

NON-CONFIDENTIAL



Borough of Tamworth

Marmion House,
Lichfield Street, Tamworth,
Staffordshire B79 7BZ.

Enquiries: 01827 709 709
Facsimile: 01827 709 271

AUDIT AND GOVERNANCE COMMITTEE

20 October 2011

Dear Councillor

A Meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 27th October, 2011 at 6.00 pm**. Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'ASST' followed by a flourish.

A G E N D A

NON CONFIDENTIAL

- 1 Apologies for Absence**
- 2 Minutes of the Previous Meeting (Pages 1 - 4)**
- 3 Declarations of Interest**

To receive any declarations of Members' interests (personal and/or personal and prejudicial) in any matters which are to be considered at this meeting.

When Members are declaring a personal interest or personal and prejudicial interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a personal and prejudicial interest in respect of which they do not have a dispensation.

- 4 Risk Management Report 2011/12 (Pages 5 - 24)**
(Report of the Head of Internal Audit Services)

- 5 Internal Audit Quarterly Report 2011/12 (Quarter 2 July - Sept) (Pages 25 - 34)**
(Report of the Head of Internal Audit Services)

- 6 Regulation of Investigatory Powers Act 2000 (Pages 35 - 36)**
(Report of the Solicitor to the Council and Monitoring Officer)

People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail committees@tamworth.gov.uk preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.

To Councillors



MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 22nd SEPTEMBER 2011

PRESENT: Councillor M Gant (Chair), Councillors R Cook

Officers John Wheatley (Deputy Chief Executive and Corporate Director (Resources)), Jane Hackett (Solicitor to the Council and Monitoring Officer), Stefan Garner (Deputy Director (Finance Exchequer and Revenues)) and Angela Struthers (Head of Internal Audit Services)

Visitors Audit Commission – John Gregory
Joan Barnett

17 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors S Doyle, S Munn and P Seekings.

18 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 30th June 2011 were approved and signed as a correct record.

(Moved by Councillor R Cook and seconded by Councillor M Gant)

19 DECLARATIONS OF INTEREST

None

20 ANNUAL STATEMENT OF ACCOUNTS & REPORT 2010/11

The report of the Corporate Director Resources seeking approval of the Statement of Accounts for the financial year ended 31st March following completion of the external audit was considered.

RESOLVED: That:

1 Members endorsed the Annual Statement of Accounts

- 2010/11, and;
2 The Management representations letter was endorsed.

21 ANNUAL GOVERNANCE REPORT

The report of the Audit Commission was considered.

RESOLVED: That the Annual Governance report with the recommendations was endorsed.

22 LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL REVIEW AND REPORT 2010/11

The report of the Solicitor to the Council and Monitoring Officer seeking to advise the Committee of the views of the Local Government Ombudsman in relation to complaints against the Borough Council and proved an opportunity for members of the Committee to raise any issues they consider appropriate and consider appropriate the effectiveness of investigations relating to Tamworth Borough Council was considered.

RESOLVED: That:

- 1 The Annual Review Letter was endorsed, and;
- 2 The Annual Report was endorsed.

23 INTERNAL AUDIT CUSTOMER SATISFACTION SURVEY

The report of the Head of Internal Audit Services reporting on the outcome of Internal Audit's Customer Satisfaction Survey –providing members with assurance of the ongoing effective operation of an internal audit function was considered.

RESOLVED: That the Committee endorsed the report.

24 INTERNAL AUDIT QUARTERLY REPORT 2011/12

The report of the Head of Internal Audit Services reporting on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 1st quarter of 2011/12 – providing members with assurance of the ongoing effective operation of an internal audit function and enabling any particularly significant issues to be brought to the Committee's attention was considered.

RESOLVED: That the Committee endorsed the quarterly report.

25 ANNUAL GOVERNANCE STATEMENT 2010/11 - UPDATE

The report of the Head of Internal Audit Services seeking to advise the Committee of the current position regarding “significant and other governance issues” raised in the Authority’s Annual Governance Statement 2010/11 and providing an opportunity for members of the Committee to raise any issues they considered appropriate was considered.

RESOLVED: That the Committee endorsed the update on the “significant and other governance issues” from the 2010/11 Annual Governance Statement.

26 CIPFA AUDIT BENCHMARKING CLUB 2010 RESULTS

The report of the Head of Internal Audit Services providing the results of the Chartered Institute of public Finance and Accountancy Audit Benchmarking exercise completed detailing the actual figures for the financial year 2010/11 and the estimated figures for the financial year 2011/12 was considered.

RESOLVED: That the Committee endorsed the report.

27 TWO PLACES WILL BE PROVISIONALLY BOOKED ON THE AUDIT COMMITTEE INSTITUTE LOCAL GOVERNMENT PROGRAMME ON 3 OCTOBER 2011

Chair

This page is intentionally left blank

27th OCTOBER 2011

Report of the Head of Internal Audit Services

RISK MANAGEMENT REPORT 2011/12

EXEMPT INFORMATION

None

PURPOSE

To inform Members on the Risk Management process and progress made to date for the current financial year.

RECOMMENDATIONS

That the Committee considers this report and raises any issues it deems appropriate.

EXECUTIVE SUMMARY

The Audit & Governance Committee is charged under the Constitution to monitor the effectiveness of the Authority's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management.

Work completed this financial year includes the complete review of the Corporate Risk Register. The Corporate Risk Register is reviewed by members of the Corporate Management Team on a quarterly basis. Corporate risks have been assigned to relevant officers of the Corporate Management Team. Work is currently underway to ensure that the operational risk register entries are aligned to the corporate risks. This will also identify areas where operational risk registers need to be updated to ensure that operationally, the corporate risks are appropriately managed.

