

WIRRAL COUNCIL

CORPORATE GOVERNANCE CABINET COMMITTEE

26 OCTOBER 2011

SUBJECT:	REVIEW OF INTERNAL AUDIT
WARD/S AFFECTED	ALL
REPORT OF:	DIRECTOR OF FINANCE/DEPUTY CHIEF EXECUTIVE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR STEVE FOULKES
KEY DECISION:	NO

1.0 EXECUTIVE SUMMARY

- 1.1 In response to the request by Cabinet on 22 September 2011, this is an initial report, which outlines areas of work which Internal Audit could include in its Annual Plan to strengthen further the corporate governance of the Council.
- 1.2 The report also recommends that external perspectives of the workload, organisation and structure of the Internal Audit Section be considered to identify any improvements which could ensure that any warnings they issue are clearly heard and responded to by management.

2.0 RECOMMENDATIONS

- 2.1 The Cabinet Committee notes the additional areas of work that Internal Audit could conduct to strengthen further the corporate governance and agrees that the Director of Finance/Deputy Chief Executive obtain external perspectives of the workload, organisation and structure of Internal Audit to identify possible improvements.
- 2.2 The Cabinet Committee agrees the objective of this work is:
- to provide a fit for purpose Internal Audit Service - both in terms of planned work and skills availability,
 - to which management responds,
 - thereby strengthening the corporate governance of the Council, and
 - consequently enhancing service delivery.
- 2.3 Cabinet Committee requests that the Director of Finance/Deputy Chief Executive reports proposals flowing from this work to the meeting of this Cabinet Committee in the first week of December.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 To respond to the findings of the AKA Report on Corporate Governance by strengthening the Council's existing arrangements for Internal Audit in respect of capability and capacity.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 The service provided by Internal Audit is constantly evolving to support the management and leadership of the Council. The recent report into corporate governance coupled with changes to the management of the authority and the tightening financial climate mean that it is an appropriate time to reflect on how the Internal Audit Section may be strengthened, and to ensure that the authority's management responds appropriately to recommendations.
- 4.2 An initial analysis of specific topics Internal Audit could include in its Annual Plan to strengthen further the corporate governance of the Council includes:
- Corporate Performance – systems, interpretation and use of data.
 - Governance – on-going role to ensure compliance with systems and that systems and policies are appropriate.
 - Risk Management – ensuring culture is embedded in the Council, and particularly that risks and emerging risks are clearly identified.
 - Counter Fraud – an increasing area of risk
 - Identification, dissemination and reporting of good practice across the Council.
 - Corporate Planning - links from corporate to service planning
 - Effectiveness and appropriateness of strategies.
- 4.3 In order to respond to such enhanced workload it is important to gain experienced external perspectives on the potential workload, organisation and structure of the section. The objective is to ensure that the Internal Audit Section is fit for purpose in terms of both planned work and skills availability, and that management of the authority responds appropriately. As part of the process, advice will be sought as to how best to align the professional competency framework with the proposed corporate performance management mechanisms.

5.0 RELEVANT RISKS

- 5.1 Failure to review the workload, organisation and structure of the Internal Audit Section may mean that the weaknesses in corporate governance identified in the Corporate Governance report are not appropriately addressed.

6.0 OTHER OPTIONS CONSIDERED

6.1 Other options are not to undertake the review or to undertake it in house.

7.0 CONSULTATION

7.1 The Comprehensive Work Programme to Achieve Improvements in Corporate Governance (elsewhere on this agenda) identifies a need to consult Lead Members, Audit Committee, Chief Officers and the District Auditor, and to benchmark with other authorities known for best practice.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising out of this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; STAFFING; ASSETS

9.1 **FINANCIAL:** There will be a cost to the appointment of any external reviewer; this will be dependent on who is appointed and the timescale set. There may be a financial implication to recommendations.

9.2 **IT:** None

9.3 **STAFFING:** None currently identified.

8.4 **ASSETS:** None

10.0 LEGAL IMPLICATIONS

10.1 Any revised service must still comply with current regulations and best practice.

11.0 EQUALITIES IMPLICATIONS

11.1 None.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None

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SUBJECT HISTORY (last three years)

Council Meeting	Date
Cabinet	22 September 2011