

AUDIT COMMITTEE

TUESDAY 14 JANUARY 2014
7.00pm

COUNCIL CHAMBER
CIVIC OFFICES
CENTRAL MILTON KEYNES

AGENDA

<http://cmis.milton-keynes.gov.uk/CmisWebPublic>

Membership: Councillor Brackenbury (Chair)
Councillors S Burke, Jury, Long, McDonald and Marland

Independent Members: Mr I Farookhi and Mr W Preston

If you have any enquires about this agenda please contact Dino Imbimbo, Committee Manager, Tel: 01908 252458 or E-mail: Dino.Imbimbo@milton-keynes.gov.uk

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Agenda

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Meeting Attended: AUDIT COMMITTEE

Date of Meeting: 14 JANUARY 2014

Comments:.....

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Contact details:.....

AUDIT COMMITTEE - TERMS OF REFERENCE

1. Constitution

- 1.1 The Committee will be a fully constituted committee and act independently of the Authority's Executive and Scrutiny functions
- 1.2 It will meet at least 4 times a year
- 1.3 The Committee will maintain the technical capability to discharge the Audit Committee responsibilities of the Council
- 1.4 The Committee will have a policy on matters that will be considered in public and those considered in private
- 1.5 The business of the Committee will be conducted apolitically

2. Statement of Purpose

- 2.1 To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakness of the control environment and to oversee the financial reporting process.
- 2.2 To review matter relating to internal audit, external audit, risk management, governance, assurance statements, anti-fraud and anti corruption arrangements as well as any other function to meet the Council's Audit Committee requirements.
- 2.3 To enhance and promote the profile, status and authority of the internal audit function and to demonstrate its independence.
- 2.4 To contribute towards making the authority, its committees and departments more responsive to the audit function.
- 2.5 To review compliance with the relevant standards, codes of practice and corporate governance policies.
- 2.6 To act within the Council's Constitution.

3. Core Functions

- 3.1 Audit Activity
 - 3.1.1 To approve the internal audit strategy and monitor it's progress.
 - 3.1.2 To approve but not direct Internal Audit's scheduled plan of work including monitoring performance against those plans.
 - 3.1.3 To consider the Annual Report and opinion of the Head of Audit and a summary of internal audit activity and the level of assurance it can give over the Council's corporate governance arrangements.
 - 3.1.4 To consider summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

- 3.1.5 To consider reports dealing with the management and performance of the Internal Audit function.
- 3.1.6 To consider reports from Internal Audit on agreed recommendations not implemented within reasonable timescales.
- 3.1.7 To consider the External Auditor's Annual Inspection Letter, relevant reports and the reports of those charged with governance.
- 3.1.8 To consider specific reports as agreed with the external auditor to ensure agreed action is taken within reasonable timescales.
- 3.1.9 To comment on the scope and depth of the external audit work and to ensure it gives value for money.
- 3.1.10 To liaise with the Audit Commission over the appointment of the Council's external auditor.
- 3.1.11 To consider the reports of inspection agencies relevant to the Council.
- 3.1.12 To suggest work for Internal and External Audit.
- 3.1.13 To undertake an annual review of the effectiveness of the system of Internal Audit.

3.2 Regulatory Framework

- 3.2.1 To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations, codes of conduct etc.
- 3.2.2 To review any issue referred to it by the Chief Executive or Corporate Director or any Committee of the Council.
- 3.2.3 To monitor the effective development and operation of risk management and corporate governance throughout the Council.
- 3.2.4 To monitor council policies on "raising concerns at work" and anti-fraud and anti-corruption policies including the Council's complaints process.
- 3.2.5 To oversee the production of the Council's Statement of Internal Control/Governance Statement and recommend its adoption.
- 3.2.6 To consider the arrangements for corporate governance and to agree necessary actions to ensure compliance with best practice.
- 3.2.7 To consider the Council's compliance with its own and published standards and controls.

3.3 Accounts

3.3.1 To review the annual statement of accounts.

3.3.2 Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

3.3.3 To consider the external auditor's report to those charged with the governance issues arising from the audit of the accounts.

3.4 Risk Management

3.4.1 To consider the effectiveness of the Council's risk management arrangements.

3.4.2 To seek assurances that action is being taken on risk related issues.

3.4.3 To be satisfied that the Council's assurance statements, including the Statement of Internal Control, properly reflect the risk environment and any actions required to improve it.

AGENDA

1. Chairman's Welcome and Introductions

2. Apologies for Absence

3. Minutes of Previous Meetings

To approve, and the Chair to sign as a correct record, the Minutes of the meeting of the Audit Committee held on 5 November 2013 (Item 3) (**Pages 7 to 11**)

4. Disclosure of Interests

Members to declare any disclosable pecuniary interests, or personal interests (including other pecuniary interests), they may have in the business to be transacted, and officers to disclose any interests they may have in any contract to be considered.

5. Public Involvement

(a) Deputations and Petitions

No deputations have been received for this meeting and any petitions received will be reported at the meeting.

(b) Questions from Members of the Public

To receive questions from members of the public

6. Action Plan Review – Wolverton Station

To consider Item 6 (**Pages 12 to 16**)

7. Highways Data presentation

To receive a presentation and consider Item 7

8. Review of Performance Appraisal - Update

To consider Item 8 (**Pages 17 to 22**)

9. Internal Audit Update

To consider Item 9 (**Pages 23 to 30**)

10. External Audit Report

To consider Item 10 (**Pages 31 to 36**)

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Minutes of the meeting of the AUDIT COMMITTEE held on TUESDAY
5 NOVEMBER 2013 at 7.00 pm

Present: Councillor Brackenbury (Chair)
Councillors S Burke, Jury, Marland and McDonald

**Independent
Members:** -

Officers: M Hodgson (Partnership Director [MKSP LLP]), D Wilkinson (Assistant Director [Audit and Risk Management]), L Baker (Head of Internal Audit), (J Pettitt Head of Risk & Insurance) and D Imbimbo (Committee Manager).

Apologies: Councillor Long, Mr Farookhi, Mr Preston, T Hannam and I Ali.

Also Present: Councillors Bald and Hoyle and C Ryan (Ernst and Young [External Audit])

AC23 MINUTES

RESOLVED –

That the Minutes of the meeting of the Audit Committee held on 24 September 2013 be approved and signed by the Chair as a correct record.

AC24 DISCLOSURE OF INTERESTS

None were made.

AC25 REFERRAL FROM HOUSING AND COMMUNITIES SELECT COMMITTEE

The Committee received a referral from the Housing and Communities Select Committee in the terms:

“That Audit Committee be requested to consider carrying out an audit of void Council housing properties which will include the full implications of the cost of voids to the Council, both in terms of financial cost and the impact on Council performance and that any audit draws on both internal officer views and practice elsewhere, including other registered social landlords and, if appropriate, the private sector.”

Members heard from Councillor Hoyle whilst considering this matter.

The Head of Internal Audit confirmed that the section had the capacity to take on the audit should Members determine there was merit in so doing, this could report back to the Select Committee in the new year.

RESOLVED: -

That the referral be accepted and the internal audit service are commissioned to conduct an audit into void costs and turnaround times alongside a scheduled audit within the housing service..

AC26

INTERNAL AUDIT PROGRESS PLAN

The Committee considered a report in respect of the Internal Audit Progress Plan.

Members heard from the Head of Internal Audit (HoIA) that since the last meeting the Stantonbury Campus Follow Up Audit had now been carried out and the overall opinion was now 'Satisfactory', also that 3 additional unplanned audits /investigations had been put in the programme.

