

| BURY COUNCIL – Review of the Effectiveness of Internal Control 2008/09 | | | |
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| CONTROL | PURPOSE | EVIDENCE | VALUE |
| AUDIT COMMITTEE | | | |
| Compliant with CIPFA Toolkit and best practice | Audit Committees are a key component of corporate governance in that they provide assurances about the organisation’s arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance. | The effectiveness of the Audit Committee is reviewed annually by the Head of Internal Audit using the CIPFA Toolkit as a model. The report is available for inspection in the agenda’s of the Audit Committee. | The Audit Committee now has a clear statement of purpose, a set of core functions, an awareness of the key features that constitute a good audit committee, and an awareness of good practice in the structure and administration of the Audit Committee. In addition, there is a self-assessment checklist. |
| CORPORATE GOVERNANCE | | | |
| Annual Governance Statement | With effect from 2007/08 it became a requirement to include an Annual Governance Statement within the Authority’s published accounts. The purpose of the statement is to provide an assurance as to the effectiveness of internal control, and wider | The Authority piloted a Governance Statement in its 2006/07 accounts, and has been produced annually since then in accordance with SORP. The statement is refreshed each quarter and presented to the Audit Committee and the Governance Panel. | The Statement summarises the effectiveness of the internal control / governance framework and compares this with the Authority’s standard as outlined in the “Local Code of Corporate Governance”. The Statement provides management, Members, Partners & Stakeholders with an assurance as to |

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| | corporate governance within the organisation. | <p>The Statement is prepared using information from the Council’s Internal and External Auditors, the views of the Monitoring Officer, S151 Officer, and other reviews. Critically, the Statement is based upon “Assurance Certificates” completed by service directors.</p> <p>The Statement is approved by Management Board, the Governance Panel, and the Audit Committee</p> | <p>the effectiveness of the internal control / governance framework.</p> <p>The Statement highlights action points for improvement.</p> |
| Monitoring Officer | The Monitoring Officer carries out a continuous review of all legal and ethical matters. | The Monitoring Officer receives copies of all agendas, minutes, reports and associated papers, commenting where necessary, or taking appropriate action should it be required. | The Monitoring Officer is responsible for monitoring compliance with the Local Code of Corporate Governance, and ensuring that the highest standards are maintained. |
| S151 Officer | It is a requirement under the Local Government Act 1972 (s151), and the Local Government Finance Act 1988 (s114) that the | <p>The Director of Finance & eGovernment fulfils this role for the Council.</p> <p>Equally there are effective</p> | The s151 officer has produced a comprehensive set of Financial Regulations to ensure high standards of financial management throughout the organisation. |

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| | Council appoints a responsible officer to oversee the proper administration of the financial affairs of the Council. | arrangements for staff to deputise in the absence of the s151 officer. The s151 officer and deputy are qualified accountants. | |
| Financial Management | Effective financial management ensures the Council deploys its resources efficiently and effectively in pursuit of its objectives. | The Council has invested significantly in the development of its financial systems, and has a well established budget monitoring and reporting framework – to officers and elected members. | The Council has agreed finance procedure rules, and manages its Medium Term Financial Strategy within its own “golden rules”. This ensures the Council maintains a balanced budget, and a risk assessed level of balances. |
| Risk Management | The Authority has developed a comprehensive framework for effectively managing and reporting risk and opportunities; both within the Council, and when working in partnership. | On-line risk registers are maintained at operational, departmental, and strategic levels. Registers are reviewed at least quarterly, and reported to Management Board and members. An officer level “Operational Risk Management Group” continues to operate, along with | The Council has adopted a priority led approach to risk, with all risks / opportunities being clearly identified and mapped to the Council’s Strategic Objectives. Risk registers and the review process have been operating for nearly 3 years now, and are making a positive contribution to effective management of the Council’s |

