

Borough Council of
**King's Lynn &
West Norfolk**



RESOURCES AND PERFORMANCE – AUDIT AND RISK COMMITTEE

Tuesday 22 July 2014

**at 6.30 pm or upon the rising of the Resources and
Performance Panel**

Committee Suite
King's Court
Chapel Street
King's Lynn
Norfolk PE30 1EX



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Borough Council of
**King's Lynn &
West Norfolk**



King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1EX.
Telephone: 01553 616200
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10 July 2014

Dear Member

Resources and Performance – Audit and Risk Committee

You are invited to attend a meeting of the above-mentioned Committee which will be held on **Tuesday 22 July 2014**, at **6.30 pm** or upon the rising of the Resources and Performance Panel in **The Committee Suite, King's Court, Chapel Street, King's Lynn, Norfolk** to discuss the business shown below.

Yours sincerely

Chief Executive

AGENDA

1. Apologies for absence

To receive any apologies for absence.

2. Minutes

To approve the minutes of the Resources and Performance – Audit and Risk Committee meeting held on 24 June 2014 (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 Panel has previously made. (N.B. some of the relevant Council bodies may meet after dispatch of the agenda).

At the Cabinet meeting held on 1 July 2014 the following responses were made to the recommendations from the Resources and Performance Panel meeting held 24 June 2014, on the following items:-

Revenues and Benefits Fraud Policy – Introduction of the Civil Penalties for Council Tax

RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk Committee supports the recommendations as set out in the report to Cabinet:

- 1) The proposal for the use of Civil Penalties for Council Tax only.
- 2) The proposal for the use of Prosecution and a sanction of a Simple Caution, for Council Tax and Business Rates.
- 3) To note the inclusion of the investigation of Council Tax and Business Rates fraud.

Cabinet Response: “The Panel’s recommendations were duly taken into account when Cabinet considered the item.”

Annual Treasury Report

RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk Committee supports the recommendations as set out in the report to Cabinet:

- 1) Cabinet is asked to approve the actual. 2013/2014 prudential and treasury indicators set out in the report, and to note the report.
- 2) Cabinet is asked to approve the amendment to the strategy for 2014/2015.

Cabinet Response: “The Panel’s recommendations were duly taken into account when Cabinet considered the item.”

8. Business Continuity – Update (pages 1 to 4)

The Committee are invited to note progress made, endorse the approach being taken to the Council’s Business Continuity arrangements and confirm that annual updates on the subject are required.

9. Q1 Progress Report (pages 5 to 12)

The Committee are invited to note the report which shows the Internal Audit activity for the quarter January to March 2014 against the Strategic Audit Plan 2013/14.

10. Internal Audit Annual Report and Opinion 2013-14 (pages 13 to 17)

The Committee are invited to note the report.

11. Review of the Effectiveness of the Audit and Risk Committee (pages 18 to 36)

Members are invited to note the report the content of the report.

12. Audit and Risk Committee Work Programme (pages 37 to 38)

Committee Members are invited to consider the attached Audit and Risk Committee’s Work Programme.

13. Date of Next Meeting

To note that the next meeting of the Resources and Performance - Audit and Risk Committee will take place on **Tuesday 2 September 2014**.

To: Panel Members – Councillors P Beal (Chairman), H Humphrey (Vice-Chairman), J Collop, P Cousins, I Gourlay, M Langwade, C Manning, A Morrison, J M Tilbury, A Tyler, D Tyler, G Wareham, T de Winton, A Wright and Mrs S Young

Portfolio Holders:

Agenda Items 8, 9, 10 and 11

Councillor N Daubney, Leader

Appropriate Officers: The following officers are invited to attend in respect of the Agenda item shown against their name:

Item 8: Vanessa Dunmall, Performance and Efficiency Manager
Kevin Kent, District Emergency Planning Officer
Item 9: Kate Littlewood, Audit Manager
Item 10: Kate Littlewood, Audit Manager
Item 11: Kate Littlewood, Audit Manager

Chief Executive

Deputy Chief Executive and Executive Director, Finance and Resources

All other Executive Directors

Press

POLICY REVIEW & DEVELOPMENT REPORT

Type of Report: Monitoring	Portfolio(s): Resources
Author Name: Vanessa Dunmall / Kevin Kent	Consultations: Management Team
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Email: vanessa.dunmall@west-norfolk.gov.uk kevin.kent@west-norfolk.gov.uk	
OPEN	

PR&D Panel: Audit & Risk Committee
Date: 22nd July 2014
Subject: Business Continuity – update

Summary

The Council has a responsibility as a Category 1 responder under the Civil Contingencies Act 2004 to develop and maintain plans to ensure, as far as is reasonably practicable, key services can continue to be performed in the event of a disruption or emergency.

The report provides an update to the Audit & Risk Committee on the current position of the Council’s Business Continuity arrangements, outlines progress made since the last update in August 2013 and outlines work that is to be undertaken over the coming months.

