

Public Document Pack

AUDIT COMMITTEE

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To: All Members of Audit Committee

Councillors : E Fitzgerald (Chair), M Bailey, P Bury,
J Frith, M Hankey, P Heneghan, S Nuttall, K Rothwell and
B Vincent

Dear Member/Colleague

Audit Committee

You are invited to attend a meeting of the Audit Committee which will be held as follows:-

Date:	Tuesday, 3 December 2013
Place:	Town Hall, Bury
Time:	7.00 pm
Briefing Facilities:	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
Notes:	

AGENDA

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST

Members of the Audit Committee are asked to consider whether they have an interest in any of the matters on the agenda and, if so, to formally declare that interest.

3 MINUTES OF THE LAST MEETING *(Pages 1 - 6)*

The Minutes of the Last Meeting held on 22 August 2013 are attached.

4 PUBLIC QUESTION TIME

Questions are invited from any members of the public present at the meeting on any matters for which this Committee is responsible.

5 AUDIT COMMITTEE TRAINING - PROTECTING THE PUBLIC PURSE

A presentation will be given at the meeting.

6 PUBLIC SECTOR INTERNAL AUDIT STANDARD *(Pages 7 - 48)*

A report from the Head of Internal Audit is attached.
The Public Sector Internal Audit Standards Self Assessment is attached.
The Internal Auditors' Code of Ethics is attached.
The Internal Audit Charter is attached.

7 FINANCIAL MONITORING REPORT APRIL 2013 TO SEPTEMBER 2013 *(Pages 49 - 54)*

A report from the Assistant Director of Resources (Finance and Efficiency) is attached.

8 QUARTERLY GOVERNANCE STATEMENT JULY 2013 TO SEPTEMBER 2013 *(Pages 55 - 64)*

A report from the Head of Internal Audit is attached.

9 GIFTS AND HOSPITALITY *(Pages 65 - 68)*

A report from the Assistant Director of Resources (Finance and Efficiency) is attached

10 ANNUAL AUDIT LETTER 2012/2013 *(Pages 69 - 70)*

The Notice of certification of completion of the audit from KPMG is attached

11 EXCLUSION OF PRESS AND PUBLIC

To consider passing the appropriate resolution under Section 100(A)(4) of the Local Government Act 1972 that the press and public be excluded from the meeting during consideration of the following items of business since they involve the likely disclosure of the exempt information stated.

12 INTERNAL AUDIT PROGRESS REPORT *(Pages 71 - 82)*

A report from the Head of Internal Audit is attached.

13 INTERNAL AUDIT FEEDBACK *(Pages 83 - 88)*

A report from the Head of Internal Audit is attached.

Minutes of: **AUDIT COMMITTEE**

Date of Meeting: 22 August 2013

Present: Councillor E Fitzgerald (in the Chair)
Councillors M Bailey, P Bury, J Frith, S Nuttall, K Rothwell
and B Vincent

**Also in
attendance:** Rachel Lindley
Adam Langan

Public Attendance: No members of the public were present at the meeting.

Apologies for Absence: Councillor M Hankey and Councillor P Heneghan

**AU.269 AUDIT COMMITTEE TRAINING - HOW THE COUNCIL PROCURES ITS
GOODS AND SERVICES**

Sarah Janusz, Head of Strategic Procurement attended the meeting to give the Members of the Committee an overview of the way in which the Council procures its goods and services.

The presentation set out the Procurement Strategy 2013 – 2015: Buying into Bury, the key spend categories, how the Council engages with the Bury Business Community and how the Council works in collaboration with other Councils and partners.

It was explained that it was a good time to look at procurement due to a number of different factors including:-

- Reductions in funding
- Increasing demand for services
- The requirement to get more for less
- Demonstrating best value for money, and;
- Ensuring procurement is embedded in governance arrangements

It was explained that the procurement strategy 2013 – 2015 was entitled 'Buying into Bury' and set out how the Council would:

- Ensure best value
- Deliver local economic benefit

The Strategy contributes to corporate vision, values and outcomes, sets out key performance indicators, Procurement structure, tools and techniques as well as external influences and challenges.

It was reported that contracts would usually fall into one of four categories:

- Routine - Low value, low risk – minimise acquisition costs, use frameworks, efficient order processes (Furniture, Highways materials, cleaning materials, etc)

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- Bottleneck - Low value, high risk – Strategies include multiple suppliers, back-up contractors and partnering (mail services, traffic management, housing management etc)
- Leverage – High value, low risk – maximise economies of scale through collaboration (utilities, ICT, Agency Staffing, catering etc)
- Strategic – High value, high risk – use procurement expertise, ensure adequate resourcing and strong project management (Adults Social Care, Children’s Social Care, Construction – properties, Construction – Highways)

The top ten contracts were:

• Utilities	£2.7m
• Capital project	£2.7m
• Care contract	£2.4m
• Repairs/Maintenance Contracts	£1.7m
• Utilities	£1.7m
• Capital project	£1.4m
• Capital project	£1.4m
• Care contract	£1.3m
• Care contract	£1.2m

Sarah explained that the Council had established a relationship with the local Chamber of Commerce and had put a number of different initiatives in place including the use of ‘The Chest’ which allowed local companies to view and tender for Council opportunities, the use of PQQs (pre qualification questionnaires), meet the buyer events, supplier feedback and payment terms for subcontractors.

The Council was also working in collaboration with AGMA and the Yorkshire Purchasing Organisation.

Members of the Committee were given the opportunity to ask questions and make comments and the following points were raised:-

- Councillor Bury asked whether the Council had set terms and conditions in relation to contractors employment of staff. Councillor Bury referred to the use of zero contract hours and agency staff.

Members of the Committee were given the opportunity to ask questions and make comments and the following points were raised:-

- Councillor Bury asked whether the Council had set terms and conditions in relation to contractors employment of staff. Councillor Bury referred to the use of zero contract hours and agency staff.

Sarah explained that there was a list of social criteria that would be considered when developing the strategy for a particular procurement project. Relevant criteria could be incorporated into the contract requirements and these would then form part of the awarded contract

It was agreed:

1. That Sarah be thanked for her presentation.

2. That the KPIs and Social Criteria/Guidance list are circulated to the Audit Committee.

AU.270 DECLARATIONS OF INTEREST

Councillor Rothwell declared a personal interest in any item that referred to Council finances as he was a tenant of Six Town Housing and a Governor at a Bury school.

AU.271 MINUTES OF THE LAST MEETING

Delegated decision:

That the Minutes of the last meeting of the Audit Committee held on 25 June 2013 be approved as a correct record and signed by the Chair.

AU.272 PUBLIC QUESTION TIME

There were no members of the public present to ask questions under this item.

AU.273 AUDITED STATEMENT OF ACCOUNTS

Further to Minute AU.133 of the meeting of this Committee held on 25 June 2013, The Assistant Director of Resources (Finance and Efficiency) presented a report setting out the work that had been carried out by KPMG in relation to the Authority's accounts and the findings from that work.

It was reported that no adjustments had been identified that had an impact on the Council's revenue, capital or HRA outturn for 2012/13; only 2 technical adjustments had been identified; one recommendation had been made and this had been classified as low risk by KPMG; the quality of the Council's accounts and working papers had remained at a high level and it was explained that this was the fourth year that that the Council had presented its audited accounts to the Audit Committee one month earlier than the statutory deadline.

Delegated decision:

1. That the 2 technical amendments to the Accounts recommended by KPMG be approved.
2. That the final version of the Statement of Accounts for the 2012/2013 financial year be approved in line with the provisions of the Accounts and Audit Regulations (England) 2011.
3. That the matters and issues arising from the audit and contained within the ISA (UK+I) 260 Financial Statement Report presented by KPMG be noted.

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4. That the letter of representation signed by the Assistant Director of Resources (Finance and Efficiency) which was presented at the meeting be approved.
5. That KPMG be thanked for their support and advice during the audit process.

AU.274 ISA 260 AND BURY'S RESPONSE

Rachel Lindley, representing KPMG, the Council's External Auditors, presented a report summarising the key findings from their work in relation to the financial statements for the year ending 31 March 2013 and their assessment of the Authority's arrangements to secure Value for Money in its use of resources.

It was explained that KPMG had substantially completed their work on the 2011/2012 financial statements and it was anticipated that an unqualified audit opinion would be issued by the end of August 2012.

The Assistant Director of Resources (Finance and Efficiency) presented the Letter of Representation which had been signed by him and the Chair of the Audit Committee, Councillor Elizabeth FitzGerald to KPMG which was required before the audit opinion could be issued.

Delegated decision:

That the findings of the report be accepted.

AU.275 FINANCIAL MONITORING REPORT - APRIL 2013 TO JUNE 2013

The Assistant Director of Resources, Steve Kenyon, presented a report updating Members of the Committee on the Authority's financial position in line with the Committee's Statement of Purpose to 'provide independent scrutiny of the authority's exposure to risk and the control environment'.

The report indicated that the Authority was projecting an overspend of £0.869m for the year based on spending and income information as at 30 June 2013. Steve explained that the month 3 forecast was always very cautious given the relatively early stage in the year.

Delegated decision:

That the contents of the report be noted.

AU.276 QUARTERLY GOVERNANCE STATEMENT

The Head of Internal Audit, presented a report providing Members with a quarterly update on the Annual Governance Statement which had been approved by the Audit Committee at its meeting on June 25 2013.

