C3. The risk management framework is aligned with the Authority's strategic plan and in particular the service business plans and performance management arrangements.	Service risk registers are subsumed into each service area's Integrated Business Plan. The Plans include cross references to strategic goals, especially with regard to overall service objectives and actions (as opposed to the risks). The Plans also include details of both performance measures and risks.	G	G
C4. The risk management strategy and process is communicated to senior staff, and those dealing with risk. A risk owner is assigned to each risk and Risk management training is provided to officers as appropriate.	The Strategy and Process documents had both been updated in June 2015 and are published on the intranet where they are available to all staff. Risk and action owners are assigned to each risk within the Corporate and Service Risk Registers. There has been no formal training on Risk Management since 2014.	A	A
C5. The roles and responsibilities of individuals in managing risk are defined, communicated and understood. There are clear and effective reporting lines for risk management both up and down the organisation.	Roles and responsibilities of members and officers in managing risk are defined in the Authority's Constitution and to a lesser degree the Risk Management Strategy. Corporate risks and a summary of service risks are monitored by RMG and reported to SMT and the A&G Committee.	G	G
C6. Programme, project and partnership risks are considered as part of day to day service management.	<p>The Authority has limited involvement with partnerships at the present time. Service Risk Registers are used to record relevant entries and actions.</p> <p>Major projects have RM as an embedded process and we saw evidence of a separate and detailed risk log covering one such ongoing project.</p>	G	G
C7. Risk registers are in place and accurately describe the risk and consequence and show effective mitigating controls.	Improvements noted since last year, especially with regard to the Corporate Risk Register. Issues remain with the quality of information, especially within Service Risk Registers. The Risk Map has been reintroduced but was found to be unreliable in some instances.	A	A
C8. There is a defined process for identifying, recording and managing new and emerging risks.	<p>A RM Process document establishes the need to identify, assess, control, review and monitor, risks. The document includes a template for the submission of newly identified risks.</p> <p>In practice, RMG, SMT and the A&G Committee all monitor risks throughout the year and RMG and SMT conduct 'horizon scanning' for new risks that may occur.</p>	G	G