The Corporate Risk Register is attached for information (Appendix 1).

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

As identified in the report.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 Corporate Risk Register

Appendix 1


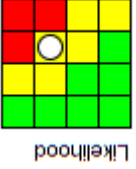
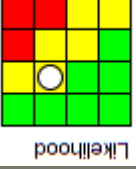
corporate risk register 1112

Generated on: 13 October 2011



Risk Code	CPR1112_01	Risk Title	Financial	Current Risk Status
Description of Risk	Loss of Funding and Financial Stability			Assigned To Stefan Garner; John Wheatley
Gross Risk Matrix		Risk Treatment Measures Implemented		
Gross Risk Score	9	Budget planning and monitoring		Current Risk Score 6
Gross Severity	3	Medium term financial strategy		Current Severity 3
Gross Likelihood	3	Treasury Management Strategy, annual outturn & strategy approved by Council. regular monitoring WRIEP, grantfinder. Grant income sourced where possible Value for money group set up within the authority Management Accountant allocated responsibility for VFM Developing benchmarking process within the authority to evaluate and understand costs/performance/outputs including CIPFA benchmarking, reviewing high spend, annual internal audit review of audit commission benchmarking data Performance setting Procurement section, contracts register Business case reviews SCFOG/Networking Active engagement in central government reform and change agenda		Current Likelihood 2
Gross Risk Review Date				Last Risk Review Date 03-Jun-2011
Consequences	Cuts in services Quality of service decline partnership relationships become strained uncoordinated cuts financial savings not achieved miss out on funding inability to meet on-going costs			


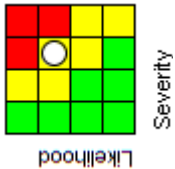
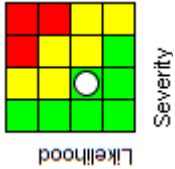
	<p>Significant impact on the economic health of the local community</p> <p>Budgets exceeded minimum reserves not maintained Budgets not balanced Potentially acting illegally Reputation issues</p>
<p>Vulnerabilities / causes</p>	<p>budget shortfalls funding gaps increase through grant cuts recession increase impact o services required failure to manage investments failure to manage budgets missing key business funding opportunities HRA reform New Homes Bonus Spending review Council Tax freeze</p>
<p>Risk Notes</p>	

Risk Code	CPR1112_02	Risk Title	Reputation	Current Risk Status	
Description of Risk	Damage to Reputation			Assigned To	Anica Goodwin; Tony Goodwin
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Increased use of multi media to consult/communicate		Current Risk Score	6
Gross Severity	3	Members surgeries		Current Severity	2
Gross Likelihood	3	Celebrating success State of Tamworth debate PR & Communications Tell Us Scheme Tamworth Listens Standards Ombudsmen report Monitoring of news stories Service delivery standards Contract monitoring Codes of conduct Policies and procedures Service Standards Training for all staff and members in media/press/use of social media		Current Likelihood	3
Gross Risk Review Date				Last Risk Review Date	03-Jun-2011
Consequences	erosion in trust and confidence service failure loss of income increased cost of working fall in satisfaction levels loss of public support claims in tribunal/personal liability loss of peer group credibility				
Vulnerabilities/causes	Failure to match social and political expectations failure to act on feedback crisis and major incident management failures failure to deliver minimum standards of service Third party supply chain failure non-compliance with legislation unethical practices				


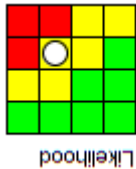
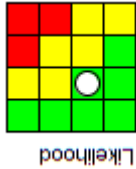
<p>Risk Notes</p>	<p>security breaches personal actions by officers/members misuse of social media</p>
--------------------------	--


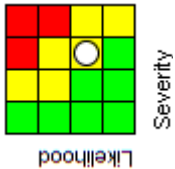
Risk Code	CPR1112_03	Risk Title	Governance & Regulatory Failure	Current Risk Status	
Description of Risk	Failure to achieve adequate Governance Standards and statutory responsibilities			Assigned To	Jane Hackett; John Wheatley
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Financial guidance Audit & Governance Committee Scrutiny Committees Annual Governance Statement Whistleblowing Policy and Counter Fraud and Corruption Strategy Section 151 functionality and Monitoring Officer Internal Audit External Audit Standards Committee Partnership Guidance Managers Assurance Statements Constitution Code of Conduct Relevant policies and procedures Legislation training for officers and members Continual CPD and other training Regular legal updates development of member training plan development of e learning solution Net Consent for policy management and acceptance Insurance policies TULG Obligations under Environmental Protection Act and Public Health Act PDR process Electoral Commission		Current Risk Score	4
Gross Severity	3			Current Severity	2
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	03-Jun-2011
Consequences	non-compliance with legal requirements fraud poor performance damage to reputation prosecution, fines death or injury to public and/or staff				

	<p>audit criticism poor inspection comments legal challenge</p> <p>Lack of training lack of documented procedures lack of commitment from officers and members failure to understand the importance No governance Lack of accountability Non compliance with legislation fraud</p> <p>Poor performance failure to manage or be aware of legal responsibilities/changes to legislation lack of resources loss of key staff inappropriate decision making</p>
<p>Vulnerabilities/causes</p>	
<p>Risk Notes</p>	