The report gave an update on the continuous monitoring that was carried out and highlighted any relevant issues with regards to Risk Management, Business Continuity, Budget Monitoring, the work of Internal Audit, Review of Ethical Governance, the work of the Governance Panel, Gifts and Hospitality and Sickness levels across the authority's staff.

The up to date Corporate Risk Register was appended to the report and informed Members of the risk event and status. It was explained that the Risk Register had been updated to reflect the most current high level risks facing the organisation.

Delegated decision:

That the contents of the report be noted.

AU.277 GIFTS AND HOSPITALITY

Steve Kenyon presented a report providing Members with an update of the system to declare, monitor and report gifts and hospitality offered to or received by staff and Members.

The report covered the period January 2013 to June 2013.

Delegated Decision:

That the contents of the report be noted.

AU.278 EXTERNAL AUDIT PROGRESS REPORT

Rachel Lindley representing KPMG explained the work programme that they would be undertaking for the forthcoming year.

Delegated decision:

That the report be noted

AU.279 EXCLUSION OF PRESS AND PUBLIC

Delegated decision:

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business since they involved the likely disclosure of exempt information, relating to any action taken, or to be taken in connection with the prevention, investigation and prosecution of crime.

AU.280 INTERNAL AUDIT PROGRESS REPORT

The Head of Internal Audit submitted a report briefing the Committee Members on the work being carried out currently by Internal Audit in line with the Annual Audit

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Plan 2013/2014.

Details of work undertaken and Audit Reports issued were included in the report with significant issues highlighted.

Delegated decision:

That the contents of the report be noted

AU.281 INTERNAL AUDIT - MEMBERS' FEEDBACK

The Head of Internal Audit submitted a report providing feedback to Committee Members in the form of responses to specific issues raised in relation to Audit Reports and queries.

Delegated Decision:

That the contents of the report be noted.

COUNCILLOR E FITZGERALD
Chair

(Note: The meeting started at 7.00 pm and ended at 8.45 pm)

REPORT FOR DECISION

MEETING: AUDIT COMMITTEE

DATE: 3RD DECEMBER 2013

SUBJECT: PUBLIC SECTOR INTERNAL AUDIT STANDARDS

REPORT FROM: HEAD OF INTERNAL AUDIT

CONTACT OFFICER: BARRIE STROTHERS

TYPE OF DECISION: Non key.

FREEDOM OF INFORMATION/STATUS: This paper is within the public domain.

SUMMARY: This is a report to inform Members on changes to the way Internal Audit is assessed.

OPTIONS & RECOMMENDED OPTION Members may accept or reject the report. It is recommended that Members accept the report which helps the Head of Internal Audit achieve the Standards for Internal Audit as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors.

IMPLICATIONS:

Corporate Aims/Policy Framework: Yes

Financial Implications and Risk Considerations: There are no financial implications arising from this report.

Statement by the Assistant Director of Resources (Finance & Efficiency): Part of the Audit Committee's role is to monitor the performance of Internal Audit and these new measures will assist the Committee to fulfil its obligations.

Equality/Diversity implications: None

Considered by Monitoring Officer: No

Are there any legal implications? No

Staffing/ICT/Property: There are no direct resource implications arising from the report.

Wards Affected: The work of Internal Audit impacts on all of the Council's wards and Area Boards.

Scrutiny Interest: None.

TRACKING/PROCESS

DIRECTOR: Resources

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
	Chair		
Scrutiny	Cabinet	Committee	Council
		Audit 03/12/13	

1.0 BACKGROUND

1.1 Until 2013 the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of practice for Internal Audit in Local Authorities in the UK was recognised as best practice and was adopted by the Council. Annual reviews were performed to assess the level of compliance against the Code and the results reported to the Audit Committee in the Annual Report.

1.2 CIPFA and the Chartered Institute of Internal Auditors (IIA) have published a new set of standards that came into force on 1st April 2013. The Public Sector Internal Audit Standards (PSIAS) are based upon the mandatory elements of the IIA International Professional Practices Framework (IPPF) as follows:-

- Definition of Internal Auditing
- Code of Ethics
- International Standards for the Professional Practice of Internal Auditing

2.0 PUBLIC SECTOR INTERNAL AUDIT STANDARD (PSIAS)

2.1 The objectives of the PSIAS are to:-

- define the nature of internal auditing within the UK public sector,
- set basic principles for carrying out internal audit in the UK public sector,
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and

- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

2.2 PSIAS defines internal auditing as follows:-

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

2.3 Appendix A to this report contains the PSIAS in detail and Bury’s Internal Audit Service’s evaluation undertaken by the Head of Internal Audit. The result of this assessment has resulted in the necessity to update our Internal Audit Charter and introduce a Code of Ethics for Internal Audit. These documents are included in the appendices.

2.4 The further requirements of the Standard are:-

- The development and maintenance of a quality assurance and improvement programme.
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme within the Annual Report.

3.0 CONCLUSION

3.1 Members should note the contents of the report and we seek the approval of the Audit Committee to make changes to our current Internal Audit Charter and their approval of a new document, the Code of Ethics for Internal Audit to ensure the Council complies with the requirements of the PSIAS.

List of Background Papers:-

CIPFA’s Public Sector Internal Audit Standard

Contact Details:-

Barrie Strothers

Head of Internal Audit

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Self-Assessment against the requirements of the new Public Sector Internal Audit Standards

Ref	Requirement	Current position	Actions required
1000.A1	<p>The nature of assurance services provided to the organisation must be defined in the internal audit charter. If assurance services are to be provided to parties outside the organisation, the nature of these assurances must also be defined in the internal audit charter.</p> <p>The charter must include:</p> <p>Internal audit activity's purpose, authority and responsibility.</p> <p>Position of IA within the authority.</p> <p>Authorisation of access to records, personnel and physical properties.</p> <p>Definition of the scope of internal audit activities.</p> <p>Definition of the terms 'Audit Committee' and senior management for the purposes of IA activity.</p> <p>Arrangements for appropriate resourcing.</p> <p>Definition of the role of IA within any fraud related work; and</p> <p>Arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.</p>	Charter requires updating.	Update Charter and seek approval of the Audit Committee.

1000.C1	The nature of consulting services must be defined in the audit charter.		
1010	<p><u>Recognition of the Definition of Internal Auditing, the Code of Ethics and the Standards in the Internal Audit Charter</u></p> <p>The chief internal auditor should discuss the mandatory nature of the definition of internal auditing, the Code of Ethics and the Standards with senior management and the Audit Committee.</p>	Will be presented to the Audit Committee.	Produce Code of Ethics and seek approval from the Audit Committee.
1100	<p><u>Independence and Objectivity</u></p> <p>The Chief Internal Auditor has unrestricted access to senior management and the Audit Committee.</p> <p>Objectivity requires that internal auditors do not subordinate their judgement on audit matters to others. Threats to objectivity must be managed at the individual auditor, functional and operational levels.</p>	<p>Enshrined within paragraph 9 of the Internal Audit Terms of Reference.</p> <p>Auditors do not give opinions on areas they have worked before or given advice in the development of controls.</p>	
1110	<p><u>Organisational Independence</u></p> <p>The Chief Internal Auditor must confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.</p> <p>The Chief Internal Auditor must have free and unfettered access to the chief executive and the chair of the audit committee.</p>	Paragraph 3 of the Internal Audit Terms of Reference.	

	<p>The chief internal auditor should report functionally to the Audit Committee, examples of functional reporting to the Audit Committee involve the Audit Committee:</p> <p>Approving the internal audit charter.</p> <p>Approving the risk based audit plan.</p> <p>Approving the internal audit budget and resource plan.</p> <p>Receiving communications from the chief internal auditor on the internal audit activity's performance relative to its plan and other matters.</p> <p>Approving decisions regarding the appointment and removal of the chief internal auditor.</p> <p>Approving the remuneration of the chief internal auditor¹; and</p> <p>Making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations.</p>	<p>The above can be evidence within the Audit Committee minutes.</p> <p>And such issues will be brought to the attention of the s151 Officer and the Chair of the Audit Committee.</p>	
1110.A1	<p>The internal audit activity must be free from interference in determining the scope of internal auditing, performing work and communicating results.</p>	<p>Reliance on the Head of Internal Audit with the support of the s151 Officer and the Audit Committee.</p>	

¹ Governance requirements in the UK Public Sector would not generally involve the Audit Committee approving the chief internal auditor's remuneration specifically. The underlying principle is that the independence of the CIA is safeguarded by ensuring his or her remuneration is not inappropriately influenced by those subject to audit. In the UK public sector, this can be achieved by ensuring that the chief executive (or equivalent) countersigns, contributes feedback to or reviews the performance appraisal of the CIA and that feedback is also sought from the chair of the audit committee.

1111	<u>Direct Interaction with the Audit Committee</u> The Chief Internal Auditor must communicate and interact directly with the Audit Committee.	The Head of Internal Audit attends all Audit Committee meetings and offers a one to one with the Chair prior to meetings.	
1120	<u>Individual Objectivity</u> Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.	Auditors are required to complete declarations of interest annually.	
1130	<u>Impairment to Independence or Objectivity</u> If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties.	The Head of Internal Audit to report to s151 Officer.	
1130.A1	Internal Auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.	Head of Internal Audit and the Audit Manager will ensure the allocation of work precludes any issues of objectivity.	
1130.A2	Assurance engagements for functions over which the chief internal auditor has responsibility must be overseen by a party outside the internal audit activity.	Internal Audit is independent of all other activities at Bury Council.	
1130.C1	Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.	Currently Internal Audit does not offer consultancy services.	