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| | | a Member level “Corporate Risk Management Group” both groups meet on a regular basis. The Council’s approach to Partnership Risk Management continues to be developed; the PRAM framework has now been populated with significant risks identified by Team Bury partner organisations. | resources. This is achieved by allowing informed decision making, with a clear understanding of the risks / opportunities involved. The continued development of PRAM has contributed to the effectiveness and confidence of Partnership working. |
| Performance Management | The Authority maintains a range of Performance Indicators; some are statutory requirements, others are maintained locally to monitor the effectiveness of services | The Authority has developed an in-house software package (PIMS) to record, analyse, monitor & report performance data. | The system is available to all managers, and partner organisations in respect of “Team Bury” indicators. Quarterly reports are considered by Management Board and Members. Internal and external review confirms data quality to be of a high standard. |
| Health & Safety | The Council has a number of obligations in respect of health & safety; employer, landlord; service provider etc. | There is a well established Corporate Health & Safety Team, supported by representatives in service areas. | The Council has clearly defined Health & Safety standards which are communicated to staff through regular training sessions. The Health & Safety Section produce a comprehensive Annual Report |

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| | | | outlining work undertaken, and proposing future action. |
| Business Continuity | <p>Effective business continuity planning ensures that the Council is able to deliver critical services in the event of a disaster / significant disruption.</p> <p>This is now a statutory duty upon the Authority under the Civil Contingencies Act.</p> | <p>The Council has undertaken over 200 Business Impact Assessments to assess the criticality of services, interdependencies, and recovery arrangements.</p> <p>Similarly a revised Corporate Business Continuity Plan was approved in December 2007.</p> <p>Further work is in progress to develop departmental responses in the event of a major incident.</p> | <p>The process of Business Impact Assessment is documented for all service areas and has formed a baseline upon which corporate / departmental responses can be developed.</p> <p>The Council’s approach to Business Continuity was deemed “fit for purpose” in the recent CPA inspection.</p> |
| Gifts & Hospitality | A robust mechanism to record, approve and monitor offers of gifts and hospitality is fundamental to effective governance | <p>An online register has been developed where members and officers can declare offers of gifts / hospitality.</p> <p>Quarterly reports of declarations are made to the Monitoring Officer, Management Board, the</p> | <p>The Council’s “Local Code of Corporate Governance” reinforces this through its core principle of “promoting the values of the authority and demonstrating the values of good governance through behaviour”</p> <p>The online registration has recently</p> |

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| | | <p>Governance Panel, and the Audit Committee.</p> <p>The Director of Finance & eGovernment emails all staff on a regular basis reminding them of the need to make declarations.</p> | <p>been extended to include declarations of interests.</p> |
| Internal Audit Annual Report & Opinion | The Annual Report provides an opportunity to look at the performance of Audit over the whole financial year, and to take stock of the overall position with regard to systems and controls, having regard to the risks involved. | Copy of the Internal Audit Annual Report and Opinion is presented to the June Audit Committee for their approval. | The Annual Report provides some of the assurances Members and others have to seek, in order to satisfy the requirements under the provisions of the Accounts and Audit Regulations 2003, amended 2006. The report is particularly concerned with the authority's control framework, and its assessment, which forms the basis of the Audit Opinion |
| Partnership Code of Practice | The Authority adopted a "Partnership Code of Practice" in 2007/08 and has entered into a "Memorandum of | The Code is available to both officers and Partner organisations and sets out the principles of partnership working. | The Code outlines key considerations when entering into a Partnership, e.g. Finance, HR, Legal issues, Risk Management etc. The Code provides practical guidance |