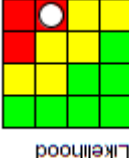

Risk Code	CPR1112_04	Risk Title	Partnership Working and Supply Chain Challenges	Current Risk Status	
Description of Risk	Failure in partnership working, shared services or supply chain			Assigned To	Andrew Barratt; Rob Mitchell
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9		Partnership Governance Policy and training on the policy in place	Current Risk Score	4
Gross Severity	3		Partnership arrangements in place, eg contracts, shared service agreements	Current Severity	2
Gross Likelihood	3		Effective contract/partnership monitoring	Current Likelihood	2
Gross Risk Review Date			Business Continuity plans in place	Last Risk Review Date	03-Jun-2011
			Risks identified and managed		
			Constitutions in place for some partnerships		
			TBC Business Continuity Group		
			Adequate terms of reference		
			Adherence to contracts register		
Consequences	Services not delivered Damage to reputation Loss of knowledge, intellectual property and other assets Loss of quality service Criticism from external auditors/assessors Customer dissatisfaction Lack of resources Workforce opposition High exit costs Costs not reduced Efficiencies not gained Waste not eliminated Regulations not met				
Vulnerabilities/causes	Failure to meet service delivery expectations Partner has financial failure Supplier incident eg data loss, governance issue Service delivery collapses during wide spread major incident Third party supply chain failure Partner under performs Failure to assess and manage the risks arising from the use of third parties Failure to set and manage contractual conditions and performance targets Failure to get management support				

	<p>Staff turnover increases Poor, incomplete knowledge transfer Scope of change too narrow/too broad benefits not realised Political change of policy</p>
Risk Notes	<p>Partnerships in place - waste, health & safety, Economic Development, Building Control, Strategic Partnership, Housing Repairs, IT service desk</p>

Risk Code	CPR1112_05	Risk Title	Emergency & Crisis Response Threats	Current Risk Status	
Description of Risk	Failure to manage an external or internal emergency/disaster situation			Assigned To	Andrew Barratt; Nicki Burton
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Emergency Plan in place Emergency planning training completed at various levels Business Continuity Plans in place		Current Risk Score	4
Gross Severity	3	Insurance cover in place to cover exposure to financial loss. Advice and guidance on Risk Management and Business Continuity on the intranet		Current Severity	2
Gross Likelihood	3	Emergencies advice available on website Building- fire prevention controls in place and tested on a regular basis Adequate physical security controls in place and reviewed on a regular basis IT business continuity plan in place and tested on a regular basis Service impact analysis completed to rank priority of services Corporate business continuity plan in place All communication plans tested on a regular basis Emergency plan tested on a regular basis Business Continuity Group Membership of Staffordshire CCU & Resilience Forum		Current Likelihood	2
Gross Risk Review Date	15/08/2011			Last Risk Review Date	10-Jun-2011
Consequences	Services not delivered Damage to reputation Civil Contingency Act requirements not met Death Destruction of property				
Vulnerabilities/causes	Lack of integrated emergency arrangements making it difficult to react quickly to a disaster and provide the required support and essential service in line with the requirements of the Civil Contingencies Act. Failure to test plans Failure to undertake training				
Risk Notes					


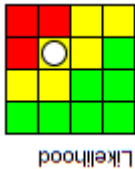
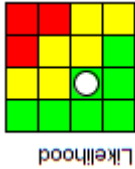
Risk Code	CPR1112_06	Risk Title	Economic Changes	Current Risk Status	
Description of Risk	Failure to plan and adapt services to economic changes within the community				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	6	<i>Link to CPR1112_01</i>			
Gross Severity	3	Strategic Priority			
Gross Likelihood	2	Keep up to date with comms from central government Adapt to downturn in economy - Tamworth Community Advice Network (TamworthCAN) Economic Bulletin distributed to management - shows regional and local economic statistics Management networks and leadership meetings Support to local businesses Think Local Business and Economic Partnership Solutions for Business External funding streams explored Medium term financial plan Regular review of business plans Economic Strategy LEP Core Strategy Local Investment Plan Localism Bill preparation			
Gross Risk Review Date		Last Risk Review Date			
		10-Jun-2011			
Consequences	Tamworth not developed No external funding to aid economy and growth Economic prosperity declines Detrimental effect on housing market People leave the borough Increased demand for social housing Impact on Council income Increased costs to Council services due to increased demand				
Vulnerabilities/causes	Failure to recognise economic changes Failure to recognise opportunities Sudden economic downturn effecting businesses, jobs, housing etc				

<p>Risk Notes</p>	<p> Collapse of the property market Changes in government funding/grants Change of government Loss of major employer in the area Rapid increase in inflation No development/investment </p>
--------------------------	--


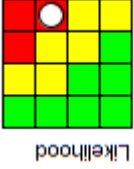
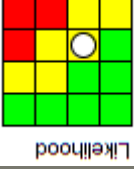
Risk Code	CPR1112_07	Risk Title	Data Loss & Privacy Incidents	Current Risk Status	
Description of Risk	Failure to secure data			Assigned To	Nicki Burton; John Wheatley
Gross Risk Matrix	 Likelihood Severity	Risk Treatment Measures Implemented		Current Risk Matrix	 Likelihood Severity
Gross Risk Score	12	Network security		Current Risk Score	9
Gross Severity	4	Physical security		Current Severity	3
Gross Likelihood	3	Security Policy, Information Security Manual Data Protection compliance and training GCSX		Current Likelihood	3
Gross Risk Review Date		Environmental controls Established protocols		Last Risk Review Date	10-Jun-2011
Consequences	Fine Reputational damage Potential imprisonment Physical harm to staff Consequence for members of the public if their personal data lost/stolen				
Vulnerabilities/causes	Insecure IT equipment Human error Loss Theft Equipment failure Hacking				
Risk Notes					