1130.C2	<p>If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.</p> <p>Public sector requirement – Approval must be sought from the Audit Committee for any significant additional consulting activities not already included in the audit plan, prior to accepting the engagement.</p>	<p>As above.</p> <p>Audit Plans have to be approved by the Audit Committee.</p>	
1200	Engagements must be performed with proficiency and due professional care.	Not Applicable.	
1210	Public Sector Requirement – the Chief Internal Auditor must hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.	The Head of Internal Audit holds a Chartered Public Financial Accounting qualification and held the post since April 2007.	
1210.A1	The Chief Internal Auditor must obtain competent advice and assistance if the internal auditors lack the knowledge, skills or other competencies needed to perform all or part of the engagement.	The Head of Internal Audit along with the Audit Manager provide the Auditors with skills and knowledge required to undertake the work allocated.	
1210.A2	Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.	Obtained by training, team briefings, and 1:1 if required. The Audit Manager is a qualified Investigative Auditor.	

1210.A3	Internal Auditors must have sufficient knowledge of key information technology risks and controls and available technology based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.	We have a Qualification in Computer Auditing (QiCA) qualified Auditor and buy-in expert services from Salford Council's Computer Audit Team under an AGMA agreement.	
1210.C1	The chief internal auditor must decline the consulting engagement or obtain competent advice and assistance of the internal auditors lack the knowledge, skills or other competencies needed to perform all or part of the engagement.	Not Applicable.	
1220	Due Professional Care – Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.	All Auditors hold an Accountancy or Internal Audit qualification and are highly experienced and skilled.	
1220.A1	Internal auditors must exercise due professional care by considering the; <ul style="list-style-type: none"> • Extent of work needed to achieve the engagement's objectives • Relative complexity, materiality or significance of matters to which assurance procedures are applied • Adequacy and effectiveness of governance, risk management and control processes • Probability of significant errors, fraud or 	Guidance for the Auditors is available within the Audit Manual. All the Auditors are highly experienced and all work is quality checked prior to completion.	

	non-compliance; and Cost of assurance in relation to potential benefits.		
1220.A2	In exercising due professional care auditors must consider the use of technology-based audit and other data analysis techniques.	Bury are a member of the AGMA Computer Audit Group where knowledge is exchanged and shared.	
1220.A3	Internal auditors must be alert to the significant risks that might affect objectives, operations or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.	Auditors discuss their findings with the Audit Manager.	
1220.C1	Internal auditors must exercise due professional care during a consultancy engagement by considering the; <ul style="list-style-type: none"> • Needs and expectations of clients, including the nature, timing and communication of engagement results • Relative complexity and extent of work need to achieve the engagement's objectives; and • Cost of the consulting engagement in relation to potential benefits. 	Not Applicable.	
1230	Continuing Professional Development – Internal auditors must enhance their knowledge, skills and other competencies through CPD.	This is undertaken by the professionally qualified Internal Audit employees.	

1300	<p><u>Quality Assurance and Improvement Programme</u></p> <p>The Chief Internal Auditor must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.</p> <p>The QA programme should enable an evaluation to be made of the internal audit activity's conformance with the <i>Definition of Internal Auditing</i> and the <i>Standards</i> and an evaluation of whether internal auditors apply the <i>Code of Ethics</i>.</p> <p>The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.</p>	Performance indicators based upon the CIPFA model, are presented to the Audit Committee quarterly.	
1310	<p><u>Requirements of the Quality Assurance and Improvement Programme</u></p> <p>The quality assurance and improvement programme must include both internal and external assessments.</p>	External assessments currently undertaken by the Council's External Auditors at three yearly intervals and the results reported to the Audit Committee.	
1311	<p>Internal assessments must include:</p> <p>On-going monitoring of the performance of the internal audit activity; and</p> <p>periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.</p>	Overseen by the Audit Committee and the s151 Officer.	

1312	<p>External assessments</p> <p>External assessments must be carried out at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Chief Internal Auditor must discuss with the Audit Committee:</p> <ul style="list-style-type: none"> • The form of external assessments; and • the qualifications and independence of the external assessor or assessment team, including any potential conflict of interest. <p>External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.</p> <p>The chief internal auditor must agree the scope of external assessments with an appropriate sponsor, e.g. the Accounting / Accountable officer or the chair of the audit committee as well as with the external assessor or assessment team.</p>	<p>External Assessments currently carried out by External Audit every three years and reported to the Audit Committee.</p>	
1320	<p><u>Reporting on the Quality Assurance and Improvement Programme</u></p> <p>Public sector requirement – the results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.</p>	<p>Performance of the Audit Section is reported in the Annual Report to the Audit Committee and at each of the four meetings during the year.</p>	
1321	<p><u>Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'.</u></p> <p>The Chief Internal Auditor may state that the internal audit activity conforms with the</p>	<p>Overseen by the Audit Committee and the s151 officer.</p>	

	<p>International Standards for the Professional Practice of Internal Auditing only if the results of the quality assurance and improvement programme support this statement.</p> <p>Interpretation: The internal audit activity conforms with the Standards when it achieves the outcomes described in the definition of Internal Auditing, Code of Ethics and Standards.</p>		
1322	<p><u>Disclosure of Non-conformance</u></p> <p>When non-conformance with the definition of Internal Auditing, the Code of Ethics or the Standards impacts on the overall scope or operation of the internal audit activity, the chief internal auditor must disclose the non-conformance and the impact to senior management and the Audit Committee.</p> <p>Public sector requirement – Instances of non-conformance must be reported to the Audit Committee. More significant deviations must be considered for inclusion in the governance statement.</p>	Overseen by the Audit Committee and the s151 Officer.	
2000	<p><u>Managing the Internal Audit Activity</u></p> <p>The Chief Internal Auditor must establish an annual risk based audit plan. The plan should take account of the risk management framework, including risk appetite levels set by management for the different activities or parts</p>	The plan is risk based and all departments are consulted on the plan prior to a draft coming before the audit committee for approval. The plan is dynamic in that it can	

	of the organisation. If the risk management framework is not well established, then the chief internal auditor must use their own judgement of risks after consideration of input from senior management and the Audit Committee. The chief internal auditor must review and adjust the plan as necessary in response to changes in the organisation's business, risks, operations, programs, systems and controls.	be changed at the discretion of the Head of Internal Audit.	
2010.A	The internal audit activity's plan of engagements must be based on a documented risk assessment undertaken at least annually. The input of senior management and the Audit Committee must be considered in this process.	The Head of Internal Audit carries out an annual assessment of the "Risk Universe".	
2010.A2	The Chief Internal Auditor must identify and consider the expectations of senior management, the Audit Committee and other stakeholders for internal audit opinions and other considerations.	Annual "Roadshows" are undertaken and departmental manager's views are taken into consideration when formulating the plan.	
2010.C1	The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.	Not applicable.	
2020	<u>Communication and Approval</u> The Chief Internal Auditor must communicate the internal audit activity's plans and resource requirements, including significant interim	Presented to the February Audit Committee each year.	

	changes, to senior management and the Audit Committee for review and approval. The chief internal auditor must also communicate the impact of resource limitations.		
2030	<p><u>Resource Management</u></p> <p>The Chief Internal Auditor must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved audit plan.</p> <p>Public Sector requirement – the risk based plan must explain how internal audit’s resource requirements have been assessed.</p> <p>Where the chief internal auditor believes that the level of agreed resources will impact adversely on the provision of the annual audit opinion, the consequences must be brought to the attention of the Audit Committee.</p>	<p>Discussed at 1:1 meetings with the s151 Officer.</p> <p>The plan and how it was allocated is presented to the February Audit Committee for their approval.</p> <p>Overseen by the Audit Committee.</p>	
2040	<p><u>Policies and Procedures</u></p> <p>The Chief Internal Auditor must establish policies and procedures to guide the internal audit activities.</p>	<p>An Internal Audit Manual is available along with Terms of Reference and the Charter.</p>	
2050	<p><u>Co-ordination</u></p> <p>The Chief Internal Auditor should share information and coordinate activities with other internal and external providers of assurance and</p>		

	<p>consulting services to ensure proper coverage and minimise duplication of efforts.</p> <p><u>Public sector requirement</u></p> <p>The Chief Internal Auditor must include in the risk based plan the approach to using other sources of assurance and any work required to place reliance upon those other sources.</p>	<p>The only other source we currently use is Salford Council Computer Audit Team.</p>	
2060	<p><u>Reporting to senior management and the Audit Committee</u></p> <p>The Chief Internal Auditor must report periodically to senior management and the Audit Committee on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the Audit Committee.</p>	<p>Quarterly reports to the Audit Committee and fortnightly 1:1 with s151 Officer.</p>	
2070	<p><u>External Service Provider and Organisational Responsibility for Internal Auditing</u></p> <p>When an external service provider serves as the internal audit activity, the provider must make the organisation aware that the organisation has the responsibility for maintaining an effective internal audit activity.</p> <p>This will be demonstrated through the quality</p>	<p>Not Applicable as we have an in-house Internal Audit Service.</p>	

	assurance and improvement programme which assures conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards.		
2100	<p><u>Nature of Work</u></p> <p>The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.</p>	Risk Based Internal Audit Plan is produced following consultation with Directorates and approval sought from the Audit Committee and s151 Officer.	
2110	<p>Governance</p> <p>The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:</p> <ul style="list-style-type: none"> • Promoting appropriate ethics and values within the organisation; • ensuring effective organisational performance management and accountability; • communicating risk and control information to appropriate areas of the organisation; and co-ordinating the activities of and communicating management information among the Audit Committee, external and internal auditors and management. 	See Terms of Reference and Code of Ethics.	

