



Tuesday, 11 March 2014

AUDIT COMMITTEE

A meeting of **Audit Committee** will be held on

Wednesday, 19 March 2014

commencing at **2.00 pm**

The meeting will be held in the Meadfoot Room, Town Hall, Castle Circus,
Torquay, TQ1 3DR

Members of the Committee

Councillor Tyerman (Chairman)

Councillor Addis

Councillor Bent

Councillor Brooksbank

Councillor Stocks

Councillor Stringer

Working for a healthy, prosperous and happy Bay

For information relating to this meeting or to request a copy in another format or language please contact:

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AUDIT COMMITTEE AGENDA

1. **Apologies**
To receive any apologies for absence, including notifications of any changes to the membership of the Committee.

2. **Minutes** (Pages 1 - 3)
To confirm as a correct record the Minutes of the meeting of the Audit Committee held on 22 January 2014.

3. **Declarations of interests**
 - (a) To receive declarations of non pecuniary interests in respect of items on this agenda
For reference: Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

 - (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda
For reference: Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(**Please Note:** If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)

4. **Urgent Items**
To consider any other items that the Chairman decides are urgent.

5. **Audit Committee Update for Torbay Council** (Pages 4 - 18)
To note the update report.

6. **Internal Audit Plan 2014-15** (Pages 19 - 34)
To consider the report setting out the Internal Audit Plan for 2014-15.

7. **Internal Audit Charter** (Pages 35 - 40)
To note the report that sets out the Internal Audit Charter.

8. **Strategic Risk Management Quarter 3 2013/14** (Pages 41 - 43)
To note the report.



Minutes of the Audit Committee

22 January 2014

-: Present :-

Councillor Tyerman (Chairman)
Councillors Addis, Bent and Stocks

20. Apologies

An apology for absence was received from Councillor Brooksbank.

21. Minutes

The Minutes of the meeting of the Audit Committee held on 25 September 2013 were confirmed as a correct record and signed by the Chairman. Members also received an update on the improvements that were required within Children Services as requested in Minute 19/06/13.

22. Audit Committee Update

Members of the Audit Committee noted the report that summarised emerging national issues and developments and included a number of 'challenge' questions in respect of the emerging issues. The report also detailed progress on scheduled activities that Grant Thornton as the Council's external auditors had undertaken.

Members paid particular regard to an Audit Commission briefing regarding income generated from chargeable services. Members highlighted situations when officers were not fully aware of the process when wanting to review charges. Members were advised that the majority of charges were set as part of the budget setting process, for those charges that are outside of the budget setting process there is the Income Strategy that can be followed when considering levels of fees and charges for services.

Members were further advised that Alun Williams (Grant Thornton Engagement Lead) and Sue Hicks (Grant Thornton Audit Manager) would be leaving their current positions and would no longer be working with Torbay Council. Members and Officers thanked Alun and Sue for the positive support and working relationship that had been built with Officers of Torbay Council.

23. The Annual Audit Letter for Torbay Council

Members noted the Annual Audit Letter that summarised the key findings arising from the audit of the 2012/13 accounts and Whole of Government Accounts submission and assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

24. Certification Report 2012/13

Members noted the Certification Report for 2012/13 the process involves the examination of certain claims and returns submitted by Torbay Council. Three claims relating to expenditure of £127.9 million were certified, the examination of the claims did not identify any significant issues in relation to the management arrangements and certification of individual grant claims and returns.

25. Internal Audit Report 2013/14 - Six Month Monitoring Report

Members considered a report that provided a summary of performance in the first six months against the internal audit plan for the 2013/14 financial year. Members were advised that adequate progress had been made with 64% of the planned audits commenced and 45% of audit fieldwork completed.

Members were advised of some areas which had received an audit opinion of 'fundamental weakness'. Members heard that one such area was Parkfield, the Head of Audit Partnership, Rob Hutchins explained to Members that fundamental weaknesses had been identified however the audit was a 'snap shot in time' and had been reassured that measures to address the problems had been put in place.

Members were informed that fundamental weaknesses had also been identified in Food Safety, Health and Welfare, Licensing and Trading Standards. Particular cause for concern was surrounding the department's ability to complete the required number of inspections in order to comply with the Food Standards Agency (FSA) code of practice. The Principal Environmental Health Officer was present to answer Members questions, Members noted that additional resource would be provided shortly. It was also anticipated that some premises would drop down the rating system due to the FSA code of practice being applied differently. The FSA code of practice was also subject to further revision in July 2014.

Resolved:

- i) that the Chairman of the Audit Committee highlight the Committee's concerns regarding the weaknesses set out in the submitted report to the Mayor and Executive Lead for Safer Communities, Parking and Sport; and
- ii) that the performance of Food Safety be reviewed by the Audit Committee on 11 June 2014.

26. Treasury Management Strategy 2014/15

The Audit Committee considered a report that aimed to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2014/15 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

Members questioned whether 'post' project appraisals were undertaken especially when prudential borrowings had been used to aid the project. Officers advised that business cases are examined by the Finance Team prior to a decision being made, with resources being limited any assessment after the project would need to provide significant learning benefit for future projects.

Resolved:

Subject to a revised 'maturity structure of fixed interest rate borrowing 2014/15' table being agreed with the Chairman of the Audit Committee the Treasury Management Strategy 2014/15 be endorsed.

27. Strategic Risk Management Quarter 2 2013/14

Members noted the report setting out the Council's approach to strategic risk management and suggested some improvements regarding the risks, outstanding risks and direction of travel. Members felt these improvements to the reporting style would aid them in gaining assurance and confidence in the strategic risk management process.

Chairman/woman



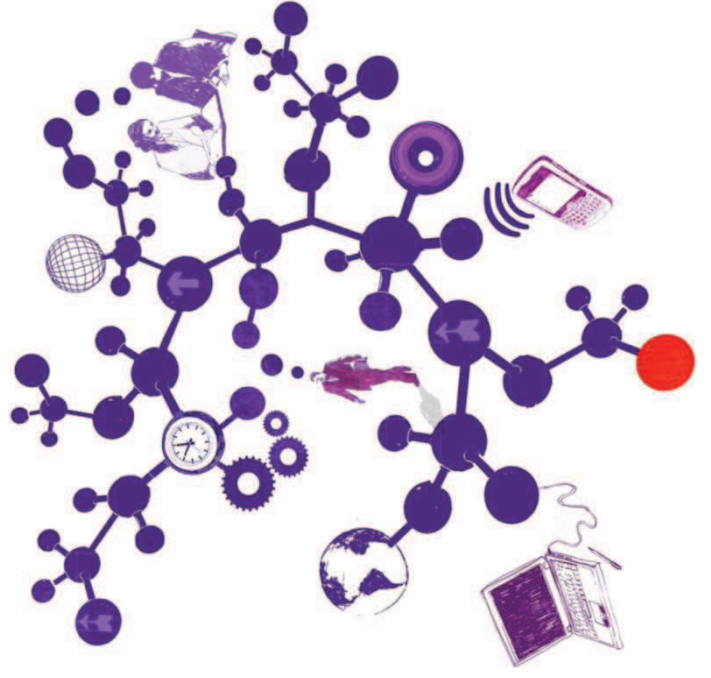
Audit Committee Update for Torbay Council

Year end 31 March 2014

19 March 2014

Page 4

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section	Page
Introduction	4
Progress at March 2014	5
Emerging issues and developments	
Local government guidance	7
Grant Thornton	10
Accounting and audit issues	12

Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications – 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Progress at March 2014

Work	Planned date	Complete?	Comments
<p>2013-14 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2013-14 financial statements.</p>	February/March 2014	No	Our Audit Plan is reported once we have completed our interim accounts audit (see below).
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	February/March 2014	No	Our interim accounts audit is currently taking place. Our findings along with our Audit Plan will be reported to the next Audit Committee.
<p>2013-14 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2013-14 financial statements • proposed opinion on the Council 's accounts • proposed Value for Money conclusion. 	July - August 2014	N/A	

Progress at March 2014

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion The scope of our work to inform the 2013/14 VfM conclusion comprises:</p> <ul style="list-style-type: none"> • securing financial resilience; and • challenging how it secures economy, efficiency and effectiveness. 	<p>Initial risk assessment – January/February 2014 Detailed assessment – March/April 2014</p>	<p>Yes</p> <p>N/A</p>	<p>We have completed our initial risk assessment and our findings will be reported in our Audit Plan.</p>

Councils choosing their auditors one step closer

Local government guidance

Local Audit and Accountability Act

The Local Audit and Accountability Act received Royal Assent on 30 January 2014.