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| | Understanding” with the PCT. The Council has also set-up Team Bury Protocols around areas such as asset management etc. | | in respect of these issues. The Memorandum of Understanding covers the aims and objectives, the partnership principles, roles and responsibilities, accountability, and evidence that the arrangements has led to benefits. |
| External Audit reliance on the opinions of Internal Audit. | To have confidence that the Internal Audit Section plays a full part in the system of internal financial control. | Audit and Inspection letter. | As the external auditors opinion is that they do have confidence in the effectiveness of the Internal Audit service it allows them to concentrate on wider control issues and projects assured that the internal control environment is being properly and professionally audited. |
| External Audit review of Internal Audit | To ensure that the Internal Audit service can be relied upon to carry out their work to a high standard and in compliance with the CIPFA Code. | Findings reported to the Audit Committee | This assurance is vital to the Audit Committee and the s151 Officer in giving them the assurance that the Internal Audit service carries out its responsibilities to the highest standard and is continually striving to improve. |
| Established Scrutiny Committees | Review and scrutinise decisions made or actions taken in connection with the | The Scrutiny Committees must report annually to the full Council on their workings. | Allows the Council to fulfil its obligations under the Local Government Act 2000. |

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| | discharge of any of the Council's functions. | | |
| Established Standards Committee. | Promote and maintain high standards of conduct by Councillors. | Council Minutes. | Closely monitors compliance with the Member's Code of Conduct. |
| Governance Panel | Established in 2008/09 to provide a forum to discuss, challenge and improve all aspects of ethical governance within the Council. The Panel meets on a quarterly basis. | The Panel will receive details of current investigations, the quarterly Governance Statement, Freedom of Information requests, Risk management reports, and updates from Internal Audit, the S151 Officer, and the Monitoring Officer. | The Council's approach to Governance will be monitored to ensure compliance with the Local Code of Corporate Governance. Any improvements that are recommended as a result can be followed-up. |
| CIPFA Better Governance Forum (BGF) | Bury has joined the BGF in 2008/09 to give the Council access to practical guidance and documentation. | The Council has access to the BGF website. | The BGF is the largest network for Public Sector Bodies in the UK with over 200 members. This forum will assist the Council to deal with the ever-changing requirements of governance. |

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| INTERNAL AUDIT INWARD LOOK | | | |
| Compliant with CIPFA Code of Practice | To ensure that the Internal Audit function takes full account of the Accounts & Audit Regulations 2006 and practice relating to corporate governance that emphasises the importance of Internal Audit to the proper management of the organisation. | Compliance with the Code reviewed in April 2009 and found an improvement on compliance from 83% in the previous year to 93%. Copy available in Internal Audit. | Compliance with the Code fulfils the Accounts & Audit Regulations in that the relevant body must “maintain an adequate and effective system of Internal Audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”. |
| Internal Audit is appropriately resourced | To ensure that the Audit Team possesses the qualifications, skills, competencies, experience and personal attributes required to meet its objectives and comply with CIPFA Standards. | Benchmarking results and Personal files. | A highly respected Internal Audit Team that can be relied upon to deliver a quality service that adds value to the Authority. |
| Quality Assurance | To ensure that all audit work is of a high standard. | All audit reports and files are reviewed by the Audit Manager and/or the Head of Internal Audit and evidenced in the file. | Audit work is allocated to staff with the appropriate skills, experience and competence. |

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| Client Satisfaction Questionnaires | To obtain feedback on the quality of the service from the user. | Results from the questionnaires are reported to the Audit Committee and retained in the Internal Audit Office. | To ensure that Internal Audit is working effectively and that the whole experience of the user is a good one that will encourage them to seek further work and advice on the areas they see as at risk. |
| Benchmarking | Benchmarking provides the evidence of how we are performing. | We are members of the CIPFA Benchmarking Club that collates performance data from over 100 Local Authorities for comparison. The results are presented to the Audit Committee and copies are retained in Internal Audit. | The benchmarking enables us to answer some fundamental performance questions; how does our performance compare with our peers; can we learn anything from other organisations; and do we provide value for money. |
| Risk Based Audit Plan | To ensure that the resources available to Internal Audit are used to best effect. | The risk based audit planning process is fully recorded. | The Authority's resources are targeted where they are most needed. |
| Internal Audit Performance Indicators | To measure performance over time to ensure improvements are continuously being achieved. | A range of 26 performance measures are presented to the Audit Committee each quarter. | Ensuring a good and improving service forms and is important element of the Internal Control Framework. |