2110.A1	The internal audit activity must evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities.	Head of Internal Audit sits on the Governance Panel of the Council which meets quarterly.	
2110.A2	The internal audit activity must assess whether the information technology governance of the organisation supports the organisation's strategies and objectives.	Through the Audit Plan.	
2120	<p><u>Risk Management</u></p> <p>The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.</p>	Through the Audit Plan.	
2120.A1	<p>The internal audit activity must evaluate risk exposures relating to the organisation's governance, operations and information systems regarding the;</p> <ul style="list-style-type: none"> • Achievement of the organisation's strategic objectives. • Reliability and integrity of financial and operational information. • Effectiveness and efficiency of operations and programmes. • Safeguarding of assets; and Compliance with laws, regulations, policies, procedures and contracts. 	Through the Audit Plan.	

2120.A2	The internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.	Anti-Fraud & Corruption Strategy regularly reviewed by the Head of Internal Audit and the Fraud Risk Assessment Plan.	
2120.C1	During consultation engagements, internal auditors must address risk consistent with the engagement's objectives and be alert to the existence of other significant risks.	Not Applicable.	
2120.C2	Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes.	Not Applicable.	
2120.C3	When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming management responsibility by actually managing risk.	Audit Manual.	
2130	Control The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.	Through Internal Audit Plan.	
2130.A1	The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:	Through the Internal Audit Plan.	

	<ul style="list-style-type: none"> • Achievement of the organisation's strategic objectives. • Reliability and integrity of financial and operational information. • Effectiveness and efficiency of operations and programmes. • Safeguarding of assets. • Compliance with laws, regulations, policies, procedures and contracts. 		
2130.C1	Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organisation's control processes.	Not Applicable.	
2200	<p><u>Engagement Planning</u></p> <p>Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations.</p>	Individual job-sheet required stating the scope and objectives of the audit.	
2201	<p><u>Planning Considerations</u></p> <p>In planning the engagement, internal auditors must consider:</p> <ul style="list-style-type: none"> • The objectives of the activity being reviewed and the means by which the activity controls its performance. • The significant risks to the activity, its objectives, resources and operations and the means by which the potential impact of risk is kept to an acceptable level. 	Through job-sheet.	

	The opportunities for making significant improvements to the activity's governance, risk management and control processes.		
2201.A1	When planning an engagement for parties outside the organisation, internal auditors must establish a written understanding with them about objectives, scope, respective responsibilities and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.	Service Level Agreement with Six Town Housing.	
2201.C1	Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities and other client expectations. For significant engagements, this understanding must be documented.	SLA and STH Audit Committee.	
2210	<u>Engagement Objectives</u> Objectives must be established for each engagement.	Job-sheet prepared.	
2210.A1	Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of the assessment.	Initial scoping meeting with client.	
2210.A2	Internal auditors must consider the probability of significant errors, fraud, non-compliance and other exposures when developing the engagement objectives.	Job-sheet scrutinised by Audit Manager prior to audit taking place.	

2210.A3	Adequate criteria are needed to evaluate governance, risk management and controls. Internal auditors must ascertain the extent to which management and/or the Audit Committee has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must work with management and / or the Audit Committee to develop appropriate evaluation criteria.	Job-sheet.	
2210.C1	Consulting engagement objectives must address governance, risk management and control processes to the extent agreed upon with the client.	Not Applicable.	
2210.C2	Consulting engagement objectives must be consistent with the organisation's values, strategies and objectives.	Not applicable.	
2220	<u>Engagement Scope</u> The established scope must be sufficient to satisfy the objectives of the engagement.	Checked by Audit Manager.	
2220.A1	The scope of the engagement must include consideration of relevant systems, records, personnel and physical properties, including those under control of third parties.	Checked by Audit Manager.	
2220.A2	If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives,	Not Applicable.	

	scope, respective responsibilities and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.		
2220.C1	In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.	Not applicable.	
2220.C2	During consulting engagements, internal auditors must address controls consistent with the engagement's objectives and be alert to significant control issues.	Not applicable.	
2230	<u>Engagement Resource Allocation</u> Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints and available resources.	Audit Manager and Head of Internal Audit.	
2240	<u>Engagement work programme</u> Internal auditors must develop and document work programmes that achieve the engagement objectives.	Work programmes established and updated following each audit.	
2240.A1	Work programmes must include the procedures for identifying, analysing, evaluating and	Audit Manager.	

	documenting information during the engagement. The work programme must be approved prior to its implementation and any adjustments approved promptly.		
2240.C1	Work programmes for consulting engagements may vary in form and content depending upon the nature of the engagement.	Not Applicable.	
2300	<u>Performing the Engagement</u> Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.	Checked by Audit Manager.	
2310	<u>Identifying Information</u> Internal auditors must identify sufficient, reliable, relevant and useful information to achieve the engagement's objectives.	Overseen by Audit Manager.	
2320	<u>Analysis and evaluation</u> Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.	Audit Manual.	
2330	<u>Documenting Information</u> Internal auditors must document relevant information to support the conclusions and engagement results.	Audit files quality checked by Audit Manager.	
2330.A1	The Chief Internal Auditor must control access to engagement records. The chief internal auditor must obtain the approval of senior management	Files are retained electronically and only made available at the discretion of the Head of Internal	

	and/or legal counsel prior to releasing such records to external parties as appropriate.	Audit following consultation with s151 Officer and Monitoring Officer.	
2330.A2	The Chief Internal Auditor must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organisation's guidelines and any pertinent regulatory or other requirements.	Retention Policy reviewed regularly.	
2330.C1	The Chief Internal Auditor must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organisation's guidelines and any pertinent regulatory or other requirements.	Not Applicable.	
2340	<u>Engagement supervision</u> Engagements must be properly supervised to ensure objectives are achieved, quality is assured and staff are developed.	Key responsibility of the Audit Manager.	
2400	<u>Communicating results</u> Internal auditors must communicate the results of engagements.	Audit reports are produced for every audit assignment.	
2410	<u>Criteria for communicating</u> Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations and action plans.	Our reports comply with these requirements.	

2410.A1	Final communication of engagement results must, where appropriate, contain internal auditors' opinion and/or conclusions. When issued, an opinion or conclusion must take account of the expectations of senior management, the Audit Committee and other stakeholders and must be supported by sufficient, reliable, relevant and useful information.	Our reports comply with these requirements.	
2410.A2	Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.	Internal Auditors give credit where it is due.	
2410.A3	When releasing engagement results to parties outside the organisation, the communication must include limitations on distribution and use of the results.	Reports will not be available to outside agencies unless the Head of Internal Audit has given approval.	
2410.C1	Communication of the progress and results of consulting engagements will vary in form and content depending on the nature of the engagement and the needs of the client.	Not Applicable.	
2420	<u>Quality of Communications</u> Communications must be accurate, objective, clear, concise, constructive, complete and timely.	All reports are progress chased and quality checked by the Audit Manager. Performance is overseen by the s151 Officer and the Audit Committee.	

2421	<p><u>Errors and Omissions</u></p> <p>If a final communication contains a significant error or omission, the chief internal auditor must communicate corrected information to all parties who received the original communication.</p>	Draft reports are produced to iron out any errors or omissions prior to a final report being published.	
2430	<p>Use of 'conducted in accordance with the International Standards for the Professional Practice of Internal Auditing'.</p> <p>Internal auditors may report that their engagements are '<i>Conducted in conformance with the International Standards for the Professional Practice of Internal Auditing</i>', only if the results of the quality assurance and improvement programme support the statement.</p>	Not undertaken as yet but will look into this.	
2431	<p>Engagement disclosure of non-conformance.</p> <p>When non-conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards impacts a specific engagement, communication of the results must disclose the;</p> <ul style="list-style-type: none"> • Principle or rule of conduct of the Code of Ethics or Standard with which full conformance was not achieved. • Reason for non-conformance. • Impact of non-conformance on the engagement and the communicated engagement results. 	This will be fully complied with if non-conformance is found.	