Key points

Amongst other things:

- the Act makes provision for the closure of the Audit Commission on 31 March 2015;
- arrangements are being worked through to transfer residual Audit Commission responsibilities to new organisations;
- there will be a new framework for local public audit due to start when the Commission's current contracts with audit suppliers end in 2016/17, or potentially 2019/20 if all the contracts are extended;
- the National Audit Office will be responsible for the codes of audit practice and guidance, which set out the way in which auditors are to carry out their functions;
- Local Authority's will take responsibilities for choosing their own external auditors;
- recognised supervisory bodies (accountancy professional bodies) will register audit firms and auditors and will be required to have rules and practices in place that cover the eligibility of firms to be appointed as local auditors;
- Local Authority's will be required to establish an auditor panel which must advise the authority on the maintenance of an independent relationship with the local auditor appointed to audit its accounts;
- existing rights around inspection of documents, the right to make an objection at audit and for declaring an item of account unlawful are in line with current arrangements;
- transparency measures give citizens the right to film and tweet from any local government body meeting.

Issues to consider/challenge questions:

- **Have members considered the implications of the Local Audit and Accountability Act for the Council's future external audit arrangements?**

Joint Health and Social Care Plans to be in place by 4th April

Local government guidance

Better Care Fund

In the June 2013 Spending Round the Government announced the prospective implementation of the Better Care Fund (formerly the integration transformation fund). The key aim is to ensure a transformation in integrated health and social care through local single pooled budget arrangements. Pooled budget arrangements are formally underpinned by Section 75 of the NHS Act 2006.

Key issues

- £3.8 billion for funding will be available from 2015/16, largely through a top slice of existing Clinical Commissioning Group (CCG) budgets;
- Local Authorities with Adult Social Services, CCGs and NHS Trusts will need to collaborate through a single pooled budget arrangement to support the delivery of health and social care services in their designated local areas;
- finalised joint health and social care plans must be in place setting out how pooled budgets will be spent – draft plans must be formally signed off by each statutory Health and Well Being Board and submitted to NHS England area teams by 14 February, with a 4 April 2014 deadline for submission of finalised plans

Issues to consider/challenge questions:

- **Is the local Health and Wellbeing Board on track to finalise and sign off the joint health and social care plan for submission to the NHS England area team?**
- **Has the size of the pooled budget been clarified?**
- **Is the Authority collaborating with its partner bodies to work through funding and delivery arrangements?**
- **Have roles and responsibilities been defined and understood for the Authority and its partner CCGs, NHS Trusts and the Health and Wellbeing Board?**

Helping the High Street

Local government guidance

Support for UK high streets

On December 6, 2013 the Communities Secretary set out a £1 billion package of support for UK high streets, the stated objectives being to:

- support business and the private sector to have a greater stake in their high streets;
- make it easier to diversify town centres;
- ensure town centres remain accessible to visitors;
- promote the use of technology to modernise town centres.

Key elements of the strategy include:

- a £1,000 discount in 2014/15 and 2015/16 for retail premises with a rateable value of up to £50,000 – including shops, pubs, café and restaurants;
- capping the Retail Price Index (RPI) increase in bills to 2% in 2014/15;
- extending the doubling of Small Business Rates relief to April 2015;
- a reoccupation relief for 18 months with a 50% discount for new occupants of retail premises empty for a year or more;
- assisting business cash flow by allowing businesses to pay their bills over 12 months (rather than 10)

Issues to consider/challenge questions:

- **Has the Council assessed the local economic impact of the measures announced by the Communities Secretary?**
- **Has the Executive Head Finance assessed the impact of the measures on the Council's finances and the 2014/15 and 2015/16 budgets?**

79% of Councils anticipate Tipping Point soon

Grant Thornton

2016 tipping point? Challenging the current

This report http://www.grant-thornton.co.uk/Global/Publication_pdf/LG-Financial-Resilience-2016-tipping-point.pdf is the third in an annual series which assesses whether English local authorities have the arrangements in place to ensure their sustainable financial future.

Local authorities have so far met the challenges of public sector budget reductions. However, some authorities are predicting reaching tipping point, when the pressure becomes acute and financial failure is a real risk. Based on our review of forty per cent of the sector, this report shows that seventy nine per cent of local authorities anticipate some form of tipping point in 2015/16 or 2016/17.

Our report rates local authorities in four areas - key indicators of financial performance, strategic financial planning, financial governance and financial control. It also identifies a series of potential 'tipping point scenarios' such as local authorities no longer being able to meet statutory responsibilities to deliver a range of services.

Our report also suggest some of the key priorities for local authorities in responding to the challenge of remaining financially sustainable. This includes a relentless focus on generating additional sources of revenue income, and improving efficiency through shared services, strategic partnerships and wider re-organisation.

Challenge questions

- **Our report includes a good practice checklist designed to provide senior management and members with an overview of key tipping point risks. Has the Executive Head Finance completed the checklist and reported it to the Audit Committee?**
- **The report also includes good practice case studies in strategic financial planning, financial governance and financial control. Has the Executive Head Finance reviewed these case studies and considered whether there is scope to adopt these?**

Alternative Delivery Models – are you making the most of them?

Grant Thornton

Alternative delivery models in local government

This report: <http://www.grant-thornton.co.uk/en/Publications/2014/Responding-to-the-challenge-alternative-delivery-models-in-local-government/> discusses the main alternative delivery models available to local government. These are based on our recent client survey and work with local government clients. It aims to assist others as they develop their options and implement innovation strategies.

Local government has increased the variety and number of alternative delivery models it uses in recent years including contracts and partnerships with other public bodies and private sector organisations, as well as developing new public sector and non-public sector entities. With financial austerity set to continue, it is important that local authorities continue innovating, if they are to remain financially resilient and commission better quality services at reduced cost.

This report is based on a brief client survey and work with local authority clients and:

- Outlines the main alternative delivery models available to local authorities
- Aims to assist other authorities as they develop their options and implement innovation strategies
- Considers aspects of risk.

Challenge question

- **Our report includes a number of case studies summarising how public services are being delivered through alternative service models. Has the Authority reviewed these case studies and assessed whether there are similar opportunities available to it?**
- **Our report includes three short checklists on supporting innovation in service delivery, setting up a company and questions that members should ask officers when considering the development of a new delivery model. Are the checklists being considered as part of the development of the Authority's commissioning strategy?**

Estimating the impact of business rate appeals

Accounting and audit issues

Business rate appeals provisions

Local authorities are liable for successful appeals against business rates. They should, therefore, recognise a provision for their best estimate of the amount that businesses have been overcharged up to 31 March 2014.

However, there are practical difficulties which mean that making a reliable estimate for the total amount that has been overcharged is challenging:

- the appeals process is managed by the Valuation Office Agency (VOA) and so local authorities are reliant on the information provided to them by the VOA
- some businesses may have been overcharged but not yet made an appeal.

We would expect local authorities:

- to work with the VOA to make sure that they have access to the information they need
- where appeals have been made, to determine a methodology for estimating a provision and to apply this methodology consistently
- where appeals have not been made:
 - to consider the extent to which a reliable estimate can be made (for example, in relation to major businesses)
 - to recognise a provision where a reliable estimate can be made
 - to disclose a contingent liability where a reliable estimate cannot be made
 - to provide a rationale to support their judgement that a reliable estimate cannot be made
- to revisit the estimate with the latest information available immediately before the audit opinion is issued.

Challenge questions:

- **Is your authority confident of obtaining the information it needs from the VOA?**
- **Has your authority recognised a provision where it is possible to make a reliable estimate? Has a robust methodology been used?**
- **Has your authority provided a robust rationale where it has decided it cannot make a reliable estimate? Is it planning to disclose a contingent liability?**
- **Is your authority planning to revisit its provision and contingent liability before the audit opinion is issued?**

Changes to the public services pension scheme

Accounting and audit issues

Changes to the Local Government Pension Scheme

The Public Service Pensions Bill received Royal Assent in April 2013, becoming the Public Service Pensions Act 2013 ('the Act'). The Act makes provision for new public service pension schemes to be established in England, Wales & Scotland. Consequent regulations have been laid to introduce changes to the LGPS in England and Wales from 1st April 2014. (The regulations for the changes in Scotland have not yet been laid and will only impact from 1 April 2015).

These introduce a number of changes including:

- a change from a final salary scheme to a career average scheme
- introduction of a 50/50 option whereby members can choose to reduce their contributions by 50% to receive 50% less benefit
- calculation of contributions based on actual salary which could lead to some staff with irregular patterns of working moving between contribution rate bandings on a regular basis
- changes in employee contribution rates and bandings
- transitional protection for people retiring within 10 years of 1 April 2014 (further regulations are still awaited).

