

REPORT OF AUDIT COMMITTEE

GENERAL REPORT

1. This report summarises briefly the items considered and decisions taken by the Audit Committee at its meeting on 17 March 2011.

Certification of Claims and Returns - Annual Report

2. The Audit Manager, Audit Commission advised the Council is required to demonstrate to its auditors that it has met the conditions attached to the grants received from government grant-paying departments.
3. The Council receives more than £26 million funding from government departments and is responsible for collecting non-domestic rates to the value of £23 million which is paid over to the national pool.
4. We noted that work undertaken to certify the Housing and Council Tax Benefits Subsidy claim for the Department of Work and Pensions (DWP) includes a full review each year because of the high value and inherently high risk nature of the claim. This includes carrying out detailed testing of individual claims for benefit to ensure the Council is calculating benefit entitlement correctly.
5. In response to a query, officers explained that a limited review has been undertaken relating to two claims and a full review of one claim. For claims spanning over more than one year the entire life of the claim is tested. There have been no control or compliance issues following certification of the three claims with a total value of more than £49 million.
6. The Committee expressed their pleasure that no recommendations have been necessary for improvements and that the fees charged for certification work in 2009/10 has been less than the estimated figure.

Refresh of the Council's Strategic Risk Register

7. The Strategic Risk Register is the vehicle by which the Council aims to identify and address any potential risks to the organisation and the delivery of its functions.
8. The Performance Improvement Manager advised the Plan focuses on strategic risks to the organisation and delivery of functions rather than risks in not delivering the Corporate Strategy as these will be monitored more effectively through project and business plan risk registers.
9. The Strategic Risk Register contains ten strategic risks to the Council, including actions in progress as well as actions planned to further mitigate them. Responsibility for the Register has moved from the Shared Assurance Service to the Policy team in order to better align it with strategy and policy development.
10. Only one risk has been identified as high - Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity). Officers clarified that risks are rated, subjectively, against a matrix. This reflects the likelihood of the risk occurring against the impact of it on the organisation if it did happen. There are a number of controls in place and actions planned which should enable the Council to manage risks effectively.
11. The Register is a live document and will be updated on an ongoing basis to reflect any new or emerging strategic risks facing the Council. The Register will be formally reviewed when the Corporate Strategy is refreshed in 6 to 8 months time.

Internal Audit Plan 2011/12

12. The Shared Assurance Services Internal Audit Manager presented a report highlighting the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council. The report summarised the basis of the Internal Audit Annual Plan for 2011/12 and the priority areas to be reviewed during the new financial year.
13. This Audit Committee, the Governance Committee at South Ribble Council and External Audit have previously been consulted on proposals to reduce Internal Audit inputs from 2011/12. The abolition of Comprehensive Area Assessment and Use of Resources inspections together with the recent Comprehensive Spending Review are now forcing most Councils, including Chorley, to revert to carrying out “core” audit work focussing mainly on key financial systems.
14. The proposed overall reductions amount to 210 days, with 150 days reduction in Chorley’s Audit Plan (485 to 335). This is also due to the transfer to Shared Services of the Revenues and Benefits functions and aspects of the Finance function from both councils. This meant a corresponding increase for Shared Services of 90 days (155 to 245). The reductions will be achieved by not filling vacancies in Internal Audit which have existed since the formation of the Shared Services Partnership.
15. The Shared Services Joint Committee has recommended that the proposals be approved by the Cabinets of both authorities and a report has been submitted to Executive Cabinet on 31 March 2011.
16. Officers confirmed that the number of days allocated matches the resources within the team. The Audit Committee will receive regular reports on the progress made on the Plan with any issues being identified and brought to the attention of this Committee.

Recommendation

17. The Council is recommended to note this report.

COUNCILLOR ANTHONY GEE
Chair of Audit Committee

There are no background papers to this report

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