Recommendations

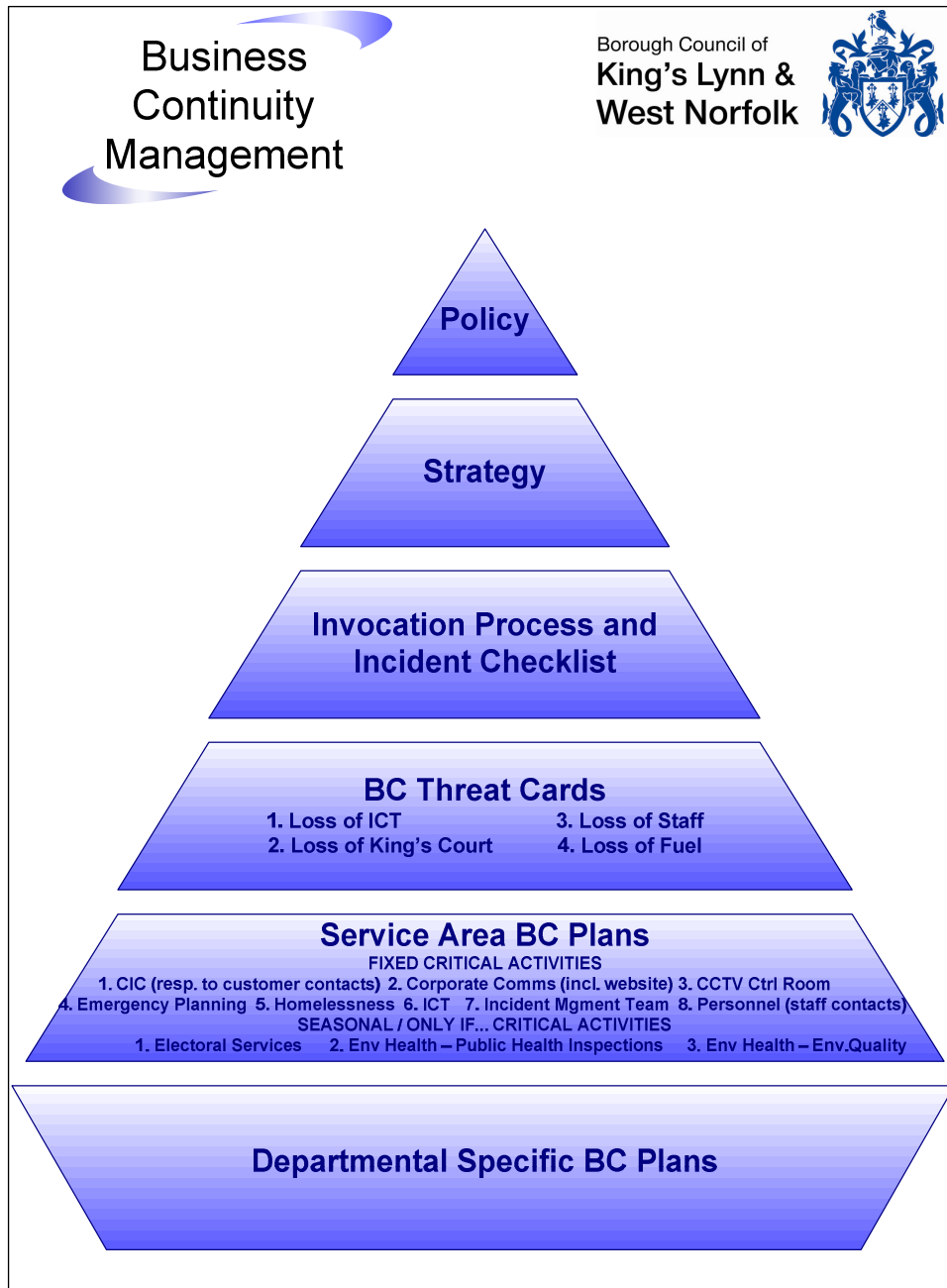
The Committee is asked to note progress made, endorse the approach being taken to the Council’s Business Continuity arrangements and confirm that annual updates on the subject are required.

1.0 Background

1.1 The Civil Contingencies Act 2004 places a duty on Category 1 responders (as defined by the act and which includes all local authorities) to develop and maintain plans for the purpose of ensuring that, so far as is reasonably practicable, if an emergency occurs they are able to continue to perform their key services / critical activities. This means that, in the event of a disruption or emergency, the Council must have plans available to ensure that it can mobilise the functions it needs to:

- deal with any emergency
- ensure that the impact of the emergency on the Council’s day-to-day activities is kept to a minimum, and
- ensure that, so far as possible, vital services for the community can be maintained at appropriate levels.

1.2 Business Continuity (BC) Management in the authority is based around a framework of documents as shown below.



1.3 The responsible officer for Business Continuity in this authority is the Deputy Chief Executive. He is assisted by a small group of officers from across the authority – the Business Continuity Corporate Officer Group (BC COG). Implementing Business Continuity (BC) is the responsibility of the authority's Management Team. However, all members of staff have a responsibility to be aware of the plans that affect their service area and their role following invocation of any BC plan.

1.4 The Council currently has a policy position agreed in September 2013.

2.0 Progress since last report in August 2013

2.1 Activities undertaken by the BC COG since August 2013 are shown below:

- Oct 2013 – Corporate BC Exercise Metis 13 was run – desktop exercise to test our arrangements in the event of an ICT failure
- Nov 2013 – Refresh of Invocation Process and Incident Checklist document
- Feb 2014 – Post Event review of impact of December floods on Business Continuity arrangements
- May 2014 – Desktop Business Impact Assessment – this was a review of all business activity to confirm those which are the most critical to the authority
- June 2014 – Out of hours Contact Card details revised and updated in view of new Leisure Trust / Local Authority Company arrangements
- June 2014 – Definitions and check on agreed Recovery Time Objectives – the downtime that is tolerable for each service
- July 2014 – Review of Critical Activities – a list of 11 activities which are considered critical to maintain in the event of an event or occurrence
- July 2014 – Review of Key threats – the threats considered most likely to affect the continuation of the Council’s services and activities
- In addition, work has been underway during this period on the Council’s ICT Disaster Recovery arrangements

3.0 Current position

3.1 Critical Activities are those services that protect life and safety, or are considered essential to support such activity and were considered critical to restore and deliver in the event of a disruption or emergency. Those currently agreed in the Council are:

- CIC – response to customer contacts
- Corporate Communications – including website
- CCTV responsive functions control room
- Emergency Planning – response to incidents
- Homelessness
- ICT – to support other teams
- Incident Management Team – Executive Directors and support
- Personnel – for staff contact details
- Electoral Services – if during a critical time
- Env Health – Food Safety / Health & Safety– if during an incident
- Env Health – Environmental Quality – if during an incident

3.2 A risk assessment has been undertaken to identify the potential threats to the Critical Activities. A 'Threat Card' is in place for each of the threats to guide the Incident Management Team in their consideration of response. The currently agreed threats to the Critical Activities are listed below and as noted above, the Threat Cards have been updated as necessary over the year under consideration:

- Loss of Staff – Threat card updated Jan 2012
- Loss of ICT – Threat card updated Jan 2012
- Loss of King's Court – Threat card updated Oct 2011 but work in progress to update
- Fuel Shortage – Threat card updated April 2014

3.3 The Council has a policy position agreed in September 2013.

4.0 Forward workplan

4.1 The BC COG have a workplan in place for the remainder of the financial year. Our planning and exercise programme is based upon the agreed threats. Work to be undertaken includes:

- Reviewing live incidents after the event and ensuring the lessons learnt are implemented in future planning
- Finalising the Business Continuity emergency web portal
- Planning for and running desktop exercise Metis 14 – this is planned for October and will look to assist with embedding BC arrangements across the authority
- Updating King's Court Threat Card
- Reviewing Bronze Level Business Continuity plans in place
- Commissioning and testing alternative ICT server site

5.0 Conclusion

5.1 The Council's BC arrangements are aligned with the BCM model outlined in British Standard BS25999 as recommended by the Cabinet Office. Business Continuity is not a static process; it is therefore important that, as the nature of the organisation changes, our BC arrangements reflect the changes. The BC COG ensure that the authority uses the Plan – Check – Do – Review methodology. This means that BC is ongoing.

5.2 Management Team have determined that the BC COG will continue in its current form, in order to continue to embed BC within the organisation.

