



Audit and Risk Committee

Agenda

Tuesday, 23rd June, 2015

at approximately 6.45 pm immediately following
the Resources and Performance Panel

in the

**Committee Suite
King's Court
Chapel Street
King's Lynn**



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**AUDIT AND RISK
COMMITTEE AGENDA**

DATE: **AUDIT AND RISK COMMITTEE - TUESDAY, 23RD
JUNE, 2015**

VENUE: **COMMITTEE SUITE, KING'S COURT, CHAPEL
STREET, KING'S LYNN**

TIME: **Approximately 6.45 pm immediately following the
Resources and Performance Panel**

1. APOLOGIES

To receive any apologies for absence.

2. MINUTES

To approve the minutes of the Audit and Risk Committee held on 8 June 2015 (previously circulated).

3. DECLARATIONS OF INTEREST

Please indicate if there are any interests which should be declared. A declaration of an interest should indicate the nature of the interest (if not already declared on the Register of Interests) and the agenda item to which it relates. If a disclosable pecuniary interest is declared, the Member should withdraw from the room whilst the matter is discussed.

These declarations apply to all Members present, whether the Member is part of the meeting, attending to speak as a local Member on an item or simply observing the meeting from the public seating area.

4. URGENT BUSINESS UNDER STANDING ORDER 7

To consider any business which, by reason of special circumstances, the Chairman proposes to accept as urgent under Section 100(b)(4)(b) of the Local Government Act 1972.

5. MEMBERS PRESENT PURSUANT TO STANDING ORDER 34

Members wishing to speak pursuant to Standing Order 34 should inform the Chairman of their intention to do so and on what items they wish to be heard before the meeting commences. Any Member attending the meeting under Standing Order 34 will only be permitted to speak on those items which have been previously notified to the Chairman.

6. CHAIRMAN'S CORRESPONDENCE (IF ANY)

7. MATTERS REFERRED TO THE COMMITTEE FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS COMMITTEE RECOMMENDATIONS/REQUESTS

To receive comments and recommendations from other Council bodies, and any responses subsequent to recommendations, which this Committee has previously made. (N.B. some of the relevant Council bodies may meet after dispatch of the agenda).

8. INTERNAL AUDIT END OF YEAR 2014/2015 PROGRESS REPORT (Pages 1 - 10)

Members are asked to note the report on the Internal Audit Workplan 2014/2015.

9. END OF YEAR REPORT OF BENEFITS INVESTIGATIONS UNIT AND INTERNAL AUDIT WORK ON THE NATIONAL FRAUD INITIATIVE (Pages 11 - 18)

The Committee are invited to note the report.

10. CORPORATE RISK MONITORING REPORT APRIL 2015 (Pages 19 - 26)

The Committee are invited to note the report.

11. STRATEGIC INTERNAL AUDIT PLAN 2015/2016 (Pages 27 - 40)

The Committee are invited to note the Strategic Internal Audit Plan for 2015/2018.

12. COMMITTEE WORK PROGRAMME 2015/2016 (Pages 41 - 42)

To consider the Committee's Work Programme.

13. DATE OF NEXT MEETING

To note that the next meeting of the Audit and Risk Committee will take place on **Tuesday 21 July 2015**.

To: Members of the Audit and Risk Committee

Councillors Anota, Blunt, Collop, Devereux, Gourlay, Hipperson, Hodson, Humphrey, Middleton, Morrison, Tyler and Wareham

For Further information, please contact:

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King's Lynn PE30 1EX

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AUDIT AND RISK COMMITTEE REPORT

TYPE OF REPORT: Audit	Portfolio: Leader
Author Name: Kate Littlewood	CONSULTATIONS: Lorraine Gore, Assistant Director
Tel.: 01553 616252	
Email: kate.littlewood@west-norfolk.gov.uk	
OPEN	

Committee: Resources and Performance – Audit & Risk Committee
Date: 23rd June 2015
Subject: Internal Audit Plan 2014/15 –End of Year Progress report.

Summary	This report shows the Internal Audit activity for the second half 2014/15 against the Strategic Audit Plan.
Recommendation	Members are asked to note the report on the Internal Audit workplan 2014/15.

1.0 Introduction and Background

- 1.1 The Strategic Audit Plan 2014/15, endorsed by the Audit and Risk Committee on 25th February 2014, sets out the work Internal Audit expect to carry out during the year. This work complies with the requirement under section 4(1) of the Accounts and Audit Regulations 2011 for the Council to ensure it has a sound system of internal control.
- 1.2 Performance Standard 2060 of the Public Sector Internal Audit Standards (PSIAS) requires the Audit Manager to report to the Audit and Risk Committee on the internal audit activity and performance relative to this plan.

2.0 Audit work in second half 2014/15.

- 2.1 On completion of each audit a formal report is issued to the relevant line managers, the Executive Director and Portfolio Holder. Copies are also sent to the Chief Executive, Assistant Director and the external auditors, Ernst and Young. The report contains an action plan, with target dates, that has been agreed with the managers to address the observations and recommendations raised by Internal Audit. This forms the basis of the follow-up audit, which is carried out approximately six months later to assess progress in implementing the agreed actions.

2.2 *Reports issued*

The following audits have been completed during the last quarter and reports issued as described above:

- NORA – Joint Venture
- Cremator Refurbishment Project
- Planning Support
- Care and Repair
- Property Services – Asbestos
- Property Services – Building Maintenance
- Policy and Partnerships
- Democratic Services
- Housing Benefits
- Inventories and Asset Management
- Cremator Refurbishment Project follow-up
- Property Services – Asbestos Management follow-up
- Property Services – Building Maintenance follow-up
- Policy and Partnerships follow-up
- King's Court Shared Accommodation follow-up
- Environmental Quality – Flood and Water Management follow-up

A summary of the reports is attached as **Appendix 1** and the full versions are available under the relevant year to members of the Audit & Risk Committee on InSite.

2.3 *Work ongoing*

The following audits were ongoing at the end of the year and will be reported to the Committee in the next progress report:

- Payroll
- Council Tax
- Leisure Services
- General Ledger

2.4 *Other work carried out*

Apart from the standard audits, Internal Audit also undertook other work during the year including the following:

- Annual review of the processes to compile the Annual Governance Statement
- Reviewing the data matches returned for the latest National Fraud Initiative exercise.
- Producing a summary of the leisure trust arrangements.
- Creation of an Assurance Framework and supporting risk assessments to use in compiling the Strategic Audit Plan.

2.5 *Changes to the Audit Plan*

During 2014/15 there were several factors that affected the work of the Internal Audit Team. The Senior Auditor left in February 2014 and his replacement did not start until beginning of August, resulting in reduced staff resources for 6 months. The new auditor also needs to familiarise himself with the Council's systems and processes, which in turn means that each audit takes longer than anticipated. However it is preferable to spend

longer and ensure a thorough audit is performed rather than adhere to the timescales.

