
Audit and Standards Committee - 25th April 2013

Report of the Treasurer

Committee Benchmarking Report

Purpose of the Report

1. To compare the practices of the Committee with other Black Country Authorities and Birmingham.

Background

2. In September 2009 the (then) Audit Committee received a report benchmarking its practices against a number of other Audit Committees. The only change arising from this report was that Audit Committee resolved to receive interim progress reports of audit activities. These are now received twice a year in September and February.
3. The Head of Audit also compiles an annual review on the system of audit and this is reported to the Committee in June/July of each year. This review includes an assessment against CIPFA guidance:

- CIPFA "Audit Committees – Practical Guidance for Local Authorities"
- CIPFA "A Toolkit for Local Authority Audit Committees"

These publications included checklists to assess the Terms of Reference, functions and effectiveness of an audit committee.

4. In the course of the July 2012 meeting of Audit and Standards Committee there was discussion arising from audit recommendations about risk management. It was noted that the Committee would in future receive more detailed risk management reports. It was also noted that the Head of Audit Services would carry out further benchmarking against the practices of the equivalent committees in other councils. Benchmarking has now been carried out, looking at the other Black Country authorities and Birmingham. The results are set out in Appendix 1.
5. Of the five councils in this study, Dudley is the only one to combine Audit & Standards. Wolverhampton has separate committees but they do also have some joint meetings.
6. With regard to risk, it was noted that amongst other Authorities reviewed:
 - Wolverhampton presents a number of reports on specific risk areas and in 2012/13 Work Plan it indicates a report on the Strategic Risk Register will be presented to each meeting.

- Sandwell covers risks at each meeting via a review of the risk register, assurance map and a specific risk area.
- Walsall presented three reports in private session during 2011/12.
- Birmingham presented three reports and they indicate that the Audit Committee reviews risk register and also approve amendments, additions, etc.

It should be noted that, in Dudley, Corporate Board receives two reports a year on corporate risks and these risks are also reported to Cabinet through the Quarterly Performance Report.

7. Sandwell presents a report on how internal and external assurances provide the Authority with overall assurance on how risks are being managed. They also identify any gaps in assurance. In Dudley, Audit Services has a target to undertake assurance mapping in relation to audit planning, and this will include assurance mapping against significant risks.
8. In Dudley, attendance of Directors and/or Assistant Directors is usually restricted to the Annual Directorate Report which covers all audit coverage in any one Directorate. It was noted from research that some of the other councils also request attendance but in a different way. In Wolverhampton, attendance is requested to discuss specific risks. In Walsall, attendance is requested to discuss reports where there is limited or no assurance. This could be introduced in Dudley if, after a follow up visit, audit recommendations do not appear to be being implemented and the overall assurance remains poor. These follow up visits are always scheduled for six months after any final audit report has been issued and the overall assurance rating in the report was either “Nil” or “Minimal”.
9. Three of the five councils receive the Local Government Ombudsman Report. However, in Dudley this is presented to Cabinet.
10. Three of the five councils produce an annual report to full Council on the work of the Audit Committee. We have considered this several times at Committee during the self assessment of the Committee and it was always considered unnecessary.
11. Four of the five councils present an annual work plan to the Committee. This could be built into the Audit Plan report for the next Municipal year.
12. Practice appears to be largely similar in terms of the types of report that are presented in private session.

Finance

13. There are no direct financial implications in this report.

Law

14. The Accounts and Audit Regulations [date] require the Council to have an adequate and effective system of internal audit which includes all elements of the audit framework including the Audit Committee.

Equality Impact

15. This report does not raise any equal opportunities issues.

Recommendations

16. That the Committee notes the contents of this report.
17. That the Committee agrees to:
- (a) Receive information on assurance mapping.
 - (b) Require Directors or their nominated Assistant Director representatives to attend to give explanations if and when “minimal” or “nil” assurance reports have not improved, i.e. if the rating has not improved at follow up visit[s].
 - (c) Introduce a work plan report setting out scheduled agenda items for the Committee at the first meeting in the 2013/14 Municipal year.
 - (d) That the Committee receives regular reports on the Corporate Risk Register at three meetings per year and identifies a specific risk in each report to focus on.
18. That, in view of the other recommendations set out above, the Committee agrees to increase the frequency of meetings from four per year to five per year.



