



**Chorley**  
Council

Working in **Synergy** on shared services

**FINAL  
INTERNAL AUDIT  
REPORT  
SRBC 10/19-20**

**TREE INSPECTIONS &  
MAINTENANCE**

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Auditor  
11<sup>th</sup> February 2020

1	REASONS FOR AUDIT / SCOPE
1.1	<p>As a landowner, the Council has a duty of care to ensure, as far as is reasonably practicable, that all trees on its land are kept in an acceptable condition and do not put persons and property at unreasonable risk.</p>
	<p>In the recent case of <i>Cavanagh v Witley Parish Council (1) and D Kevin Shepherd (t/a Shepherd Tree Surgeons &amp; Forestry Contractors) (2) [2017]</i> the High Court ruled a parish council to have been negligent in its approach to inspecting a roadside tree which had fallen onto a bus. As a consequence, local authorities are reviewing the potential impact of the decision and the adequacy and frequency of their existing inspection regimes.</p>
1.2	<p>The review of Tree Inspections and Maintenance forms part of the 2019/20 Internal Audit Plan as agreed by Governance Committee.</p>
1.3	<p>Work undertaken as part of this review focused on identifying the risks and controls and determining whether the controls are operating as intended in the following key areas:</p> <ul style="list-style-type: none"> <li>• Policies and procedures are comprehensive, up to date and clearly set out the Council's roles and responsibilities in respect of its tree inspections and maintenance arrangements.</li> <li>• There is accurate and up to date management information in respect of the borough's tree population which support the effective management of the service.</li> <li>• There are effective and proactive inspection and maintenance routines in place that minimise the risk of danger to the public, including insurance claims, and support the management of such issues should they arise.</li> <li>• There are robust procedures in place for managing complaints / service requests and they are followed in a consistent and timely manner.</li> <li>• The Council minimises its exposure to the risk of insurance claims being up held.</li> <li>• There are effective and robust procedures in place for the administration and enforcement of Tree Preservation Orders.</li> <li>• Robust performance reporting routines are in place that support the effective management of the tree inspection and maintenance function.</li> </ul>
1.4	<p><b><i>Details of the controls tested are included in the risk and control evaluation table attached as item 3 of this report.</i></b></p>

2	ASSURANCE RATING
2.1	<p>Internal Audit provide an independent and objective opinion on the adequacy of the Council's control environment, in order to do that Internal Audit review and provide an opinion on the level of assurance of the control environment within each area reviewed. The level of assurance is based on the auditor's assessment of the extent to which system objectives are met, the effectiveness of controls operating within systems and the resultant extent to which risks are mitigated.</p>
2.2	<p>The review of processes and procedures in place in respect of the administration of Tree Inspections and Maintenance has identified that there are weaknesses in the system of control, and their application in practice, which put at risk the achievement of the system objectives. These weaknesses were particularly evident in respect of the effectiveness of governance arrangements underpinning the process, for example through the lack of an approved tree inspection and maintenance strategy and a general lack of checking / overview routines. As a consequence, Internal Audit can place a <b>limited assurance rating</b> on the control environment in place and the extent to which risks are mitigated in regard to the administration of Tree Inspections and Maintenance.</p>
2.3	<p><b>Control Rating Key</b></p> <p><b>Full</b> – the Authority can place complete reliance on the controls. No control weaknesses exist.</p> <p><b>Substantial</b> - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.</p> <p><b>Adequate</b> - the Authority can place only partial reliance on the controls. Some control issues need to be resolved.</p> <p><b>Limited</b> - the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist</p>