Risk Code	CPR1112_08	Risk Title	Loss of Community Cohesion	Current Risk Status	
Description of Risk	Failure to achieve community cohesion	Risk Treatment Measures Implemented		Assigned To	Rob Barnes; Rob Mitchell
Gross Risk Matrix	 Likelihood Severity			Current Risk Matrix	 Likelihood Severity
Gross Risk Score	4	No change to front line services		Current Risk Score	2
Gross Severity	4	Locality working		Current Severity	2
Gross Likelihood	1	ASB Policy		Current Likelihood	1
Gross Risk Review Date		Partnership working			
		Financial Inclusion Policy			
		Community Engagement			
		Stronger Communities Group			
		Corporate consultation database			
		Services proactive in engaging communities			
		Data and intelligence used to inform service planning			
		Community cohesion awareness			
		Capacity building projects & Initiatives			
		Impact assessments used			
		Horizon scanning Big Society/Localism impact			
		Stronger Communities Partnership			
		Responsible Authorities Group			
		Development of ASB hub			
		Links with Police			
		Community Cohesion Audit			
		Tamworth Strategic Partnership			
		Strategic priority			
		Total Place			
				Last Risk Review Date	10-Jun-2011
Consequences	Long term costs Not meeting/understanding users needs Increase in crime and disorder Poor use of funding Tensions in the community No community commitment/ownership to the Authorities Vision Low level of community cohesion Fear of perception of crime Failure to meet demand				
Vulnerabilities/causes	Services withdrawn				

	<p>Big Society does not take off Communities become fragmented Increase in ASB Increase in financial deprivation Lack of interest from the public Poor communication Poor engagement mechanisms at corporate and service level Limited understanding of good engagement process</p>
Risk Notes	

Risk Code	CPR1112_09	Risk Title	Workforce Planning Challenges	Current Risk Status	
Description of Risk	Failure to manage workforce planning challenges			Assigned To	Anica Goodwin; Tony Goodwin
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	9	Transforming Tamworth Service reviews		Current Risk Score	4
Gross Severity	3	Regular communication		Current Severity	2
Gross Likelihood	3	Workforce and succession planning Core brief Staff AGM		Current Likelihood	2
Pa Gross Risk Review Date		PDR process to ensure skill development requirements are being addressed HR policies and procedures in place Post entry training to qualify staff in key areas Absence management policy, healthshield and occupational health Market supplement policy for either retention or recruitment of necessary skills Managers review of resource capabilities/capacity for business continuity purposes Relationship with Trade Unions Management awareness of risk impact of reduced staffing		Last Risk Review Date	15-Jun-2011
Consequences	Strain on remaining staff Risk to service delivery Industrial action Budget misalignment Increase in fraud Wrong messages sent out Potential increase in employment tribunal cases Increased number of grievances from staff Increase in absenteeism Inability to respond to change agenda Inability to align skill levels to new working methods				
Vulnerabilities/causes	Staff become overloaded Low morale has impact on service delivery Industrial unrest Redundancies lead to additional future costs Failure to communicate effectively				

<p>Risk Notes</p>	<p>Small authority with specialised staff Sickness levels remain too high leaving vulnerable skills gaps Pay and conditions below market conditions for skills required</p>
--------------------------	---

Risk Code	CPR1112_10	Risk Title	Health & Safety	Current Risk Status	
Description of Risk	Failure to manage Health & Safety			Assigned To	Andrew Barratt; Anica Goodwin
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Policies in place		Current Risk Score	6
Gross Severity	4	Training completed		Current Severity	3
Gross Likelihood	3	Health and Safety groups		Current Likelihood	2
Gross Risk Review Date		Risk assessments completed		Last Risk Review Date	15-Jun-2011
Consequences	Corporate manslaughter Fines Negative publicity insurance claims death/injury	Inspections completed Personal safety equipment provided Lone working policy and practices PVP register Fire alarm tests and evacuation tests			
Vulnerabilities/causes	Non-compliance with legislation lack of health and safety awareness short cuts/ poor working practices Personal safety equipment not used risks not identified and or managed inspections/tests not completed				
Risk Notes					

27th OCTOBER 2011

Report of the Head of Internal Audit Services

INTERNAL AUDIT QUARTERLY REPORT 2011/12 (QTR 2 July – Sept)

EXEMPT INFORMATION

None

PURPOSE

To inform Members on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 2nd quarter of 2011/12. To provide Members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought to the Committee's attention.

RECOMMENDATIONS

That the Committee considers the attached quarterly report and raises any issues it deems appropriate.

EXECUTIVE SUMMARY

The Accounts and Audit Regulations 2011 (as amended) require each Local Authority to publish an Annual Governance Statement (AGS) with its Annual Statement of Accounts. The AGS is required to reflect the various arrangements within the Authority for providing assurance on the internal control, risk management and governance framework within the organisation, and their outcomes.

One of the sources of assurance featured in the AGS is the professional opinion of the Head of Internal Audit on the outcome of services' review of the governance framework. Professional good practice recommends that this opinion be given periodically throughout the year to inform the "annual opinion statement". This opinion is given on a quarterly basis to the Audit & Governance Committee.

The Head of Internal Audit Services' quarterly opinion statement for July – September 2011 (Qtr 2) is set out in the attached document, and the opinion is summarised below.

Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that “some assurance” can be given. Where significant deficiencies in internal control have been formally identified by management, Internal Audit or by external audit or other agencies, management have given assurances that these have been or will be resolved in an appropriate manner. Such cases will continue to be monitored. Internal Audit’s opinion is one of the sources of assurance for the Annual Governance Statement which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

No specific issues have been highlighted through the work undertaken by Internal Audit during 2011/12 (to date).