The above changes have implications for all employers involved in the LGPS introducing required changes to their payroll systems to ensure pension contributions are calculated correctly. This has consequent implications for administering authorities to communicate with employers and consider how they will obtain assurance over the accuracy and completeness of contributions going forwards since the calculations are more complex going forwards and less predictable. In addition changes are also required to pension administration/payment systems as well as much more detailed processes around maintaining individual pension accounts for all members to ensure the correct payment of future pensions.

The Act also requires changes to the governance arrangements although regulations for the LGPS have not yet been laid for these and the changes in governance arrangements are not expected to be implemented until 1 April 2015.

(continued overleaf)

Changes to the public services pension scheme

Accounting and audit issues

Changes to Local Government Pension Scheme continued

Challenge questions

- Is the authority aware of the detailed requirements and their impact on its current payroll system and processes?
- Is the authority taking appropriate action to ensure implementation of the required changes to its payroll system and processes by 1 April 2014?
- Has the authority liaised with the administering authority over any changes they may need in the assurances provided over the completeness and accuracy of contributions?



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Internal Audit

Internal Audit Plan 2014-15

Torbay Council
Audit Committee

Page 19
March 2014

Auditing for achievement

Contents

AUDIT FRAMEWORK	1
AUDIT NEEDS ASSESSMENT	2
CONSIDERATION OF THE CONSEQUENCES OF CHANGE	3
CONSIDERATION OF YOUR BUSINESS OBJECTIVES	4
OVERVIEW OF PROPOSED AUDIT COVERAGE	5
HIGH LEVEL AUDIT PLAN 2014-15	6
SERVICE LEVEL PLANS	7
FRAUD PREVENTION AND DETECTION AND INTERNAL AUDIT GOVERNANCE	8
ANNUAL GOVERNANCE FRAMEWORK ASSURANCE	9
OUR AUDIT TEAM AND THE AUDIT DELIVERY CYCLE	10
APPENDIX 1 – PROPOSED AUDIT REVIEWS AND ASSOCIATED RISKS	11

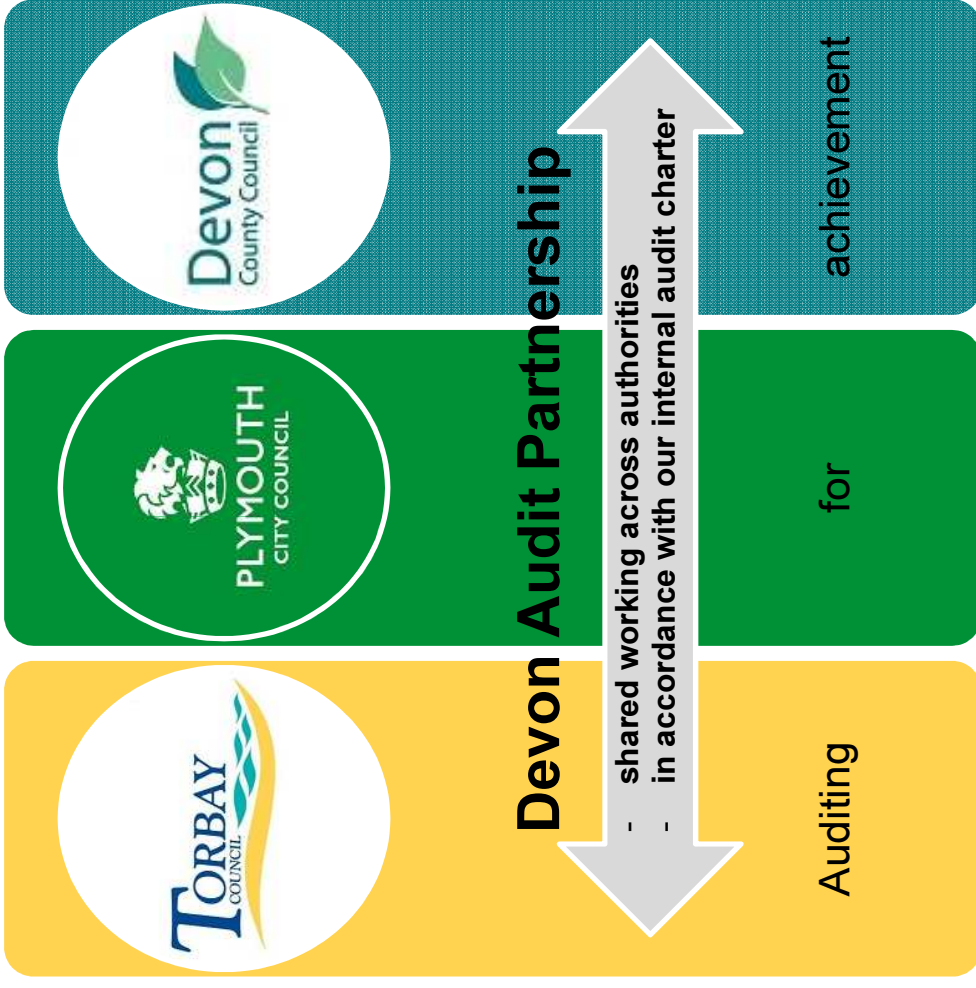
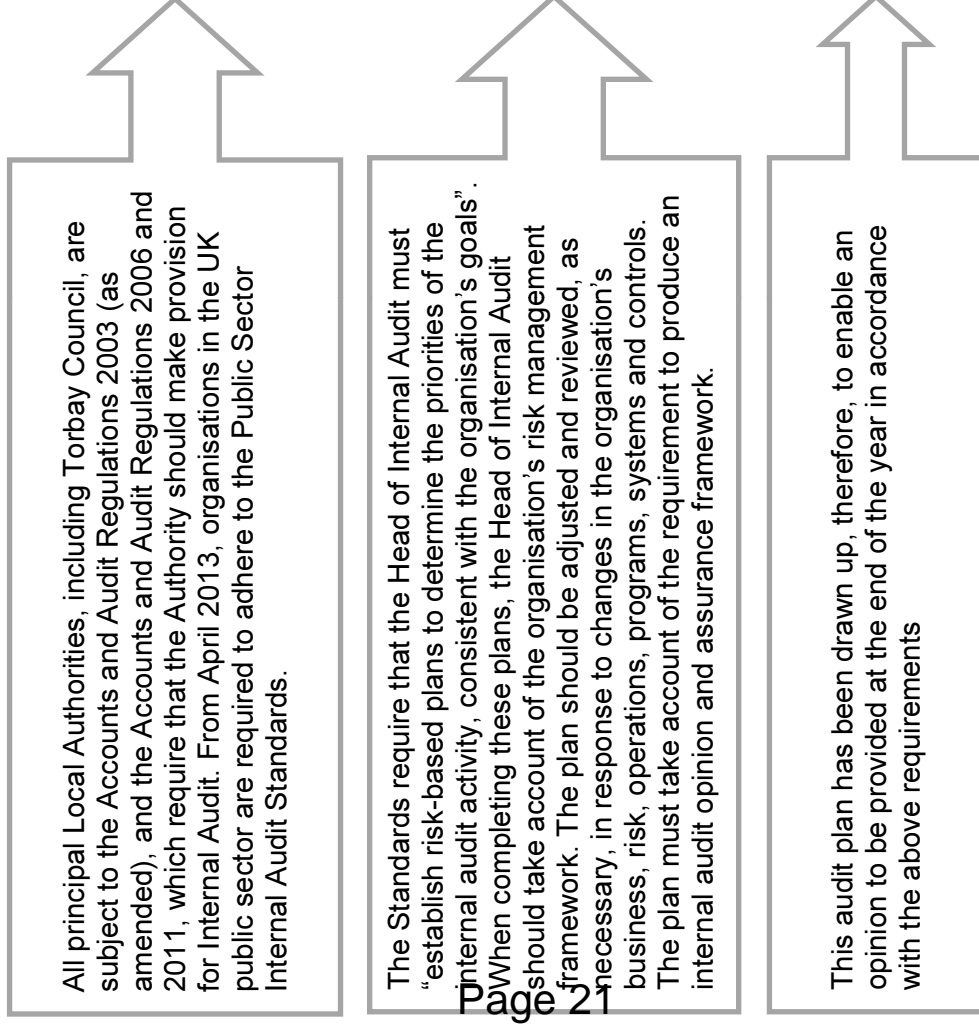
Devon Audit Partnership The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards. The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk .	Confidentiality and Disclosure Clause This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.
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Audit Framework

All principal Local Authorities, including Torbay Council, are subject to the Accounts and Audit Regulations 2003 (as amended), and the Accounts and Audit Regulations 2006 and 2011, which require that the Authority should make provision for Internal Audit. From April 2013, organisations in the UK public sector are required to adhere to the Public Sector Internal Audit Standards.