As the audit plan is a live document it will need to change as risk exposures change. As such the Committee was asked to approve the suggested cancellations or postponements of audits in the original plan..

Members heard that the HIA made the decision as to whether to undertake additional work requested during the year taking into consideration the concerns that the sponsor, who was often the Service Head, held which prompted the request.

Members expressed concern at the 'limited assurance' rating given to a specific report. The Head of Internal Audit explained that this had been arrived at taking account of the accumulative effect of numerous minor risks rather than a major key control failure. Members heard that these were being addressed within the service with urgency.

Members noted that some audits relating to project management were to be cancelled, the HoIA explained this was due to a change of audit process whereby instead of conducting high level Health check reviews as had been done previously a more in depth 'Health check' process was to be undertaken.

RESOLVED: -

1. That the report be noted and revisions be agreed with the exception of Planning Obligations.
2. That it be recorded that the Committee held an expectation that any revision of the process to conduct audits in respect of project management would make them more rigorous.

AC27

ANNUAL RISK MANAGEMENT REPORT

The Committee considered the annual Risk Management Report.

Members heard that there had been a significant number of positive changes to the corporate strategic risk register in the last quarter and this was seen as a positive outcome of the intervention at Assistant Director level to address the corporate approach to business continuity plans.

Whilst the use of GRACE was increasing there remained a number of projects that were not listed on GRACE and where this was the case there was a need to ensure that risk management was being undertaken. Members heard that it was a mandate that projects would be managed on GRACE and work continued to identify blockages that were preventing its use. It was also recognised that there was a need to ensure that once a project was on the GRACE system the data was up to date and risks that were identified are managed; the existence of a risk register on GRACE did not by itself mean that effective risk management was being undertaken. Members emphasised their expectation that there would be usage of GRACE in all projects.

Members considered the GRACE compliance data provided with the officer report (annex C1 and C2) and asked that future data include date that a project is initially entered on GRACE and the date of the last entry.

RESOLVED: -

1. That the Annual Risk Management Report be noted.
2. That future GRACE compliance data reports include the date a project is entered on GRACE and the date of the last entry
3. That the Audit Committee reaffirms its support for 100% compliance with management of projects through GRACE
4. That any projects not being managed using the GRACE system be reported to the Audit Committee.

AC28

MKSP ANNUAL GOVERNANCE STATEMENT 2012/13 – ACTION PLAN UPDATE

The Committee considered a report from the Partnership Director (MKSP) setting out the progress made against the MKSP Annual Governance Statement 2012/13 Action Plan.

The Committee heard that progress on embedding the LLPs into the Governance procedures had been made with the updating of Financial Regulations and other rules to be to reflect LLPs having been completed and that Interim business plans were currently in place and full business plans were to be submitted to the Cabinet by March 2014.

Members heard that in respect of Communication of the governance relationship between the Council and the LLPs briefings had been provided for Members and Officers, the Partnership Director (MKSP)

asked spokespersons to extend an invitation to their respective groups for a presentation to be given should they wish it.

Members also heard that a detailed review of each service area the interface between MKSP and the Council was to be undertaken and will be reported to Cabinet in March 2014 with recommendations.

Members were told that MKSP reports to Cabinet on a regular basis, providing details of the financial position and highlighting any issues that require Member consideration. In terms of governance arrangements, the MKSP board met on a bi-monthly basis and was made up of all-party representatives of the Council, the Chief Executive of MKC, the Corporate Director of Resources and the Partnership Director of MKSP

RESOLVED:-

1. That the report be noted
2. That Spokespersons consider inviting the Partnership Director [MKSP LLP] to attend their respective Group meetings to explain the the role of the Partnership and its relationship to the Council.

AC29

INTERNAL AUDIT AND AUDIT COMMITTEE ENGAGEMENT

The Committee considered a report in respect of Internal Audit and Audit Committee Engagement, together with the draft Internal Audit Charter and Strategy documents.

The Committee heard that at its meeting in September the Audit Committee requested a report to consider the mechanisms of how Internal Audit engages with and gives suitable assurance to the Audit Committee.

Members were reminded that Internal Audit is provided via MKSP in accordance with the Public Sector Internal Audit Standards (PSIAS) and relevant legislation such as the Local Government Act 1972 and the Accounts and Audit Regulations, and that whilst these requirements set relevant standards there remained scope to tailor Internal Audit processes and the approach to the needs of the organisation. The standards and approach adopted by Internal Audit was usually enshrined within a Charter and Strategy, and that as part of the service review within MKSP the Internal Audit service, its processes, structures and policies were being reviewed.

Members heard that consultation on the draft Charter and Strategy would be undertaken with all stakeholders and that as part of the consultation the Audit Committee was invited to make comment on any aspect of them.

Members commented on a number of points within the documents, in particular Members supported the proposal to introduce formal training for the Committee. In considering the continued use of four 'opinions' of audits conducted, Members supported this approach but would welcome additional detail where grades of Limited and Weak were awarded. Members were invited to consider forming a sub-

committee to review draft reports recognised that this was unlikely to be achieved due to other commitments and would act as a high level of operational involvement of members.

The Head of Internal Audit sought clarity from members in respect of the level of involvement they would hope for in audits and whether they would want to be involved in the determination of terms of reference, it was generally held that only in circumstances where the Committee had commissioned an investigation would they expect to be consulted on the terms of reference of the inquiry.

Members were invited to submit any written observations in respect of the draft Internal Audit Charter and Strategy to the Head of Internal Audit by 30 November 2013.

The Committee heard that it was intended that a report and the final drafts of the Charter and Strategy would be taken to the meeting of the Committee on 8 April 2014.

RESOLVED; -

1. That the report be noted
2. That the Chair and Spokespersons consider submitting any observations on the draft Charter and Strategy by 30 November 2013 to the Chair who would collate the responses

AC30

EXTERNAL AUDIT – ANNUAL AUDIT LETTER

The Committee considered the Annual Audit Letter for 2012/13.

The External Auditor told the Committee that the External Audit Letter for 2012/13 had been issued and there were no matters to raise that had not been previously reported.

RESOLVED;-

That the report and External Audit Letter 2012/13 be noted

THE CHAIR CLOSED THE MEETING AT 9:12 PM

ITEM 6

AUDIT COMMITTEE

14 JANUARY 2014

WOLVERTON STATION ACTION PLAN PROGRESS

Contact Officer: Lynda Baker – Head of Internal Audit
01908 252227

1. Purpose

- 1.1 To provide the Committee with the final update on the Implementation of the Action Plan arising from the investigation into the Wolverton Station overspend. (Attached at Annex A)

2. Recommendations

- 2.1 That the progress on the action plan be noted.

3. Issues and Choices

Issues

- 3.1 The final update to the action plan, which is attached at Annex A, was completed in October and has already been circulated to Committee members as requested at the September 2013 Audit Committee meeting.
- 3.2 Of the 29 actions 24 have been closed with the remaining 5 having a target date of the end of December 2013. Many of the completed actions are now 'business as usual.'
- 3.3 As agreed with the Audit Committee, and included in the Action Plan, Internal Audit will undertake a detailed follow up on the implementation of the Action Plan. This work is scheduled to be completed after December 2013 by which time the majority of the actions should have been fully implemented. The outcome of this review will be reported back to the Audit Committee in April 2014.