3	SUMMARY OF FINDINGS
3.1	<p data-bbox="220 275 1273 309">Identified areas of good practice and / or where controls are operating effectively include:</p> <ul data-bbox="228 338 1522 651" style="list-style-type: none"> <li data-bbox="228 338 1522 398">• Staff responsible for the management of the borough's trees are suitably qualified and there was evidence that training requirements were being monitored.</li> <li data-bbox="228 400 1522 461">• Whilst only those trees who have received inspections are recorded on GIS, audit confirmed that the information held on each tree was accurate and up to date.</li> <li data-bbox="228 463 1522 524">• Planning applications received into Neighbourhood Services were being promptly addressed, with all relevant information in respect of the application retained.</li> <li data-bbox="228 526 1171 560">• Works orders were being promptly and accurately raised on the GM system.</li> <li data-bbox="228 562 1182 595">• The GM system was being accurately updated to reflect closed works orders.</li> <li data-bbox="228 598 1522 651">• Records in respect of tree-related insurance claims maintained by the Insurance Team were generally accurate.</li> </ul>
3.2	<p data-bbox="220 680 1410 714">Areas of weakness where audit believe the control environment require strengthening are as follows:</p> <ul data-bbox="228 763 1522 1895" style="list-style-type: none"> <li data-bbox="228 763 1522 853">• The Council does not have an approved tree inspection and maintenance strategy and, as such, this hinders the effective management of the borough's trees and there is a risk that the Council's defence in respect of any claims / incidents would be compromised.</li> <li data-bbox="228 875 1522 1021">• It was acknowledged there are shortcomings in the current systems used to manage trees, particularly in respect of linkages between GIS and the Grounds Maintenance database, the ability to undertake largescale inspections and the ability to flag up overdue inspections. As the Council is currently developing plans to replace the systems as part of its Digital Strategy, it is important that Neighbourhood Services work with IT to enable the current shortcomings to be addressed in any new system.</li> <li data-bbox="228 1043 1522 1256">• Whilst the GM database categorises works tickets logged onto the system, they are not necessarily aligned with when the work will be completed. As a consequence of subsequent works tickets being added to the database, the category allocated to a job does not necessarily align with the timescale for its completion. This has led to a significant backlog of outstanding works orders, with lower priority jobs going back to 2016 remaining open on the system and some higher priority jobs also being put back. Linked with the pressure on resources to address the backlog, there is also a risk that budget pressures may continue to be an issue where there is a separation between the delivery of the service and the costs of that delivery.</li> <li data-bbox="228 1279 1522 1357">• Although the nature and scale of the tree population within the borough may reduce the risk of not having a formal pro-active inspection routine, the need to establish a policy / strategy for managing the borough's trees is an ideal opportunity to determine whether one is required.</li> <li data-bbox="228 1379 1522 1525">• Whilst the Council's use of external contractors in respect of tree maintenance was relatively low, weaknesses were found in terms of the Council's procurement activity. Additionally, audit felt that Legal advice should be sought in respect of any risks the Council were being exposed to in respect of the list of contractors that was being supplied to the public with regards work to trees with Tree Preservation Orders (TPO's).</li> <li data-bbox="228 1547 1522 1637">• Whilst it was identified that the Grounds Maintenance Database was being accurately updated to reflect closed works orders, there was relatively little evidence of checking routines and no formal approach to signing off works orders.</li> <li data-bbox="228 1659 1522 1749">• Furthermore, whilst works orders were being promptly closed off on the system, sample testing did find instances where the works orders did not record the start date for the work and the actual hours for the job, thereby weakening works order close off routines.</li> <li data-bbox="228 1771 1522 1895">• Given the nature and scale of the tree population within the borough, the lack of reporting the performance of the function is considered to be a relatively low risk. However, as set out above with regards the need to establish an approved strategy for the borough's trees, this is an ideal opportunity to review how performance of the function can be reviewed and reported upon.</li> </ul>