6.0 Recommendation

6.1 Audit & Risk Committee are asked to note progress made, endorse the approach being taken to the Council's BC arrangements and confirm that annual updates are required.

AUDIT AND RISK COMMITTEE REPORT

TYPE OF REPORT: Audit	Portfolio: Performance
Author Name: Kate Littlewood	CONSULTATIONS:
Tel.: 01553 616252	
Email: kate.littlewood@west-norfolk.gov.uk	
OPEN	

Committee: Resources and Performance – Audit & Risk Committee
Date: 22nd July 2014
Subject: Internal Audit Plan 2014/15 – progress report for the quarter April to June 2014.

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

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 the quarter April to June 2014.

- 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, Deputy Chief Executive, the Chief Financial Officer 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 during the quarter*

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

- Project to establish the Leisure Trust and Local Authority Company
- Housing Benefits
- King's Court Shared Accommodation
- General Ledger and Budgetary Control
- Environmental Quality – Flood and Water Management
- Capital Programme – Tuesday Market Place follow-up
- Enterprise Centre follow-up
- Payroll follow-up
- Treasury and Cashflow 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 quarter and will be reported to the Committee in the next quarterly report:

- Major Housing Projects
- Procurement review project
- NORA – Joint Venture Sales
- Crematorium refurbishment
- Review of the Annual Governance Statement

2.4 *Other work carried out in the quarter*

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

- Water Management Alliance audit
- Checks on the PRP calculation spreadsheets
- Fraud Investigation
- Work ongoing to assess the residual workload of the Investigations unit once Benefits investigation have transferred to the Single Fraud Investigations Service.
- Update of the Corporate Risk Register

2.5 *Changes to the Audit Plan*

There are no changes to the Audit Plan at this time.

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.

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2014/15 Status of Audits	Audit days used	Percentage of Plan (in days)
Completed and reported	18	5%
In Progress	41	12%
Removed from plan	0	0%
Planned for future quarters	293	83%
Total Planned Audits	352	100%

During the first quarter we have completed audits from last year's plan and this time is not reflected in the table above, which deals only with time allocated in the 2014/15 plan. In addition the Internal Audit team has been reduced in size for this quarter as the new Auditor does not start until 1st August.

- 3.2 Planned audit time – a target of 68% has been set for the full year and for the year to date it has been 52%. 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 reduction in this quarter's time has been largely due to the fact that the replacement for the Senior Auditor does not start until 1st August and the investigation undertaken by the Audit Manager has also had an impact.

4.0 Work planned for the next quarter April to June 2014.

- 4.1 As well as completing the ongoing work listed in paragraph 2.3, including the project reviews, the following audits are planned for the next quarter:

Audit Title	Days
Payroll (including Members' expenses)	10
VAT	10
Street cleansing and allotments	10
ICT – Website management	10
Property Services	10
Data Protection, Freedom of Information and Environmental Information Regulations	10
Planning Support	10
Emergency Management	10
Policy and Partnerships	8
Democratic Services	10

5.0 Conclusion

- 5.1 Progress to date has been satisfactory and at this point nothing has arisen to suggest that the plan will not be completed within the year. If anything does arise that will impact on the completion of the plan, the Committee will be informed at the next available meeting.

AGENDA ITEM 9

- 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.

AGENDA ITEM 9
APPENDIX 1

Audits completed in Q1 2014-15	Overall Opinion
<p><u>Project to establish the Leisure Trust arrangements</u> Report published in June 2014. The report contained 1 High recommendation to maintain the pressure on the Council's solicitors in respect of the leases. As the report was being published, arrangements for producing and finalising the leases have been changed and progress is now being made.</p>	Substantial Assurance
<p><u>Housing Benefits</u> Report published in April 2014 The report contained 2 Medium recommendations. One refers to the need to ensure the parameters for the Payment Exceeds Report are set correctly. The second concerns the user restrictions and the need to review the staff declarations of interest forms on a regular basis.</p>	Full Assurance
<p><u>King's Court Shared Accommodation</u> Report published in April 2014. The report contained 1 High and 2 Medium recommendations. The High recommendation referred to the need to complete and sign the lease with the CCG. The Medium recommendations concerned physical security measures in the building now that there are third parties in occupation, and establishing the exact number of car parking spaces required in the lease and ensure these are invoiced.</p>	Substantial Assurance
<p><u>General Ledger and Budgetary Control</u> Report published in May 2014. The report did not have recommendations. The assurance given was not classed as Full due to the ongoing work with the ledger upgrade and proposed changes to the system security, which were still to be implemented at the time of the audit.</p>	Substantial Assurance
<p><u>Environmental Quality – Flood and Water Management</u> Report published in April 2014. The report contained 2 Medium recommendations. The service was previously audited in July 2012 and was</p>	Limited Assurance

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APPENDIX 1

Audits completed in Q1 2014-15	Overall Opinion
<p>given an assurance level of assurance of 'Limited'. At the six month follow up there had been little movement on the agreed recommendations. This was mainly due to the officer's involvement in the Willows Incinerator enquiry. Resources have now been reallocated to flood and water management and work is progressing but it was decided to maintain the Limited assurance grading until more significant progress can be established. The two recommendations reflect this position. It should be noted however that this does not affect the Council's ability to respond to flooding incidents as a Category 1 responder.</p>	

AGENDA ITEM 9
APPENDIX 1

Follow-up audits completed in Q1 2014-15	Original report	Follow-up progress
<p><u>Capital Programme – Tuesday Marketplace</u> The report issued in August 2013 recommended that further audit work be carried out once the project spend had been finalised. This has now been completed satisfactorily, with the project being on budget.</p>	<p>August 2013 Full Assurance</p>	<p>April 2014 Very Good</p>
<p><u>Enterprise Centre</u> The report published in September 2013 contained 2 Medium recommendations. One related to the use of an initiative checklist to ensure all the relevant officers were involved in future projects. The second recommended further checks to be made on the status of the project in respect of Legal Aid required. Both issues have been addressed.</p>	<p>September 2013 Substantial Assurance</p>	<p>April 2014 Very Good</p>
<p><u>Payroll</u> The report issued in October 2013 contained 2 Low recommendations. Both of which have been completed satisfactorily.</p>	<p>October 2013 Full Assurance</p>	<p>April 2014 Very Good</p>
<p><u>Treasury and Cashflow Management</u> The report issued in November 2013 contained 3 Medium and 1 Low recommendations. The Medium recommendations referred to the need to:</p> <ul style="list-style-type: none"> • Ensure the Monthly Consolidated Bank Reconciliation for 2013/14 is completed at the earliest opportunity • Remind all treasury staff that any spoilt deal tickets should be invalidated and retained on file • Ensure the treasury reports are electronically signed before conversion to PDF and ensure all information required to support the authorisation is stored appropriately. <p>All have been implemented satisfactorily along with the Low recommendation.</p>	<p>November 2013 Substantial Assurance</p>	<p>May 2014 Very Good</p>

AUDIT AND RISK COMMITTEE REPORT

TYPE OF REPORT: Audit	Portfolio: Corporate/ Strategic Issues & Resources
Author Name: Kate Littlewood	CONSULTATIONS: Deputy Chief Executive
Tel.: 01553 616252	
Email: kate.littlewood@west-norfolk.gcsx.gov.uk	
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: 22nd July 2014
Subject: Internal Audit Annual Report and Opinion 2013-14

Summary	This report provides Members with an overview of the work undertaken by the Internal Audit Section during the 2013-14 financial year against the Strategic Audit Plan, and provides an assurance opinion to support the Annual Governance Statement
Recommendation	To note the report.