4 Implications

4.1 Policy

None

4.2 Resources and Risk

There is a risk to further projects if the 'learning' from the Wolverton Station project does not inform the management of future projects.

x	Capital	y	Revenue	x	Accommodation
x	IT	y	Medium Term Plan	x	Asset Management

4.3 Legal

None

4.4 Other Implications

x	Equalities Diversity	/	x	Sustainability	x	Human Rights
x	E-Government		y	Stakeholders	x	Crime Disorder

and

Background Papers: Wolverton Station Action Plan (**Annex A**)

Wolverton Station Overspend Review: Action Plan

Theme / Action Point	Audit Ref	Action	Action Category	Previous Update	Current Update	26 Recommendations	Red	Amber/Red	Amber/Green	Green	Closed
Governance/Assurance						Current	0	0	0	5	Closed
						Previous	0	0	0	27	
						Previous RAG Status	Current RAG Status	Baseline Target Date	Owner	Other Officers	Date Cleared
G1		As part of the quarterly report to corporate leadership team (CLT), projects should provide an updated financial summary (cost vs. budget) for all aspects of the project and an updated risk assessment within GRACE.	Essential	The Corporate Project Dashboard will request financial information to confirm RAG rating. The MK Approach will be updated to highlight the importance of updating risk assessments within GRACE. May 2013: MK Approach: Projects has been updated to highlight the importance of updating risks in GRACE. Revised Corporate Project Dashboard being planned for Quarter 1 (June) to show financial information from BPC. Highlight reports will be requested to evidence RAG rating.	Oct 2013: Suggest action is closed. Highlight reports are requested quarterly from project managers that provide supporting financial information	Green	Closed	End December 2013	Head of Portfolio Office	Head of Insurance & Risk	
G2		Programme boards – should challenge project sponsors on a regular basis. They should encourage more honesty and realism from project sponsor. Members of the board should have an open invitation to attend project team meetings to enable them to undertake some reality checks. If necessary a technical audit by an internal or external expert may be requested. They should also act decisively if weak project management is apparent. Members of both programme and project boards should also consider undertaking site tours at appropriate frequency and key stages of the project.	Essential	May 2013: MK Approach: Projects has been updated under Roles and Responsibilities for project/programme boards. MK Approach: Programmes will be updated at next review.	Oct 2013: Suggest action is complete. The MK Approach has been updated within the roles & responsibilities section. On-going checks will be made through Health Checks	Green	Closed	End December 2013	Head of Portfolio Office	CLT	
G3		The scope of the health checks should be reviewed to ensure that they are still fit for purpose.	Essential	May 2013: Health Check review underway.	Oct 2013: The Project Assurance Framework was signed off by CLT in August. This is currently being implemented with improvements to the Health Check process.	Green	Closed	End September 2013	Head of Portfolio Office	Head of Internal Audit	
G4		Consideration should be given to more detailed financial and technical audits of projects in addition to health checks.	Important	Consideration is underway	Oct 2013: Suggest action is complete. The forward plan for audits and Health Checks has been agreed by IA and the Project Assurance Group	Green	Closed	End September 2013	Head of Internal Audit	Head of Portfolio Office Project Sponsors	
G5		The portfolio office role should be revised to include a monitoring role for a sample of current projects and a "benefits realisation" role for completed projects.	Important	May 2013: Projects are being monitored through the Corporate Dashboard and Health Check process. Work underway with Procurement to formalise Benefits Realisation Review Point Each OTP Strand Board has a Benefits Realisation plan that should be reviewed/updated at the monthly meeting.	Oct 2013: Ongoing monitoring of benefits through the corporate project dashboard and Health Check process. Activities taking place to transition OTP to mainstream where continuation of benefits monitoring will be undertaken	Green	Closed	End December 2013	Head of Portfolio Office		
G6		As part of CLT quarterly reports a sample of perhaps 3 projects with a green RAG rating should be requested to provide evidence to support effective project management, cost and risk management, i.e. provide evidence of the green rating.	Standard	May 2013: Current processes will be assessed before deciding whether another review route is needed. Current processes included the quarterly performance challenge process. Major Programme Board, Capital Programme Board. CLT are keen that there should be no duplication of effort in reporting on projects and that a more streamlined route should be established to report on projects.	Oct 2013: With OTP Transition, reporting processes are under review.	Green	Closed	End December 2013	CLT		
G7	NA	Internal Audit to undertake a detailed follow up review on the Action Plan	Standard	May 2013: Follow up is in Audit Plan for later in 2013.	Oct 2013: Follow up scheduled December/January	Green	Closed	End December 2013	Head of Internal Audit		
G8	NA	The Annual Governance Statement Action Plan to require routine use of GRACE to report and monitor risks	Standard	May 2013: To be included within the Annual Governance Statement	Oct 2013: Use of GRACE included in AGS. Risk Management audit currently in progress which is reviewing use of GRACE corporately	Green	Closed	End December 2013	Acting AD (Law & Governance)	Head of Internal Audit	
T1		Adequate tender period – ensure that sufficient time is allowed for contractors to prepare and submit tenders. Unless the work is simple nature a minimum of 20 working days should be allowed (extended if over the Easter or Christmas period).	Essential	May 2013: Included in contract procedure rules going to Council in July.	Oct 2013: Suggest action is closed as ongoing. Advising all Clients to allow a minimum 3 week tender period for over £100k requirements. In the main we advise Clients that 4 weeks will result in a better overall response, reducing requests for extensions.	Green	Closed	End September 2013	Head of Strategic Procurement	CLT & Project Sponsors	
T2		Adequate number of tenders returned – a minimum of three tenders should be returned. If more than two contractors decline to tender, checks should be undertaken to ascertain why and the contract risks to the Council assessed.	Essential	Often senior officer /project sponsor pressure to get work started despite poor tender returns; procurement painted as the "blocker" to progress by flagging risk May 2013: No change, project sponsor takes responsibility for final decision- so should be joint action	Oct 2013: Suggest action is closed as ongoing. If less than 3 bids are received the project risk is reviewed by the CPT team/the HoSP & Client and tenders can be re-opened if thought to be necessary. In tandem we are advising Clients to undertake as much market warming as possible and are also sending out a feedback questionnaire to any Suppliers who expressed an interest but didn't bid. Client has to agree to course of action.	Green	Closed	End December 2013	Head of Strategic Procurement	CLT & Project Sponsors	
T3		Late tenders – if a late tender is to be accepted there should be a recorded decision by the project sponsor as the reasons for acceptance.	Essential	CPR 10.3 says that no tender or quotation received after the latest time specified shall be accepted, however in reality if there are fewer tenders than expected we may choose (HoSP) to extend the closing date to increase competition. May 2013: No change	No change to May 2013 update.	Closed	Closed		Head of Strategic Procurement	CLT & Project Sponsors	May-13