## 3. RISK AND CONTROL EVALUATION

	Risks	Risk 1	Risk 2	Risk 3	Risk 4	Risk 5	Risk 6	Risk 7	Test (Y/N)	Control is operating Y/N/Partly	MA
Controls	<b>Risk And Control Evaluation – Tree Inspections &amp; Maintenance</b>	There are limited / no / out of date policies and procedures that support the tree inspection and maintenance process, leading to incorrect and / or inconsistent processes being followed.	There are inaccurate / out of date management information in respect of the borough's tree population which undermines their effective management.	The service is largely reactive, with little or no proactive inspections and / or maintenance, resulting in ongoing issues not being identified and effectively addressed.	Complaints / service requests are not addressed in a timely or effective manner, leading to ongoing issues arising and reputational damage.	The Council is exposed to the risk of insurance claims being up held.	Tree Preservation Orders are ineffectively administered and enforced.	Performance data is not available, inaccurate or out of date, impacting on the effective management of the tree inspection and maintenance function.	Y	Y	Y
C1	There is an approved and clear policy in respect of the Council's approach to managing its trees.	✓		✓	✓	✓	✓	✓	Y	N	MA1
C2	Staff are suitably qualified and trained to enable them to carry out their duties.	✓	✓	✓	✓	✓	✓		Y	Y	
C3	Up to date and accurate records are held in respect of the inspection and maintenance of trees.	✓	✓	✓	✓	✓	✓	✓	Y	Partly	MA2
C4	A list of all outstanding works orders is available and is utilised to monitor the completion of all work allocated to the tree gang.			✓	✓	✓	✓	✓	Y	Partly	MA3, MA4, MA5
C5	There is an approved pro-active plan of inspections and maintenance which is regularly monitored / reported upon.	✓	✓	✓				✓	Y	N	MA6
C6	There is an approved and documented process for establishing projects / zones for maintenance work and this is being monitored / reported upon.	✓	✓	✓				✓	Y	Y	
C7	Each park has defined parks plan, within which the 'tree' element is clearly specified.		✓	✓				✓	Y	Y	
C8	Each tree is recorded on GIS and includes dates of last and next inspection.		✓	✓	✓			✓	Y	Y	
C9	Where work is required to be outsourced, appropriate approval is secured and Contract Standing Orders have been adhered to.	✓	✓	✓					Y	Partly	MA7, MA8
C10	Planning applications relating to trees are accurately logged and administered in a prompt and accurate manner.		✓		✓			✓	Y	Y	
C11	Where work is requested, a works order has been promptly raised on GM, priority allocated, contains all relevant information and is placed on the schedule of works for the tree gang.		✓	✓	✓				Y	Y	
C12	Completed work is evidenced by a signed off works order, recording whether DR has visited the site to confirm completion.		✓	✓	✓			✓	Y	Partly	MA9, MA10
C13	The completed works order has been closed off on the GM system.		✓	✓	✓			✓	Y	Partly	MA9, MA10
C14	A record of insurance referrals is maintained by Neighbourhood Services.		✓			✓			Y	Y	

C15	Accurate and update records are held in respect of the administration of insurance claims, including supporting information, inspections and outcomes.		✓			✓			Y	Y	
C16	A record of TPO works requests is maintained by Neighbourhood Services.	✓	✓	✓			✓		Y	Y	
C17	Accurate and update records are held in respect of the administration of TPO's, including supporting information, inspections and outcomes.	✓	✓	✓			✓		Y	Y	
C18	An approved list of contractors is maintained by the Council which supports the public in undertaking tree works on TPOs whilst at the same time protects the Council.	✓	✓	✓			✓		Y	Partly	<b>MA7, MA8</b>
C19	Performance reports in respect of the tree management function are produced and reported upon.		✓					✓	Y	N	<b>MA11</b>

#### 4. MANAGEMENT ACTION PLAN

NO.	CONTROL ISSUES / RISK	PROPOSED MANAGEMENT ACTIONS	AGREED ACTIONS	OFFICER & DATE
1	<p><u>Tree Policy</u></p> <p>An approved Tree Policy sets out the Council's approach to the management of trees and woodland on Council-owned land. It provides a clear point of reference for the public, officers, elected members and professionals that ensures a clear, consistent and structured approach to the management of the borough's trees.</p> <p>The Council currently does not have a policy that sets out its approach to the inspection and maintenance of the borough's trees. Whilst a draft policy was produced some years ago, and in some regards is being complied with, it was never approved /formally adopted. From discussions with staff, attempts have been made to update / fine-tune it, however it remains unapproved / unadopted. Furthermore, there has been a recent case that may have a significant effect on how local authorities should manage trees and, in particular, the frequency of inspections - <i>Witley Parish Council v Cavanagh [2018] EWCA Civ 2232</i> - <a href="https://www.blmlaw.com/news/time-to-re-examine-tree-inspection-regimes">https://www.blmlaw.com/news/time-to-re-examine-tree-inspection-regimes</a>. The case concluded that the council had failed to have robust inspection routines in place.</p> <p>There is a risk that should the Council be challenged on a tree-related issue / insurance claim, the lack of a clear policy would hinder the Council's defence. Additionally, there remains a requirement for the Council to set out its strategic aims for the management of trees and, without a policy, at best it would be addressed in an ad hoc / reactive manner.</p>	<p>A formally agreed policy / strategy with regards the Council's approach to the management of trees and woodland on Council-owned land should be agreed and published. Consideration should be given to reporting the implications of the <i>Witley Parish Council v Cavanagh</i> case to management / members in order that an informed decision can be made as to whether action is required.</p>	<p>A revised policy has been submitted for approval by Cabinet members and once this has been received will be formally adopted by delegated decision it anticipated this will be completed in February 2020.</p>	<p>Andrew Richardson</p> <p>February 2020</p>
2	<p><u>Tree Management System</u></p> <p>A robust and up to date management and reporting system is an important tool in the effective inspection and maintenance of the borough's trees.</p>	<p>Whilst audit acknowledge that plans are being developed that should hopefully address the current weaknesses in the systems used to manage trees, we recommend that Neighbourhood Services work with IT to enable the</p>	<p>A replacement IT system Yotta has been identified as the most suitable replacement and is currently being evaluated as part of the ongoing Digital Strategy and it is anticipated that this will be purchased and</p>	<p>Andrew Richardson</p> <p>December 2020</p>