The Standards require that the Head of Internal Audit must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Head of Internal Audit should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

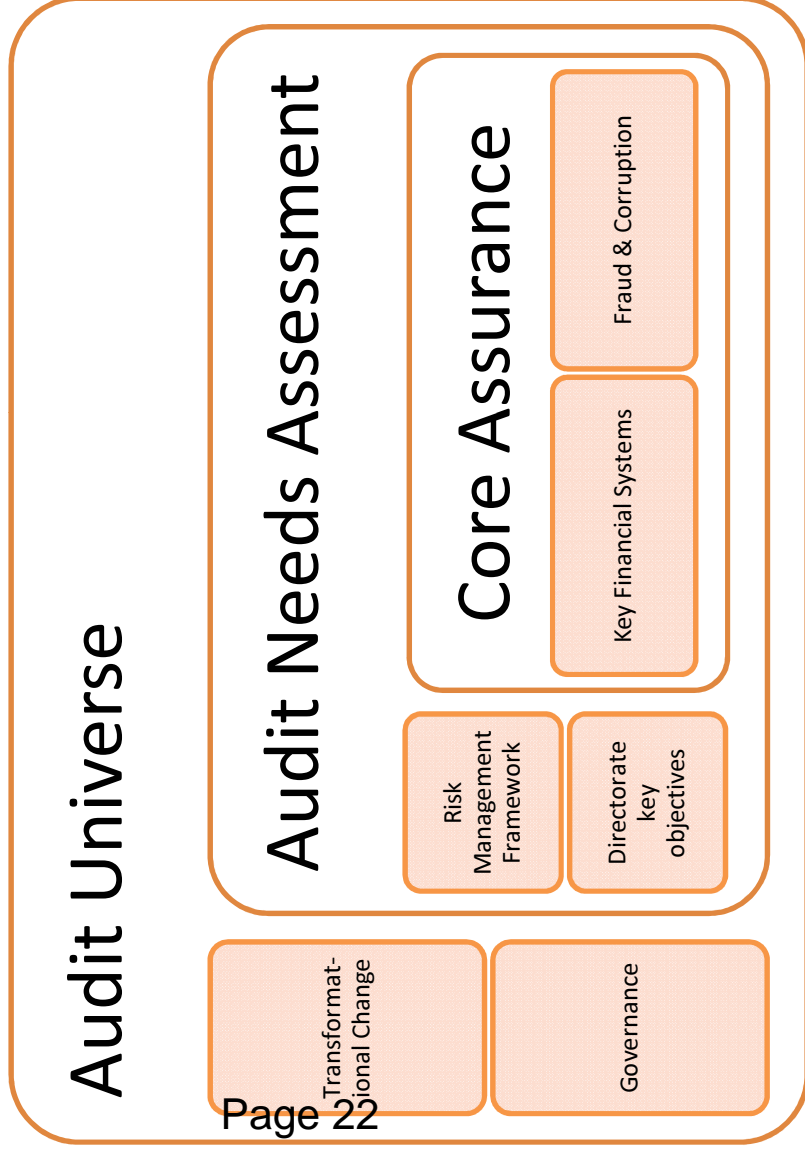
This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

Audit Needs Assessment

We employ a risk based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Authority, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.



The resultant Internal Audit Plan for 2014/15 is set out in the high level plan and Appendix 1

The audit plan for 2014/15 plan has been created by:

Consideration of risks identified in the Authority’s strategic and operational risk registers

Review and update of the audit universe

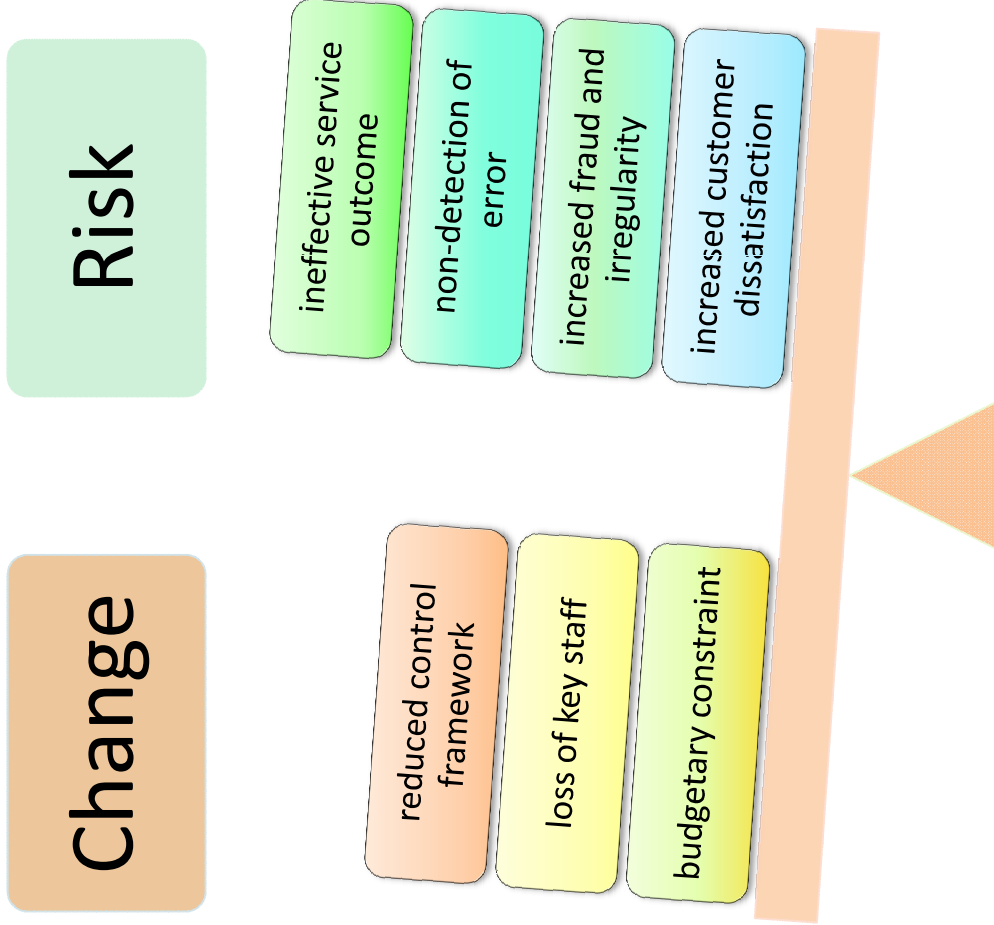
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

Taking into account results of previous internal audit reviews

Taking into account Internal Audit’s knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council’s delivery plans

Requirements to provide a “collaborative audit” approach with the external auditors