.....
Iain Newman
Treasurer

Contact Officer: Les Bradshaw (ext. 4853)

Appendix 1 : Audit Committee Practices – Analysis 2011/12 to end July 2012/13

	Dudley	Sandwell	Wolverhampton	Walsall	Birmingham
Committee Structure					
No. of Members 2012/13	9	6	8	8	8
Political split 2012/13	5 Labour 4 Conservative	5 Labour	6 Labour 2 Conservative	3 Labour 3 Conservative 1 Lib Dem	5 Labour 2 Conservative 1 Lib Dem 1 Observer
Independent Members 2012/13	0	1	0	1	0
No. of meetings 2011/12	4	5	8	8	6
Internal Audit					
Annual Plan	Yes	Yes	Yes	Yes NB6	Yes
Annual Performance	Yes	Yes	Yes	Yes	Yes
Interim Performance	Yes Six monthly	Yes Quarterly	Yes Each Mtg	Yes Six monthly	Yes Six monthly
Annual Governance Statement	Yes	Yes	Yes	Yes	Yes
Annual Review of System of Audit	Yes	Yes	Yes	Yes	Yes
Directorate Annual Reports	Yes	No See NB 2	No See NB 2	No NB 4	No
Exceptions to Standing Orders	Yes	No	No	No	No
Annual Fraud Report	Yes	Yes	No	No	Yes
Fraud Policy[ies]	In Annual Report	Yes	Yes	Yes	Yes
Code of Corp Governance	Yes	No	No	Yes	No
Reviews of Standing Orders	Yes	Yes	No	No	No
Reviews of Financial Regulations	Yes	Yes	No	Yes	No
Selected Accounts	No	Yes	Yes	No	No
CIPFA Updates	Not separate report NB 3	Yes	Yes	Not separate report	Not separate report
Treasurer					
Treasury Management	Yes	No	No	Yes	Yes
Annual Accounts	Yes	Yes	Yes	Yes	Yes
Other Regular Items					
Corporate Risk Management NB1	Yes 1 Report during year	Yes 5 Reports during year	Yes 1 Report during year	Yes 3 Reports during year	Yes 3 Reports during year
Specific Risk Reports NB1	No	Yes 5 Reports	Yes 6 Reports	No	No
Local Gov't Ombudsman Report	No	Yes	Yes	No	Yes
Audit Committee Annual Report to Council	No	Yes	Yes	Yes	No
Audit Committee Annual Work Plan	No	Yes	Yes	Yes	Yes
Other Agenda items	Note A	Note B	Note C	Note D	Note E

General Notes [NB]

1. In some Authorities the Audit Department has responsibility for Risk so they rather than Head of Finance submits reports. In one Authority the Chief Executive submits the report.
2. Instead of Directorate Reports the details of audits covered in each quarter are presented to Audit Committee in the Interim Performance Reports. Summary details are provided similar to the tables presented in the Dudley Directorate Reports. A narrative is also provided but not details of recommendations as we do.
3. Covered in Interim Performance Reports
4. Periodic submission of "Limited and no assurance reports for scrutiny"
5. Items highlighted in **yellow** show reports submitted to private session of Committee meetings.
6. The reports are discussed in private session but are available to download.

Note A [Dudley]

Localism Act 2011 – The New Standards Arrangements

Suspensions under the Provisions of the Employee Improvement and Disciplinary Procedure

Note B [Sandwell]

Audit Committee Self Assessment & Action Sheet

Partnership Governance

"Protecting the Public Purse" Action Plan

Expenditure Transparency Assurance

Note C [Wolverhampton]

Scheme for Financing Schools

HR Improvement Plan

Minutes of Joint Audit / Standards Committee meetings [separate Committees]

W'ton still operate Audit Sub Committees ; "Final Accounts Monitoring & Review" & "Monitoring of Audit Investigations" . The latter was previously the "Examination of Paid Accounts & Monitoring of Audit Investigations" but External Audit recommended stopping the detailed review of individual invoices at Committee level.

Benefit Fraud Sanctions

Review of Emergency Planning

Note D [Walsall]

Financial Health Indicators for treasury, bank, collection

Review of effectiveness of Audit Committee

Statement of Accounting Policies

RIPA usage reports

Business Continuity arrangements

Exercise of delegated powers – detailed lists of Directors use of delegated powers

Role & responsibilities of Audit Committee

Scrutiny of expenditure over £500 – reports seem to cover use of purchase cards in terms of providing details

Note E [Birmingham]

Business transformation updates

Equal pay updates

Management of residential debt

Risk based verification in Benefits

Pooled budgets report

Data protection audit

Internet security

Safer recruitment