	<p>An in-house Grounds Maintenance database has been in place for a number of years and is used to manage various Neighbourhoods functions, including the issue of works orders for tree maintenance. Separately, the GIS system is used to log key information relating to the borough's trees, including the logging of inspections. From testing and discussions with officers, it was evident that the current systems had a number of shortcomings; these included:</p> <ul style="list-style-type: none"> <li>➤ GM and GIS are not linked.</li> <li>➤ GIS does not allow for the largescale inspection of trees.</li> <li>➤ GIS does not provide a flag when the next inspection is due.</li> </ul> <p>From audit's discussions with IT, it was confirmed that the Council, as part of its Digital Strategy, have been looking to replace the two systems and are in discussions with a neighbouring borough to share their system.</p> <p>There is a risk that the IT systems used for the management of the borough's trees is not fit for purpose and that any new systems do not address the current shortcomings.</p>	current shortcomings to be addressed in any new system.	implemented in the coming financial year subject to the relevant approvals.	
3	<p><u>Outstanding Works Orders</u></p> <p>Effective monitoring routines should be in place to ensure that works orders issued to the tree gang are carried out in a timely manner.</p> <p>A list of outstanding works orders was extracted from the GM database. The works orders recorded on the report are all those that have been logged on the system and not necessarily those which have been issued to the tree gang. Whilst, due to the relatively low numbers, the Arboricultural Officer was able to identify which works orders were with the tree gang, this was not evident from the review of the report.</p> <p>There is a risk that delays in carrying out works orders are not promptly identified and dealt with.</p>	Possibly as part of the introduction of the new system referred to above, consideration should be given to producing reports of outstanding works orders which are currently with the tree gang against which delivery can be monitored.	<p>Work tickets will be issued to ensure the tree teams have a maximum of three outstanding work tickets at any one time.</p> <p>A target time active template is used to record and monitor tickets issued, the date issued will also be recorded on this in future.</p> <p>Whilst work is prioritised the order of prioritisation can be affected by several factors such as weather and staff holidays.</p>	<p>Dan Rigbye</p> <p>February 2020</p>

4	<p><u>Backlog of Tree Works</u></p> <p>Maintenance in respect of the borough's trees should be carried out promptly and in accordance with agreed response times and priorities.</p> <p>Details in respect of the Council's response times and priorities are set out in section 6 of the unapproved Tree Policy. This sets out the following:</p> <ul style="list-style-type: none"> <li>➤ Cat A – works requiring immediate attention (to at least secure the area).</li> <li>➤ Cat B – works passed to the tree team which are either in progress or to begin very soon.</li> <li>➤ Cat E – works passed to the tree team as soon as the current workload (Cat B) is clear.</li> <li>➤ Cat G – works requiring completion but, after an initial inspection, do not require a short term response.</li> </ul> <p>Whilst the GM database categorises works tickets logged onto the system, they are not necessarily aligned with when the work will be completed. As a consequence of subsequent works tickets being added to the database, the category allocated to a job does not necessarily align with a timescale for its completion. This has led to a significant backlog of outstanding works orders, with lower priority jobs going back to 2016 remaining open on the system and higher priority jobs also being put back.</p> <p>Where the backlog of tree works is left to continue, there is a reputational risk to the authority and possibly a financial one where issues relating to a tree lead to an insurance claim against the Council.</p>	<p>The backlog in reactive tree works should be prioritised and measures to reduce waiting times considered.</p>	<p>Workload will be categorised and monitored to ensure whenever possible future completion dates are met.</p> <p>Measures have been introduced to reduce the backlog of work, this has reduced from 329 days in April 2019 to 217 days at present.</p> <p>One measure introduced is boundary clearance, this is a pro-active measure which reduces the number of future customer contacts significantly.</p> <p>The current resources available limit the amount of work that can be completed.</p>	<p>Dan Rigbye</p> <p>April 2020</p>
5	<p><u>Job Costing</u></p> <p>An effective process of costing jobs is fundamental to delivering a tree management service that both meets public expectations and balances demand against available resources.</p>	<p>Consideration should be given to developing a more robust process for aligning the likely time and cost of delivering the service and subsequently monitoring delivery.</p>	<p>Going forward an accurate record of the time taken to complete a job will be recorded and used to ensure future estimates.</p>	<p>Dan Rigbye</p> <p>February 2020</p>