Consideration of the consequences of change



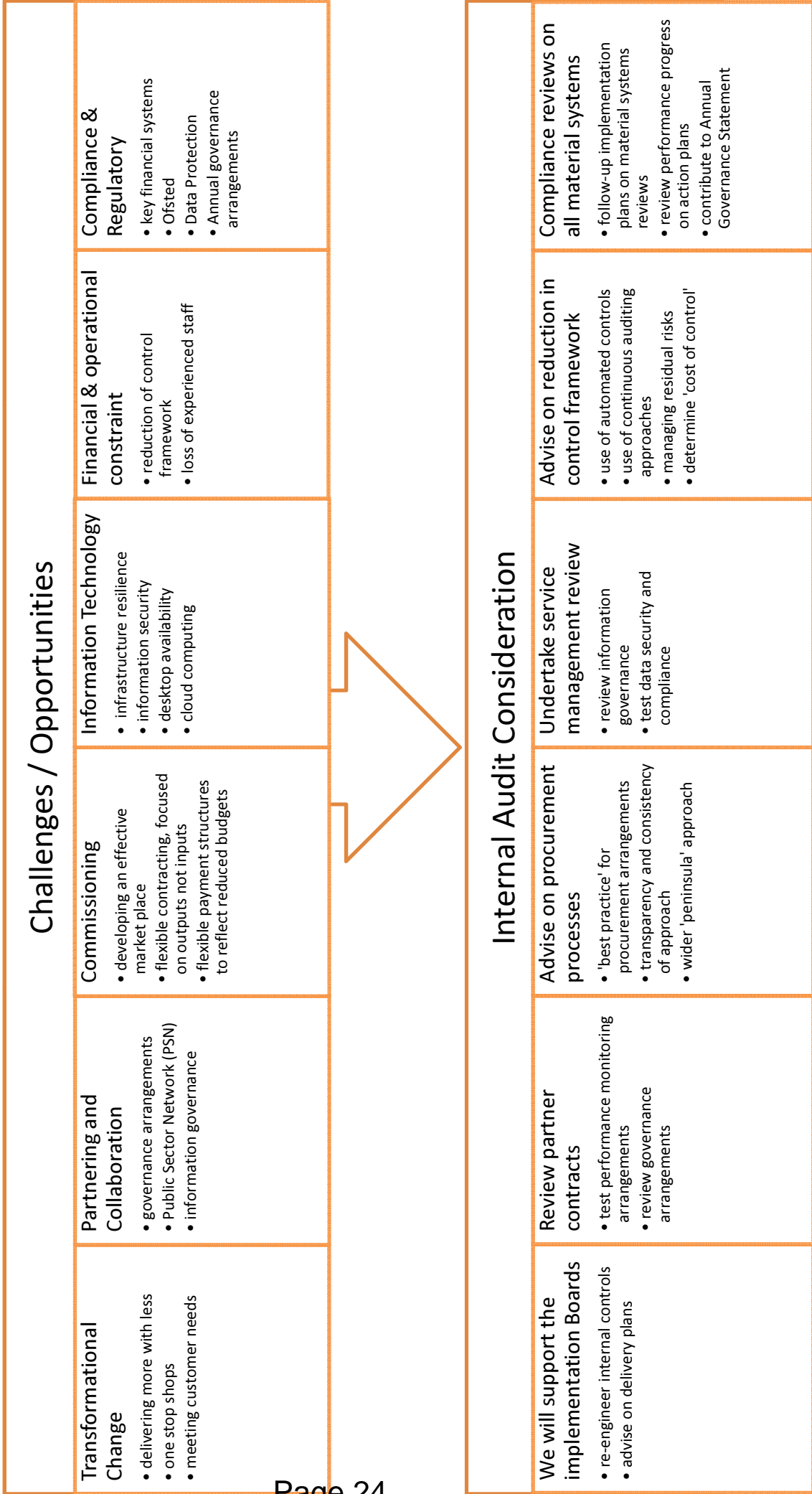
Times are changing; the expectation of the public for services provided by the public sector has never been greater; yet the money that is available for these services needs to be reduced. All public sector organisations are looking at how services can be transformed; what worked in the last decade may not meet new challenges. The use of, and dependency on, IT for service delivery will only increase further; this brings rewards but also carries its own risk.

The Internal Audit function has a key role in helping management fully understand their risks and in designing effective and efficient controls that mitigate these risks to an acceptance level; a consistent application of a quality internal audit opinion assists the organisation to develop alternative and new delivery solutions that will deliver the service required.

We will work with you to understand the changes you are making, the risks you face and help you design and operate effective governance and delivery solutions.

Consideration of your business objectives

From consideration of the corporate goals and strategic risk registers we have discussed the key challenges and opportunities the Authority is facing with senior management. Our consideration and proposed action is set out below.





Directorate Overview of Audit Coverage				
Adults	Children's Services	Operations and Finance	Place	Public Health
Supporting People	Early Years	Human Resources	Concessionary Fares	Lifestyle Service Review
	Peninsula Contract	Business Change	Planning	
	PARIS	Demand Management including Financial Planning	Section 106	
(Adult Social Care audited by Audit South West)	Safeguarding		Tor Bay Harbour Authority	Public Health / NHS Links
	Troubled Families	Crisis Support Cessation	Carbon Management	
	School Financial Value Standard (SFVS)	Council Tax Support Scheme Amendment	Museum Services	Transition Follow Up
	Schools		Sports Facilities	

Proposed audit coverage

Value Added	Infrastructure / Business Projects	Days
Information Security Group	TOR2 Future State Project	
Fraud Prevention and Investigation	South Devon Link Road	
National Fraud Initiative	Waste PFI	
Advice	Place Projects	
Audit Follow Up	Payroll System	
	Channel Shift	
	Corporate Printing	
	Harbour Mooring Replacement System	
		73
		35
		80
		75
		195
		10
		160
		65

Core Assurance

Business Processes & Governance – Torbay Development Agency, English Riviera Tourism Company, Torbay Coast & Countryside Trust, Fair Decision Making, Corporate Information Management, Information Security (Data Protection), Public Health Data Transfer, Capital Programme, Corporate Debt, Purchasing Cards, Procurement / Contracts, Grant Certification, and Audit Assurance Planning and Reporting.

Key Financial Systems – Payroll, IBS Sys Admin, Creditors, FIMS Sys Admin, Debtors, Benefits, Electronic Ordering, Income Collection, Asset Register, Council Tax & Non Domestic Rating, General Ledger, Bank Reconciliation, Treasury Management.

ICT – file storage, mobile device management, change management, continuity & disaster recovery, database administration, service strategy, thin client, telephony and voice.

The elements proposed for audit for the coming year are those identified through risk assessment and discussion with Senior Management. This overview is supported by the detailed plans by area in appendix 1.

High Level Audit Plan 2014-15

This table shows a summary of planned audit coverage for 2014/15 totalling 1,189 direct days. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Authority and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months to ensure it continues to reflect the key risks and priorities of the Council given the significant changes across the public sector. In order to allow greater flexibility, the IA Plan includes a contingency to allow for unplanned work.

We have set out our plan based on the current organisational structure for the Authority. Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key risks to the operation or function are considered during our review. The following pages give a brief overview of the focus of proposed audit coverage for the year.

Page

23 Detailed analysis of proposed audit reviews is provided in Appendix 1.

Core Activity for internal Audit Review	Coverage in Days
Adults	10
Children's Services	140
Place	165
Public Health	35
Operations and Finance	482
Anti-Fraud and Corruption including NFI	90
Other Chargeable Activities	267
Total internal audit plan for Torbay Council	1189
Schools	55

Service Level Plans

Adults

Work will cover the Supporting People function primarily focussing on the control framework within the financial aspects of the service provision and the timing of the audit has been agreed to fit with other service priorities.

Place

Work will include reviews across the directorate encompassing the areas of Concessionary Fares, Planning, Section 106 Agreements, Sports Facilities and Museum Services. Certification of the annual Carbon Management return will be completed in accordance with the instructions. We have previously agreed a rolling plan of visits with the Tor Bay Harbour Authority and this will be continued for 2014/15.

Public Health

After consultation with the Interim Director of Public Health and her management team, work will be undertaken in terms of following the previous work on the Transition of Public Health to Local Authority, examination of the consultation process in terms of the Lifestyle Service, and review of data transfer integrity and arrangements. In addition, IT Auditors will review Public Health Data Transfer including the use of the N3 network service.

Core Assurance – Business Processes & Governance, Key Financial Systems, ICT

We shall continue work with management of the TDA, ERTC and TCCT to ensure that effective systems and governance arrangements are in place to manage the risks faced by these organisations. Our work will include an audit review of Fair Decision Making identified as a strategic risk of the Council, and also review areas such as the Capital Programme, Corporate Debt arrangements and Procurement / Contracts. IT Audit activity will examine key technical areas including corporate information management, service strategy, and thin client. Assurance work will be undertaken on areas termed as key financial systems that process the majority of income and expenditure of the Council, and which have a significant impact on the reliability and accuracy of the annual accounts.

Operations and Finance

Our work will include an audit review of Demand Management including Financial Planning which are both identified as strategic risks of the Council. Reviews will be undertaken within Human Resources and Business Change, both being critical areas to the Council's effective operation. In addition, we will provide advice and consultancy in relation to the anticipated cessation of Crisis Support and the amendment to the existing Council Tax Support Scheme.

Children's Services

Work will include an audit review of Safeguarding which is an identified strategic risk of the Council. In addition our work will encompass grant certification regarding Troubled Families. Reviews will be undertaken within Early Years and upon the Peninsula Contract. Schools audit activity and compliance Schools Financial Value Standards will be maintained. A provision has been allowed for the Director of Children's Services in conjunction with Internal Audit to identify further audit work requirements in light of emerging risks and changing business needs and priorities.

Value Added

The National Fraud Initiative this year will focus upon Council Tax, Electoral Registration, and Housing Benefits to Student Loans, and work will commence on the full extract for 2014/15. Proactive fraud work has been commissioned in relation to Blue Badges and Internet Usage Monitoring. We will undertake the annual follow up on all audit areas identified as 'Improvements Required' or 'Fundamental Weaknesses' in 2013/14 and report to Audit Committee in the Summer.

Infrastructure / Business Projects

A number of projects will be supported ranging from major infrastructure to operational system implementations. Our IT Project Auditors will continue to work with the Council in terms of the ongoing Payroll System implementation and in addition will provide support to the Channel Shift, Corporate Printing and Harbour Mooring Replacement System projects. In connection with other partner authorities, the Devon Audit Partnership will continue to undertake work in relation to the Waste PFI and the South Devon Link Road. We will continue to support the TOR2 Future State Project and the planned Place Projects relating to service configuration as required by the Director of Place.