Theme / Action Point	Audit Ref	Action	Action Category	Previous Update	Current Update	Previous RAG Status	Current RAG Status	Baseline Target Date	Owner	Other Officers	Date Cleared
T4	5	Clear project scope – the scope of the project works should not be varied after invitation to tender has been sent out. If there is a need during the tender submission period, the process should be restarted. If it occurs after tenders are received there should be a clear understanding and action plan to resolve the changes and a report to procurement committee setting this out.	Essential	All changes post tender go to the Corporate Procurement Team for advice and agreement. Increasing focus on client teams pre-advert to ensure documents are fit for purpose before issue. May 2013: This needs to be a joint responsibility with the project sponsor, as procurement cannot make decisions on scope but can merely influence	Oct 2013: Suggest action is closed as ongoing. The CPT can recommend but the Client responsible should take ownership of the decisions made in terms of the ITT documents and any potential scope creep.	Green	Closed	End December 2013	Head of Strategic Procurement	CLT & Project Sponsors	
T5	12	Bill of Quantities – there should be evidence of the adequacy of checks. On larger or higher risk projects an independent review should be considered.	Important	Increasing focus on client teams pre-advert to ensure documents are fit for purpose before issue. May 2013: Strategic and operational finance need to be engaged on projects to do a QA on all financial submissions including Bill of Quantities	Oct 2013: Suggest action is closed as ongoing. No change to May 2013 update. Finance are always heavily involved in major projects on the evaluation panel.	Green	Closed	End December 2013	Head of Strategic Procurement	CLT & Project Sponsors	
T6	13	Complete design – the design should be substantially completed at the date that invitations to tenders are sent out. The exception to this would be a design and build scheme. However, the client's requirements must be fully agreed and specified with sign off by the end user.	Important	It is essential that project team close down external consultation before tender commences to avoid changes in scope. May 2013: No change	Oct 2013: Suggest action is closed as ongoing. No change to May 2013 update.	Green	Closed	End December 2013	Head of Strategic Procurement	CLT & Project Sponsors	
T7	15	Target tender price for works – the cost estimate should be robust and based on pricing the bill of quantities using a similar recent contract. It should also be increased by an appropriate confidence factor to reflect the unknown/anticipated risks with the project. If the target cost is lower than the lowest tender the matter should be reported to procurement committee with a clear action plan to resolve.	Important	More work to be done on improving accuracy of estimation methodology across the council. May 2013: No change	Oct 2013: Cost Consultants & QS appointed on major projects. Suggest action is closed as ongoing.	Green	Closed	End December 2013	Head of Strategic Procurement	CLT & Project Sponsors	
Contract Award	C1	Poor tender quality scores – in accepting a contractor with a quality score lower than 60% on any aspect of the quality assessment, the report to procurement committee should fully set out the impacts of such a low score and the actions that will be taken to ensure that the Council is not at risk as a result. AC addition: a poor tender score should only be accepted in exceptional circumstances and the reason for acceptance should be laid out.	Essential	Minimum quality scores are being introduced as picked up by CPC. May 2013: Minimum quality scores enshrined in the contract procedure rules going to Council in July.	Oct 2013: Suggest action is closed as ongoing. Minimum quality scores included within PQQ & MEAT evaluation documents as standard. CPT work with Client to understand what the threshold should be. Legal advice can be sought if necessary. Supplier is not taken forward to the rest of the evaluation if minimum score not met.	Green	Closed	End September 2013	Head of Strategic Procurement	CLT & Project Sponsors	
C2	7	Works supervision – the project sponsor shall be responsible for ensuring that the works are adequately supervised by a competently qualified person e.g. clerk of works to ensure that they are built to a good quality and fit for purpose. This should include ensuring adequate records are taken to enable any claims to be properly assessed. AC addition: consideration to be given as to whether it should be compulsory to have a CoW for works over a certain value or complexity.	Essential	May 2013: Currently challenged through CPRP.	Oct 2013: Suggest action is closed as ongoing.	Green	Closed	End December 2013	CLT	Project Sponsor	
C3	8	Form of contract training – there is a need for project staff and sponsors to not only have an understanding of the MK Approach but also how the forms of contract that they are using work.	Important	Legal services has a role in signing off the terms used (CPR 14.3) and Corporate Procurement Team advise May 2013: Training has been arranged on new forms of contract- NEC3 for those that use them, will review future training needs on terms	Oct 2013: CPT organised for NEC training to be held in June 2013. Well attended and received across the Client function. Future courses may be looked at. Suggest action is closed as ongoing.	Green	Closed	End December 2013	Head of Strategic Procurement	Head of Legal	
C4	16	Form of contract – the use of Jct, ice7 or ice minor works should only be continued on existing contracts and frameworks which have been let. All new contracts should use the nec3 suite of contracts to ensure that claims events are known at the earliest point possible in the contract, to enable the Council to have early warning of issues.	Important	Agreed but we should not fetter our discretion on what terms should be used as there may be other factors at play that need to be managed and these may point towards other standard terms; also if we use other framework contracts we are governed by their terms and cannot impose our own. Evidenced discussion needed between clients, Legal services and Procurement. May 2013: No change	Oct 2013: Suggest action closed as ongoing. No change to May 2013 comments.	Green	Closed	End December 2013	Head of Strategic Procurement	CLT & Head of Legal	
Project Teams	P1	Project sponsor – this is the Council's key person on the project. It should be recognised that not all senior officers of the Council are capable of undertaking this duty or have the time to effectively undertake this function. Therefore when determining who the project sponsor should be, there needs to be more careful thought as to why a person is being appointed. That appointment should come with clear delegated authority and powers for the project delivery. The project sponsor should clearly be able to demonstrate they have visited the project on occasion and produce a report on that visit detailing what is going well and what is not and actions to correct the problems.	Essential	MK Approach to be updated to reflect change within the Project Sponsor roles & responsibilities. May 2013: MK Approach. Projects has been updated to reflect change within the project sponsor roles and responsibilities	Oct 2013: Suggest action is closed. Updates to the MK Approach have been made. On-going monitoring through Health Checks	Closed	Closed		Head of Portfolio Office	CLT	Apr-13
P2	22	Stable project team – there should be minimal changes in professional advisors during a project to ensure consistency and enable lines of responsibility to be clear.	Standard	May 2013: To be monitored through current reporting processes - OTP Programme Board, CPRP Performance Challenge, Project & Programme Boards.	Oct 2013: Suggest action is closed. On-going monitoring	Green	Closed	End December 2013	CLT	Project Sponsors	

Theme / Action Point	Audit Ref	Action	Action Category	Previous Update	Current Update	Previous RAG Status	Current RAG Status	Baseline Target Date	Owner	Other Officers	Date Cleared
11	19	The portfolio office networking events should maintain a list of project managers (and their projects) attending.	Important	May 2013: An attendance list of project managers was taken at the last PM Network in March 2013. This will be an ongoing action.	Oct 2013: on-going action. Suggest action is closed	Green	Closed	End December 2013	Head of Portfolio Office		
12	20	Consideration should be given to improving the portfolio office intranet site to include a user friendly searchable database for reports, lessons learned, key issues to consider etc.	Important	May 2013: Need to review any existing software which can achieve this; also confirm if there is any budget to purchase or tailor software to do this	Oct 2013: Mandate agreed with ICT to develop a SharePoint solution. Work currently prioritised as No. 69	Green	Green	End December 2013	Head of Portfolio Office		
13	24	The portfolio office should, on a regular basis, specifically advise all project managers and sponsors of key learning.	Standard	May 2013: Wolverton Station Lessons Learned were shared at the March 2013 PM Network. Future PM Networks will continue to be used for sharing key learning.	Oct 2013: PM Network events will continue to have agenda items on lessons learned and share learnings on their intranet site. Suggest action is closed as ongoing.	Green	Closed	End December 2013	Head of Portfolio Office		
14	25	Project managers and sponsors should be required to confirm (or otherwise) the implementation of the key learning communicated by the Portfolio Office, within their current project(s).	Standard	This will be checked within the health check process and the MKC Approach will be updated to request that project managers review the "lessons learned" database within the START stage.	Oct 2013: on-going action to be checked through Health Checks. Suggest action is closed	Green	Closed	End December 2013	Head of Portfolio Office	CLT	
Other											
O1a	14	Rail related projects – the Council should ensure that all projects in which it is either a partner or lead on delivering or funding on Network Rail land have no financial risks to the Council. 3 rd party implications should be a considered in all relevant projects.	Important	May 2013: Guidance to improve financial reporting is being drafted and will be issued imminently. Reference is included to taking on financial roles where projects are undertaken as a consequence of the funding arrangements in those instances where MKC are not best placed to deliver.	Oct 2013: Finance circulated the guidance via Finance Managers to senior management teams. It was also included on the democratic services guidance page. Suggest action is complete	Green	Closed	End December 2013	AD Finance	CLT	
O1 b	14	AC addition: All future proposals to undertake projects on land not belonging to MKC to be robustly risk-assessed.	Important	May 2013: To be challenged through CPRP	Oct 2013: Finance guidance for O1a above also included recommendations regarding projects on land not belonging to MKC. On-going challenge through CPRP. Suggest action is complete	Green	Closed	End December 2013	Head of Portfolio Office	CPRP	
O2	21	Use of Experts – Consideration should be given to widening the corporate role of the capital development team within Children and Families to provide an involvement within all capital build projects (either to undertake the key roles or to advise).	Standard	May 2013: This is currently being progressed within OTP 5.	Oct 2013: Guidance on delivering Major Capital Projects was approved by CLT on 14 August and the Capital and Infrastructure Team in Children & Families now deliver all capital builds over £500k. Suggest action is closed	Green	Closed	End December 2013	Chief Executive/AD HR	CLT Project Sponsors AD EEP - Head of Capital & Infrastructure	
O3		Client Side Management - a report to be produced on how the Client Side Management has been changed to increase the capacity and capability of the Authority NOTE: The improvements have been included within the establishment of the Public Realm Service group and the integration of the Procurement Section within the service group. The audit report on the review of the action plan will include an update.			Oct 2013: Report on Effective Contract Management presented to CAPSC 08/10/2013. Suggest action is closed.	Green	Closed	End December 2013	Corporate Director Finance		