1.0 INTRODUCTION AND BACKGROUND

- 1.1 Under the Accounts and Audit (Amendment) Regulations 2011, the Council is required to undertake an annual review of its system of internal control, which in accordance with proper practices has been integrated within the Annual Governance Statement. The work of Internal Audit forms part of the assurance provided to Councillors and Management Team.
- 1.2 The Internal Audit Annual Report states the Audit Manager’s opinion on the system of internal control and the sources of assurance used to form this opinion.
- 1.3 To support the stated opinion, this report describes the work carried out by Internal Audit during 2013-14 and summarises the resulting findings. It also reflects on the performance against the strategic plan and the effectiveness of the internal audit team.

2.0 Audit Manager's Opinion

2.1 This Internal Audit Annual Report provides an independent opinion on the adequacy and effectiveness of the Council's system of financial control, including in particular:

- the key controls operating within and around the core financial systems
- financial management in each Department and corporately
- arrangements for the letting and monitoring of contracts
- controls over information management and security.

2.2 On the basis of the work undertaken during the year, it is considered that the key systems operate in a sound manner and that there has been no fundamental breakdown in control resulting in material discrepancy. However Internal Control systems are only designed to manage risk to a reasonable, and cost effective, level. Subsequently the Audit Manager's opinion can only provide a reasonable, not absolute, level of assurance as to the adequacy and effectiveness of these systems.

2.3 Bearing this in mind, in the Audit Manager's opinion, the Council's control arrangements were adequate and effective in 2013-14, with sound controls in all key areas.

3.0 Sources of Assurance

3.1 Until February 2014, the Internal Audit team consisted of 2.8 FTE members of staff. The Audit Manager and Senior Auditor are Chartered members of the Chartered Institute of Internal Auditors (CIIA). The Internal Auditor has been a Practitioner member of the CIIA and the team also benefits from the equivalent of a day a week from the Trainee Accountant. In February 2014 the Senior Auditor left the Council's employment. A replacement is due to commence on 1st August 2014 as reported in the quarterly progress report to the Committee on 27th May 2014.

3.2 The Internal Audit is independent of any operational responsibilities and manages its own budget. Line management is through the Deputy Chief Executive, but direct access to the Chief Executive, Leader or Chair of the Audit and Risk Committee is available if required.

3.3 All work in 2013-14 has been performed according to the Public Sector Internal Audit Standards (PSIAS), which took effect from 1st April 2013 and are mandatory for all principal local authorities and other relevant bodies subject to the Accounts and Audit (England) Regulations 2011. The standards, which are based on the mandatory elements of the Chartered Institute of Internal Auditors' (CIIA) International Professional Practices Framework, are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.

AGENDA ITEM 10

- 3.4 To ensure the internal audit function meets the PSIAS requirements, regular independent external quality assessment is required. A review of the effectiveness of Internal Audit will be carried out in August 2014 as a self-assessment exercise which will then be examined by a reviewer assigned from the CIAA. The subsequent report will be reported to the Audit and Risk Committee.
- 3.5 The Audit Manager and the Council's external auditors, Ernst and Young, have discussed their respective work plans to ensure they complement and support each other. The aim is to reduce any duplication of testing and examination, and identify any gaps which need to be covered.

4.0 Basis of Assurance

- 4.1 Each year a Strategic Audit Plan is prepared by the Audit Manager, showing specific audits for the next financial year and proposals for the next two years. This is then presented to the Audit and Risk Committee to endorse. The plan for 2013-14 was agreed in this way on 26th March 2013.
- 4.2 When setting the Strategic Audit Plan for the year, the Audit Manager has regard for:
- Discussions with the Executive Directors
 - Internal Audit's own risk assessment system
 - Corporate Risk register
 - Comments from the external auditors
 - Protocol for Liaison between the internal and external auditors
 - Date and result of the previous audit of an area
 - Any other reviews relating to specific services.
- 4.3 The Strategic Audit Plan 2013-14 has been concluded. A formal report has been issued for each audit, containing an action plan agreed with the relevant managers to address any control weaknesses identified during the audit. The audit reports were entered in to a restricted area of InSite for members of the Management Team and the Audit and Risk Committee to view.
- 4.4 Each report attributes a level of assurance gained for the area being audited as 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.

4.5 During the year 22 internal audit reports have been issued and assessed as:

- 5 - Full Assurance
- 16 - Substantial Assurance
- 0 - Limited Assurance
- 0 - No Assurance

One report not included in the figures above related to the verification of the use of grant funds received from the Department of Energy and Climate Change. This did not include an assessment rating, but confirmed that the funds had been used as stipulated in the conditions of the grant.

Follow-up reports indicate a good level of implementation with no major concerns raised and I would like to thank all managers for being receptive to our comments and recommendations.

4.6 Quarterly updates on progress against the strategic plan, including summaries of the reports issued, have been presented to the Committee. Amendments to the plan were also included in the progress reports. The report for the final quarter of 2013-14 was presented to the meeting on 27th May 2014.

4.7 One investigation was undertaken during 2013/14, but no evidence of malpractice was found. However in the interests of clarity the working practices were revised to ensure misinterpretations do not re-occur.

5.0 Anti-Fraud and Anti-Corruption Procedures

5.1 The Council's Anti-Fraud and Anti-Corruption Strategy, Whistleblowing Policy and Fraud Response Plan were reviewed and updated during the year, with the final versions being approved by Cabinet in May 2014.

5.2 Work with the National Fraud Initiative (NFI) has continued this year with results of the matching reports arising from the latest exercise being investigated by various sections through out the Council as appropriate. The Committee receives 6-monthly reports from the Investigations Manager on work carried out by the Investigations Unit on Benefits matches. This report also includes a section on other matches identified by the NFI. However Benefits investigations remain the most active in this area, with very little arising from the other matches.