Fraud Prevention and Detection and Internal Audit Governance

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Internal Audit will continue to investigate instances of potential fraud and irregularities referred to it by managers, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally” and the Audit Commission publication “Protecting the Public Purse” internal audit resource will be allocated to allow a focus on identifying and preventing fraud before it happens. Nationally these areas include Procurement, Housing Benefit and Council Tax, Payroll, Blue Badges, Direct Payments.

The Audit Commission runs a national data matching exercise (National Fraud Initiative - NFI) every two years. The 2014/15 exercise will commence with the gathering and upload of the required datasets to the Audit Commission in October 2014. The resulting data matches will be received in January/February 2015 and we shall then work with Council departments to ensure that the matches are reviewed and action taken as may be necessary.

Internal Audit Governance

An element of our work is classified as “other chargeable activities” – this is work that ensures effective and efficient services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances this work will result in a direct output (i.e. an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include:-

- Preparing the internal audit plan and monitoring implementation;
- Preparing and presenting monitoring reports to Senior Management and the Audit Committee;
- Assistance with the Annual Governance Statement;
- Liaison with other inspection bodies (e.g. Grant Thornton);
- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue during 2014/15
- On-going development within the Partnership to realise greater efficiencies in the future.

Partnership working with other auditors

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We will participate in a range of internal audit networks, both locally and nationally, which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

The most significant partnership working arrangement that we currently have with other auditors continues to be that with the Council’s external auditors. There has been a recent change in provider to Grant Thornton; we are working with colleagues from Grant Thornton to understand their requirements and to provide information that they will require. We have set up regular liaison arrangements to maximise the benefits of close working.

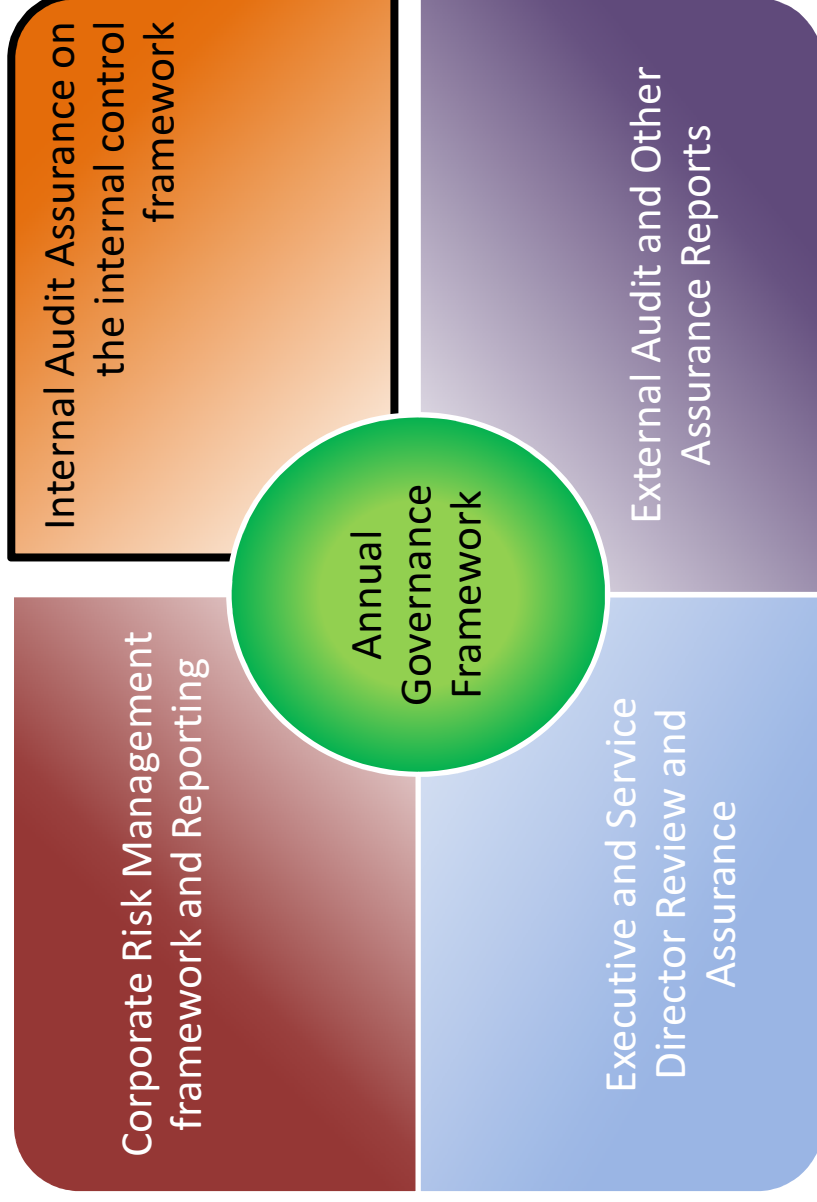
Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

- The Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-

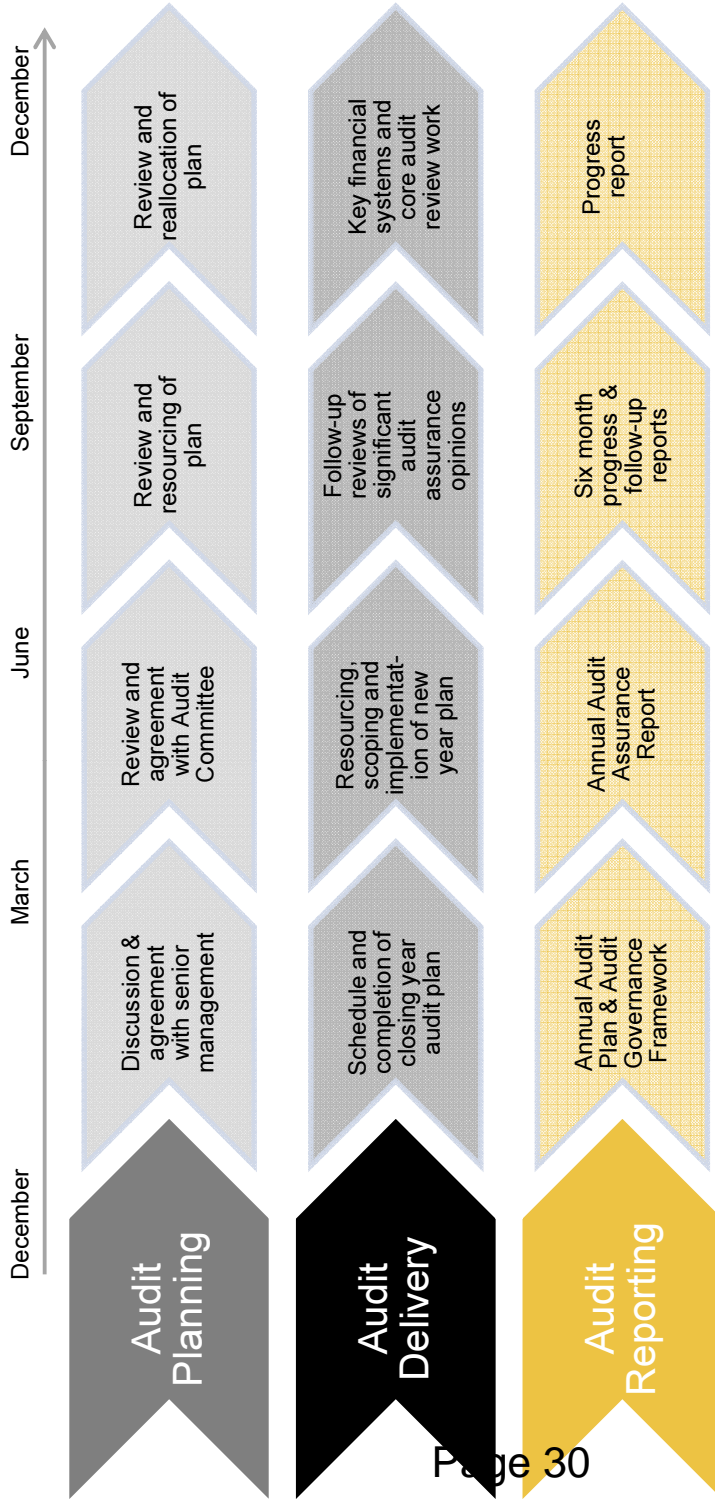
- be prepared by senior management and signed by the Executive Director and Leader of the Council;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
 - The Authority;
 - Audit Committee;
 - Risk Management;
 - Internal Audit
 - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance.



The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by risk management, the Executive and Internal Audit that the statement meets statutory requirements.

Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec / Jan 2013	Directorate planning meetings
March 2014	Internal Audit Plan presented to Audit Committee
	Internal Audit Governance Arrangements reviewed by Audit Committee
	Year end field work completed
Apr / May 2014	Annual Performance reports written
June 2014	Annual Internal Audit Report presented to Audit Committee
	Follow –up work of previous year's audit work commences
Sept 2014	Follow-up and progress reports presented to Audit Committee
Dec 2014	Six month progress reports presented to Audit Committee
	2015 Internal Audit Plan preparation commences

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Appendix 1 – Proposed audit reviews and associated risks

Risk Area / Audit Entity	Audit Needs Assessment	Proposed Timing	
		Days	Quarter
Adults			
Supporting People	ANA – medium	10	1
Children’s Services			
Early Years	ANA – medium	10	1
Peninsula Contract	ANA – medium	15	1
PARIS	ANA – critical	15	3
Safeguarding	LARR – strategic risk	15	2
Troubled Families	client request – grant	10	2
To be commissioned	n/a	65	3 & 4
School Financial Value Standard (SFVS)	n/a	10	1
Schools	n/a	55	n/a
Operations and Finance			
Human Resources	ANA – high	20	2
Business Change	ANA – high	15	3
Demand Management including Financial Planning	LARR – strategic risk	30	2
Crisis Support Cessation	ANA – high, client request	5	4
Council Tax Support Scheme Amendment	ANA – low, client request	5	4
Place			
Concessionary Fares	ANA – high	10	1
Planning	ANA – medium	15	3
Section 106	ANA – medium	10	2
Tor Bay Harbour Authority	ANA – medium	15	3
Carbon Management	ANA – medium, client request - grant	5	2
Museum Services	ANA – low, client request	20	4

Risk Area / Audit Entity	Audit Needs Assessment	Proposed Timing	
		Days	Quarter
Sports Facilities	ANA – low, client request	5	2
Public Health			
Lifestyle Service Review	ANA – medium	15	1
Public Health / NHS Links	ANA – high	15	2
Transition Follow Up	ANA – high	5	1
Infrastructure / Business Projects			
TOR2 Future State Project	ANA – medium, client request	20	n/a
South Devon Link Road / Waste PFI	ANA – high	5	n/a
Place Projects	ANA – medium	20	n/a
Payroll System Implementation	ANA – critical	10	1
Channel Shift	ANA – high	8	4
Corporate Printing	ANA – medium	5	2
Harbour Mooring Replacement System	ANA – medium	5	2
Value Added			
Information Security Group	client request	10	n/a
Fraud Prevention and Investigation including National Fraud Initiative	client request	90	n/a
Advice	client request	40	n/a
Audit Follow Up	client request	20	2
Core Assurance – Business Processes & Governance			
Torbay Development Agency	ANA – high	15	1
English Riviera Tourism Company	ANA – medium	15	2
Torbay Coast & Countryside	ANA – medium	10	2
Fair Decision Making	LARR – strategic risk	15	1
Corporate Information Management	ANA – high	15	2
Information Security (Data Protection)	ANA – high	2	2

Risk Area / Audit Entity	Audit Needs Assessment	Proposed Timing	
		Days	Quarter
Public Health Data Transfer including N3	ANA – high	8	3
Capital Programme	ANA – medium	15	3
Corporate Debt	ANA – medium	15	3
Purchasing Cards	ANA – low, client request	10	3
Procurement / Contracts	ANA – medium	15	n/a
Grant Certification	client request - grant	10	n/a
Core Assurance – Key Financial Systems			
Main Accounting System (GL)	ANA – medium	13	3
Creditors	ANA – high	15	3
Debtors	ANA – high	15	4
Electronic Ordering (POP)	ANA – medium	12	4
Bank Reconciliation	ANA – medium	7	4
FIMS Sys Admin	ANA – high	12	2
Asset Register	ANA – medium	7	1
Treasury Management	ANA – low	15	2
Payroll (Northgate)	ANA – critical	20	1
Payroll (iTrent)	ANA – critical	28	4
Benefits	ANA – medium	30	4
Council Tax and NDR	ANA – medium	20	3
IBS Open Sys Admin	ANA – high	12	2
Income Collection	ANA – medium	18	4
Core Assurance – ICT			
File Storage	ANA – critical	8	1
Mobile Device Management	ANA – critical	10	2
Change Management	ANA – high	3	2
Continuity & Disaster Recovery	ANA – high	3	3

Risk Area / Audit Entity	Audit Needs Assessment	Proposed Timing	
		Days	Quarter
Database Administration	ANA – high	10	2
Service Strategy	ANA – high	3	4
Thin Client	ANA – high	15	4
Telephony & Voice	ANA – medium	8	1
ITRA (IT Risk Assessment)	ANA – high	5	4
Other Chargeable Activities (not incorporated above)			
Carry forward (completion of previous year work)		50	n/a
Corporate Initiatives		10	n/a
Other Chargeable (audit planning, support for audit committee, internal audit standards, customer service excellence, file maintenance etc)		92	n/a
Contingency		30	n/a

Risk Assessment Key

LARR – Local Authority Risk Register score Impact x Likelihood = Total and Level

ANA - Audit Needs Assessment risk level as agreed with Client Senior Management

Client Request – additional audit at request of Client Senior Management; no risk assessment information available



TORBAY COUNCIL

INTERNAL AUDIT CHARTER February 2014

TERMS OF REFERENCE / PURPOSE

This Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP), and the scope of Internal Audit work. This Charter complies with the mandatory requirements of the Public Sector Internal Audit Standards.

DEFINITIONS

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) as "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 PSIAS set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within Devon County Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Senior Leadership Team.

ROLE

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2011, which state:

6.—(1) A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.

In addition, the Local Government Act 1972, Section 151, requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. In Torbay Council, the Executive Head - Finance is the 'Section 151 Officer'. One of the ways in which this duty is discharged is by maintaining an adequate and effective internal audit service.

The role of Internal Audit is to understand the key risks of the Council and to examine and evaluate the adequacy and effectiveness of the system of risk management and the entire control environment as operated throughout the organisation. As an independent appraisal function, the primary objective of Internal Audit is to review, appraise and report upon the adequacy of the risk management framework and

internal controls as a contribution to the proper, economic, efficient and effective use of resources. In addition, the other objectives of the function are to:

- support the Section 151 Officer to discharge his / her statutory duties
- contribute to and support the Finance function in ensuring the provision of, and promoting the need for, sound financial systems
- support the corporate efficiency and resource management processes by conducting value for money and efficiency studies and supporting the work of corporate working groups as appropriate
- provide a quality fraud investigation service which safeguards public monies.

The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

AIM

Devon Audit Partnership aims to provide a high quality, professional, effective and efficient Internal Audit Service to the Members, service areas and units of Torbay Council, adding value whenever possible.

PROFESSIONALISM

We (Devon Audit Partnership) will govern ourselves by adherence to the relevant codes and guidance. In particular, we adhere to the Institute of Internal Auditors' (IIA's) mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the Public Sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing within the public sector and for evaluating the effectiveness of Internal Audit's performance. The IIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, Internal Audit will adhere to Torbay Council's relevant policies and procedures and the internal audit activity's audit manual.

Internal Auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not, however, imply infallibility.

CODE OF ETHICS

Internal auditors in UK public sector organisations must conform to the Code of Ethics as set out by The Institute of Internal Auditor's. This Code of Ethics promotes an ethical culture in the profession of internal auditing. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

The Code of Ethics extends beyond the definition of internal auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing;
2. Rules of Conduct that describe behaviour norms expected of internal auditors.

The Code of Ethics provides guidance to internal auditors serving others, and applies to both individuals and entities that provide internal auditing services.

The Code of Ethics promotes an ethical, professional culture. It does not supersede or replace Codes of Ethics of employing organisations. Internal auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.

AUTHORITY

Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement.

All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities. This is enforced in the Accounts and Audit (England) Regulations 2011 section 6(2) that state that:

'Any officer or member of a relevant body must, if the body requires:

- (a) make available such documents and records as appear to that body to be necessary for the purposes of the audit; and
- (b) supply the body with such information and explanation as that body considers necessary for that purpose.

In addition, Internal Audit, through the Head of Devon Audit Partnership, where deemed necessary, will have unrestricted access to:

- the Chief Executive
- Members
- individual Chief Officers and other senior officers
- Executive Head of Finance / Section 151 Officer
- Monitoring Officer
- all authority employees
- all authority premises.