The Trainee Accountant had been allocated to Internal Audit on the basis of the equivalent of one day a week. However his accountancy work in connection with the leisure trust arrangements has proved to be too time consuming to enable him to fulfil his audit role. As a result the audits allocated to him have been reallocated.

Finally the Audit Manager has been involved in a fraud investigation that required detailed examination of emails and other documents. She was also absent from work from November until mid-February.

As a result the 2014/15 audit plan was not completed by the end of the financial year and a number of core audits have been carried over from 2014/15 to 2015/16, namely:

- Creditors and Payments
- Business Rates Retention Scheme
- Accounts Receivable
- Treasury and Cashflow Management

However due to the Audit Manager's absence at the end of the year, the audit plan for 2015/16 has only just been prepared and so work could continue on the carried over audits.

3.0 Performance Indicators

- 3.1 Delivery of the Audit Plan – a target of 95% has been set to take in to account any work that may overlap at year end and also to allow for any additional work that may arise during the year. The table below summarises the position against the planned audits contained in the Audit Plan 2014/15.

2014/15 Status of Audits	Audit days used	Percentage of Plan (in days)
Completed and reported	135	39%
In Progress	107	30%
Removed from plan	25	7%
Planned for future quarters	85	24%
Total Planned Audits	352	100%

- 3.2 Planned audit time – a target of 68% has been set for the full year with an actual figure of 57%. This refers to the proportion of the total available time that is spent on planned audit work rather than management, training, general administration and holidays. The reasons for the reduction have been explained in paragraph 2.5 above.

5.0 Conclusion

- 5.1 The progress against the plan has been less satisfactory than usual due to the exceptional circumstances during 2014/15. The planned work will be completed,

albeit late, and will feed in to the audit plan for 2015/16. Sufficient work has been completed on which the Audit Manager can base an opinion on the systems of internal control as required in the Annual Audit Report and the Annual Governance Statement.

- 5.2 This report provides Members with an overview of the audit activity and outcomes over the period, and provides an opportunity for Members to seek further information if required.

Notes to support the summary in Appendix 1

The following tables provide an explanation of the terms used to grade the recommendations contained in the final audit reports, and the overall opinion attributed as the result of each audit.

Recommendations

The observations and recommendations are allocated a grading High, Medium or Low as defined below:

High	Major risk requiring action by the time the final report is issued.
Medium	Medium risk requiring action within six months of the issue of the draft report.
Low	Matters of limited risk. Action should be taken as resources permit.

Please note - 'Low' recommendations are not summarised in this report due to the insignificant nature of the issue.

Audit Opinion

At the conclusion of the audit an overall audit opinion is formed for the audit area. The definition for each level of assurance is given below.

Full Assurance	A sound system of internal control that is likely to achieve the system objectives, and which is operating effectively in practice.
Substantial Assurance	A sound system of internal control, but there are a few weaknesses that could put achievement of system objectives at risk.
Limited Assurance	A system of internal control with a number of weaknesses likely to undermine achievement of system objectives, and which is vulnerable to abuse or error.
No Assurance	A fundamentally flawed system of internal control that is unlikely to achieve system objectives and is vulnerable to serious abuse or error.

Audits completed October to March 2014-15	Overall Opinion
<p><u>NORA – Joint Venture</u> Report published in July 2014. There was just one ‘Medium’ recommendation to ensure cashflow predictions were produced regularly. This was completed at the time of the audit.</p>	Substantial Assurance
<p><u>Cremator Refurbishment Project</u> Report published in July 2014. There were two ‘Medium’ recommendations relating to the tender evaluations, and to the need to consider the timing of replacing the cremators in respect of booked services.</p>	Substantial Assurance
<p><u>Planning Support</u> Report published in November 2014. The report contained 14 recommendations of which 5 were graded as ‘High’, 6 as ‘Medium’ and 3 as ‘Low’. The ‘High’ recommendations related to:</p> <ul style="list-style-type: none"> • the need for a monthly reconciliation of planning income records to accountancy reports; • checking that all required redactions have been made before publishing documents on the website; • improve system change control to ensure all changes are adequately documented. • implement password process in line with corporate policy • update the Business Continuity Plan <p>The ‘Medium’ recommendations largely related to the administration of recording income and to the monitoring of discharge conditions.</p>	Substantial Assurance
<p><u>Care and Repair</u> Report published in December 2014. The report contained 7 recommendations of which 2 were graded as ‘High’ and 5 as ‘Medium’. The ‘High’ recommendations related to the need to improve the system of approving the work required; and to identify a method of adding a warning flag to the electronic case file. The ‘Medium’ recommendations concern improving the workflow involving Occupational Therapists; improving data for reporting and monitoring; use of a framework contract and improving the management of contractor workloads.</p>	Limited Assurance

Audits completed October to March 2014-15	Overall Opinion
<p><u>Property Services – Asbestos Management</u> Report published in October 2014. The report contained 1 'High' and 4 'Medium' recommendations. The 'High' recommendation referred to the need to appoint a Dutyholder at a corporate level. The 'Medium' recommendations concerned the need for a new asbestos survey and software to record the results; the production of contractor booklets to cover all Council buildings; improved systems to monitor and record the condition of asbestos; and asbestos awareness training.</p>	Limited Assurance
<p><u>Property Services – Building Maintenance</u> Report published in October 2014. The report contained 1 'Medium' recommendation concerning the development of a Planned Building Maintenance Programme.</p>	Substantial Assurance
<p><u>Policy and Partnerships</u> Report published in September 2014. The report contained 3 'Medium' recommendations concerning the need for project plans; formal agreements with service providers; and the review and update of the Service Level Agreements.</p>	Substantial Assurance
<p><u>Democratic Services</u> Report published in September 2014. The report contained 1 'High' recommendation relating to the need to ensure all Councillors have fully completed the Register of Members' Disclosable Pecuniary Interests form.</p>	Substantial Assurance
<p><u>Housing Benefits</u> Report published in December 2014. The report contained 3 'Medium' recommendations. These referred to the parameters set for checking reports; the need to complete a backdating authorisation form for part claims; and the use of DataPA to produce write off reports.</p>	Substantial Assurance

Audits completed October to March 2014-15	Overall Opinion
<p><u>Inventories and Asset Management</u> Report published in February 2015. The report contained 2 'High' and 1 'Low' recommendations. The 'High' recommendations related to the update of the Council's Constitution with the latest version of the Financial Regulations; and update the for used for acquisition and disposals under the Scheme of Delegation.</p>	Substantial Assurance