PERFORMANCE APPRAISAL

Contact Officer: Catherine Weir, Service Delivery Manager,
Human Resources
01908 253913

1. Purpose

1.1 To provide an update on the actions planned in readiness for the performance appraisal cycle in 2014/15 as contained within paragraph 3.6 of the report to Audit Committee dated 24 September 2013 provided by Morag Shaw. Further copy attached at ANNEX A for ease of reference.

2. Recommendations

2.1 That the Committee notes the progress against arrangements for ensuring that internal audit outcomes are linked with performance appraisal

2.2 That the Committee notes the proposed learning and development plan for the 2014/15 cycle given feedback from line managers and the outcome of the quality sampling process.

3. Progress

3.1 **Consideration of governance issues:** A number of updates to the online system have been scoped and will be implemented by IT in early January 2014. These to include prompts requiring the manager and employee to consider governance issues and Internal Audit outcomes more specifically during the appraisal process.

3.2 **HR quality sampling:** HR undertook a quality sampling of five percent of all online completed appraisals from 2013.

In order to manage and drive performance improvement the quality sample looked for evidence that individual objectives were linked to team and service plans and overall Council objectives; that these objectives were SMART and that further individual development and training needs had been considered. Feedback on the findings of the quality sample was provided in December 2013 to each Corporate Director and relevant Assistant Director

3.3 **Learning and development support:** The proposed programme of skills workshops and bespoke support for managers and employees has been drawn from the outcome of the quality sampling exercise together with a mini survey undertaken in November 2013 to understand what managers needed from appraisal training.

3.3.1 Managers will be offered:

- Half day classroom based training sessions on appraisal skills.
- Bite size/lunch and learn sessions for soft skills:
 - making the competencies real
 - giving feedback
 - writing SMART objectives.
 - holding difficult conversations
- Bespoke support for service groups in soft skills
- 1 hour classroom based training sessions on OASYS (online system)
- Surgeries for OASYS for 1:1 assistance

3.3.2 Employees will be offered:

- 1 hour classroom based training sessions on OASYS.
- Surgeries for OASYS for 1:1 assistance

All interactive guides (available to managers and employees via the intranet) will be updated to reflect system changes and to provide further support on areas of improvement as identified by the quality sampling.

4. Implications

4.1 Policy

The guidance and training material to be updated to support the Performance Appraisal process.

4.2 Resources and Risk

There are no direct resource implications.

x	Capital	x	Revenue	x	Accommodation
x	IT	x	Medium Term Plan	x	Asset Management

4.3 Legal

There are no legal implications.

4.4 Other Implications

<input checked="" type="checkbox"/>	Equalities / Diversity	<input checked="" type="checkbox"/>	Sustainability	<input checked="" type="checkbox"/>	Human Rights
<input checked="" type="checkbox"/>	E-Government	<input checked="" type="checkbox"/>	Stakeholders	<input checked="" type="checkbox"/>	Crime and Disorder

Background Papers: None

PERFORMANCE APPRAISAL

Contact Officer: Morag Shaw, Assistant Director, HR
Strategy
01908 253857

1. Purpose

- 1.1 To provide an update on the relevant actions within the Annual Governance Action Plan 2013/14 (Minute AC07 refers).

2. Recommendations

- 2.1 That the Committee notes the progress made towards achievement of the performance appraisal completion target in the Annual Governance Action Plan 2013/14; and
- 2.2 Notes the arrangements for ensuring that internal audit outcomes are linked with performance appraisal, including the actual and proposed responsibilities of Human Resources, Internal Audit and line managers.

3. Issues and Choices

- 3.1 There are two actions in the Annual Governance Action Plan 2013/14, relating to performance appraisal. These are:
- 3.2 **Item 23:** Ongoing embedding of processes and monitoring of appraisals to ensure 100% compliance achieved, with a target of a minimum of 90% of those eligible having an appraisal in 2013/14.
- 3.3 **Progress:** In 2012 performance appraisal completion rates improved from a low base to 88%. For 2013 the target was set at 90% of eligible employees. Those not eligible are for example those employees on maternity leave, or absent from work due to ill-health or employee relations issues. System improvements, additional training, close monitoring and reporting on progress and senior management oversight have ensured that good progress has been made this year. To date, 94% of eligible employees have had a performance appraisal to review and assess their performance, set new targets and consider any support and development needed. A potential improvement target for next year is 99% completion within a defined period.
- 3.4 **Item 24:** Human Resources to consider and demonstrate the impact of internal audits and their use in performance management and appraisals, with a request for a report to the Audit Committee on this action.

- 3.5 **Current position:** Currently the requirement to consider the outcomes of internal audits in the performance appraisal of relevant employees is referenced within the guidance notes and also within all relevant training provision. This requires managers to acknowledge a positive contribution or to address any shortfall in performance. However, such discussions between a line manager and an employee have most impact when held at the time an issue arises, within routine performance management arrangements, rather than being deferred until the time of the annual appraisal; therefore issues arising are to be addressed immediately following an internal audit (or where appropriate, in the course of the audit), with advice and support from HR as necessary. In such circumstances Internal Audit and HR liaise to ensure appropriate support is given to the service area. Where performance issues have been identified through an internal audit, then the Follow-up Audit will review actions taken to ensure improvement.

Performance Appraisal quality sampling is carried out by HR in the autumn; this informs further advice to senior managers about key aspects of the appraisal process; the content of skills training and guidance material is updated to address any issues identified through the quality sampling.