2440	<p><u>Disseminating results</u></p> <p>The Chief Internal Auditor must communicate results to the appropriate parties.</p> <p>Interpretation: the Chief Internal Auditor is responsible for reviewing and approving the final engagement communication and deciding to whom and how it will be disseminated. When the chief internal auditor delegates these duties, he or she retains overall responsibility.</p>	We have a distribution list (approved by Audit Committee) of those who should receive copies of audit reports.	
2440.A1	The Chief Internal Auditor is responsible for disseminating the final results to parties who can ensure the results are given due consideration.	We have a distribution list (approved by Audit Committee) of those who should receive copies of audit reports.	
2440.A2	<p>If not otherwise mandated by legal, statutory, or regulatory requirements, prior to releasing results to parties outside the organisation, the Chief Internal Auditor must;</p> <ul style="list-style-type: none"> • Assess the potential risk to the organisation. • Consult with senior management and / or legal counsel as appropriate. • Control dissemination by restricting the use of the results. 	Decisions on providing copies of audit reports to outside agencies rests with the Head of Internal Audit in consultation with the s151 Officer and Monitoring Officer.	
2440.C1	The Chief Internal Auditor is responsible for communicating the results of consulting engagements to clients.	Not Applicable.	
2440.C2	During consultation engagements, governance, risk management and control issues may be	Not applicable.	

	identified. Whenever these issues are significant to the organisation, they must be communicated to senior management and the Audit Committee.		
2450	<p>Overall opinions</p> <p>Where an overall opinion is issued, it must take into account the expectations of senior management, the Audit Committee and other stakeholders and must be supported by sufficient, reliable, relevant and useful information.</p> <p>Interpretation:</p> <p>The communication will identify:</p> <ul style="list-style-type: none"> • The scope including the time period to which the opinion pertains. • Scope limitations. • Consideration of all related projects, including the reliance on other assurance providers. • The risk or control framework or other criteria used as a basis for the overall opinion; and • The overall opinion, judgement or conclusion reached. <p>The reasons for an unfavourable opinion must be stated.</p> <p><u>Public sector requirement</u></p> <p>The Chief Internal Auditor must deliver an annual internal audit opinion and report that can be used by the organisation to inform its</p>	Annual Report.	

	<p>governance statement.</p> <p>The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p> <p>The annual report must incorporate:</p> <ul style="list-style-type: none"> • The opinion. • A summary of the work that supports the opinion. • A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme. 		
2500	<p>Monitoring Progress</p> <p>The Chief Internal Auditor must establish and maintain a system to monitor the disposition of results communicated to management.</p>	System in place and monitored by the Audit Committee.	
2500.A1	The Chief Internal Auditor must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.	Follow-up procedures in place and reported to Audit Committee.	
2500.C1	The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed with the client.	Not Applicable.	
2600	<p>Communicating the acceptance of risks.</p> <p>When the Chief Internal Auditor concludes that management has accepted a level of risk that</p>	Will be discussed with the s151 Officer.	

	<p>may be unacceptable to the organisation, the chief internal auditor must discuss the matter with senior management. If the chief internal auditor determines that the matter has not been resolved, the Chief Internal Auditor must communicate the matter to the Audit Committee.</p> <p><u>Interpretation</u></p> <p>The identification of risk accepted by management may be observed through an assurance or consulting engagement, monitoring progress on actions taken by management as a result of prior engagements, or other means. It is not the responsibility of the Chief Internal Auditor to resolve the risk.</p>		
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BURY COUNCIL – INTERNAL AUDIT

CODE OF ETHICS FOR INTERNAL AUDITORS

Internal Auditors are expected to apply and uphold the following principles:-

INTEGRITY

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

Internal Auditors shall:

- Perform their work with honesty, diligence and responsibility.
- Observe the law and make disclosures expected by the law and the profession.
- Not knowingly be party to any illegal activity, or engage in acts that are discreditable to the profession of Internal Auditing or the Council.
- Respect and contribute to the legitimate and ethical objectives of the Council.

OBJECTIVITY

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Internal Auditors:-

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the Council.
- Shall not accept anything that may impair or be presumed to impair their professional judgement.
- Shall disclose all material facts known to them that, may distort the reporting of activities under review.

BURY COUNCIL – INTERNAL AUDIT

CONFIDENTIALITY

Internal Auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Internal Auditors:-

- Shall be prudent in the use of information acquired in the course of their duties.
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the Council.

COMPETENCY

Internal Auditors apply the knowledge, skills and experience needed in the performance of Internal Audit services.

Internal Auditors shall:

- Engage only in those services for which they have the necessary knowledge, skills and experience.
- Perform internal audit services in accordance with professional standards.
- Continually improve their proficiency and the effectiveness and quality of their services.

INTERNAL AUDIT CHARTER

BURY COUNCIL – INTERNAL AUDIT

INTERNAL AUDIT CHARTER**INTRODUCTION**

The work of Internal Audit at Bury Council is governed by the UK Public Sector Internal Audit Standards (PSIAS) from 1st April 2013. The Standards comprise a revised definition of Internal Auditing, a Code of Ethics for Internal Auditors working in the Public Sector and the Standards themselves. The Standards are mandatory for all internal auditors working in the UK public sector.

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Public Sector Internal Audit Standards require that the internal audit charter defines the terms 'board' and 'senior management' in relation to the work of internal audit. For the purposes of internal audit work, the 'board' refers to the Council's Audit Committee which has delegated responsibility for overseeing the work of internal audit. The term senior management will be defined on an individual basis according to individual context.

PURPOSE

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.

OBJECTIVES

The Head of Internal Audit will be required to manage the provision of a complete audit service to the Authority which will include systems, regularity, computer and contract audit. In discharging this duty the Head of Internal Audit will prepare a rolling strategic plan and an annual plan.

The primary task of Internal Audit is to review the systems of internal control operating throughout the Authority, and will predominantly operate a systems-based approach to audit, incorporating the various recognised elements of audit work, including:-

BURY COUNCIL – INTERNAL AUDIT

- **Systems Audit**
Examining and recording the Council's main systems, both financial and non-financial, and comparing the various controls with those which would normally be expected.
- **Regularity Audit**
Testing transactions, to ensure that statutory regulations and any rules or decisions of the Council have been complied with. In doing so, auditors are required to respond to any signs of fraud or irregularity.
- **Consultancy/Value for Money**
Aiming to utilise the wide experience acquired by auditors in examining all of the Council's systems and in visiting all of its Establishments. In carrying out this work auditors will expect to work with you and your staff and be responsive to your needs as our clients. The overriding consideration will be to ensure that the Council secures Economy, Efficiency and Effectiveness, in the employment of its resources.
- **Special Investigations**
To be conducted when any kind of irregularity is discovered, suspected, or reported.
- **Establishment Audits**
Visiting all your Establishments, using a combination of the auditing techniques described.
- **Specialist Audits**
Contracts and computer audits.
- **Control Self Assessment –**
Line managers and staff in reviewing existing controls for adequacy.

Internal Audit may undertake consultancy work in addition to its primary assurance role. The scope of any consultancy work will be agreed with management and will only be undertaken where resources permit without impacting upon the annual assurance process. In line with PSIAS, approval will be sought from the Audit Committee before any significant unplanned consultancy work is accepted.

RESPONSIBILITIES

The main areas of Internal Audit responsibility within the Authority are to:-

- Review, appraise and report on:-
 - the soundness, adequacy and application of internal controls;
 - the suitability and reliability of financial and other management data, including aspects of performance measurement;
 - the extent to which the assets and interests are accounted for and safeguarded from loss.
- Support and encourage improvements in the efficiency, economy and effectiveness of services.

BURY COUNCIL – INTERNAL AUDIT

- Assessing matters of potential fraud or irregularity in line with the requirement of the Council's Anti-Fraud & Corruption Strategy.
- Advise on internal control and risk implications of enhancements to existing or new systems.

The Head of Internal Audit is responsible for:

- Developing an annual audit plan based on an understanding of the significant risks to which the organisation is exposed.
- The management of the provision of a complete professional internal audit service to the Authority that is compliant with the Public Sector Internal Audit Standards.
- The monitoring and reporting of the performance of the Internal Audit service in accordance with the documented Internal Audit Performance Management Framework.
- The production and reporting of an annual audit opinion based on the outcomes of internal audit work conducted throughout the year.
- Providing advice and guidance on risks and the application and development of internal controls.
- The fostering of good working relationships with External Audit with an aim to achieving mutual recognition and respect, leading to a joint improvement in performance and the avoidance of unnecessary overlapping of work.

INDEPENDENCE

Internal Audit is independent of all of the activities of the Council to ensure it is able to appraise the Authority's governance, risks and internal control systems in the impartial and unbiased manner essential to the proper conduct of audits.

To ensure this independence, Internal Audit operates within a framework that allows unfettered access to all council officers, senior management and elected Members. As such, all Internal Audit staff have the right to all documentation held by the Council and to seek explanations as they see necessary to effectively discharge their duties, from all officers and Elected Members of the Council.

The Head of Internal Audit will report in his / her own name to officers and Elected Members, particularly those charged with governance. The work of Internal Audit will only be reported in accordance with the direction and agreement of the Head of Internal Audit.

Where internal audit staff have a perceived conflict of interest in undertaking a particular piece of work, this will be managed through the internal audit management and supervisory process. Staff are required to declare any potential conflict of interest when they are assigned a particular audit review and the work will then be reassigned to another auditor.

SCOPE

The Internal Audit Section maintains an independent, objective approach to its work.

The scope of Internal Audit allows for unrestricted coverage of the Authority's activities, and unrestricted access to records and assets deemed necessary by auditors in the course of an audit. In addition, the Head of Internal Audit will have direct access to:-

- The Audit Committee;
- The Chief Executive;
- Members of the Council;
- Individual Chief Officers;
- Employees of the Council;
- The Council's External Auditors

STATUS

Internal Audit is situated within the Resource Division of the Chief Executive's Department. The Head of Internal Audit reports directly to the Assistant Director of Resources (Finance & Efficiency).

