Tees Valley Audit & Assurance Service

Terms of Reference

Audit Title: Governance Review - Middlesbrough 2019/20

Start Date: August 2019

Audit Lead: Helen Fowler, Audit & Assurance Manager

Auditors: Andrew Ingram, Principal Auditor
Neil Beasley, Audit & Assurance Officer

Key Contacts: James Bromiley, Strategic Director for Finance, Governance & Support

Background

This audit was suggested by the Chair of the Corporate Affairs and Audit Committee at its meeting on 06 June 2019 and the Committee voted in favour of the audit being included on the internal audit plan for 2019/20. It was agreed that the terms of reference would be drafted in consultation with the Chair, the Strategic Director of Finance, Governance & Support (S151) and the Head of Financial Governance & Revenues (Deputy S151). The proposed terms of reference would then be presented to the Corporate Affairs and Audit Committee for comment and agreement with a view to the work being carried out by the internal audit service, TVAAS during 2019/20.

Assurance work has previously been carried out on many governance areas. Work has been performed by both internal and external audit or via a peer review or other external assurance provider e.g. Ofsted. This assignment will therefore consider the previous assurance work that has been carried out recently (over the past year) and that which is already included in the 2019/20 internal audit plan.

The following governance areas (with their associated assurance level) have been subject to audit during 2018/19: ICT disaster avoidance (strong), investment strategy (strong); attendance management (good), compliance with grievance procedures (good), project management (good), land and property disposals (good), partnership governance (moderate) and contract management (moderate). Hot topic audits, which are shorter, more high level assignments, have been carried out on investment in IT technologies (strong), workforce planning (good), compliance with General Data Protection Regulations (good), corporate culture (good), political impact preparation (good) and vendor risk and third party assurance (moderate).

The following governance related areas are already included in the 2019/20 internal audit plan that was agreed by the Corporate Affairs & Audit Committee on 06 June 2019: Hot topic assignments on Data Protection compliance, sustainability, the environment and social ethics, anti-bribery and anti corruption compliance, workplace

culture, communications (protecting brand and reputation), risk governance and controls and business continuity. More detailed audits are planned for project management, commissioning, contract management, land and property disposals, budgetary planning, investment strategy, recruitment and retention, data quality, handling of media and information requests. A critical friend assignment was included in the 2019/20 Plan on public consultation although it is now understood that a peer view on this area has been proposed. This piece of work therefore may be removed from the Plan if considered a duplication or it may be deferred to 2020/21 and the time used to examine progress against the peer review recommendations.

In addition, each year there are a series of assignments to review financial control areas such as main accounting, payroll, debtors and creditors. As these audits are regularly reviewed due to their materiality, the current assurance levels are mostly good or strong. Existing counter fraud arrangements also receive some level of annual focus with a summary report on counter fraud arrangements to the Corporate Affairs and Audit Committee each year.

Given the level of work that has either been completed or is planned, it is proposed that this audit will revisit decision making (most recently undertaken in 2018/19 with good assurance) and with a focus on the use of delegations. The audit will also consider processes in place for communications and the transparency of information available to members and the public.

Audit Approach

The first stage of the work will be to document the assurance work already completed and this will form an assurance map for the Council which can be used going forward for future audit planning and reporting. Where possible, reliance will be placed on assurance work that has been completed within the past year or where it has already been planned for the 2019/20 year. The next stage will be to have discussions with officers and Members and to complete a review of key documents such as reports to and minutes of Executive, Council, Committees and a review of policies, strategies, performance information, the Constitution and other governance related documentation. If appropriate, sample testing will be carried out to confirm the effectiveness of existing governance controls. This approach will be taken to provide assurance that the Council has an effective governance regime in place.

Scope & Objectives

The scope of the audit will be to provide an overall view of the effectiveness of governance areas not already covered by recent or planned internal audit or other assurance work. The work will consider existing processes and identify if and where areas can be improved.

The objectives of the audit will be:

1. Document a governance assurance map which provides an overall summary of the different assurances already provided (or planned to be) including the assurance source (e.g. internal or external audit), the area of governance (e.g. procurement or risk management) and the assurance level;
2. Provide assurances that there are effective processes in place to facilitate the accurate and timely reporting of matters materially affecting the Council to elected

Members;
3. Provide assurance that the Council has adequate arrangements that promote the transparency of information to members and to the public whilst complying with GDPR;
4. Consider how the Council manages its communications and reputation/brand to minimise the potential for negative perceptions (scope to be agreed with the Director of Culture & Communities).

Reporting

A draft report will be issued for review and consultation by the appropriate levels of management. Management actions will be prioritised to identify clearly their respective risk and these will be agreed prior to the issue of the final report. A final report will then be issued, in a timely manner, with the aim of prompting management to implement management actions for change, leading to improvements in performance and control. It is the responsibility of departmental management to ensure that management actions, which are agreed, do actually get implemented within the agreed timescales and this action is reported back to Internal Audit. The Council's internal audit function monitors and reports to Corporate Affairs and Audit Committee on the implementation of their management actions.