5.3 During 2013/14 the Internal Audit team and the Benefits Enquiry Unit were combined to form the Audit and Fraud Team. The intention is for each team to benefit from the skills and experience of the other, and to form a more cohesive response to detecting and investigating fraud. Members of the Internal Audit Team are aware of key fraud indicators and are mindful of them during any audit or consultation.

6.0 Risk Management

6.1 Responsibility for risk management lies with the Senior Management Team (SMT). As well as receiving the Internal Audit reports for their respective areas, which provide an indication of any weaknesses in the control environment, the SMT also review the Corporate Risk register on a 6-monthly basis in April and October. If any significant issues arise in the intervening period, they are discussed at the time and the register amended. A risk relating to Business Rates was identified in this way in February 2014 and, after being discussed by the Senior Management Team, it was added to the risk register. The Audit and Risk Committee receive the Corporate Risk Register after it has been updated at the regular 6-monthly intervals.

7.0 Conclusion

7.1 The system of internal control is designed to manage risk to a reasonable level, and therefore cannot provide absolute assurance.

7.2 Notwithstanding the above, based on the audit work completed during 2013-14, it is the opinion of the Audit Manager that :

- Adequate assurance can be gained in respect of the overall systems of internal control operating within the council.
- Risk management systems and corporate governance arrangements are satisfactory.

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Mandatory/	Be entirely within Cabinet's powers to decide	YES	
		Need to be recommendations to Council	NO	
		Is it a Key Decision	NO	
Lead Member: Cllr Paul Beal E-mail: cllr.paul.beal@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted: Cllr Harry Humphrey		
Lead Officer: Kate Littlewood E-mail: kate.littlewood@west-norfolk.gov.uk Direct Dial: 01553 616252		Other Officers consulted: Deputy Chief Executive Chief Financial Officer Democratic Services Officer		
Financial Implications NO	Policy/Personnel Implications NO	Statutory Implications YES	Equal Impact Assessment NO	Risk Management Implications YES
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)				

Date of meeting: 3rd September 2014

TITLE - Review of the Effectiveness of the Audit and Risk Committee

Summary

This report provides Cabinet with the results of the 'Review of the Effectiveness of the Audit and Risk Committee' for 2013-14 and confirms that the Committee is fulfilling its stated purpose which is 'to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process'.

Recommendation

To note the contents of the report.

Reason for Decision

To ensure the Council continues to meet its obligations under the Accounts and Audit Regulations 2011.

1.0 BACKGROUND

1.1 The Audit and Risk Committee was set up in 2006, with Terms of Reference drawn up in line with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). These were reviewed during 2013-14 and approved by Council 26th September 2013.

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- 1.2 Under the Accounts and Audit Regulations 2011, a council is required '*to ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions*'.
- 1.3 Good corporate governance requires independent, effective assurance about the adequacy of financial and operational management and reporting. This assurance is best delivered by a committee that is independent from the executive and scrutiny functions. This is provided by the Audit and Risk Committee.
- 1.4 In order to ensure that this monitoring of governance is carried out effectively, a regular review of the role and activities of the Audit and Risk Committee is necessary.
- 1.5 The previous review indicated that the Committee was providing an effective service. However it was recommended that:
 - The Terms of Reference needed to be reviewed and presented to Council for approval. An issue identified to be included in the review was the opportunity, if required, for Internal and External audit to meet with the Committee without Senior Management present.
 - Identify if any specific training was required by Members of the Committee, in particular it was noted that training on the Annual Governance Statement would be useful.
 - The Risk Management Strategy was due for review.

All the recommendations have been completed with the exception of the Risk Management Strategy review, which will be carried out shortly.

2.0 REVIEW DETAILS

- 2.1 The review was completed by the Audit Manager using a checklist compiled by CIPFA. The completed checklist is attached as **Appendix 1** of this report. In addition information has been compiled on the reports considered by the Committee. The resulting draft report was then considered by the Chair and Vice Chair of the Audit and Risk Committee.
- 2.2 The responses in the checklist are ticked as:
 - 'Y' – Yes. The criteria have been met and no action is required.
 - 'P' – Partial. The criteria have only been met in part, some action may be required.
 - 'N' – No. The criteria have not been met and action may be required.
- 2.3 The review indicates that the Committee is functioning correctly as an audit committee and is effective in its role.

3.0 ITEMS CONSIDERED DURING 2013-14

3.1 Throughout 2013-14 the Audit and Risk Committee held 10 meetings and received a total of 29 reports on a number of issues, including:

Internal Audit

- Internal Audit Annual Report 2012-13.
- Review of the Effectiveness of the Internal Audit Service.
- Internal Audit Strategic Plan 2013-14, Quarterly Progress Reports.
- Internal Audit Benchmarking Exercise
- Proposed Audit and Fraud Team
- Strategic Internal Audit Plan 2014-17

External Audit

- 2012-13 External Audit Plan
- Report to those charged with Governance (ISA 260).
- Annual Audit Letter
- 2013-14 External Audit Plan
- Annual Certification of Claims and Returns 2012-13 draft report

Finance

- Revenue Outturn 2012-13.
- Capital Programme and Resources 2012-16
- Annual Treasury Report 2012-13.
- Mid-year review Treasury Report 2013-14.
- Treasury Management 2014-15

Fraud

- Benefit Investigations Unit Annual Report.
- Benefit Investigations Unit Half Year Report.
- National Fraud Initiative – update on work

Corporate Governance and Risk

- Corporate Risk Monitoring Report – 6-monthly report (2 reports).
- Annual Governance Statement.
- Review of the Effectiveness of the Audit and Risk Committee.
- Updated Terms of Reference for the Audit and Risk Committee
- Business Continuity Management Policy Statement and Strategy
- Business Continuity update.

A summary of the content of each report and the subsequent discussion has been compiled by Democratic Services and is attached as **Appendix 2**.

3.2 Training was provided to Committee members during the year on the Annual Governance Statement and on the Council's anti-fraud measures. Financial training was provided in respect of the Statement of Accounts and Treasury Management.

3.3 In October 2013 the Committee attended a tour of the Hunstanton Sailing Club to look at the work undertaken with grant funds from the Council.

Although the tour was undertaken in the role of members of the Resources and Performance Panel, it also had some relevance to the Audit and Risk Committee role in its duty to oversee the appropriate use of the Council's finances.

4.0 OUTCOMES

- 4.1 The outcome of this report will be to:
- Show evidence that the Audit and Risk Committee is effective in its role.
 - Satisfy the requirement of an annual review of the effectiveness of the Audit and Risk Committee.