STANDARDS

Internal Audit work will be carried out in accordance with the Public Sector Internal Audit Standards, which has been adopted by the Council. Internal Audit will endeavour to comply with perceived "best practice" at all times.

PLANNING

Audit planning will be based upon a risk evaluation of all the Council's functions and services (the audit universe) to obtain a comprehensive record of its activities. A three year rolling plan will be produced, and will form the basis of an Annual Plan.

Plans will be produced after consultation with senior management, and will be presented to the Audit Committee.

Close working with the Council's external auditors is essential, and regular joint planning and consultation meetings will be held.

REPORTING

The Head of Internal Audit reports operationally to the Assistant Director of Resources (Finance & Efficiency) and Section 151 Officer; and functionally to the Executive Director of Resources. This ensures that the Head of Internal Audit is independent of any of the services, systems and processes that may be the subject of internal audit review.

BURY COUNCIL – INTERNAL AUDIT

The work of Internal Audit is reported to the Chief Executive and the Audit Committee. The Head of Internal Audit also has direct access to the Chairperson of the Audit Committee if required.

On completion of an audit, discussions will take place with the appropriate officer and a draft report prepared. There will then be an opportunity for further discussion on the draft report. A final report will then be issued inviting a response, which will include an action plan to address the recommendations. A copy of the report, together with the response will be sent to :-

Chief Executive
Leader of the Council
Leader of the largest minority party
Chair of the relevant Scrutiny Committee
The relevant Executive or Cabinet Member
Members of the Audit Committee

The activities of Internal Audit, and the issue and progress of audit reports, will be reported quarterly to the Audit Committee.

ETHICS

The Public Sector Internal Audit Standards contain a Code of Ethics which is mandatory for all internal auditors in the public sector. In addition, individual staff are also required to adhere to the Codes of Ethics of their professional bodies where appropriate.

Internal Audit has adopted the PSIAS Code of Ethics to replace the previous internal Code. Staff will be reminded of the need to comply with the Code on an annual basis.

RESOURCES AND STAFFING

The Section must be appropriately staffed in terms of numbers, grades, qualification and experience, having regard to its objectives and standards.

Leadership will be provided by qualified accountants experienced in the field of audit, and support will be provided by qualified accounting technicians or trainees preparing to become accountants or technicians.

Auditors need to be properly trained to fulfil their responsibilities, and should maintain their professional competence through an appropriate ongoing development programme.

The Head of Internal Audit is responsible for appointing Internal Audit staff and will ensure that appointments are made to achieve the correct mix of qualifications, experience and audit skills.

BURY COUNCIL – INTERNAL AUDIT

So far as is practicable, Audit staff will not participate in the day to day operation of any system of internal control. However, members of Internal Audit will be expected to contribute to the general management and conduct of business through membership of working groups.

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and Control) relates. The report has been prepared in accordance with all relevant Codes of Practice.

There may be risks arising from any changes to service levels or service patterns that result from any remedial action taken to address the budget position. These will be identified by Directors when savings plans are considered by Members at the quarterly Star Chamber meetings.

Comments of Executive Director of Resources:

The successful management of the Council’s financial resources is central to the Council’s Financial Strategy. Successful budget monitoring provides early warning of potential major overspends or underspendings against budget of which Members need to be aware.

This report draws Members attention to the fact that, based on the most prudent of forecasts, several budget hotspots exist which will need remedial action in the coming weeks and months. Members and officers will be examining these areas in more detail at the Star Chambers together with proposals for actions to be undertaken in the current year.

Equality/Diversity implications:

No

Considered by Monitoring Officer:

Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council’s Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been prepared in accordance with all relevant Codes of Practice.

Are there any legal implications?

Yes

Staffing/ICT/Property:

There may be staffing implications arising from the need to address budget pressures.

Wards Affected:

All

Scrutiny Interest:

Scrutiny Committee (Internal).

TRACKING/PROCESS

DIRECTOR: Mike Owen

Chief Executive/ Senior Leadership Team	Cabinet	Scrutiny Committee	Council	Ward Members	Partners
11 th November 2013	27th November 2013	4 th December 2013			

1.0 INTRODUCTION

- 1.1 This report is intended to allow the Committee to keep abreast on the authority’s financial position and to gauge the existence and effectiveness of corrective action that has been determined by the Cabinet and/or Scrutiny Committee.
- 1.2 This report summarises the forecast financial position as at the end of September 2013.

2.0 MONITORING PROCESSES

- 2.1 The Authority’s financial position is continually monitored throughout the year as follows;

Monthly - reports are considered by service management teams and summaries made available to specific Cabinet Members. A monthly summary of the financial position is submitted to the Senior Leadership Team and to the Cabinet Member for Resource.

Quarterly – detailed corporate monitoring reports based on the position at June, September, December and March are considered by the Senior Leadership Team, the Cabinet, Star Chambers and Scrutiny Committee. These set out a risk assessed summary of the financial position, explanations of major variances from budget, an assessment of the minimum level of balances, information on the forecast balances position and an assessment of performance against the objectives of the Financial Strategy (including the Golden Rules).

- 2.2 Members are also advised that **monthly** Star Chamber meetings are now taking place at the request of the Leader, to deal with particular areas where financial pressures have been identified.

Commitment Accounting

- 2.3 At the August meeting of the Audit Committee, a question was asked about the composition of the forecast; ie how much had actually been spent, how much had been committed, and how much was estimated.
- 2.4 The Council has adopted “commitment accounting” for all purchases made through its electronic procurement system; this means that spend is “committed” at the point orders are placed.

2.5 Commitment Accounting applies to the majority of the Council's external spend. The following areas are however excluded;

- Staffing
- Transactions made using purchase cards
- Petty cash transactions
- Payments where no "order" is placed – e.g. grants

2.6 Analysis of the month 6 figures highlights;

Status	£'000	%
Spent @ 30/9/13	72,710	49
Committed @ 30/9/13	25,211	17
Forecast (1/10/13 – 31/3/14)	51,382	34
Total	149,303	100

2.7 Spend and Commitment are clearly factual, however "forecast" is based upon an assessment of a wide range of factors and risks.

2.8 In 2012, the Council implemented a new release of the Agresso financial system, this offers greatly improved functionality in respect of "budget profiling" and work is now taking place to further refine forecasting.

3.0 FINANCIAL POSITION

3.1 The authority's overall financial position based on forecasts made using income and expenditure information as at 30th June 2013 is summarised in the table in paragraph 3.3. As Members will be aware, financial reporting involves an element of judgement, and this particularly applies to the treatment of budget pressures. Often an area of overspending identified at this point in the year will resolve itself before the end of the year following appropriate budget management action.

3.2 However it is felt that it is most appropriate to alert Members to potential problems at this stage so that they can monitor the situation and take ownership of the necessary remedial action and this is the basis on which the report is written.

3.3 In summary the outturn forecast based on the position at 30th September 2013 is:

Department	Budget £'000	Forecast £'000	Variance £'000
Adult Care Services	53,047	53,188	+141
Chief Executives	4,438	5,071	+633
Childrens Services	32,189	32,777	+588
Communities / Neighbourhoods	36,315	36,476	+161
Non-Service Specific	22,618	21,791	-827
TOTAL	148,607	149,303	+696

- 3.4 The projected overspend of £0.696m represents approximately 0.47% of the total net budget of £148.607m. *(This compares to a forecast overspend of £1.2m at this stage last year).*
- 3.5 Members are particularly reminded that the position on volatile budgets such as Learning Disability and Children's Agency placements can change dramatically depending on service user numbers and case structures. Likewise, the prevailing economic climate is impacting upon levels of income, e.g. Property Services, Planning, Car Parking.
- 3.6 The actual position on the General Fund balance is shown below:

	£m
General Fund Balance 1st April 2013 per Accounts	10.730
Less : Minimum balances to be retained in 2013/14	-4.400
Less : Forecast overspend	-0.696
Less : Earmarked to Fund Equal Pay Settlements	-1.500
Available balances at 31st March 2014	4.134

- 3.7 Based on the information contained in this report, on the risk assessments that have been made, on the forecast outturn position for 2013/14 and using the latest available information on the likely achievement of savings options it is clear that there is no reason to take the minimum balances above the existing level of £4.4m.
- 3.8 Additionally, in view of the fact that the minimum level of balances figure includes a provision of £1.5m relating to a cushion for 'Unpredictable and Demand led Expenditure' then it is clear that the authority's forecast overall financial position does not present an unacceptable risk at this point.

S. Kenyon
Assistant Director of Resources (Finance & Efficiency)

Background documents:

Further information available from the Assistant Director of Resources (Finance & Efficiency)

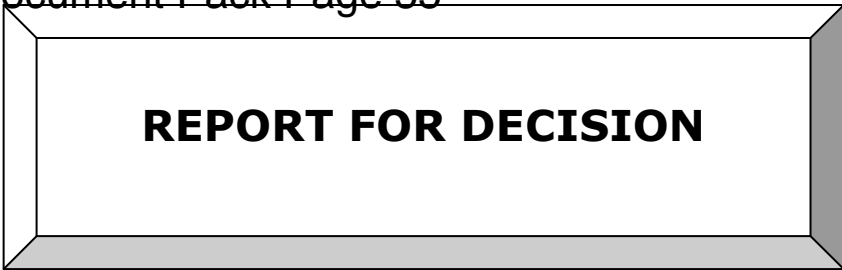
For further information on the details of this report, please contact:

Mr S Kenyon, Assistant Director of Resources (Finance & Efficiency),
Tel. 0161 253 6922,
Email: S.Kenyon@bury.gov.uk

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Agenda Item	
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MEETING: AUDIT COMMITTEE

DATE: 3rd DECEMBER 2013

SUBJECT: QUARTERLY GOVERNANCE STATEMENT JULY to SEPTEMBER 2013

REPORT FROM: HEAD OF INTERNAL AUDIT

CONTACT OFFICER: BARRIE STROTHERS (Head of Internal Audit)

TYPE OF DECISION: NON-KEY DECISION

FREEDOM OF INFORMATION/STATUS: This paper is within the public domain.