For easy reference, performance against 2 key performance indicators for the service is set out in graphical form in Appendix 1 (% of draft reports issued within timeliness target) and Appendix 2 (% of audit recommendations agreed by management). The proportion of agreed management actions found to have been implemented is also shown graphically in Appendix 3.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 Percentage of draft reports issued within 15 days

Appendix 2 Percentage of management actions agreed

Appendix 2a Management actions agreed by number

Appendix 3 Proportion of agreed management actions implemented 11/12

1. INTRODUCTION

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Every local authority is statutorily required to provide for an adequate and effective internal audit function. The Internal Audit service provides this function at this Authority.

This brief report aims to ensure that Committee members are kept aware of the arrangements operated by the Internal Audit service to monitor the control environment within the services and functions of the authority, and the outcome of that monitoring. This is to contribute to corporate governance and assurance arrangements and ensure compliance with statutory and professional duties, as Internal Audit is required to provide periodic reports to "those charged with governance".

2. PERFORMANCE AND PROGRESSION AGAINST AUDIT PLAN

The Internal Audit service aims as one of its main Performance Indicators (PI's) to complete work on at least 90% of applicable planned audits by the end of the financial year, producing draft reports on these where possible/necessary. As in previous years it is expected that not all 62 planned areas of audit work will remain to be delivered for various reasons, eg due to changes within services, delays to projects, or reasonable requests to delay from managers due to unexpected demands or resource problems eg sickness. The service thus plans to complete 90% of those audits that are deliverable in the year.

The Internal Audit service has completed or has underway 31 audit areas of work. Of the 34 audits planned to be completed by the end of this quarter, 3 of these have been postponed until a later date for agreed service reasons. The Internal Audit Service has completed works in additional areas as requested by management. As previously described, the plan has been actively managed to seek to ensure delivery of good practice levels over the year. Areas of audit work include the planned audits of systems plus activities that contribute to the overall governance of the authority.

The service also reports quarterly on the percentage of draft reports issued within 15 working days of the completion of fieldwork. All (100%) of the 12 draft reports issued in this quarter of the year were issued within this deadline. The service has increased the performance indicator for the issue of draft reports to 100% for this financial year as this was achieved during each quarter of 2010/11. (see graph at Appendix 1).

The Head of Internal Audit Services is responsible for ensuring that the work of the service is of appropriate quality to meet professional standards, and has in place, on an ongoing basis, a number of processes to meet this aim. For instance, there is an Audit Manual in place to guide auditors in their work, the Head of Internal Audit Services carries out independent review of auditors' work to ensure professional standards are met, the service benchmarks its performance against other such services in the region, quality control questionnaires are issued to managers for their view on the work of the service, and so on. The service is also subject to review by the external auditor, who places reliance on the work of the service. It is considered that the service continues to ensure professional standards are in place, and indeed in its move to risk based auditing is ahead of most other similar audit services in the region in adopting emerging good practice.

3. AUDIT REVIEWS COMPLETED QUARTER 2 2011/12

Internal Audit carries out reviews in compliance with its approved annual Audit Plan and additional areas where necessary, and reports on these to management in accordance with its approved Reporting Protocol. The audits finalised since the previous quarterly report were as shown below and detail the number of recommendations made and their priority.

	H	M	Agreed
• Volunteers Policy	9	6	15
• Corporate Policy Management	10	8	18
• Environmental Health Risks	1	-	1

As part of each audit review, recommendations are made where necessary to address areas where the Internal Audit service considers controls, or compliance with controls, could be improved to help to manage risks to service objectives and ensure service objectives are met.

Accordingly a total of 34 new audit recommendations were made in this quarter of which 34 (100%) were agreed by management (this is the third main service PI – see Appendix 2. Appendix 2.1 shows the number of recommendations made and agreed). Internal Audit is satisfied with the management responses received to the recommendations made in this period. Each audit will be reviewed within the specified time scale and the implementation status of the audit recommendations reported.

The service revisits areas it has audited around 6 months after agreeing a final report on the audit, to test and report to management on the extent to which agreed actions have been taken. Work in this quarter to review the level of implementation of recommendations previously agreed found that of 44 recommendations due to be implemented, 26 (59%) had been implemented or partially implemented in the agreed timescale (Appendix 3). Internal Audit is fairly satisfied with the progress made by management to reduce the levels of risk through the year. It is not considered that there are any areas of major concern that should be brought to the Committee's attention in this respect at this time, and the service will continue to monitor the situation.

4. OVERALL CURRENT INTERNAL AUDIT OPINION

Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that "some assurance" can be given. Where significant deficiencies in internal control have been formally identified by management, Internal Audit or by external audit or other agencies, management have given assurances that these have been or will be resolved in an appropriate manner. Such cases will continue to be monitored. Internal Audit's opinion is one of the sources of assurance for the Annual Governance Statement which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