ACCOUNTABILITY

Devon Audit Partnership is a shared service established and managed via a Partnership Committee and Board with representation from each of the founding partners. The Partnership operates as a separate entity from the client authorities and Internal Audit is therefore independent of the activities which it audits. This ensures unbiased judgements essential to proper conduct and the provision of impartial advice to management. Devon Audit Partnership operates within a framework that allows the following:

- unrestricted access to senior management and members
- reporting in its own name
- separation from line operations

Every effort will be made to preserve objectivity by ensuring that all audit members of audit staff are free from any conflicts of interest and do not, ordinarily, undertake any non-audit duties.

The Head of the Devon Audit Partnership fulfils the role of Chief Auditor at the Authority and will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

The Executive Head – Finance will liaise with the Head of Devon Audit Partnership and is therefore responsible for monitoring performance and ensuring independence.

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

The Head of Internal Audit reports functionally to the Audit Committee on items such as:

- Approving the internal audit charter
- Approving the risk based Internal Audit plan
- Receiving reports from the Head of Internal Audit on the section's performance against the plan and other matters
- Approving the Head of Internal Audit's annual report
- Approve the review of the effectiveness of the system of internal audit

The Head of Internal Audit has direct access to the Chair of Audit Committee and has the opportunity to meet with the Audit Committee in private.

RESPONSIBILITIES

The Chief Executive, Chief Officers and other senior officers are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their Services.

The Head of Internal Audit will provide assurance to the Section 151 Officer (Executive Head - Finance) regarding the adequacy and effectiveness of the Council's financial framework, helping meet obligations under the LGA 1972 Section 151.

The Head of Internal Audit will provide assurance to the Monitoring Officer in relation to the adequacy and effectiveness of the systems of governance within the Council helping him/her meet obligations under the Local Government and Housing Act 1989 and the Council's Constitution. He will also work with the Monitoring Officer to ensure the effective implementation of the Council's Whistleblowing Policy.

Internal Audit responsibilities include but are not limited to:

- Examining and evaluating the soundness, adequacy and application of the Council's systems of internal control, risk management and corporate governance arrangements;
- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- Reviewing the systems established to ensure compliance with those policies, plans, procedures and regulations which could have a significant impact on operations;

- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Investigating alleged fraud and other irregularities referred to the service by management, or concerns of fraud or other irregularities arising from audits, where it is considered that an independent investigation cannot be carried out by management.
- Appraising the economy, efficiency and effectiveness with which resources are employed and the quality of performance in carrying out assigned duties including Value for Money Studies;
- Working in partnership with other bodies to secure robust internal controls that protect the Council's interests.
- Advising on internal control implications of new systems
- consulting and advisory services related to governance, risk management and control as appropriate for the organisation
- responsible for reporting significant risk exposures and control issues identified to the Audit Committee and to senior management, including fraud risks, governance issues.

Internal Audit Plan & Resources

At least annually, the Head of Internal Audit will submit to the Audit Committee a risk-based internal audit plan for review and approval. The Head of the Devon Audit Partnership will:

- develop, in consultation with Service Directors, an annual audit plan based on an understanding of the significant risks to which the organisation is exposed;
- submit the plan to the Audit Committee for review and agreement;
- implement the agreed audit plan;
- maintain a professional audit staff with sufficient knowledge, skills and experience to carry out the plan and carry out continuous review of the development and training needs;
- maintain a programme of quality assurance and a culture of continuous improvement;

The internal audit plan will include timings as well as budget and resource requirements for the next fiscal year. The Head of Internal Audit will communicate the impact of resource limitations and significant interim changes to senior management and the Audit Committee.

Internal Audit resources must be appropriately targeted by assessing the risk, materiality and dependency of the Council's systems and processes. Any significant deviation from the approved Internal Audit plan will be communicated through the periodic activity reporting process. Any significant work for third parties should be approved by the Chair of Audit Committee.

It is a requirement of the Council's Anti-Fraud and Corruption Strategy that the Head of Internal Audit be notified of all suspected or detected fraud, corruption or impropriety. All reported irregularities will be investigated in lines with established strategies and policies. The audit plan will also include sufficient resource to carry out proactive anti-fraud work.

Internal Audit activities will be conducted in accordance with Council strategic objectives and established policies and procedures.

Monitoring of Internal Audit's processes is carried out on a continuous basis by Internal Audit management, and the Council's members and management may rely on the professional expertise of the Head of the Devon Audit Partnership to provide assurance. From time to time, independent review is carried out: for example, through peer reviews or by External Audit. Ensuring compliance with the PSIA standards is an essential approach to such a review.

REPORTING AND RELATIONSHIPS

The Head of the Devon Audit Partnership fulfils the role of Chief Auditor for Torbay Council and he or she will report to the Executive Head - Finance for Torbay Council and the Partnership Management Board which comprises the 3 Section 151 Officers from the founding authorities.

On an annual basis he / she will submit an Annual Internal Audit Report to the Audit Committee, incorporating an opinion on the Council's control environment, which will also inform the Annual Governance Statement.

Assignment reporting

A written report will be prepared for every internal audit project and issued to the appropriate manager accountable for the activities under review. Reports will include an 'opinion' on the risk and adequacy of controls in the area that has been audited, which, together, will form the basis of the annual audit opinion on the control environment.

The Manager will be asked to respond to the report in writing, within 30 days, although this period can be extended by agreement. The written response must show what actions have been taken or are planned in relation to each risk or control weakness identified. If action is not to be taken this must also be stated. The Chief Auditor is responsible for assessing whether the manager's response is adequate.

Where deemed necessary, the Internal Audit report will be subject to a follow-up, normally within six months of its issue, in order to ascertain whether the action stated by management in their response to the report has been implemented.

The Head of the Devon Audit Partnership in his role as Chief Auditor will submit periodic reports to the Audit Committee summarising key findings of reviews and the results of follow-ups undertaken.

Devon Audit Partnership

February 2014

Auditing for achievement



Title: **Strategic Risk Management Quarter 3 2013/14**

Wards Affected: **All Wards**

To: **Audit Committee**

On: **19 March 2014**

Key Decision: **No**

Change to Budget: **No**

Change to Policy Framework: **No**

Contact Officer: **Mark Bennett**

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1. Key points and Summary

- 1.1 This report outlines the position at quarter three with regards to the Strategic Risk Register
- 1.2 Five Key Strategic Risks have been identified for the Council during 2013/14. A lead (sponsoring) director/executive head has been identified for each risk.
- 1.3 Progress on agreed mitigation has been updated on a quarterly basis
- 1.4 During March 2014 an on-line training module will be developed and deployed on the Council's I-Learn online learning portal and further work will be completed to integrate the strategic register with operation risk

For more detailed information please refer to the supporting information attached.

Mark Bennett
Head of Business Services

Supporting Information

A1. Introduction and history

A1 Five Key Strategic Risks have been identified for the Council during 2012/13; A lead (sponsoring) director/executive head has been identified for each risk:

Fair decision making – Mark Bennett

Demand management – Caroline Taylor

Welfare reforms – Charles Uzzell

Finance – Paul Looby

Safeguarding Richard Williams

B2 Position at Quarter 3

B1 Mitigation measures have been identified for all strategic risks. Current effectiveness has been assessed against a four point scale:

Will achieve desired outcomes

Minor improvement actions - monitor

Improvement actions - monitor with concern

Won't achieve desired outcomes

A
B
C
D

B2 The majority of mitigation measures have been assessed as A or B with no risks identified with category D

B3 Performance overview

1 Fair Decision making

- Actions have been identified to minimise the possibility of a successful legal challenge against the council's decision to reconfigure services.
 - During the year the council has not incurred costs or delays in reconfiguring its services through legal challenge. Key elements in achieving this has been;
- The council constantly reviews developing court cases from other areas to ensure that its processes remain fit for purpose with regular reports to the Senior leadership Team

2 Demand management

- Actions have been identified to enable the Council to understand and plan for changes in demand for through demographic change and changes in government policy
- Analysis of government policy changes continue to be reported to SLT with an improved identification of actions require, together with reports to members at IEG meetings
- Further mitigations measure have been identified including
 - Further Integration Health & Social Care Provision
 - Continuation of Public Health Integration including Children's Public health
 - Development of Resilient Communities
 - Deliver of new governance arrangements required through Health Reforms
 - Improved outcomes for children and families to reduce the number of high cost interventions

3 Welfare reforms

- Actions have been identified to enable the Council to understand and develop actions to mitigate the impact of benefit reforms being introduced during 2013/14

4 Finance

- Actions have been identified to enable the Council to deliver a balanced budget with an agreed level of reserves

5 Safeguarding

- Children's Safeguarding has been a particular focus for the council in recent years with effective measures in place at an operational at strategic level to address this issue The Council is no longer in intervention following the recent Ofsted inspection..

Conclusion

- The development of a new approach has enabled the council to take a more strategic approach to risk management during 2013 /14. Future focus will be to further develop this approach and embed it within the organisation during 2014/15