Follow-up audits completed October to March 2014-15	Original report	Follow-up progress
<u>Cremator Refurbishment Project</u> The report issued in July 2014 contained 2 'Medium' recommendations, both of which have been completed satisfactorily.	July 2014 Substantial Assurance	April 2015 Very Good
<u>Property Services – Asbestos Management</u> The report issued in October 2014 contained 1 'High' and 4 'Medium' recommendations, all of which are either completed or progressing satisfactorily.	October 2014 Limited Assurance	April 2015 Good
<u>Property Services – Building Maintenance</u> The report issued in October 2014 contained 1 'Medium' recommendation, which has not been implemented. Since Alive Management has taken over responsibility for maintaining the leisure buildings, there are very few building left for Property Services to maintain. In addition a stock survey of the remaining buildings has been completed and identified work planned in the Capital Programme.	October 2014 Substantial Assurance	May 2015 Adequate
<u>Policy and Partnerships</u> The report issued in September 2014 contained 3 'Medium, recommendations, all of which progressing satisfactorily.	September 2014 Substantial Assurance	April 2015 Good
<u>King's Court Shared Accommodation</u> The report issued in April 2014 contained 1 'High' and 2 'Medium' recommendations all of which have been implemented.	April 2014 Substantial Assurance	December 2014 Good
<u>Environmental Quality – Flood and Water Management</u> The report issued in April 2014 contained 2 'Medium' recommendations both of which are being implemented satisfactorily.	April 2014 Limited Assurance	January 2015 Very Good

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REVIEW & DEVELOPMENT REPORT

Type of Report: Full year report	Portfolio(s):- Performance
Author Name: Kate Littlewood	Consultations:- Lorraine Gore, Assistant Director
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OPEN	

PR&D Panel: Resources and Performance Panel – Audit and Risk Committee
Date: 23rd June 2015
Subject: End of Year Report of Benefit Investigations Unit and Internal Audit work on the National Fraud Initiative.

Summary

The Benefit Investigations Unit, undertook work to prevent and detect benefit fraud, and Internal Audit co-ordinates the investigation of matches returned by the National Fraud Initiative exercises. This report provides Members with information regarding the work undertaken in both areas during the 2014/2015 financial year.

Recommendation

To note the report

1. Purpose of the report

- 1.1 As from 1st April 2015 the investigation of Housing Benefit Fraud transferred to the Department of Work and Pensions (DWP). The Investigations Manager and one of the Investigations Officers chose to transfer with the work. This report is intended to advise the Audit and Risk Committee of the work undertaken by the Benefit Investigations Unit up to this point and will be the last report of this kind, although there may be some residual cases to report.
- 1.2 The remaining Investigations Officer has taken up a new post within the Audit and Fraud Team as an Investigations Officer/Internal Auditor. He will be providing the investigation support for Council Tax Support fraud and corporate fraud, as well as exploring the possibility of undertaking such work for external bodies.
- 1.3 Internal Audit will continue to co-ordinate the data matching exercises run by the National Fraud Initiative
- 1.4 Future fraud reports to the Committee will cover the last two areas of work.

2. Background

- 2.1 The administration of the national Housing Benefits Scheme by the Council is the biggest single service provided by the Council. Housing Benefit amounting to £40,857,100 (2013/14) and £40,609,826 (2014/2015) was paid claimants on low incomes to enable them to pay their rent. The number of people claiming as at the end of the financial year 2014/15 was 13,328, with an estimated Housing Benefit cost of £40,981,823 for 2015/2016.
- 2.2 Council Tax Support amounts to £10,797,946 (2013/14) and £9,514,857 (2014/15) and is currently £9,356,840 for this year.
- 2.3 Since 1996 the Audit Commission has run the National Fraud Initiative (NFI), a data matching exercise which matches electronic data within and between participating bodies to prevent and detect fraud. Specified datasets are submitted to the NFI by Internal Audit at particular times via a secure web link. These are then cross matched to the same datasets, in the same format, submitted by other public bodies. Any matches are then returned to the relevant bodies for investigation. The last data submission took place in 2014 and the results were released in January 2015, with returned matches involving datasets on Payroll, Trade Creditor payments history, Trade Creditors standing data and Insurance claims.
- 2.4 The NFI also matches various datasets to Housing Benefit Claims. These results were investigated by the Benefits Investigation Unit and are included in the results reported below. Matches outstanding at 1st April 2015 remained with the Council to carry out preliminary checks and any that require further investigations are referred to the DWP.

3. Work undertaken by the Benefits Investigations Unit in the year 2014/2015

- 3.1 Every year, the Benefit Investigations Unit received fraud referrals from a number of sources. Each case was risk assessed for investigation. Some referrals were passed to the Department for Work and Pensions (DWP) as they involved Social security benefits. Referrals not investigated were logged within the Investigations Unit. Cases were investigated by the 3 Fraud Investigations Officers in the Unit.

The table below details the number of referrals and investigations.

Referrals/ Investigations	2014/15	2013/14
Referrals received	681	729
Referrals not investigated	96	213
Passed to DWP	145	102
Referrals investigated	440	414

- 3.4 Of the 440 cases that were formally investigated, 19 cases resulted in fraud being proven where formal action was taken, as the evidence gained was

considered 'beyond all reasonable doubt'. Details of the action taken are described below.

6 cases were taken forward for prosecution and the following sentences were given:-

- 12 months Conditional Discharge, £100 costs and £15 victims surcharge
- 12 months Conditional Discharge, £300 costs and £15 victims surcharge
- 6 months prison sentence suspended for 12 months, a 6 month curfew order for 9pm to 6am and £250 costs to be paid within 3 months
- 12 weeks prison sentence suspended for 2 years, attendance of a Women's Emotional Well-being Specified Activity programme and £80 victims surcharge
- 18 months prison sentence suspended for 2 years and attendance of a Women's Emotional Well-being Specified Activity programme for 7 days
- 3 years Conditional Discharge, £85 costs and £15 victims surcharge

Prosecution cases were reported within the press.

7 cases were offered, and accepted, an Administrative Penalty. An Administrative Penalty is an alternative to prosecution at 30% of the total overpayment, which is added to the overpayment to be recovered.

Cases where an offence of benefit fraud has been committed wholly, or an attempt is made, but the fraud is discovered and stopped before any overpayment of benefit is made, the Council will offer a minimum penalty of £350 or 50% of the overpayment, whichever is greater (up to a maximum penalty of £2,000), as per the Welfare Reform Act 2012.

In cases of Council Tax Support from 1 April 2013, the Council will offer a minimum penalty of £100 or 50% of the overpayment, whichever is greater (up to a maximum penalty of £1,000) as per the Council Tax Reduction Schemes (Detection of Fraud & enforcement) (England) Regulations 2013.