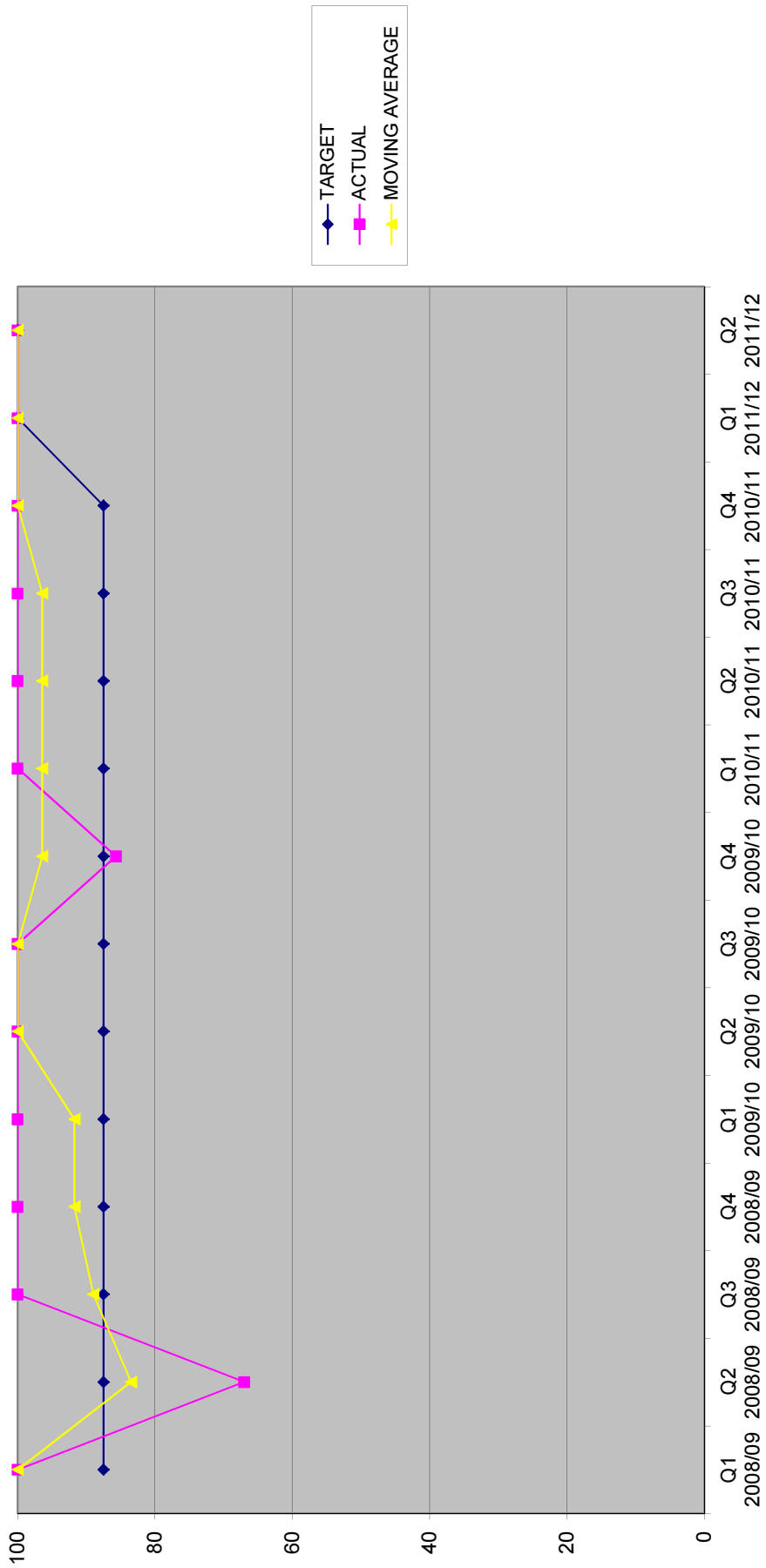
There were no specific issues highlighted through the work of Internal Audit in the second quarter of the 2011/12 financial year