	<p>Whilst the estimated and actual times to complete a works order should be captured on the GM database, there were frequently differences between the two figures. In many instances the actual time recorded either exceeded the budgeted time or was not recorded at all. From discussions with the Arboricultural Officer, audit were informed that the budgeted figures were input to provide the public with a guide to a jobs completion if asked and were not a genuine attempt to cost the individual job. As such, there was limited evidence that discrepancies between budgeted and actual time were being monitored / challenged.</p> <p>There is a risk that budget pressures may arise where there is a separation between the delivery of the service and the costs to that delivery, ie if jobs take longer do to, less jobs will be done and backlogs will ensue.</p>		<p>The time estimates are established to identify work load and do not represent a cost limit as such.</p> <p>The budget reflects the current staffing levels and is used to provide this service there is no scope within the budget to provide additional resources to address the backlog of work.</p>	
6	<p><u>Proactive Inspection Schedule</u></p> <p>Through evidencing a proactive inspection regime of the borough's trees, the Council is better able to demonstrate it has robust procedures in place to manage the borough's trees in the event of a challenge.</p> <p>Through discussions with the Arboricultural Officer, it was confirmed that whilst planning applications and parks plans are supported in respect of tree management, the Council does not have a planned inspection / maintenance schedule for the borough's trees. It was felt that the resources available to the service, and the fact that the Council were not responsible for trees on the highway, meant that a more responsive approach to tree management was in place.</p> <p>There is a risk that should the Council be challenged on a tree-related issue / insurance claim, the lack of a proactive inspection schedule may hinder the Council's defence.</p>	<p>Although the nature and scale of the tree population within the borough may reduce the risk of not having a formal pro-active inspection routine, the need to establish a policy / strategy for managing the borough's trees is an ideal opportunity to determine whether one is required.</p>	<p>The new tree management system will allow for the introduction of an improved proactive tree inspection process. Trees are and will be assessed on a risk basis, this will be influenced by the species of tree, its health and its location.</p>	<p>December 2020</p> <p>Dan Rigbye</p>
7	<p><u>Contractor Listing</u></p> <p>Where the Council provides guidance to the public with regards the choice of contractor to employ when carrying out</p>	<p>Neighbourhood Services should liaise with Legal with regards to further advice relating to the list of contractors,</p>	<p>The Council will no-longer provide a list of suitable contractors, we will direct individuals to the Arboricultural Associations website.</p>	<p>Dan Rigbye</p> <p>February 2020</p>