6 other cases were offered, and accepted, a Simple Caution. The purpose of a Simple Caution is to deal quickly and simply with less serious offenders, to save unnecessary appearance in a criminal court and to reduce the chances of re-offending. A Simple Caution is a serious matter, which should be recorded and used in the future if a person should offend again. It may be cited in any subsequent court proceedings.

The table below summarises the action taken.

Formal Sanctions	2014/15	2013/14
Prosecution	6	13
Administrative Penalty	7	10
Simple Caution	6	9
Total Sanctions	19	32

The table below shows the 19 cases investigated by the type of fraud. Their sources of referral are shown in **Appendix A**.

Fraud Type	2014/15	2013/14
Working & claiming benefit	10	27
Undeclared capital	1	4
Living together	5	34
Student loan	2	5
Non residency	0	3
Contrived tenancy	0	8
Undeclared private pension	0	14
Undeclared income	1	14
Undeclared non-dependent	0	1

- 3.5 Of the 440 cases investigated, 143 cases resulted in a 'positive outcome/saving'. This records the number of benefit claims corrected, following the Investigation's Unit intervention where Housing and Council Tax Benefit/Support cases have either been stopped, or corrected and identified an overpayment that is not fraudulent.

The table below details the 143 cases investigated by the type of fraud. Their sources of referral are shown at **Appendix B**.

Fraud Type	2014/15	2013/14
Non residency	20	27
Student Loan	1	4
Working & claiming benefit	73	34
Undeclared income	1	5
Contrived tenancy	2	3
Undeclared capital	12	8
Living together	13	14
Undeclared private pension	4	14
Undeclared Industrial injuries Benefit	2	4
Undeclared non dependant	4	10
Undeclared Invalid Care Allowance	2	4
Undeclared Incapacity Benefit	0	0
Council Tax SPD	8	5
Counterfeit/ forgery	1	0

4. Financial implications

- 4.1 In the past, the work of the Investigations Unit was directly funded by the government with rewards for achievements of targets. Costs towards fraud prevention and detection are now all included within the Administration Subsidy that the Council receives to administer the Housing Benefit Scheme.

- 4.2 The Investigations Unit though did still generate income up to 31st March 2015, in addition to the government funding through the costs awarded against proven cases and the repayment of overpayments of benefit.

The table below details the overpayments identified for recovery.

Designated Overpayment	2014/15	2013/14
Fraud	£98,283.81	£130,091.09
Claimant	£235,606.65	£166,900.45
Local authority error	£2,980.19	£3,390.08
Admin Delay	£19.76	£1,052.24
Council Tax Support forward payment saved	£9,401.10	£3,032.56
Total	£346,291.51	£304,466.42

- 4.3 In many cases the individuals are low levels of income but the Council will make arrangements for repayment of benefits to be made over a period of time. This does not mean that the level of overpayments recovered in a period is not high. The percentage of monies recovered from the overall amount outstanding of overpayments in 2014/15 is 23% (22.9% in 2013/14).

5. Work completed on NFI matches

- 5.1 The data for the 2014/15 NFI exercise was submitted in October 2015 and the resulting matches were received by the Council in January 2015. Work commenced on checking the results of the Benefits matches first to try and clear as many as possible before the transfer of two of the Investigating staff to the DWP. It is anticipated that in future exercises, the Benefit matches will be sent direct to the DWP.
- 5.2 The reports are graded according to the quality of the matches achieved, and within the report some matches are highlighted as being 'Recommended'. The approach advised by the NFI is to look at the 'Recommended' matches in the High and Medium quality reports first, and then work on the remaining matches starting again with the High quality reports. This approach has been adopted by the Investigating Officer. The reports received from the NFI as part of the 2014/15 exercise have been summarised in the table shown in **Appendix C**, together with the progress made against each report.

APPENDIX A**REFERRALS – ‘BEYOND REASONABLE DOUBT’**

Source of Referral	2014/15	2013/14
Housing Benefit Data Matching Service	8	4
DWP	6	10
Hotline	0	1
Other Council	0	1
Housing Benefits Section	1	0
National Fraud Initiative	2	7
Overpayment Section	0	2
Investigations Unit	0	0
Recovery Section	0	0
CIC	0	2
Anonymous Letter	0	1
Press	0	1
Other LA Section	1	1
Online Referral	0	1
Housing Association	1	1
CTAX Section	0	1

APPENDIX B**REFERRALS – POSITIVE OUTCOME/SAVING**

Source of Referral	2014/15	2013/14
Housing Benefit Matching Service	71	48
DWP	6	14
Housing Association	3	3
Benefits Visiting Section	0	1
Hotline	8	8
Housing Benefits Section	15	8
Returned mail	12	17
National Fraud Initiative	6	10
BEU	5	3
Anonymous letter	2	1
CIC	6	2
CTAX Section	7	14
Online Referral	1	1
Other LA Section	0	0
Press	0	0
Other Council	1	0

NFI 2014/15 Exercise Data Matches
Summary of Progress

(Shaded grey = Closed)

Dataset	NFI Matches report	No. matches	Comment
Payroll	66.0 : Payroll to Payroll, between bodies	2	Both investigated and no issues arising. File closed.
Payroll	80 - Payroll to Creditors same bank account	26	4 recommended matches being investigated.
Payroll	81 - Payroll to Creditors address quality	14	No work commenced.
Insurance	180.6 - Insurance Claimants to Insurance Claimants	7	No work commenced.
Creditors Standing Data	701. - Duplicate creditors by creditor name	222	No work commenced.
Creditors Standing Data	702 – Duplicate creditors by address detail	176	No work commenced.
Creditors Standing Data	703 – Duplicate creditors by bank account number	41	No work commenced.
Creditors History	707.0 : Duplicate records by invoice reference, invoice amount and creditor reference	86	15 recommended matches have been investigated and closed. No issues arising.
Creditors History	708.0 : Duplicate records by invoice amount and creditor reference	339	58 recommended matches have been investigated and closed. No issues arising.
Creditors History	709.0 : VAT overpaid	4	No work commenced.
Creditors History	710.0 : Duplicate records by creditor name, supplier invoice number and invoice amount but different creditor reference	1	No work commenced.
Creditors History	711.0 : Duplicate records by supplier invoice number and invoice amount but different creditor reference and name	24	5 recommended matches have been investigated and closed. No issues arising.
Creditors History	713.0 : Duplicate records by postcode, invoice amount but different creditor reference and supplier invoice number and invoice date	7	No work commenced.
Benefits	Results included in the body of the report.		
Market Traders	NO MATCHES RETURNED		
Taxi Drivers	NO MATCHES RETURNED		
Alcohol Licences	NO MATCHES RETURNED		

AUDIT AND RISK COMMITTEE REPORT

TYPE OF REPORT: Audit	Portfolio: Performance
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OPEN	

Committee: Resources and Performance – Audit & Risk Committee
Date: 23rd June 2015
Subject: Corporate Risk Monitoring Report April 2015

Summary	This report presents the changes to the Risk Register since the last monitoring report in November 2014 and gives details of the risks falling into the 'Very High' category and the associated work to mitigate the effects.
Recommendation	To note the report.