Angela Struthers,
Head of Internal Audit Services

This page is intentionally left blank

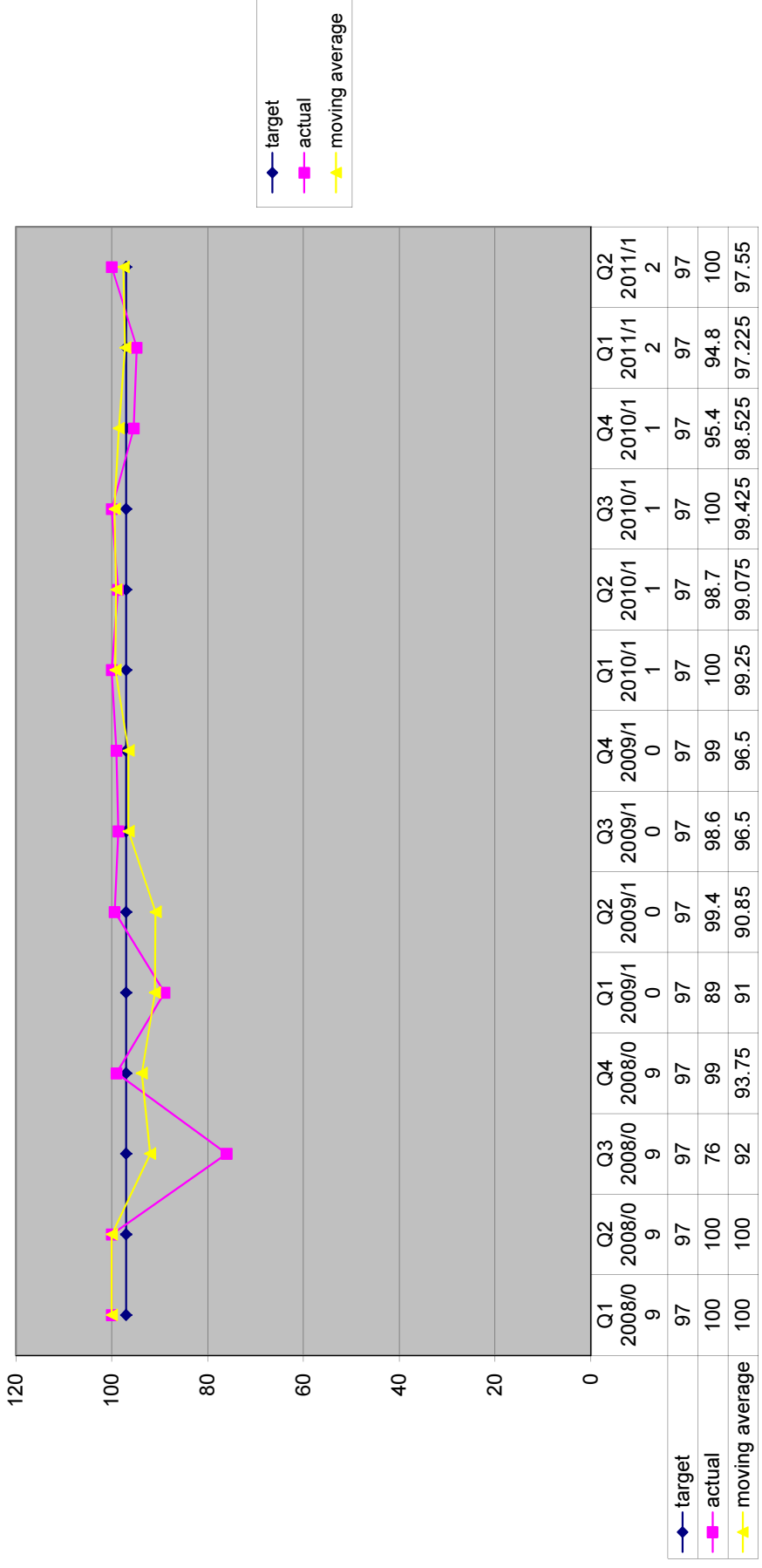
Appendix 1

Percentage of draft reports issued within 15 days



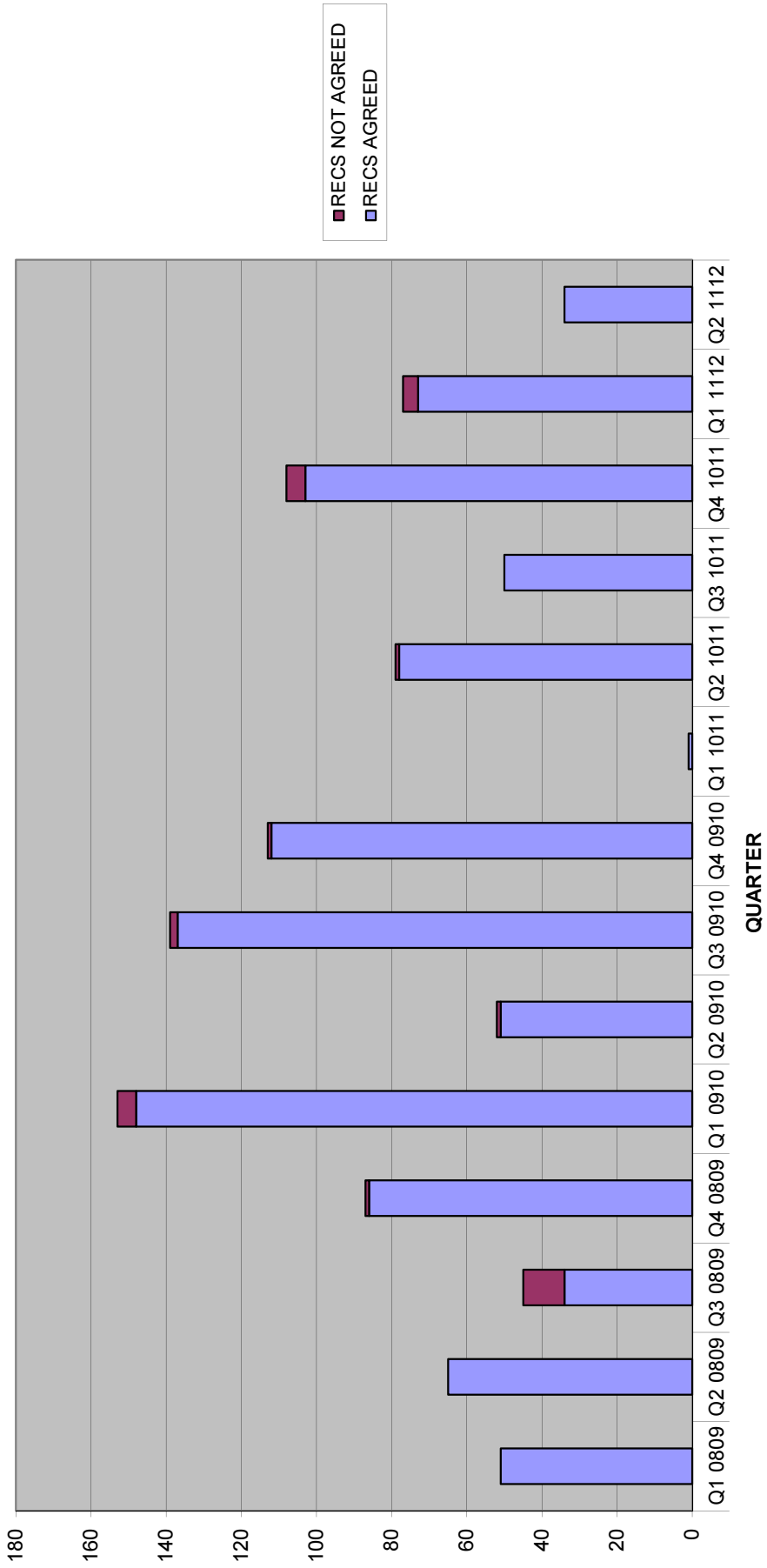
Appendix 2

Percentage of management actions agreed

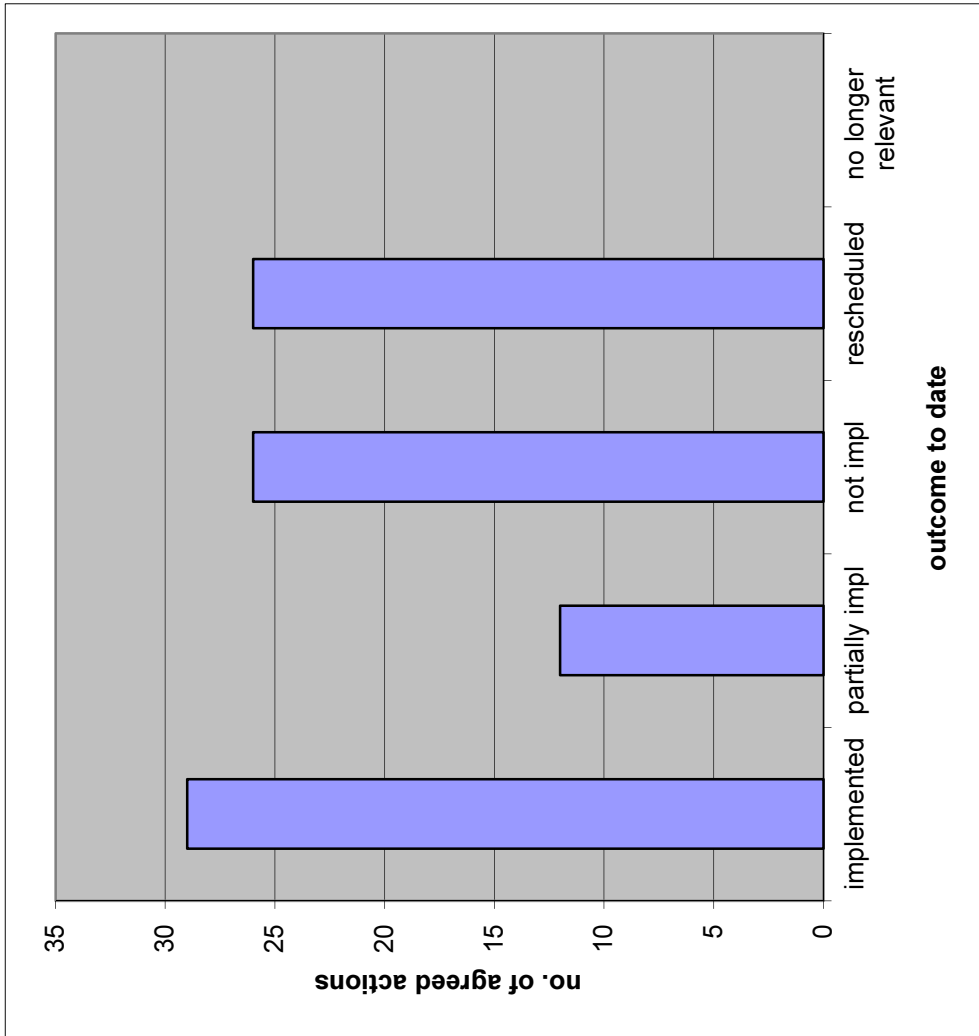


Appendix 2.1

MANAGEMENT ACTIONS AGREED BY NUMBER



Proportion of agreed management actions implemented 2011/12



AUDIT & GOVERNANCE COMMITTEE

27 October 2011

Regulation of Investigatory Powers Act 2000

Report of the Solicitor to the Council and Monitoring Officer

1. Recommendation

1.1. That Audit and Governance Committee endorse the quarterly RIPA monitoring report.

2. Purpose

2.1. The Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) specifies that quarterly reports will be taken to Audit & Governance Committee to demonstrate to elected members that the Council is complying with its own Code of Practice when using RIPA.

2.2. On 14 December 2010, the Council adopted the RIPA policy and agreed that quarterly reports on the use of RIPA powers be submitted to Audit & Governance Committee.

3. Background Information

3.1. The latest statutory RIPA Codes of Practice produced by the Home Office in April 2010 introduced the requirement to produce quarterly reports to elected members to demonstrate that the Council is using its RIPA powers appropriately and complying with its own Code of Practice when carrying out covert surveillance. This requirement relates to the use of directed surveillance and covert human intelligence sources (CHIS).

3.2. The table below shows the Council's use of directed surveillance in the current financial year to provide an indication of the level of use of covert surveillance at the Council. There have been no applications under RIPA in the quarterly period from 1 July to 30 September 2011.

3.3. The table outlines the number of times RIPA has been used for directed surveillance, the month of use, the service authorising the surveillance and a general description of the reasons for the surveillance. Where and investigation is ongoing at the end of a quarterly period it will not be reported until the authorisation has been cancelled. At the end of the current quarterly period there are no outstanding authorisations.

3.4. There have been no authorisations for the use of CHIS.

Financial year 2011/12

Month	Service	Reason
No applications		

4. Background papers

4.1. None

“If Members would like further information or clarification prior to the meeting please contact Jane M Hackett Solicitor to the Council and Monitoring Officer on Ext.258”