	<p>work on Tree Preservation Order (TPO) trees, it is important that advice is sought from Legal Services in order to minimise risk to the Council.</p> <p>In order to support residents when selecting a contractor to undertake work on TPO trees, the Arboricultural Officer has compiled a list of possible contractors from which the public can select one that is suitable to them. The list includes a statement stating - <i>'Please be aware that this list is in no way to be perceived as a recognised Council approved contractor listing. SRBC do not take any responsibility for any work carried out by any contractor'</i>. When the listing was shared with Legal, audit were informed that they had reservations about the waiver and even suggested that the Council merely direct the public to the Arboricultural Association website for their approved contractor list.</p> <p>The Council may place itself at unnecessary risk where issues arise following the use of contractors on a list it has provided to the public.</p>	<p>potentially directing the public to the Arboricultural Association's website.</p>		
8	<p><u>Outsourced Tree Works</u></p> <p>Where the Council feels it necessary to outsource some of its tree works to external contractors, value for money should be sought, including compliance with the Council's Contract Procurement Rules.</p> <p>Audit selected the two instances since April 2018 where the Council has outsourced tree works to external contractors and noted the following:</p> <ul style="list-style-type: none"> <li>• In both instances there was no evidence of the Arboricultural Officer's communication with the authorised officer setting out what work is required and who he would like to ask quotes from.</li> <li>• In both instances there was no evidence of approval to outsource the work and agreement who to go to.</li> <li>• In the case of Longton Library there was evidence of three quotes being requested; however, for Bent Lane only two were evidenced as having been requested.</li> </ul>	<p>Where work is outsourced to an external contractor, clear documentary evidence should be retained in accordance with the Council's Contract Procurement Rules and procurement best practice.</p>	<p>All e-mails relating to the request to employ contractors and the authorisation along with quotes will be kept in a site related file for future reference.</p> <p>Previously requests and authorizations have on a number of occasions been purely on a verbal basis.</p>	<p>Dan Rigby February 2020</p>

	<ul style="list-style-type: none"> <li>• In both cases there was no evidence of the authorised officer's approval to select the nominated supplier.</li> <li>• In both instances the same contractor was selected (Beardwood) and their quotes for both were provided.</li> <li>• Only in the case of Longton Library was the purchase order provided to audit.</li> </ul> <p>Where procurement best practice is not followed, there is a risk that value for money is not secured.</p>			
9	<p><u>Checking Routines</u></p> <p>Robust checking routines in respect of tree works support the effective delivery of the tree management function.</p> <p>Works orders, upon completion, are provided to the Arboricultural Officer by the tree gang to check and close on the GM system. Whilst the works order enables the officer to evidence his checking of the work, in reality most work remains unchecked, with the officer indicating that only 'significant' works orders would be checked. This was borne out by testing of 13 completed works orders where none were evidence as having been checked.</p> <p>There is a risk that work in respect of the borough's trees is not carried out to the required standard.</p>	<p>Consideration should be given to determining whether a more formal approach to checking tree works, possibly involving sample testing, be introduced.</p>	<p>A system of auditing of works carried out will be introduced immediately and a random 10% of work carried out will be checked to ensure all work has been carried out to the correct standard, this will be recorded on the work ticket.</p>	<p>Dan Rigbye February 2020</p>
10	<p><u>Management Information</u></p> <p>Comprehensive and up to date records contribute to the effective delivery of the tree management system.</p> <p>From testing of a sample of 13 works orders, instances were noted where the start date of the work and the actual hours taken were not recorded on the works order. With regards the latter, these related to time being posted to other linked jobs and the relevant works order not being updated nor a note recorded.</p> <p>There is a risk monitoring routines are weakened where all necessary information relating to the job are not recorded.</p>	<p>As part of the close down routines for works orders, all necessary information should be recorded.</p>	<p>Staff have been reminded about the importance of completing all information on work tickets, going forward this will be checked on submission and tickets returned to staff who have not completed them properly.</p>	<p>Dan Rigbye February 2020</p>

11	<p><u>Performance</u></p> <p>Regular reporting to senior management / members on the performance of the tree management function contributes to the Council's assurance framework.</p> <p>Audit confirmed that reporting to senior management / members in respect of the performance of the tree management function was ad hoc at best. Given the nature and scale of the tree population within the borough, the lack of reporting the performance of the function is considered to be a relatively low risk. However, as referred to in MA1 above in respect of the need to establish a n approved Tree Strategy, this is an ideal opportunity to review how performance of the function can be reviewed and reported upon.</p> <p>There is a risk that poor performance is not promptly identified and addressed.</p>	<p>The service should review how best the performance of the Tree Inspection and Maintenance function should be measured, monitored and reported.</p>	<p>A discussion will be held with the portfolio holder and leadership team to identify how best to report performance of the service going forward.</p>	<p>Andrew Richardson</p> <p>April 2020</p>
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**A lack of timely implementation of the agreed actions may be reported to the Governance Committee.**

All internal audit work is conducted in compliance with the Public Sector Internal Audit Standards, issued by the Chartered Institute of Public Finance and Accountancy and the Chartered Institute of Internal Auditors.

**Statement of Responsibility**

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.