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| Membership and regular attendance at the AGMA Chief Internal Auditor's Group. | This group primarily exists to allow Chief Auditors across AGMA to discuss the important issues of the day. | Minutes of the meetings. | The Group is invaluable (reporting to Treasurers Group) in maintaining the highest levels of competence by inviting speakers to address the Group on important issues and being a forum for new and innovative ideas. |
| Membership and regular attendance at the AGMA Computer Audit Group. | This group primarily exists to allow Computer audit experts within AGMA to discuss the important issues of the day and provide a forum to raise the overall standard of work. The Group has set-up a Greater Manchester Computer Audit Consortium to supplement our own staff. The Council bought -in 20 days from the consortium in 2008/09. | Minutes of the meetings. This group reports to the Chief Auditors Group. | The development and sharing of best practice in the field of Computer Audit. The sharing of knowledge and in some cases resources through partnership working. The standard of work and the extent of our knowledge is enhanced by inviting specialists to speak to us. We have also benefited from polling our training requirements and obtaining this valuable resource at a competitive rate. The Group have also arranged for in-house training to disseminate expertise amongst the AGMA members. |

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| Membership and regular attendance at the AGMA Contracts Audit Group. | This group primarily exists to allow Contracts audit experts within AGMA to discuss the important issues of the day and provide a forum to raise the overall standard of work. | Minutes of the meetings. This group reports to the Chief Auditors Group. | <p>The development and sharing of best practice in the field of Contracts Audit. The sharing of knowledge and in some cases resources through partnership working. The standard of work and the extent of our knowledge is enhanced by inviting specialists to speak to us. We have also benefited from polling our training requirements and obtaining this valuable resource at a competitive rate.</p> <p>The Group have also arranged for in-house training to disseminate expertise amongst the AGMA members.</p> |
| Membership and regular attendance at the AGMA Fraud Group. | This group primarily exists to allow those working within the area of fraud investigations within AGMA to discuss the important issues of the day and provide a forum to raise the | Minutes of the meetings. This group reports to the Chief Auditors Group. | The development and sharing of best practice in the field of proactive and reactive work. The sharing of knowledge and experiences. The standard of work and the extent of our knowledge is enhanced by inviting specialists to speak to us. |


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| | overall standard of work | | We have also benefited from polling our training requirements and obtaining this valuable resource at a competitive rate. The Group have also arranged for in-house training to disseminate expertise amongst the AGMA members. |
| Participation in the National Fraud Initiative overseen by the Audit Commission. | To tackle a broad range of fraud risks faced by the public sector | Process overseen by the Audit Commission and independently audited by KPMG as Bury's external auditors. The NFI scheme is overseen internally by the Internal Audit section. | Thousand of pounds worth of savings and the deterrent effect that goes with the scheme are sound reasons for taking part. |
| POLICIES & PROCEDURES | | | |
| Local Code of Corporate Governance | The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. | To this end the authority has approved and adopted a Local Code of Corporate Governance which has been reviewed and updated in accordance with the principles and requirements of the CIPFA/SOLACE document " <i>Good Governance in Local Government : A Framework</i> ". | The Local Code is built around six core principles of governance, each with more detailed supporting principles. An assessment against the standards in the Local Code of Corporate Governance forms the basis of the Annual Governance Statement. |