SUMMARY: This report presents Members with a quarterly update on the Annual Governance Statement (Approved by Audit Committee June 2013).

OPTIONS & RECOMMENDED OPTION The Committee is asked to note the contents of the report.

Members are requested to consider the revised corporate risks at Appendix A.

IMPLICATIONS:

Corporate Aims/Policy Framework: Do the proposals accord with Policy Framework? Yes.

Financial Implications and Risk Considerations: The Annual Governance Statement is a fundamental document for recording, monitoring and communicating the effectiveness of the internal control framework within the Council.

Statement by Assistant Director of Resources (Finance & Efficiency): Failure to maintain an internal control / governance framework jeopardises the Council’s ability to deliver economy, efficiency and effectiveness in the delivery of its priorities / ambitions.

Equality/Diversity implications: No

Considered by Monitoring Officer: Yes - Through the Governance Panel; the Monitoring Officer has raised no issues that require inclusion in the Quarterly Statement.

Are there any legal implications? No

Staffing/ICT/Property: No

Wards Affected: All

Scrutiny Interest: No

TRACKING/PROCESS

DIRECTOR: RESOURCES

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
Scrutiny	Cabinet	Committee	Council
		Audit 03/12/13	

1.0 Purpose of the Annual Governance Statement

- 1.1 The purpose of the Annual Governance Statement is to provide a continuous review of the effectiveness of an organisation’s internal control and risk management systems, so as to give an assurance as to their effectiveness.
- 1.2 There is a mandatory requirement to produce a Governance Statement to accompany the Authority’s Statement of Accounts – as presented in June 2013.
- 1.3 It is accepted good practice to continuously review the internal control framework, and make interim reports to those charged with governance – the Audit Committee.
- 1.4 The Council has adopted this practice since 2008, and refers reports to the Audit Committee on a quarterly basis.

2.0 Matters for consideration

2.1 Members are asked to:

- Note the report

3.0 Quarterly Update

3.1 Risk Management

3.1.1 Risk registers are held at both Corporate and Departmental level.

3.1.2 The registers are web-based to allow "real time" update as and when circumstances require.

3.1.3 An officer (Operational) level risk management group sits quarterly to discuss operational matters; the Group last met on 22nd May 2013.

3.1.4 Similarly, a Member level Corporate Risk Management Group sits quarterly to review registers and action plans. The group last met on 5th November 2013 to review and update the Corporate Risk Register.

3.1.5 The Risk Management Annual Report has been presented to this Committee (25th June 2013), the Cabinet (10th July 2013) and Council (11th July 2013).

3.1.6 The Corporate Risk Register for the period July to September has been updated to reflect the latest high level risks facing the organisation; see Appendix A attached.

3.2 Business Continuity

3.2.1 The Authority has ranked key services in terms of required recovery times, and business continuity plans continue to be developed.

3.2.2 A database has now been developed to host these plans, and ensure appropriate arrangements are in place where services are inter-dependant. All the 253 service plans have now been uploaded and the focus now is on improving the information held within the database.

3.3 Budget Monitoring

3.3.1 Budget monitoring is undertaken on a monthly basis, and quarterly reports are produced for Members.

3.3.2 The quarter 2 statement (i.e. July to Sept) provides a mid-year summary of spend to date and a forecast outturn for the year. This alerts Directors to any pressures which they are required to address.

3.3.3 As such, it is critical that forecasts are accurate; evidence based, and have been through a rigorous quality assurance process.

3.3.4 The Quarter 2 report is scheduled to go to Cabinet on 27th November 2013, and will be reported in summary later in the agenda.

3.4 Work of Internal Audit

3.4.1 The Internal Audit Section operates according to a risk based Audit Plan.

3.4.2 During the period April to September 2013, the section has examined the following fundamental financial system(s);

- Payroll
- Housing Benefit
- Treasury Management
- Debtors
- NNDR (Business Rates)
- Housing Rent
- Cash and banking

3.4.3 The Internal Audit section produces reports which rank recommendations according to urgency / priority. The reports completed during the first two quarters produced a total of 93 recommendations. To date, none of these recommendations have been ranked RED – which would warrant specific inclusion in the Governance Statement.

3.5 Work of Governance Panel

3.5.1 The Governance Panel has now met regularly since its inception in November 2008, and continues to be a valuable arena to exchange information / concerns regarding the Council's governance arrangements.

3.5.2 The Panel comprises:

- Director of Resources
- Director of Legal & Democratic Services (Monitoring Officer)
- Assistant Director of Resources (Finance & Efficiency) (s151 Officer)
- Head of Internal Audit (Anti-Money Laundering Officer)

3.5.3 The Panel last met on 16th October 2013; no concerns were raised which required specific reference in this update.

3.6 Gifts & Hospitality

3.6.1 A web-based system operates for members and officers to report offers of gifts and hospitality, and any interests which may conflict with their role.

3.6.2 A full update of declarations for the period ended 30th September 2013 is reported elsewhere on this agenda.

3.7 Sickness Update

3.7.1 The Audit Committee has shown considerable interest in sickness absence, requesting absence data and action plan updates from Directors upon request.

3.7.2 The following table contains the sickness absence figures per head (Full Time Equivalent FTE) for the Council and the individual four Directorates over the last two financial years and the first two quarters of 2013/14.

Directorate	2011/12 Full Year	2012/13 Full Year	2013/14 Qtr 1	2013/14 Qtr 2
Adult Care Services	16.8	15.1	14.0	13.2
Chief Executive's	6.6	6.3	7.3	7.6
Children's Services	8.2	8.3	8.5	8.6
Communities & Neighbourhoods	8.6	9.6	9.4	9.9
Total days lost per FTE	9.4	9.4	9.4	9.5

Note – the quarterly figures are calculated on a rolling 12 month basis and do not reflect the quarter in isolation.

3.7.3 To put some context to the figures – currently, Children's Services employ 57% of all Council staff, with DCN employing 22%, ACS 14% and Chief Executive's the remaining 7%.

3.7.4 The conclusions that we can draw from the table is that over the whole Council the sickness levels have risen slightly to 9.5 days per FTE after remaining static for the last couple of years. It should be noted that this is masking a real reduction in ACS of 21% during this period while the other three departments have all experienced increases in sickness.

3.7.5 Going forward, sickness absence figures will continue to be reported to the Audit Committee in future quarterly updates.

4.0 Conclusion

- 4.1 This report provides an assurance, and presents evidence that the Council reviews its internal control / governance mechanisms on a continuous basis.
- 4.2 There have been no significant internal control issues during the period covered by this report.
- 4.3 The control environment will continue to be monitored throughout the year, and the Audit Committee will continue to receive updates on a quarterly basis.

Barrie Strothers
Head of Internal Audit

Background documents:

Risk Registers

Internal Audit Reports

Gifts & Hospitality Register

Minutes of Governance Panel

For further information on the details of this report, please contact:

Mr B Strothers, Head of Internal Audit

Tel. 0161 253 5084

Email: b.e.strothers@bury.gov.uk

Corporate Risk Register – Period July - September 2013 (Q2).

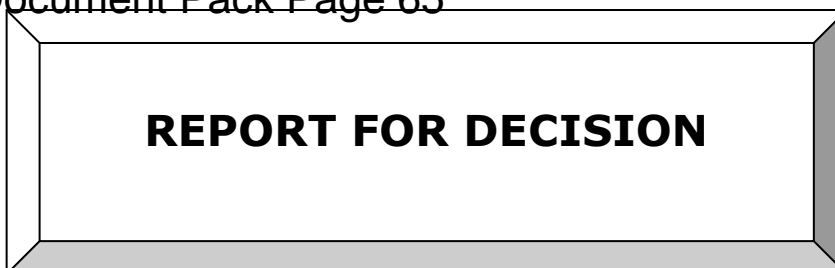
Ref	Risk Event	Risk Owner	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status	Measures
1	The <u>potential</u> liability facing the Council in respect of Equal Pay significantly weakens the Council's financial position	Mike Owen / Guy Berry	2	1	2	2			Risk substantially addressed as most cases have now been settled. To remain on register till exercise complete.
2	There is no robust financial strategy or change management strategy to address effectively the significant funding reductions that the Council faces over the next 3 years and beyond in order to ensure there is a sustainable and balanced budget	Steve Kenyon	4	2	6	8			Impact score raised from 3 to 4 in light of funding announcements of Summer 2013. Risk mitigated as balanced budget is in place for 2013/14, and significant savings options have been identified for 2014/15.
3	The budget strategy fails to address the Council's priorities and emerging issues, e.g. demographic and legislative changes	Mike Owen/Steve Kenyon	4	2	6	8			Impact score raised from 3 to 4 in light of funding announcements of Summer 2013. Income pressures largely addressed in 2013/14 budget. Demand pressures remain a risk and will be monitored / managed through Star Chamber process.