1.0 Introduction and Background

- 1.1 The Committee receives reports on a half-yearly basis on the position of the Corporate Risk Register, with the last one being presented in November 2014.
- 1.2 Each risk on the register is scored in terms of Impact and Likelihood, according to criteria defined within the Corporate Risk Strategy. The definitions are attached for reference in **Appendix 2**.
- 1.3 The Risk Register is reviewed by the Executive Directors on a 6-monthly basis. Any existing entries on the register are considered for changes to the nature of the risk, progress to be reported and any adjustments to the risk scores. Risks that are no longer relevant are removed and new risks considered in the context of current circumstances are added. The risk reference numbers are not reallocated when risks are removed from the register, to enable the history to be maintained.

- 1.4 A summary of the changes to the Risk Register since the last monitoring report are detailed in section 2 below. There are currently no 'Very High' risks on the Risk Register. A list of the 'High' risks is given in Appendix 1.
- 1.5 The full Risk Register, as agreed by Management Team, is placed on InSite, within the Risk Management section on the Corporate Documents tab.

2.0 Changes to the Register

- 2.1 Apart from updates on progress for various entries, the main changes since November 2014 are listed below.

2.2 To be removed:

1.12 – Co-op Bank Financial Standing

The transfer to the new bank contract with Barclay's has been completed and therefore the risk associated with the Co-op bank is no longer relevant.

2.6 – Joint Venture

The risk was that Norfolk County Council would withdraw from the project, placing Phase two in jeopardy. Norfolk County Council has agreed to continue with the Joint Venture and Phase two is now going ahead.

2.8 – Major Housing Development

The risk was related to the procurement of a partner or developer to undertake the work as required by the Council. This stage is now complete as the contract has been signed with Lovells. This risk can now be removed from the register, but two other risks have been identified related to major housing development. These are described below.

2.3 Added:

2.9 – Major Housing Development Planning Permissions

Score 12(High Risk)

There is some local opposition to the development. Contractual issues could arise with Lovells if the planning consent is taken to appeal and is overturned. Lynnsport 2 has been dropped from the proposals in response to local concerns and a consultation group has been set-up.

2.10 – 5-year Land Supply

Score 12 (High Risk)

In recent appeals, the Planning Inspectorate has suggested that the 5-year plan is not adequate and subsequently approved planning in areas not considered to be suitable by the Council. This view may be further reinforced by the loss of any other major proposals as development areas.

The Local Development Framework (LDF) has been submitted for inspection and will confirm if the land supply is adequate.

2.11 – Housing Market

Score 12 (High Risk)

Demand in the housing market may fall resulting in the Council being unable to sell all the properties built by the major Council run projects. Proposals are being drafted for a Local Authority Housing Company, which will take over any surplus stocks to rent out until the market picks up.

2.4 Risk Rating Amendments

1.7 – Community Relations

Given the work being carried out, it is suggested that the Likelihood of this risk could be reduced from 'Possible' to 'Unlikely'. This will reduce the overall risk score from 9 to 6, but will retain the 'Medium Risk' Rating.

2.7 – Capital receipts

The risk was originally entered when the Council was aiming to raise capital for the Waterfront development and it was uncertain whether land and asset sales would provide the required amount. The capital programme drove the pursuit of capital receipts.

However, this position has been reversed and the capital receipts now determine what projects can be undertaken. As a result the Likelihood can be reduced from 'Likely' to 'Possible' making the overall risk score 12 (High Risk).

5.14 – VAT – Trust arrangements

Legal and VAT specialists have been used to advise on the requirements to comply with tax regulations and final legal opinion has been obtained from a QC prior to the final documents being signed. As a result the risk rating has been reduced from 'Very High' to 'High'.

3.0 Conclusion

The Risk Register continues to be actively monitored by Senior Management on a regular basis.

Risks categorized as 'High Risk' (

- 1.4 – Emergency Response (External)
- 1.11 – Due Diligence
- 1.14 – Individual Electoral Registration
- 2.5 – Empty retail properties/ Town centre decline
- 2.7 – Capital receipts
- 2.9 – Major housing developments
- 2.10 – 5-year land supply
- 2.11 – Housing Market
- 3.1 – Loss of ICT server
- 3.2 – ICT failure of backup.
- 4.1 – Health and Safety
- 5.2 – Fraud and Corruption
- 5.4 – Financial Plan
- 5.11 – Business Rates Appeals
- 5.12 – Loss of major businesses
- 5.13 - Loss of King's Court
- 5.14 – VAT – Trust arrangements

CORPORATE RISK MONITORING REPORT
APRIL 2015

LIKELIHOOD	5 Almost Certain	(5) (Green)	(10) (Orange)	(15) (Red)	(20) (Red)	(25) (Red)
	4 Likely		(8) (Green)	(12) (Orange)	(16) (Red) 2.7,	(20) (Red)
	3 Possible		(6) (Green)	(9) (Green) 1.2, 1.6, 1.7, 1.13, 4.3.	(12) (Orange) 1.4, 1.11, 1.12, 1.14, 2.5, 2.8, 4.1, 5.2, 5.4, 5.11, 5.12, 5.13.	(15) (Red) 5.14
	2 Unlikely			(6) (Green) 2.6, 5.3.	(8) (Green) 1.1, 2.1, 4.2.	(10) (Orange) 3.1, 3.2.
	1 Rare					(5) (Green)
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
		IMPACT				

Risk Category	How the Risk should be managed
Very High Risk (15 – 25) (Red)	Immediate action required. Senior Management must be involved.
High Risk (10 – 12) (Orange)	Senior Management attention needed and management responsibility specified.
Medium Risk (5 – 9) (Green)	Manage by specific monitoring or response procedures
Low Risk (1 – 4) (White)	Manage by routine procedures, unlikely to need specific or significant application of resources.

