

Use of resources assessment 2005

Plymouth City Council

Themes/benchmarks	Score	Conclusion	Opportunities for improvement
<p>Internal control 4.1 The council manages its significant business risks. 4.2 The council has arrangements in place to maintain a sound system of internal control. 4.3 The council has arrangements in place designed to promote and ensure probity and propriety in the conduct of its business.</p>	<p>2</p>	<p>Risk management arrangements are in place but reporting arrangements to members should be strengthened and continuing effort is needed to embed risk management in corporate business processes and at all levels of the authority.</p> <p>The internal control framework is generally adequate but a more pro-active approach is desirable.</p> <p>The framework for standards and probity is generally adequate but should be strengthened.</p>	<p>information is available to measure the effectiveness of recovery action, including benchmarking and assessments of the cost of not recovering debt promptly.</p> <ul style="list-style-type: none"> • Risk management reporting to members should be at least quarterly and they should seek assurance that corporate business risks are being actively managed. • Mechanisms to help embed risk management further and to evidence this should be considered (eg per KLOE Level 4) • Checks on partnerships should be extended beyond the core ones to ensure that agreements exist for all significant partnerships • Provide support to and strengthen the Audit Committee so that it provides effective leadership on audit and governance issues. • Help it to be proactive and to develop a forward-looking programme of meetings and agenda items which ensure comprehensive coverage of all responsibilities in relation to the internal control environment. • The audit committee may be further strengthened by implementing level 4 KLOE actions. • Develop a process for ensuring business critical system procedure notes are held, kept up to date and, where necessary, are reviewed

APPENDIX 1

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4. INTERNAL CONTROL		
How well does the council's internal control environment enable it to manage its significant business risks?		
Key line of enquiry		
4.2 The council has arrangements in place to maintain a sound system of internal control		
Audit Focus		
Evidence that:		
<ul style="list-style-type: none"> the council reviews and reports on its system of internal control the council has an audit committee or equivalent and an internal audit function 		
Criteria for Judgement		
Level 2	Level 3	Level 4
<p>* An appropriate member group has responsibility for review and approval of the SIC and considers it separately from the accounts.</p> <p>* The council has conducted an annual review of the effectiveness of the system of internal control and reported on this in the SIC.</p> <p>* The sources of assurance to support the SIC have been identified and are reviewed by senior officers and members.</p> <p>* There are action plans in place to address any significant internal control issues reported in the SIC.</p> <p>* There is no audit committee but the core functions of an audit committee have been identified and are being undertaken by a member group.</p> <p>* The council has an internal audit function that operates in accordance with the CIPFA code of practice for internal audit in local government.</p>	<p>* The council has put in place an assurance framework that maps the council's strategic objectives to risks, controls and assurances.</p> <p>* The assurance framework provides members with information to support the SIC.</p> <p>There is a specific member group (such as an audit sub-committee or member panel) which has audit and governance issues as the principal responsibility in its terms of reference.</p> <p>The member group provides effective leadership on audit and governance issues. It is proactive and has a forward looking programme of meetings and agenda items to ensure comprehensive coverage of all responsibilities in relation to the internal control environment.</p> <p>The procedure notes/manuals for those systems identified by the council as being business-critical are reviewed and updated at least annually.</p> <p>The standing orders, standing financial instructions and scheme of delegation are reviewed at least annually.</p>	<p>The assurance framework is fully embedded in the council's business processes.</p> <p>The council can demonstrate corporate involvement in/ownership of the process for preparing the SIC.</p> <p>There is an audit committee which is constituted as a full committee of the council and is independent of both the Executive and Scrutiny functions.</p> <p>The council has taken steps to ensure that the audit committee chair either has previous knowledge of, or has received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime.</p> <p>Audit committee members are provided with specific training relevant to their responsibilities.</p> <p>The audit committee has terms of reference which are reviewed on an annual basis, taking into account relevant governance developments and how it integrates with other committees within the</p>

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<p>* There are procedure notes/manuals in place for those systems identified by the council as being business-critical.</p> <p>* There are standing orders, standing financial instructions and a scheme of delegation in place.</p> <p>* The council has arrangements in place to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.</p> <p>* All reports to members have been formally considered for legal issues before presentation.</p> <p>There are partnership agreements in place for all the council's significant partnership arrangements.</p>	<p>* Compliance with standing orders, standing financial Instructions and the scheme of delegation is monitored by management, and any breaches identified and appropriate action taken.</p>	<p>council.</p> <p>The standing orders, standing financial instructions and scheme of delegation make specific reference to partnerships.</p> <p>Partnership agreements are subject to regular review and updating.</p>
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