3.6 **Actions planned in readiness for the performance appraisal cycle in 2014 include:**

- i) HR to build a series of prompts into the electronic and paper-based appraisal processes that require manager and employee consideration of governance issues more broadly, with specific examples cited including a review of the outcomes of any relevant internal audit, action taken, and any further requirements.
- ii) HR delivery of further skills workshops to continue to ensure all managers are trained and adequately supported.
- iii) Stretching but realistic target for next year is 99% completion within a defined period.
- iv) HR quality sampling, with feedback of findings to the relevant Corporate Director, to seek evidence of the approaches adopted by managers to specify, implement, monitor and manage performance improvement.
- v) Internal Audit Follow-up Audits to include comment on those in areas where Internal Audit have reported performance concerns, how those concerns have been addressed, and what escalation, if any, is required.

4 **Implications**

4.1 Policy

The guidance and training material to be updated support the Performance Appraisal process.

4.2 Resources and Risk

There are no direct resource implications.

x	Capital	y	Revenue	x	Accommodation
x	IT	x	Medium Term Plan	x	Asset Management

4.3 Legal

There are no legal implications.

4.4 Other Implications

x	Equalities Diversity	/	x	Sustainability	x	Human Rights
x	E-Government		x	Stakeholders	x	Crime Disorder

and

Background Papers: None

INTERNAL AUDIT PROGRESS UPDATE

Contact Officer:

Lynda Baker Head of Internal Audit

01908 252227

1. Purpose

- 1.1 To provide the Committee an update of progress against the Annual Audit Plan 2013/14, performance and significant issues raised.

2. Recommendations

- 2.1 To note or comment on the report and agree revisions to the plan.

3. Issues

- 3.1 Performance – the performance measures below are those that have been agreed and are included within the Internal Audit Service Plan.

3.1.1 **Audit Plan Completion** – As at 23rd December 2013 66 audits from the 2013/14 plan have been completed to draft or final stage (55% of the revised plan). An additional 20 audits carried forward and 16 pieces of unplanned work (including Investigations) have also been completed (totalling 102 audits completed between since 1st April). 25 audits are currently in progress and 32 (25% of plan) have not yet been started. The Service are aiming to complete over 90% of the Plan by the end of April 2014. See Annexes A & B

3.1.2 **Proposed amendments to plan** – It is proposed that a few audits are 'slipped' from the last quarter of the 2013/14 plan to the first quarter of 14/15, mainly due to resource restraints both within service areas and within Internal Audit and ongoing. The audits of the governance of the Service Partnerships will be of more benefit if they are undertaken in the new year when the MKSP service reviews have been completed and the MKDP senior management team is fully in place. See Annex D.

3.1.3 **Agreed Actions implemented** – 87% of agreed actions have been implemented. 81% were implemented for general audits and 96% for schools. Overall this is an improvement since the last update but is still under our target level. Some of the unimplemented actions are in progress and will be followed up again. Only 3 of the outstanding actions are classified as essential. See Annex C

3.2 Significant Issues (including weak and limited reports since last update.)

3.2.1 **Highways inspections**

Although this audit was completed 12 months ago the final has just been issued alongside the follow up. The opinion at the time of audit was 'limited' but this has now improved to 'satisfactory' with the outstanding actions being progressed.

Additional capital funding has enabled the service to clear a significant backlog of pothole repair work and a data cleansing exercise has resulted in greater integrity of data within the 'Confirm' system.

3.2.2 **Commissioned Children's Centres**

There are 2 commissioned Children's Centres, run by different contractors, with the same contractual terms and conditions applying to both. One contractor pays their own premises costs including utilities in accordance with the contract. The council has paid all these expenses and not recharged the provider for the other setting. This amounts to over £70,000 p.a. This is now being investigated by the service. Internal Audit also identified a £30,000 overpayment which can now be recouped.

3.2.3 **Troubled Families Grant**

This was reported as 'weak' at the previous committee meeting. A follow up has since been completed resulting in a 'limited' opinion and the improvements enabled internal audit to sign off some of the claims. The first tranche of funding received by the Council was with regard to the 364 troubled families that we claimed to be working with. However, there was no record of which families make up this figure. The service is working on producing a list. The Council may also be unaware of other families needing support through the programme.

3.3 Unimplemented essential actions.

Only 3 of the unimplemented actions followed up to date are classified as 'essential'.

3.3.1 **Troubled Families Grant**

The Troubled Families Team were relying on internal MKC data to identify children meeting the education criteria for the grant funding. Information from external sources e.g. Academies and MK College is required to verify progress of children already identified (enabling the claims to be signed) and may also identify further eligible children.

A new Project Manager and Assistant Data Analyst are now in post. The next grant claim is due in January 2014 and the Internal Audit verification process will review progress to refresh and complete the data.

3.3.2 Attendance Management

The audit identified that sickness was not always recorded/reported and that the flexi-time policy was not always complied with. It was envisaged that the proper use of ESS/MSS would rectify these issues and highlighted the need for managers to be held accountable for failure to use the system properly. At the audit follow-up in May 2013 no work had been carried to ensure that the system was used properly. However, the current ESS/MSS audit has confirmed that HR Operations are in the process of identifying, and seeking explanations from, employees and their managers with large debit balances in ESS. Internal Audit will do some further work to determine whether sickness is being properly recorded.

3.3.3 Licensing Premises, People & Vehicles

Inspections are not routinely carried out for new premises and others are not inspected within the timescales required by their risk categorisation. Licensing objectives and Licensing conditions may be contravened. Health and safety risks, anti-social behaviour and illegal practices may not be identified and addressed. Due to current resource limitations inspections are undertaken on a reactive basis only.

4 Implications

4.1 Policy

The Audit Plan is aligned to the Internal Audit Strategy and individual audits provide assurance of compliance with a wide range of Council policies.

4.2 Resources and Risk

There are no direct resource implications.

The LIKLIHOOD of the Plan not being completed to an extent that would impinge on the Annual Audit Opinion is currently LOW with a MEDIUM impact.

<table border="1"><tr><td>x</td></tr></table>	x	Capital	<table border="1"><tr><td>x</td></tr></table>	x	Revenue	<table border="1"><tr><td>x</td></tr></table>	x	Accommodation
x								
x								
x								
<table border="1"><tr><td>x</td></tr></table>	x	IT	<table border="1"><tr><td>x</td></tr></table>	x	Medium Term Plan	<table border="1"><tr><td>x</td></tr></table>	x	Asset Management
x								
x								
x								

4.3.1 Legal

This report provides one of the sources for the Council's Annual Governance Statement in order to meet the Council's responsibilities under the Accounts and Audit Regulations. The Accounts and Audit Regulations require every local authority to maintain an adequate and effective audit service.

4.4 Other Implications

<input checked="" type="checkbox"/>	Equalities Diversity	/	<input checked="" type="checkbox"/>	Sustainability	<input checked="" type="checkbox"/>	Human Rights
<input checked="" type="checkbox"/>	E-Government		<input checked="" type="checkbox"/>	Stakeholders	<input checked="" type="checkbox"/>	Crime and Disorder

Background Papers:

- Annex A - completed Audits
- Annex B - audits in progress, not started
- Annex C - follow ups completed
- Annex D – Plan Amendments