Likelihood

Score	Definition
1 – Rare	The event may occur only in exceptional circumstances
2 – Unlikely	The event is not expected to occur
3 – Possible	The event might occur at some time
4 – Likely	The event will probably occur in most circumstances
5 – Almost Certain	The event is expected to occur in most circumstances

Impact

Score	Definition
1 – Insignificant	<ul style="list-style-type: none"> • Little disruption to services • No injury • Loss of <£25,000 • Unplanned change in service delivery due to budget overspend <£100,000 • No effect on delivering partnership objective fully • No damage to BCKLWN reputation • No or insignificant environmental damage
2 – Minor	<ul style="list-style-type: none"> • Some disruption to services • Minor injury • Loss of £25,000 - £175,000 • Unplanned change in service delivery due to budget overspend of £100,000 - £500,000 • Little effect on achieving partnership objective • Minimal damage to BCKLWN reputation (minimal coverage in local press) • Minor damage to local environment
3 - Moderate	<ul style="list-style-type: none"> • Significant disruption to services • Violence or threat of serious injury • Loss of £175,000 - £500,000 • Unplanned change in service delivery due to budget overspend of £500,000 - £1m • Partial failure to achieve partnership objective • Significant coverage in local press • Moderate damage to local environment

4 – Major	<ul style="list-style-type: none"> • Loss of services for more than 48 hours but less than 7 days • Extensive or multiple injuries • Loss of £500,000 - £1m • Unplanned change in service delivery due to budget overspend of £1m - £3m • Significant impact on achieving partnership objective and significantly affects BCKLWN corporate objective • Coverage in national press • Major damage to local environment
5 - Extreme	<ul style="list-style-type: none"> • Loss of service for >7 days • Fatality • Loss of >£1m • Unplanned change in service delivery due to budget overspend >£3m • Non delivery of partnership objectives and BCKLWN corporate objective • Extensive coverage in national press and TV • Significant damage to local or national environment • Requires resignation of Chief Executive, Executive Director or Leader of the Council

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AUDIT AND RISK COMMITTEE REPORT

TYPE OF REPORT: Audit	Portfolio: Performance
Author Name: Kate Littlewood	CONSULTATIONS: Assistant Director Management Team Internal Audit Team
Tel.: 01553 616252	
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If not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that is paragraph 3.	

Committee: Resources and Performance – Audit & Risk Committee
Date: 23rd June 2015
Subject: Strategic Internal Audit Plan 2015-18

Summary	This report provides Committee Members with the opportunity to review the proposed Strategic Internal Audit Plan for 2015-18.
Recommendation	To note the Strategic Internal Audit Plan for 2015-18.

1.0 Introduction and Background

- 1.1 According to the Terms of Reference of the Audit and Risk Committee, one of the Core Functions is to review the Internal Audit’s Strategic Audit Plan.
- 1.2 The Strategic Internal Audit Plan 2015-18 is attached to this report as **Appendices 1 and 2**. The plan indicates the work proposed by the Audit Manager for Internal Audit function for the next three years. The first year is defined and although the work can be adjusted if necessary to accommodate any major occurrences during the year, it is usual for the plan to be completed as shown. The next two years are more flexible and simply provide an indication of the work that is anticipated.
- 1.3 The overall strategy of the Internal Audit is reviewed on annual basis and is attached as **Appendix 3**.

2.0 Purpose of the Audit Plan

- 2.1 The Strategic Audit Plan is intended to:
 - Ensure all identified areas are audited over the life of the plan, taking in to account clients’ audit requirements and the major risks facing the council.

- Ensure there are adequate resources to undertake the required audits.
 - Provide a basis for monitoring actual performance of the Internal Audit function.
- 2.2 The audit work performed to fulfil the plan informs the Audit Manager's opinion that is required in the Annual Governance Statement.

3.0 Preparing the Plan

3.1 The plan was produced on the assumption that the Council will continue in its current form and with the risks that have been identified in the Corporate Risk Register. If either of these changes significantly, the plan will need to be reviewed for any impact on the workload of the Internal Audit function. Any proposed amendments to the plan will be reported to the Committee.

3.2 Within the plan there are 8 Core Audits that are considered by the external auditors, Ernst and Young (EY), and the Audit Manager to be fundamental and are carried out to some extent on an annual basis. These cover systems that are essential to the business of the Council. These audits are:

- Council Tax and Non-Domestic Rates
- Creditors and Payments
- General Ledger (incl. Budgetary Control)
- Housing and Council Tax Benefits
- Treasury and Cashflow Management (incl. Bank Reconciliations)
- Payroll
- Sundry Debtors
- Inventories and Asset Management

The audit of these systems will consist of an in-depth audit in alternate years with a more light-touch approach in the intervening years, unless there are any significant changes in the area concerned.

3.3 The rest of the plan consists of the audit of other, non-fundamental systems and computer systems that are not integral to other audits. There is some allowance for specific tasks that are known to be required and contingencies for other work that previous experience has shown can arise.

3.4 The approach to producing the plan has changed as a result of the External Quality Assessment of Internal Audit completed in 2014. In response to the recommendation that a risk based plan should be produced to comply with the Public Sector Internal Audit Standards (PSIAS), an Assurance Framework has been developed. This provides a structured analysis of the Council based on five high level domains that support the Council's business and one domain covering the operational aspects, rather than the Directorate model used previously.

3.5 Within these domains, audit areas have been identified and risk assessed based on factors such as Materiality (Value and Volume); Significance/ Profile; Complexity of the system; Change; Regulatory/ Contractual matters; External Monitoring; Prior Audit results; Susceptibility to fraud and

corruption; and Staff turnover. A risk rating of High, Medium or Low is allocated according to the result of the assessment. Based on the rating, a time scale between audits is applied. The audit plan is based on this risk assessment process covering all six domains to ensure all aspects of the Council are covered to some degree.

- 3.6 On 1st April 2015 the majority of the Investigations Unit transferred to the Department of Work and Pensions (DWP) under the Single Fraud Investigations Service. The Council has made arrangements ensure some capacity for fraud investigation was maintained here. As a result an Investigation Officer/ Internal Auditor role has been retained and allowance has been made in the Audit Plan for such work to be carried out. More detail on this role will be reported to the Committee in the annual Fraud Report.
- 3.7 In preparing the plan, the Audit Manager calculated the available audit days by deducting allowances for annual leave, Bank Holidays, training and some management time from the gross number of working days in the year for the staff in the section. This was compared with the number of days required by the draft plan to establish if the resources available are adequate to provide the assurance needed.
- 3.8 The draft was plan was discussed with the Assistant Director and presented to Management Team for discussion and acceptance.
- 3.9 Both the Audit Manager and the Assistant Director are satisfied that the resources are sufficient, after the level of contingencies have been adjusted, and that the proposed plan will provide the level of assurance required.
- 3.10 During the course of the year, the Committee may request that additional audits are undertaken or that ones already in the plan are brought forward, and the resulting reports presented at future meetings.

4.0 Format of the plan

- 4.1 The plan is presented in two parts. The first part is the Annual Plan (**Appendix 1**), which deals with 2015-16 only and contains a brief description of the intended scope of each audit together with the planned quarter for the work to take place. The second part is the Strategic Plan (**Appendix 2**) and this provides an indication of allocations for audits in 2016-17 and 2017-18 so that coverage of all areas of the Council can be seen. However the allocations for the later years are indicative only and may change as circumstances arise.