Ref	Risk Event	Risk Owner	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status	Measures
4	The budget strategy does not reflect, or respond to, national policy developments, e.g. Council Tax Support scheme and changes to the Business Rates regime	Mike Owen/Steve Kenyon	4	3	12	12			Risk remains high given volatility of Business Rates and Council Tax Support scheme. Monitoring arrangements in place.
5	The Council's asset base is not operated to its maximum effect to deliver efficiency savings and ensure priorities are fulfilled. Ineffective use of assets presents both a financial and a performance risk.	Mike Owen	2	2	6	4			Asset Management Plan now in place; risk reduced to reflect progress made in respect of office moves over summer of 2013.
6	The Council needs to be prepared for the impact of the Localism Act; this presents both opportunities, e.g. power of competency & community right to challenge	Jayne Hammond			2	Risk Removed			A process for dealing with applications has been approved by Cabinet; none received to date. Option remains for risk to be reintroduced should the need arise.
7	The amount of money received from the NHS to manage public health is insufficient to meet the performance outcomes expected by Government	Pat Jones-Greenhalgh	2	2	6	4			Risk impact reduced as Public Health funding gives greater certainty; risk remains around performance of contracts inherited from PCT.

Ref	Risk Event	Risk Owner	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status	Measures
8	The Council fails to manage the expectations of residents, service users & other stakeholders in light of funding reductions	Mike Owen	3	2	3	6			Impact score raised from 2 to 3 in light of funding announcements of Summer 2013. Widespread consultation took place re: Budget / Plan for Change, and is now in train for 2014/15 top up savings.
09	The Government's changes to Council Tax Benefit impact adversely upon the Public / Vulnerable People. Also budgetary risk to the Council in the event of claimant numbers rise	Mike Owen	3	3	9	9			Impact on residents being managed through Welfare Reform Board. Budgetary impact to be assessed through monthly monitoring process.
10	Changes resulting from the wider Welfare reform agenda impact adversely upon the public / vulnerable people.	Mike Owen	3	3	9	9			Welfare Reform Board coordinating action plan with partner organizations (e.g. Six Town, CAB)
11	That the scale and pace of Public Sector reform impacts adversely upon key Council Services, compounded by the loss of capacity following staff leaving the Council (420+ since 2010)	Mike Kelly	4	2	8	8			Workforce Development Plan now in place and individual service workforce plans being developed to ensure continuity / succession planning.

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Agenda Item	
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MEETING: **AUDIT COMMITTEE**

DATE: **3rd DECEMBER 2013**

SUBJECT: **GIFTS & HOSPITALITY**

REPORT FROM: **ASSISTANT DIRECTOR OF RESOURCES (FINANCE & EFFICIENCY)**

CONTACT OFFICER: **S. Kenyon (Assistant Director of Resources)**

TYPE OF DECISION: **NON-KEY DECISION**

FREEDOM OF INFORMATION/STATUS: This paper is within the public domain

SUMMARY: This report presents Members with an update on the system to declare, monitor & report gifts and hospitality offered to / received by staff and Members.

The report presents a summary of declarations made for the period July 2013 to September 2013.

OPTIONS & RECOMMENDED OPTION The Committee is asked to note the contents of the report.

IMPLICATIONS:

Corporate Aims/Policy Framework:	Do the proposals accord with Policy Framework? Yes.
Statement by s151 Officer:	An effective process to record, monitor, and report offers of gifts and hospitality serves to protect both staff and the Authority against allegations of improper conduct.
Statement by Executive Director of Resources:	A robust mechanism to control offers of gifts and hospitality is a fundamental aspect of the Council's corporate governance / ethical framework

Equality/Diversity implications: No

Considered by Monitoring Officer: Yes

Are there any legal implications? No

Staffing/ICT/Property: No

Wards Affected: No

Scrutiny Interest: Scrutiny may wish to examine registers of Gifts & Hospitality received

TRACKING/PROCESS

EXECUTIVE DIRECTOR: Mike Owen

Chief Executive/ Management Board	Executive Member/Chair	Ward Members	Partners
Scrutiny Commission	Executive	Committee	Council
		Audit 3/12/13	

1. **INTRODUCTION**

- 1.1 A robust mechanism to control offers of gifts and hospitality is a fundamental aspect of the Council’s corporate governance / ethical framework.
- 1.2 The Council’s Local Code of Corporate Governance reinforces this through the core principle of “Promoting the values of the authority and demonstrating the values of good governance through behaviour”.
- 1.3 The Audit Committee approved a report outlining the “web-based” system for declarations at its meeting of 19th April 2007, and has received regular updates at subsequent meetings.
- 1.4 This report summarises declarations made for the period July to September 2013.

2. **PROGRESS TO DATE**

- 2.1 Comprehensive guidance relating to gifts and hospitality is included within the “Employee’s Code of Conduct”; issued to every member of staff and available on the intranet.
- 2.2 Guidance on the “Corporate HR” area of the intranet has been revised to make it more readily accessible.

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- 2.3 A "web based" mechanism for Members to record declarations has been developed jointly by Internal Audit and the Corporate HR Division, and implemented with effect from September 2007.
- 2.4 The system now allows officers and members to record potential "conflicts of interest", for example where a member of staff may be related to contractors working for the Council.
- 2.5 A separate mechanism applies for teachers; registers are maintained at school buildings, reported to Boards of Governors, and examined by Internal Audit.
- 2.6 Analysis of registers completed for the period reveals the following;

Department	Number of Declarations	Lowest Value (£)	Highest Value (£)	Average Value (£)
EDS	2	20	50	35
Childrens Services	0	0	0	0
Adults Services	1	25	25	25
Chief Executives	2	22	22	22
Members	4	22	25	24
Conflicts of Interest	1	n/a	n/a	n/a
Total	10	20	22	26

3. ISSUES

- 3.1 Whilst the use of a web based register is efficient, managers must ensure a procedure is in place for staff without access to intranet.

4. RISKS

- 4.1 The system only picks up declarations made by staff; clearly it is the items which are not being declared that are potentially inappropriate.
- 4.2 The overall internal control framework, the anti-fraud strategy, the Council's Whistleblowing Policy, and the work of Internal Audit all offer additional assurance in this respect.

5. FUTURE ACTIONS

- 5.1 Departmental managers are responsible for the operation of the register in their area, however compliance with the declaration process will be continually monitored by the Internal Audit Section.

6. RECOMMENDATIONS

- 6.1 Members are requested to;
- (a) affirm their support for the importance of registering gifts and hospitality
 - (b) endorse the current approach for declaring offers of gifts / hospitality

(c) note the declarations made to date.

Steve Kenyon
Assistant Director of Resources (Finance & Efficiency)

Background documents:

Registers available for inspection if requested.

For further information on the details of this report, please contact:

Mr S Kenyon, Assistant Director of Resources (Finance & Efficiency)
Tel. 0161 253 6922,
Email: S.Kenyon@bury.gov.uk



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Private & confidential

Mr S Kenyon
 Assistant Director of Resources (Finance and
 Efficiency)
 Bury Metropolitan Borough Council
 Town Hall
 Knowsley Street
 Bury BL9 0SW

Our ref TR/rl/016/let

2nd October 2013

Dear Steve

Audit of accounts 2012/13 – Notice of certification of completion of the audit

I am pleased to advise you that the audit of Bury Metropolitan Borough Council's accounts for the year ending 31 March 2013 has been completed.

An unqualified opinion on the accounts was issued on 22 August 2013. On the same date I also issued an unqualified conclusion on the Authority's arrangements for securing value for money as required by the Audit Commission's Code of Practice.

I have not had to exercise any statutory audit powers under the Audit Commission Act 1998.

May I draw your attention to Regulation 11 of the Accounts and Audit Regulations 2011 which requires the Authority to give notice by advertisement and on its website that the audit has been concluded and that the statement of accounts is available for inspection by local government electors, including:

- a statement of the rights conferred on local government electors by section 14 (inspection of statements of accounts and auditors' reports) of the 1998 Act;
- the address at which and the hours during which those rights may be exercised; and
- details of where the statement of accounts can be found on the Authority's website.

Yours sincerely

Trevor Rees
 Partner

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Bury Metropolitan Borough Council

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2013 issued on 22 August we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of the Authority and the Group as at 31 March 2013 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

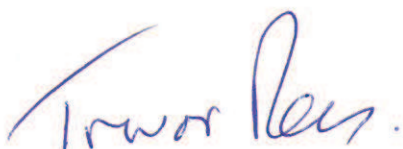
Issue of value for money conclusion

In our audit report for the year ended 31 March 2013 issued on 22 August 2013 we reported that, in our opinion, in all significant respects, Bury Metropolitan Borough Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Certificate

In our report dated 22 August 2013 we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We have now completed this work. No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion and value for money conclusion.

We certify that we have completed the audit of the accounts of Bury Metropolitan Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Trevor Rees

for and on behalf of KPMG LLP, Appointed Auditor

Chartered Accountants

St James' Square

Manchester

M2 6DS

2 October 2013

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of the Local Government Act 1972.

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of the Local Government Act 1972.

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