

Colchester and Ipswich Museum Service Joint Committee

Item

9

JMS/17/03

27 June 2017

Report of

The Treasurer to the Joint Museum
Committee

Author

Hayley McGrath
☎ 01206 508902

Title

Annual Governance Review and Internal Audit 2016/17

The report considers the Governance Review and Internal Audit of the Colchester & Ipswich Joint Museum Committee for 2016/17

1. Decision(s) Required

- 1.1 The Joint Committee is requested to note the Annual Governance Review of the Colchester and Ipswich Museum Service, and
- 1.2 Review and comment on the attached Internal Audit report for the Colchester and Ipswich Museum Service for 2016/17.

2. Reason for Decision(s)

- 2.1 The service is provided by Colchester on behalf of the partners and it is therefore appropriate that the joint committee is provided with assurance that the service is being appropriately managed.

3. Background Information

- 3.1 Previously the Accounts and Audit regulations required the Joint Committee to annually review the service's internal control arrangements and complete a governance statement and a small bodies return. However the minimum turn-over limits have been raised and the service no longer has a duty to complete these items.
- 3.2 However it is felt appropriate that the Joint Committee is still provided with an assurance about the effectiveness of the internal control arrangements and the internal audit review forms a significant part of the review.
- 3.3 All audit reports are given one of four assurance ratings – no assurance, limited assurance, substantial assurance or full assurance. This is based on the number and severity of the recommendations. A guide to assurance levels and recommendations is set out at Appendix 1.

4. 2016/17 Governance Review

- 4.1 The small bodies return required the committee to confirm that the service had complied with several areas of governance. Therefore the governance review has assessed the following areas:
 - An adequate system of internal control was maintained including measures designed to prevent and detect fraud and corruption.
 - Risks were appropriately assessed and controlled.
 - Accounting records and control systems were subject to an effective system of internal audit.

- Appropriate action was taken in respect of any external and internal audit recommendations.
- Any control or risk failures that had occurred during the year.

- 4.2 Many of the systems that the service uses are managed by Colchester Borough Council and are subject to their internal control procedure and review processes. Colchester Borough Council has a duty to produce an Annual Governance Statement and this indicates that an effective system of control has been in operation during 2016/17.
- 4.3 The governance review highlighted that the service has continued to face challenges relating to finances and resources. However there were no reportable control failures and a five year business plan and an action plan for 2017/18 were agreed in March 2017.
- 4.4 There was an external service review carried out in September 2016. A range of options were identified which have been included in the business plan and action plan.
- 4.5 Overall the review demonstrated that there are adequate systems of control in place in the Colchester and Ipswich Joint Museum Service and no significant areas of concern have been highlighted.

5. 2016/17 Audit Review

- 5.1 The audit was carried out in January 2017 and the final report was issued in March 2017. The results of the audit are contained in the report attached at Appendix 2.
- 5.2 There were four recommendations raised during the audit, two level 2 and two level 3, and a substantial assurance rating was achieved.
- 5.3 All recommendations have been accepted and are being implemented.

6. Conclusion and Recommendations

- 6.1 There have been no significant governance issues raised during the year and a substantial audit assurance rating was achieved.
- 6.2 The review has demonstrated that the governance arrangements for the partnership continue to be effective.
- 6.3 Members are asked to consider and note the attached internal audit report and the results of the governance review.

7. Standard References

- 7.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

Key to Assurance Levels

Assurance Gradings

Internal Audit classifies internal audit assurance over four categories, defined as follows:

Assurance Level	Evaluation and Testing Conclusion
Full	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
Substantial	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
No	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Recommendation Gradings

Internal Audit categories recommendations according to their level of priority as follows:

Priority Level	Staff Consulted
1	Major issue for the attention of senior management and the Governance Committee.
2	Important issues to be addressed by management in their areas of responsibility
3	Minor issues resolved on site with local management.