5.0 Outcomes

- 5.1 As in 2014/15, the Audit Manager will continue to produce regular monitoring reports indicating:
 - The audit work completed
 - The results of Follow-ups carried out, especially any issues outstanding

- Work ongoing
- Progress against the Audit Plan
- Results against the Performance Indicators

5.2 This will enable Members to monitor progress against the agreed annual plan and identify any specific reports of interest to be brought to the next meeting.

Audit Title	Risk Rating	Days	Q'tr	Scope
Core Systems				
Brought forward from 2014/15				
Council Tax incl CT Support Scheme (2014/15)	High	5	1	Fundamental reviews of core financial systems, especially relevant to the external audit's year end requirements. However these reviews will look further than the key controls required by the external auditors, to include general testing to enable Internal Audit to provide the required assurance to the Council over its internal controls and to produce the Audit Manager's Annual Report.
Creditors & Payments (2014/15)	High	5	1	
Business Rates Retention Scheme (2014/15)	High	15	1	
Accounts Receivable (2014/15)	High	24	1	
Treasury & Cashflow Management (2014/15)	High	18	1	
Payroll (incl members expenses) (2014/15)	High	5	1	
		72		
2015/16				
Creditors and Payments	High	15		
Accounts Receivable	High	10		
Asset Register and Inventories	High	15		
Council Tax & Business Rates	High	10		
General Ledger & Budgetary Control	High	15		
Housing Benefits	High	10		
Payroll (incl members expenses)	High	15		
Treasury& Cashflow Management (Incl Bank Recs)	High	10		
Total Core Systems		100		
Risk Based Audits				
Governance and Reputation				
Policies	Medium	15	2	Identify all policies and check review dates and approval by Cabinet/Council.
Business Continuity	Medium	15	3	Coverage of BC plans, updates and testing.

Audit Title	Risk Rating	Days	Q'tr	Scope
People				
Recruitment	Medium	15	2	Especially verification of higher qualifications and professional memberships.
Performance and Appraisal	Low	10	2	Adequacy and timeliness of appraisals.
Financial				
Contracts	Medium	15	4	Application of the training on contract letting/management.
S106 funds/ CIL	Medium	15	2	Ascertain if s106 funds are being recorded and used in accordance with the agreements.
Infrastructure				
ICT Disaster recovery	Medium	15	1	Backup process and testing of plans.
Communications incl Internet and Social Networking	Low	10	4	Especially the use of social media by the Council.
Information				
GDPA,FOI & EIR	Medium	15	1	Procedures for dealing with requests for data/ information.
Transparency Agenda	Low	10	4	Collation and update of information published on website.
Operational and service delivery				
Careline Community Services	Medium	15	4	
CCTV	Medium	15	2	
Civics	Low	10	2	
Civil Enforcement and car parking	High	15	3	
Housing options and allocations	Medium	15	3	
Total Risk Based Audits		205		

Audit Title	Risk Rating	Days	Q'tr	Scope
External Audits				
Water Management Alliance		5	1	
Leisure Trust		15		
Total External Audits		20		
Total for Planned Audits		397		
Other Work				
PRP Calculations		3	1	Annual check of PRP calculations
Audit Committee		15		Support and report writing
National Fraud Initiative		70		Work on returned data matches
Risk Management		20		Ongoing review and co-ordinating revisions to the risk register
Review of Statement of Accounts		5	1	Annual proof read of draft Statement of Accounts
Fraud Prevention and Detection		75		To develop measures to prevent and detect corporate fraud.
VAT healthcheck		3		Work with the Council's VAT advisors.
Follow ups		10		Allowance for follow-up of audit recommendations
Contingency		45		
Total Other Work		251		
Grand Total		643		

APPENDIX 2

Audit Title	Risk Rating	2015/16	2016/17	2017/18
Core Systems				
Creditors and Payments	High	15	12	20
Accounts Receivable	High	10	20	12
Asset Register and Inventories	High	15	12	20
Council Tax & Business Rates	High	10	20	12
General Ledger & Budgetary Control	High	15	12	20
Housing Benefits	High	10	20	12
Payroll (incl members expenses)	High	15	12	20
Treasury& Cashflow Management (Incl Bank Recs)	High	10	20	12
Total Core Systems		100	128	128
Governance and Reputation				
Strategic planning [Corporate and Directorate]	Medium		15	
Policies	Medium	15		
Risk management	Medium			
Democratic Services	Medium			
Performance management and reporting	Low			
Communications	Low		10	
Health and safety including home working	Low			
Legal services and compliance	Medium			
Culture and ethics	Medium			15
Partnership working	Medium			10
Business Continuity	Medium	15		
People				
Recruitment	Medium	15		
Training (including CPD for staff with professional qualifications required for their role)	Low		10	
Performance and appraisal	Low	10		
Conduct and discipline	Low			
Attendance management [Including flexitime, sick leave and Special leave]	Medium		15	
Prevention of fraud and corruption	Medium			
Leavers	Medium			
Gifts and hospitality	Medium			10
Staff car leasing	Low			10
Financial				
External funding and grants received	Medium			15
Procurement [Including use of corporate credit cards]	Medium		15	

APPENDIX 2

Audit Title	Risk Rating	2015/16	2016/17	2017/18
Contracts [To include letting, management, and use of Framework Contracts]	Medium	15		
Grants / funding to third parties	Medium		15	
Taxation / VAT	Medium			
Insurance	Medium			15
Allocation of Capital funds	Medium			
S106 funds / CIL	Medium	15		
Infrastructure				
<u>Buildings and land</u>				
Council Offices and sites, including Tourist Information Centre	Medium			
Industrial estates and commercial property	Medium			10
Amenity property and land incl Toilets, Car Parks and parks	Medium		15	
<u>Other Infrastructure</u>				
IT network security, including mobile working	Medium			15
IT disaster recovery	Medium	15		
Programme and project management	Medium			
IT change management	Medium		15	
Internal Communications [Including Intranet and Ciphernet]	Low			
Communications [Including Internet and social networking]	Low	10		
Vehicle fleet	Medium			
LEAN reviews	Medium			
Information				
Information legislation [DPA, FOI & EIR]	Medium	15		
Information management and security	Medium			15
Document management [Electronic and physical, retention and destruction]	Low			
Data quality and interpretation [including use of spreadsheets and databases]	Medium			
Informing the Customer	Medium		15	
Transparency Agenda	Low	10		
Operational and Service Delivery				
Alive Leisure - oversight and accountability	High			
Alive Management - oversight and accountability	High			