Audits completed between 1st April and 23 December 2014		
General Audit	Report Stage	Audit Opinion
Contracts - Final Accounts	Final	Good
Configuration Management	Final	Good
Democratic Services - Ward Based Grants	Final	Good
New Homes Bonus	Final	Good
Local Authority Designated Officer	Final	Good
Contact Support Service	Final	Good
Emergency Social Work Team (Children's Services)	Final	Good
Family Assessment & Tier 1 support team	Final	Good
(Transport Grant) Green Bus Fund Round 3	Final	Good
Assessment and Support	Final	Good
Mayor's Charity Financial audit	Final	Good
Local Welfare Provision (Crisis Payments-Support)	Final	Good
Highways, Street Lighting and Network Infrastructure Term Contract	Final	Good
Community Alarm Scheme	Final	Good
Sheltered Schemes	Final	Good
National Non Domestic Rates (NNDR)	Final	Good
Council Tax	Final	Good
Emergency Planning	Final	Good
Carbon Reduction Commitment Energy Efficiency Scheme	Final	Good
Benefits - grant claim support (with for Ext Audit)	Final	N/A
Contract monitoring	Final	Satisfactory
Uninvoiced Income (Income & Cash Management)	Final	Satisfactory
Patch Management	Final	Satisfactory
Active Directory Healthcheck	Final	Satisfactory
Premises Inspections	Final	Satisfactory
Leasehold Management & Shared Ownership	Final	Satisfactory
OTP (Benefits Realisation)	Final	Satisfactory
Project Spot check	Final	Satisfactory
Economic Development	Final	Satisfactory
Corporate Governance	Final	Satisfactory
In House Home Care	Final	Satisfactory
Refuse Collection & Street Cleansing	Final	Satisfactory
Waste Disposal Sites & Recycling	Final	Satisfactory
Passenger Transport	Final	Satisfactory
Highways Adoptions	Final	Satisfactory
Corporate Governance - Pecuniary Interest Declarations	Final	Satisfactory
MK Primary Pupil Referral Unit	Final	Satisfactory
Bank Reconciliation	Final	Satisfactory
Pebbles - Children's Centre	Final	Satisfactory
Fostering Services	Final	Satisfactory
Adoption Service	Final	Satisfactory
Low Carbon Grant Certification	Final	Satisfactory
Regulatory Investigations	Final	Satisfactory
Network Security	Final	Limited Assurance
Car Parks - pay and display	Final	Limited Assurance
Highway Inspections	Final	Limited Assurance
Commissioned Children's Centres (Rowans and Art Room)	Final	Limited Assurance
Emberton Park	Final	Limited Assurance
Central PEC (Personalised Education Centre)	Final	Weak
North PEC (Personalised Education Centre)	Final	Weak
South PEC (Personalised Education Centre)	Final	Weak
The Bridge (Alternative Education)	Final	Weak
Troubled Families grant	Final	Weak
Recruitment	Draft	
Purchasing Cards	Draft	
Broadband Project	Draft	
Office Cleaning	Draft	
School Planning	Draft	
School Audits		
Wyvern School	Final	Good
Wood End First School	Final	Good
St Mary's Wavendon CE Primary School	Final	Good
Stoke Goldington C of E First School	Final	Good
North Crawley CE School	Final	Good
Monkston Primary School	Final	Good
Heelands School	Final	Good
Haversham Village School	Final	Good
Bishop Parker Catholic School	Final	Good
Drayton Park School	Final	Good
Barleyhurst Park Primary School (Formerly Wellsmeads)	Final	Satisfactory
Water Hall Primary School	Final	Satisfactory
Summerfield School	Final	Satisfactory
Romans Field School	Final	Satisfactory
Merebrook Infant School	Final	Satisfactory
Jubilee Wood (Formerly Penwith +Meadfurlong)	Final	Satisfactory
Loughton Manor First School	Final	Satisfactory
Long Meadow School	Final	Satisfactory
Knowles Primary School	Final	Satisfactory
Howe Park School	Final	Satisfactory
Holne Chase Primary School	Final	Satisfactory
Great Linford Primary School	Final	Satisfactory
Abbeys Primary School	Final	Satisfactory
Glastonbury Thorn School	Final	Satisfactory
Caroline Haslett Primary School	Final	Satisfactory
The Willows School and Early Years Centre	Final	Limited Assurance
Falconhurst School	Final	Limited Assurance
Chestnuts Primary School	Final	Weak

Audits In Progress as at 23 December 2013	
IT - Physical Environment	Benefits
IT Training	Payroll - Salaries & Wages
Oracle Databases	Parks & Open Spaces, Play, District Parks
Employee & Manager Self Service (ESS-MSS)	Children with Disabilities Team
Financial Modelling- Budget Planning	Leaving Care
Accounts Payable (Creditors)	Bridges - Children's Centre
Housing Options including homelessness	Little Owls - Children's Centre
Corporate Anti Fraud	The Robins - Children's Centre
Risk Management	Personal Payments (Direct Payments)
Domiciliary care (external)	Strategic Management of Children's Centres
Petty Cash	Education Psychology
Housing Rents and other HRA income	Void Works
Open Spaces Project	

Audits Not Started as at 23 December 2013	
Public Health Contracts and Contracting	Integrated Passenger Transport
MKDP Corporate Governance review	Planned Major Works and Contracts
Transport Grant claims	Bridges (follow up)
Accounts Receivable (Sundry Debtors)	Development Management
IT - Bring your own device	Waste Disposal Sites and Recycling
Emergency Duty Team - Out of Hours service	Houses in Multiple Occupation (HIMOs)
CMK Sports Facility Project	Corporate Health & Safety and Public Health
Community Asset transfer programme	Youth Offending team
Uninvoiced Income	Westminster Drive
Cabinet Procurement Committee	Planning Obligations
MKSP Corporate Governance review	Music Service
Budgetary Control	Refuse Collection and Street Cleansing
Treasury Management	Golf Courses
General Ledger	Parking and Parking Contract
Responsive Repairs	Community properties
Brookswald School	Early years Quality Improvement