5.0 CONCLUSIONS

- 5.1 During 2013-14 the Audit and Risk Committee received and commented on all relevant reports and actively monitored risk and internal controls. As a result it is continuing to perform effectively and the Council is meeting its requirements under the Accounts and Audit Regulations 2011.

Policy Implications

There are no policy implications.

Financial Implications

There are no financial implications.

Personnel Implications

There are no personnel implications

Statutory Considerations

The Council can demonstrate that it is meeting the requirements under the Accounts and Audit Regulations 2011.

Equality Impact Assessment (EIA)

There are no equality implications.

Risk Management Implications

Having an effective Audit and Risk Committee is an important element in the Council's risk management framework.

Declarations of Interest / Dispensations Granted

None required.

Background Papers

None.

Borough Council of King's Lynn and West Norfolk
Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
1. ESTABLISHMENT, OPERATION AND DUTIES						
Role and Remit						
1.1	Does the audit committee have written Terms of Reference?	Y			The Terms of Reference were reviewed and approved by Cabinet on 26 th September 2013.	
1.2	Do the Terms of Reference cover the core functions of an audit committee as identified in the CIPFA guidance?	Y				
1.3	Are the Terms of Reference approved by the council and reviewed periodically?	Y			Reviewed every 3 years. The next review is due in May 2016.	
1.4	Can the audit committee access other committees and full council as necessary?	Y			All Members attend Full Council and can attend any other Panel or Committee meeting under Standing Order 34.	
1.5	Does the authority's Annual Governance Statement include a description of the audit committee's establishment and activities?	Y			Section 4 'Review of Effectiveness' includes a description of the Audit and Risk Committee's function.	
1.6	Does the audit committee periodically assess its own effectiveness?	Y			An annual review is carried out.	
Membership, Induction and Training						
1.9	Has the membership of the audit committee been formally agreed and a quorum set?	Y			Formally appointed by Council. Quorum set through Standing Orders.	
1.10	Is the chair independent of the executive function?	Y				
1.11	Has the audit committee chair previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?	Y			Experience through personal work life. Previous member of the Audit and Risk Committee and attended all training offered to the Committee.	

Borough Council of King's Lynn and West Norfolk
Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
1.12	Are new audit committee members provided with appropriate induction?	Y			Training is offered to all Members by Democratic Services.	
1.13	Have all member's skills and experiences been assessed and training given for identified gaps?		P		An analysis of skills and experiences is not carried out. However, a training programme has been designed to cover all previously identified training needs and Members can request specific training if necessary.	No action required.
1.14	Has each member declared his or her business interests?	Y			Records of interests are kept by Democratic Services. A standing item of each agenda requires Members to declare any relevant interests.	
1.15	Are members sufficiently independent of other key committees of the council?		P		Independent of the Cabinet, but all members of the Audit and Risk Committee also sit as the Resources and Performance Panel.	No action required.
Meetings						
1.16	Does the committee meet regularly?	Y			10 meetings held in 2013-14.	
1.17	Do the Terms of Reference set out the frequency of meetings?	Y			Minimum of 4 meetings a year, but this can be increased if necessary.	
1.18	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	Y			A calendar of meetings is published for each year and dates are co-ordinated with Cabinet and specific key events.	
1.19	Are members attending meetings on a regular basis and if not, is appropriate action taken?	Y			A record of attendance is kept by Democratic Services. Any persistent non-attendance is brought to the attention of the relevant party leader.	
1.20	Are members free and open without political influences being displayed?	Y				
1.21	Does the authority's s151 officer or deputy attend all meetings?	Y			Executive Director, Resources is the Deputy s151 Officer and attends all the meetings. The Chief Financial Officer, as s151 Officer, attends for specific financial reports.	

Borough Council of King's Lynn and West Norfolk
Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
1.22	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	Y			Relevant officers attend to present the reports and answer questions.	
1.23	Are decisions reached promptly?	Y			A decision is made at the end of each item on the agenda.	

2. INTERNAL CONTROL						
2.1	Does the audit committee consider the findings of the annual review of effectiveness of the system of internal control (as required by the Accounts and Audit Regulations) including the review of the effectiveness of the system of internal audit?	Y			Audit Manager's Annual Report presented on 22 nd July 2014. The effectiveness review of the Internal Audit will be started in August and should be presented to the Committee on 25 th November.	
2.2	Does the audit committee have responsibility for review and approval of the Annual Governance Statement and does it consider it separately from the accounts?	Y			To be presented to a Special Meeting on 8 th September 2014 as a separate report from the Statement of Accounts 2013-14.	
2.3	Does the audit committee consider how meaningful the Annual Governance Statement is?	Y			Prior to it being presented last year, the Committee received a training session on the relevance and content of the AGS.	
2.4	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	Y			Various reports are presented to the Committee throughout the year relating to internal audit, external audit, finance, fraud, corporate governance and risk.	
2.5	Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?	Y			The Chair and Vice Chair attend joint sift meetings with their counterparts on the Regeneration, Environment and Community Panel to review the Cabinet Forward Decisions list.	
2.6	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	Y			The report setting the Strategic Internal Audit Plan each year contains reference to the consideration of risk management.	
2.7	Does the audit committee review the authority's strategic risk register at least annually?	Y			Update reports are presented twice a year in April/May and October/November.	

Borough Council of King's Lynn and West Norfolk
Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
2.8	Does the audit committee monitor how the authority assesses risk?	Y			Included in the 6-monthly reports and the review of the Risk Management Strategy every 3 years.	The Risk Management Strategy will be reviewed as soon as possible.
2.9	Do the audit committee's Terms of Reference include oversight of the risk management processes?	Y			Sec 4.1(a) and (b) refers.	
2.10	Does the audit committee take a role in overseeing anti-fraud and whistleblowing arrangements?	Y			Sec 4.1(a) refers.	

3. FINANCIAL REPORTING & REGULATORY MATTERS						
3.1	Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	Y			Terms of Reference Sec 3.1(a) and (c) refers. The timetable of meetings includes provision for Special Meetings in June and September each year to consider the Statement of Accounts.	
3.2	Does the audit committee consider specifically: <ul style="list-style-type: none"> ▪ The suitability of accounting policies and treatments ▪ Major judgements made ▪ Large write-offs ▪ Changes in accounting treatment ▪ The reasonableness of accounting estimates ▪ The narrative aspects of reporting? 	Y			The financial reports presented cover all the aspects stated.	
3.3	Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Y			Special Meeting in September each year.	
3.4	Does the audit committee review management's letter of representation?	Y			Management responses are included in the covering reports to the external auditors report and in the discussion at the meeting.	