APPENDIX 2

Audit Title	Risk Rating	2015/16	2016/17	2017/18
Allotments	Low		10	
Arts Trust	Low			
Care and Repair	High		15	
Careline Community Services	High	15		
CCTV	Medium	15		
Cemeteries and Crematorium	Medium			15
Civics	Low	10		
Civil enforcement and car parking	High	15		
Community safety and neighbourhood nuisance	Medium		15	
Drainage control	Medium			
Electoral services	Low			
Emergency planning and management	Medium		15	
Environmental quality	Medium		15	
Food safety	Medium			15
Graphics and Print room	Low			10
Health improvement				
Heritage (Archives and events)				
Housing standards	Medium			
Housing strategy	Medium			
Housing options and allocations	Medium	15		
Licensing	Low		10	
Local Development Framework (LDF)	Low			
Local Land and Property Gazetteer	Low			
Local Land Charges	Low			
Markets	Low			
Planning Control	Medium			
Planning enforcement	Medium		15	
Planning Support	Medium			10
Refuse collection and recycling	Medium			15
Regeneration and economic development	Medium			
Resort Services	Low			
Street cleansing	Medium			10
Tourism and tourist information	Low			10
Town Centre and Market management	Low		10	
Total		305	358	328



Internal Audit Strategy 2015-16

Introduction

Regulation 5 of the Accounts and Audit Regulations 2015 states that local authorities '*...must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*'.

This strategy is a high level statement of how the Internal Audit service will deliver the required assurance on the Council's internal control systems.

The Council's Internal Auditors will conduct all audit work in accordance with the Public Sector Internal Audit Standards (PSIAS), which define internal audit as:

'Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.'

Internal Audit Objectives

Internal Audit's objectives are to:

- Provide an independent and objective internal audit service that helps the Council to meet its stated objectives
- Support the Assistant Director in the discharge of her duties as Section 151 Officer (the officer responsible for the proper administration of the financial affairs of the authority).
- support and assist in embedding corporate governance, effective internal controls and risk management throughout the Council
- help to identify areas for improvement and make recommendations to address these
- offer advice and assurance on achieving effective internal controls
- comply with the Public Sector Internal Audit Standards (PSIAS).

Under the PSIAS the Audit Manager must produce a risk-based audit plan which takes into account the requirement to express an annual internal audit opinion on the effectiveness of the internal controls.

To this end, an Assurance Framework has been developed to enable a structured analysis of the internal controls to take place and in turn the

framework is supported by a risk analysis of each identified sphere of audit. The whole process enables a risk based plan to be produced.

Outcomes

The Internal Audit team will work with a risk based audit plan that is designed to provide the required assurance on the system of internal controls.

On completion of each audit a report, which will describe the scope of the work undertaken and the results of that work, will be provided to the relevant Director, the Assistant Director as S151 Officer and Portfolio Holder. Where necessary recommendations will be made to rectify any control weaknesses or improve service delivery. Any such recommendations will be followed up at an agreed interval, but usually six months after the report is finalised, to assess progress in implementation.

Progress against the plan will be reported to the Audit and Risk Committee at regular intervals. All reports will be made available in full to the members of the Committee via a secure area on InSite.

Managers will also be able to seek advice from the team on possible control issues if necessary.

At the end of the financial year, the Audit Manager produces an Annual Report which includes Annual Audit Opinion as described below.

Annual Audit Opinion

Internal Audit's role is to understand the key risks to the Council and to examine and evaluate the adequacy and effectiveness of its systems of risk management, governance and internal control. Each year the Audit Manager will provide her opinion on the effectiveness of the internal control environment to the Audit and Risk Committee. It will be influenced by the individual opinions provided for each piece of audit work undertaken and the progress made by managers in implementing previously agreed actions. The opinion will be supported by sufficient, reliable and relevant evidence

Resources

The internal audit service will be provided by an in-house team consisting of an Audit Manager, one full time Auditor, one part time Auditor and a fulltime Investigation Officer/ Internal Auditor. The team will operate according to the Public Sector Internal Audit Standards.

The available resources are calculated as shown in the table below:

	Days
Total working days available	995
Less:	
Annual Leave	96
Bank Holidays (Including extended Christmas closure)	48
Training (non-qualification)	20
Section administration	88
Management	100
Total audit time available	643
Core Systems	172
Risk based and external audits	225
Fraud prevention and detection	145
Risk Management	20
Follow-ups, reviews and Audit Committee support	36
Contingency	45
Total allocated	643

In addition to the in-house team, provision is made in the budget for the use of an external provider to undertake specialist audits if necessary. The Council has access to IT auditors via the contract the Norfolk Internal Audit Consortium has in place with TIAA Ltd for the provision of their internal audit services.

To maintain the skills and knowledge levels required, training assessments of the team will be carried out on an annual basis as part of the Council's appraisal process. The Audit Manager will be responsible for prioritising the identified needs and ensure that the most effective use is made of the available training resources.

Key Performance Indicators

PI Ref	Indicator	Target
AUD 1	Delivery of the Audit Plan	95%
AUD 2	Productive time	60%

Audit and Risk Committee

The Terms of Reference relating to the Audit and Risk Committee include a requirement to review and approve, but not direct the Internal Audit Strategy. It is intended that this Strategy will be reviewed on an annual basis and the results presented to the Committee for approval along with the Audit Strategic Plan.

The next date for review will be – March 2016.

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AUDIT AND RISK COMMITTEE WORK PROGRAMME 2015/2016

8 June 2015

- Final Accounts and Statement of Accounts for year ended 31 March 2015: Revenue Outturn, Capital Programme and Resources.

23 June 2015

- Internal Audit end of Year 2014/2015 Progress Report.
- End of Year Report of Benefit Investigations Unit and Internal Audit work on the National Fraud Initiative.
- Corporate Risk Monitoring Report April 2015
- Strategic Internal Audit Plan 2015/2018

21 July 2015

5.30 pm start – First Item – Presentation on the Annual Governance Statement – all Members invited to attend

- Audit Manager's Annual Report
- Effectiveness Reviews
- Business Continuity Annual Update (40 minutes) – D Robson
- Annual Treasury Report 2014/2015.

7 September 2015

5.30 pm Start – First Item – Briefing/Training on Closing of Accounts, etc – all Members invited to attend

- Statement of Accounts 2014/20145
- Annual Governance Statement.
- Monitoring Officer Report 2014/2015 – E Duncan

27 October 2015

- Internal Audit Half Year Progress Report
- Fraud Report
- Risk Register

24 November 2015

5.30 pm Start – First Item – Risk Assessment Training – all Members invited to attend

- Annual Audit Letter – External Audit
- Mid Year Treasury Report

23 February 2016

- Treasury Management (Cabinet Report)
- Annual Certification of Claims and Returns
- External Audit Plan