Follow-Ups completed between 1st April and 23 December 2014

	Total			Final Opinion	FU Opinion	Unimplemented Actions			
	Actions	Implemented	% Implemented			Essential	Important	Standard	Total
General Audit Follow-ups									
Planned Major Works & Contracts	5	3	60.00%	Good	Good	0	0	2	2
Personal Budgets - Direct Payments Cash Options	4	4	100.00%	Good	Good	0	0	0	0
Residential Nursing Care - Procurement and Contract Monitoring	4	4	100.00%	Good	Good	0	0	0	0
Libraries	14	14	100.00%	Good	Good	0	0	0	0
Sports Development	1	1	100.00%	Good	Good	0	0	0	0
Woughton on the Green	3	3	100.00%	Good	Good	0	0	0	0
Leisure and Community Facilities	1	1	100.00%	Good	Good	0	0	0	0
Parish Grants	2	2	100.00%	Good	Good	0	0	0	0
The Coroner's Office	2	2	100.00%	Good	Good	0	0	0	0
VAT	1	1	100.00%	Good	Good	0	0	0	0
CCTV	8	7	88.00%	Good	Good	0	0	1	1
IT Security Policy	2	1	50.00%	Good	Good	0	0	1	1
Schools Capital Projects	2	1	50.00%	Good	Good	0	0	1	1
Mayor's Charity Financial audit	1	1	100.00%	Good	Good	0	0	0	0
Family Assessment & Tier 1 support team	1	1	100.00%	Good	Good	0	0	0	0
Emergency Social Work Team (Children's Services)	1	1	100.00%	Good	Good	0	0	0	0
Youth Services	14	11	79.00%	Satisfactory	Good	0	1	2	3
Project Spot check	5	5	100.00%	Satisfactory	Good	0	0	0	0
Social Behaviour	12	10	83.00%	Satisfactory	Good	0	0	2	2
Family Group Conference	5	5	100.00%	Satisfactory	Good	0	0	0	0
Effectiveness of Internal Audit	3	3	100.00%	Satisfactory	Good	0	0	0	0
Procure to Pay (Accounts Payable)	6	2	33.00%	Satisfactory	Satisfactory	0	2	2	4
Uninvoiced Income (Income & Cash Management)	5	3	60.00%	Satisfactory	Satisfactory	0	2	0	2
Licensing Premises, People and Vehicles	7	6	86.00%	Satisfactory	Satisfactory	1	0	0	1
General Ledger (Journals & Interfaces)	4	0	0.00%	Satisfactory	Satisfactory	0	1	3	4
Legal - Social Care	10	10	100.00%	Satisfactory	Satisfactory	0	0	0	0
Woughton Leisure Centre	16	16	100.00%	Limited	Satisfactory	0	0	0	0
Highway Inspections	11	6	55.00%	Limited	Satisfactory	0	1	4	5
Attendance Management	5	3	60.00%	Limited	Satisfactory	1	1	0	2
Troubled Families grant	10	6	60.00%	Weak	Limited	1	2	1	4
	165	133	80.61%			3	10	19	32
School Follow-ups									
Bishop Parker Catholic School	2	2	100.00%	Good	Good	0	0	0	0
Germander Park School	5	5	100.00%	Good	Good	0	0	0	0
St Mary's Wavendon CE Primary School	5	5	100.00%	Good	Good	0	0	0	0
Drayton Park School	3	3	100.00%	Good	Good	0	0	0	0
Abbeyes Primary School	4	4	100.00%	Satisfactory	Good	0	0	0	0
Caroline Haslett Primary School	5	5	100.00%	Satisfactory	Good	0	0	0	0
Glastonbury Thorn School	6	6	100.00%	Satisfactory	Good	0	0	0	0
Great Linford Primary School	7	7	100.00%	Satisfactory	Good	0	0	0	0
Hanslope School	5	5	100.00%	Satisfactory	Good	0	0	0	0
Knowles Primary School	3	3	100.00%	Satisfactory	Good	0	0	0	0
Lord Grey School	9	7	78.00%	Satisfactory	Good	0	0	1	1
Jubilee Wood (Formerly Penwith +Meadfurlong)	5	5	100.00%	Satisfactory	Good	0	0	0	0
Stanton School	6	6	100.00%	Satisfactory	Good	0	0	0	0
The Redway School	4	4	100.00%	Satisfactory	Satisfactory	0	0	0	0
Langland Community School	9	9	100.00%	Limited	Good	0	0	0	0
St Paul's School	8	8	100.00%	Limited	Good	0	0	0	0
Stantonbury Campus	13	12	92.00%	Limited	Good	0	0	1	1
The Willows School and Early Years Centre	12	10	83.00%	Limited	Good	0	1	0	1
	111	106	95.50%			0	1	2	3
Grand Total	276	239	87.00%			3	11	21	35

AUDIT PLAN AMENDMENTS**Proposed audits to cancel**

MKDP Corporate Governance review	do early 14/15 when new manager in post
MKSP Corporate Governance review	do early 14/15 when service reviews completed
Financial Modelling- Budget Planning	Service resource constraints - do early 14/15
Budgetary Control	Follow on from above - early 14/15
General Ledger	No longer managed audit. Stable system audited last year
Golf courses	Service resource constraints - do early 14/15

Cancelled audits approved by Audit Committee

Adult Social Care Project
Benefits realisation
Bridge Programme
Carers - Short breaks
Conservation and Archaeology team
Contract Audits
Core Strategy - Project
Data Protection - Information Governance Restructure
Electronic Document Records Management System (EDRMS) Project
Fleet (incl workshop, fuel and stores)
Highways Services (Permit scheme)
Independent Reviewing Officers
Local Welfare Reform Act Project
Neighbourhood Engagement
Overarching review of Legal - Lexcel Accreditation compliance review
Project Spotchecks
Projects - Lessons Learned
Public Health Transition Project (part of OTP)
Referral & Assessment team
Regeneration Strategy Project
Street Lighting (Energy)
Urban Design and Landscape Architects

Unplanned Audits

Carbon Reduction grant claim	Grant certification	Complete
Broughton Pavilion	Officer request for assurance	Complete
Care Tech	Concern raised by another LA	Complete
Caretaking Tracker	Disciplinary investigation	Complete
Councilwide Internet Log Issue	Compliance review	Complete
Creditors Fraud Review	Data analysis	Complete
Depot systems	Compliance review	Complete
Key Fobs	Member concern	Complete
Criminal Case	Disciplinary investigation	Complete
Music Service	Whistleblowing allegation	Complete
Planning application	Member concern	Complete
MAD 2	Concern from member of public	Complete
Taxi Company	Member concern	Complete
Turnmill Drive	Member concern	Complete
Windmill Hill Golf Club	Officer request for consultancy	Complete
Housing Systems	Officer request for consultancy	Complete
Cemetery	Member concern	In progress
Void Works	Member concern	In progress

ITEM 10

AUDIT COMMITTEE

January 2014

External Audit Annual Audit Letter

Contact: Mick West (Ernst & Young – Audit Director)

1. Purpose

1.1 To provide an update on progress with the 2013/14 external audit.

2. Recommendations

2.1 The progress of the 2013/14 be noted.

3. Issues and Choices

3.1 None

4 Implications

4.1 Policy

None

4.2 Resources and Risk

There are no direct resource implications.

x
x

Capital

IT

y
x

Revenue

Medium Term Plan

x
x

Accommodation

Asset Management

4.3 Legal

4.4 Other Implications

x	Equalities Diversity	/	x	Sustainability	x	Human Rights
x	E-Government		y	Stakeholders	x	Crime and Disorder

Background Papers: None

Audit Committee
Milton Keynes Council
Civic Offices
1 Saxon Gate East
Central Milton Keynes
MK9 3EJ

22 December 2013

Email: MWest@uk.ey.com

Dear Members

Audit of Milton Keynes Council year ended 31 March 2014

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Audit Committee with an overview of the stage we have reached in your 2013/14 audit and ensure our audit is aligned with the Committee's service expectations.

Our audit will be undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

M West
Director
For and on behalf of Ernst & Young LLP

Work completed

Meetings

We hold regular meetings with key officers and other stakeholders as part of our ongoing audit process.

Progress

We have started planning for our 2013/14 audit. We have met with the finance team to discuss the 2012/13 audit.

Internal audit

We will seek to rely on testing carried out by Internal Audit wherever possible. We review specific testing where we seek to rely on it.

Value for money assessment

We will complete an initial risk assessment for our value for money work as part of audit planning. We will inform the audit committee of any risks identified as part of this assessment.

2012/13 Certification work

We have completed our certification work for 2012/13. A report on this work will be circulated to members of the Council in January 2014.

Timetable

Audit Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts, and the deliverables we have agreed to provide to you through the 2013/14 Audit Committee cycle.

We will provide formal reports to the Audit Committee throughout our audit process as outlined below. Where required, we will issue an Interim Report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an annual audit letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Deliverables
High level planning:	January - March	
Risk assessment and setting of scopes	January - March	Audit plan
Testing of routine processes and controls	February - April	Interim findings
Year-end audit	July - September	Report to those charged with governance
	By 30 September	Audit report including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
	October	The report to the NAO on WGA
		Audit completion certificate
Reporting	November	Annual audit letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters through our Sector Briefings.

Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Audit fee letter	April 2013	Completed	
Audit plan	April 2014		
Report to Those Charged with Governance	by 30 September 2014		
Audit report (including opinion and vfm conclusion)	by 30 September 2014		
Audit certificate	October 2014		The audit certificate will be issued on completion of our review of your whole of government accounts submission
WGA submission	October 2014		
Annual audit letter	November 2014		Report to September Audit Committee