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| | | | <p>The Local Code has been communicated to both officers and members.</p> <p>The Council undertaken a review of ethical governance to determine the level of awareness, and assess training needs. As a result, an e-learning module has been developed and made available to Officers and Members.</p> |
| Risk Management Policy | The Council formally adopted its Risk Management Policy in 2006; this outlined its approach to the identification, management & reporting of risk. | <p>The Policy gives an overview of the Council’s approach to risk management.</p> <p>This is further supported by a “Policy into Practice” document which outlines the detailed operation of the various levels of risk register, reporting lines, and membership of officer and member groups.</p> | <p>The documents have been effective in defining the Council’s approach to risk management.</p> <p>This is evidenced through a fully populated set of risk registers; frequent (and well attended meetings) of officer and member risk management groups.</p> <p>The Council’s Annual Report on Risk Management provides further details of the positive impact of the risk management process.</p> |

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| Anti-Fraud & Corruption Policy | In the light of the Nolan Report and several well publicised fraud and corruption cases, it became accepted that standards and practices needed to be formalised and developed into a distinct anti-fraud and corruption strategy. | The Strategy is available on the intranet and a link is available through the Internal Audit web page. | <p>The public is entitled to expect conduct of the highest standard from members and officers of the Council. Bury Council recognises the need for the highest standards of probity in dealing with public money, and is firmly committed to the prevention, detection and investigation of all forms of fraud and corruption. It will deal equally with perpetrators from inside and outside the authority. This strategy explains how we shall achieve this aim.</p> <p>To raise staff and Member awareness, an e-learning module has been developed.</p> |
| Whistleblowing Policy | To provide an avenue for all those to whom the policy applies to raise concerns and receive feedback on any action taken. | Files are maintained on a strictly confidential basis. | The Council is made aware of important issues, including criminal activity within the Council, that it otherwise may not have been made aware of. |

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| Complaints procedure | To ensure all complaints are recorded and acted upon in accordance with the procedure. This is now made possible by retaining the information within a purpose built database. | Statistics on complaints, learned outcomes and problems raised are distributed to management within departments and reported to DMTs. | Informing the Council when things do not work as efficiently or effectively as they should. |
| Freedom of Information Policy | The Council must comply with the Freedom of Information Act 2000. The Act gives a general right of access to all types of recorded information held by the Council. | Freedom of Information request documentation. | The Council will comply with the legislation and be seen to be assisting persons to obtain valid information upon request. |
| Data Protection Procedures | To ensure the Council complies with the Data Protection Act 1998 and protects the personal data the Council maintains on individuals; whether paper or computer based. | The Council's arrangements are inspected regularly by the Offices of the Information Commissioner. | The Council will comply with the Act and maintain proper control over its information retention arrangements. |

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| Financial Procedure Rules | To conduct its business efficiently, the Council needs to ensure that it has sound financial management policies and that they are strictly adhered to. | The work of external and internal audit. | The Financial Procedure Rules assist the s151 Officer to carry out his responsibilities under the Local Government Act 1972 and s144 of the Finance Act 1988 for the proper administration of the financial affairs of the Council. |
| Contract Procedure Rules | It is a requirement of every contract between the Council and any person who is not an employee of the Council that they comply with the requirements of this rule. | Procedure rules are audited by Internal Audit every year. | The Procedure Rules clarify the way the Council expects its employees, partners and contractors are expected to conduct their business. A review is currently being undertaken that will lead to a new set of rules by April 2010. |
| Policies on the Regulation of Investigatory powers Act 2000 | It gives the power to investigating officers to carry out covert surveillance and use covert human intelligence sources subject to a system of authorisation. | The Legal Services section maintains a central record of all RIPA applications. | Prevents the Council from breaching Article 8 of the Convention on Human Rights 1953 as applied by the Human Rights Act 1988. It also prevents the Legal representatives of defendants from excluding evidence obtained in this way. |

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| INTERNAL AUDIT OPINION | | | |
| <p>The Internal Audit Section has undertaken a continuous risk based review of the System of Internal Control and the Council’s Governance arrangements during 2008/09.</p> <p>No material weaknesses were identified, and in my professional opinion, the Council has a robust Internal Control framework and effective Governance arrangements.</p> | | | |
|  | | 27th April 2009 | |
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| B.E.Strothers CPFA Head of Internal Audit | | | |