Borough Council of King's Lynn and West Norfolk
Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
3.5	Does the audit committee annually review the accounting policies of the authority?	Y			Included in the Statement of Accounts report.	
3.6	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Y			The Chief Financial Officer and Executive Director, Resources attend the meeting to answer questions, and in 2013-14 the presentation included training on the preparation of the Statement of Accounts.	
3.7	Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?	Y			'Members Bulletin' is circulated to all Members and contains updates and circulars.	

4. INTERNAL AUDIT						
No	Issue	Y	P	N	Evidence/ Comment	Action Required
4.1	Does the audit committee approve annually, and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?	Y			The Internal Audit Strategic Plan 2014-17 was presented on 25 th February 2014. Details of how the plan is compiled are included in the covering report.	
4.2	Does internal audit have an appropriate reporting line to the audit committee?	Y			Direct access to the Chair and, included in the revised Terms of Reference, the potential for Internal Audit to meet with the Committee, without Senior Management being present, if necessary.	
4.3	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Audit Manager?	Y			The Committee receives quarterly reports on progress against the Strategic Plan, and the Audit Manager presents the Annual Report in June/ July.	
4.4	Are follow-up audits by Internal Audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	Y			Included in the quarterly progress reports. Officers can be asked to attend the meetings to answer questions if progress is not satisfactory.	
4.5	Does the audit committee hold periodic private discussions with the Audit Manager?			N	The facility is available within the Terms of Reference if required.	No action required.
4.6	Is there appropriate co-operation between the internal and external auditors?	Y			Meetings are held to discuss the content of the respective audit plans.	

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APPENDIX 1
For the year 2013-14

Borough Council of King's Lynn and West Norfolk
Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
4.7	Does the audit committee review the adequacy of internal audit staffing and other resources?	Y			Included in the Strategic Audit Plan report and the quarterly progress reports.	
4.8	Has the audit committee evaluated whether its internal audit service complies with Public Sector Internal Audit Standards (PSIAS)?			N	The PSIAS have only applied since 1 st April 2013. Prior to this CIPFA's Code of Practice applied and compliance with this was evaluated on an annual basis through the review of the effectiveness of Internal Audit.	A review of Internal Audit's compliance with PSIAS is planned to commence in August and will be externally verified. The results will be reported to the Committee.
4.9	Are internal audit performance measures monitored by the audit committee?	Y			Performance Indicators are set as part of the Strategic Plan and monitored in the quarterly reports.	
4.10	Has the audit committee considered the information it wishes to receive from internal audit?	Y			Requests for specific items or training are made. In 2013-14 more information on anti-fraud measures was requested and training provided.	

5. EXTERNAL AUDIT						
5.1	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	Y			Ernst Young attended meetings in April 2013, September 2013, November 2013 and March 2014 to present their reports and answer questions.	
5.2	Does the audit committee hold periodic private discussions with the external auditor?			N	The facility is available within the Terms of Reference if required.	No action required.
5.3	Does the audit committee review the external auditor's annual report to those charged with governance?	Y			Report is presented at the Special Meeting in September.	
5.4	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	Y			Recommendations are taken into account when preparing the Internal Audit Strategic Plan.	
5.5	Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit inspection letter?	Y			Audit Plan 2012/13 – April 2013 Report to those charged with governance (ISA260) – September 2013 Annual Audit Letter – November 2013 Audit Plan 2013/14 – March 2014	

Borough Council of King's Lynn and West Norfolk
Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
5.6	Does the audit committee assess the performance of external audit?	Y			Considered as reports are presented.	

6. ADMINISTRATION						
Agenda Administration						
6.1	Does the audit committee have a delegated secretary from Committee/Member Services?	Y			Wendy Vincent, Democratic Services.	
6.2	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Y			A timetable is set for the year detailing meeting dates and deadlines for reports to be submitted.	
6.3	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	Y			Included in the timetable for the year.	
6.4	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?			N	'Any Other Business' is not an agenda item. Only 'Urgent Business' is accepted under Standing Order 7.	
Papers						
6.5	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	Y			The timetable is designed to ensure the timing and frequency of routine reports is appropriate. Ad hoc reports are presented as they arise and in line with Cabinet requirements if necessary.	
6.6	Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?			N	The format is a corporate template.	No action required.
Actions Arising						

Borough Council of King's Lynn and West Norfolk
Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
6.7	Are minutes prepared and circulated promptly to the appropriate people?	Y			Minutes are produced within a week of the meeting.	
6.8	Do action points indicate who is to perform what and by when?	Y			If action is required.	

ISSUES DISCUSSED AT MEETINGS OF AUDIT & RISK COMMITTEE 2013 - 2014

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome</u>
28.05.13 – MEETING CANCELLED		
10.06.13 (69 mins)		
ARC6: Cabinet Report: Revenue Outturn 2012/2013	The Principal Accountant presented the report which set out in summary the revenue outturn for 2012/13 for the General Fund (council tax accounts). The report showed details of the major differences between actual costs/income and the revised estimates for 2012/2013 reported in February 2013 monitoring.	RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk Committee supports the recommendations as set out in the report to Cabinet.
ARC7: Cabinet Report: Capital Programme and Resources 2012/2016	The Chief Accountant explained that the report provided details of the outturn of the 2012/2013 Capital Programme and outlined amendments and rephrasing to the spending on schemes, revising the programme for 2013/2016.	RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk Committee supports the recommendations as set out in the report to Cabinet.
ARC8: Cabinet Report: Annual Treasury Report 2012/2013	<p>The Chief Accountant presented the Annual Treasury Report which covered:</p> <ul style="list-style-type: none"> • The Council's overall borrowing need. • The Council's treasury position performance. • The Strategy for 2012/2013. • The economy in 2012/2013. • Borrowing rates in 2012/2013. • The borrowing outturn for 2012/2013. • Compliance with treasury limits and prudential indicators. • Investment rates for 2012/2013. • Investment outturn for 2012/2013. • Debt rescheduling. 	RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk Committee supports the recommendations as set out in the report to Cabinet.

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT & RISK COMMITTEE 2012-2013

ARC9: Internal Audit Plan 2012/13 – Progress Report for the Quarter January to March 2013	The Audit Manager reminded Members that the Strategic Audit Plan 2012/15, endorsed by the Audit and Risk Committee on 31 January 2012, set out the work Internal Audit expected to carry out during the year 2012/13.	RESOLVED: The Committee approved the report on the Internal Audit Workplan for January to March 2013.
ARC10: National Fraud Initiative (NFI)	The Audit Manager advised that the report updated the Committee on the work carried out since the last report presented on 28 August 2012. However, it did not cover the results on the work on the Benefit matches as this was covered by a separate detailed report presented on a 6-monthly basis by the Fraud Investigations Manager.	RESOLVED: (1) The Committee noted the results of the work completed so far on the matches produced by the NFI and confirmed the approach to the investigations and the resources allocated to it. (2) The Audit Manager to propose that empty homes be included within the NFI.
25.06.13 (22 mins)		
ARC19: Internal Audit Annual Report 2012/2013	The Deputy Chief Executive explained that the report provided Members with an overview of the work undertaken by the Internal Audit Section during 2012/2013 financial year against the Strategic Audit Plan 2012/2015, and provided an assurance opinion to support the Annual Governance Statement.	RESOLVED: The Committee noted the report.
ARC20: Review of the Effectiveness of the Internal Audit Service	In presenting the report, the Deputy Chief Executive explained that the review of the effectiveness of the Internal Audit 2012-2013 had been completed with reference to the Chartered Institute of Public Finance Accountants (CIPFA) 'Code of Practice for Internal Audit in Local Government in the United Kingdom.'	RESOLVED: The Committee noted the contents of the review and the resulting 'Actions Required.'
ARC21: Corporate Risk Monitoring Report 2013	The Deputy Chief Executive advised that the report presented the changes to the Risk Register since the last monitoring report in September 2012 and gave details of the risks falling into the 'Very High' category and the associated work to mitigate the effects.	RESOLVED: The Committee noted the report.
23.07.13 (28 mins)		
ARC30: Annual Report of Benefit Investigations Unit	The Fraud Investigations Manager presented the report which provided Members with information regarding the work undertaken during the 2012/2013 financial year and looked forward into 2013/2014.	RESOLVED: The Committee noted the report.
ARC31: Review of the Effectiveness of the Audit and	The Audit Manager presented the report which provided Members with the results of the Review of the Effectiveness of the Audit and Risk Committee	RESOLVED: The Committee noted the contents of the review and the resulting 'Actions Required.'

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT & RISK COMMITTEE 2012-2013

Risk Committee	for 2012/2013.	
27.08.13 (52 mins)		
ARC40: Annual Governance Statement	The Performance and Efficiency Manager gave a presentation on the Annual Governance Statement.	RESOLVED: That the content of the presentation be noted.
ARC41: Cabinet Report: Updated Terms of Reference for the Audit and Risk Committee	The Audit Manager presented the report which proposed the updated Terms of Reference for the Audit and Risk Committee. The Audit Manager explained that the main change provided for the Committee to meet in private with the External and Internal Auditors.	RESOLVED: That Cabinet be informed that the Resources and Performance Panel supports the recommendations as set out in the report to Cabinet.
ARC42: Cabinet Report: Business Continuity Management Policy Statement and Strategy	The District Emergency Planning Officer explained that the Council's Policy Statement on Business Continuity Management was agreed by full Council in November 2011; the Policy Statement had been updated to reflect the changes to the Council's Management structure with effect from April 2013.	RESOLVED: That Cabinet be informed that the Resources and Performance Panel supports the recommendations as set out in the report to Cabinet.
ARC43: Business Continuity Annual Update	The District Emergency Planning Officer explained that the report provided an update to the Committee on the current position of the Council's Business Continuity arrangements and outlined the work that was to be undertaken over the coming months.	RESOLVED: (1) The Committee noted the progress made, endorsed the approach being taken to the Council's Business Continuity arrangements and determined that annual updates on the subject were provided to the Committee. (2) A Training Session on Business Continuity/ Emergency Planning be arranged as part of the Audit and Risk Committee Agenda and all Members be invited to attend.
ARC44: Internal Audit Plan 2013/14 – Progress Report for the Quarter April to June 2013	The Audit Management explained that the report showed the Internal Audit activity for the quarter April to June 2013 against the Strategic Audit Plan 2013/14.	RESOLVED: The Committee approved the report on the Internal Audit work plan for April to June 2013.
09.09.13 Special Meeting - Accounts (90 mins)		
ARC51: Cabinet Report Statement of Accounts 2012/2013 Report to those charged with Governance (ISA (UK&I) 260)	The Chief Financial Officer presented a report that introduced the Statement of Accounts 2012/2013 – essentially the Statement was the final accounts set out in a format which included the Council's balance sheet and associated notes. The report also considered the report from the auditor on the audit for the accounts 2012/13 – the International Auditing Standard (ISA 260).	RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk Committee supports the recommendations as set out in the report to Cabinet.
ARC52: Cabinet Report Annual Governance	In presenting the report, the Performance and Efficiency Manager explained that the preparation and publication of an Annual Governance	RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT & RISK COMMITTEE 2012-2013

Statement (AGS)	Statement (AGS) was a statutory requirement,. The AGS was a public statement that described and evaluated the Council's overall governance arrangements during a particular financial year.	Committee supports the recommendations as set out in the report to Cabinet.
24.09.13 NO MEETING		
29.10.13 (31 mins)		
ARC60: Internal Audit Plan 2013/14 – Progress Report for the Quarter July to September 2013	The Audit Manager presented the report which showed the Internal Audit activity for the quarter July to September 2013 against the Strategic Audit Plan 2013/14.	RESOLVED: Members noted the report on the Internal Audit Work Plan for July to September 2013.
ARC61: Internal Audit Benchmarking Exercise	The Audit Manager explained that the Internal Audit Team took part in the Benchmarking exercise undertaken by the Chartered Institute of Public Financial Accountant (CIPFA) earlier this year. The report summarised the adoption of a revised timetable for future Audit and Risk Committee meetings.	RESOLVED: The Committee noted the report and approved the adoption of a revised timetable for Audit and Risk Committee meetings.
ARC62: Proposed Audit and Fraud Team	The Committee received and considered the report that proposed that both Internal Audit and the Benefits Enquiry Unit were facing changes in the future and it seemed opportune to consider the changing needs of each service and the requirements of the Council. The report looked at reviewing the two teams and combining the units into an Audit and Fraud Team gaining some resource on the audit/fraud activities and reducing the administrative support, providing a saving of £16,061 pa.	RESOLVED: The Committee noted the report.
ARC63: Corporate Risk Monitoring Report October 2013	The Audit Manager explained that the report presented the changes to the Risk Register since the last monitoring report in June 2013 and gave details of the risks falling into the 'Very High category and the associated work to mitigate the effects	RESOLVED: The Committee noted the report.
ARC64: Cabinet Report: Mid Year Treasury Review	The Chief Financial Officer explained that the Mid Year Review Report had been prepared in compliance with CIPFA's Code of Practice, and covered the following: <ul style="list-style-type: none"> • An economic update for the first six months of 2013/2014. • A review of the Treasury Management Strategy Statement and Annual Investment Strategy 2013/2014. • The Council's capital expenditure (prudential indicators). 	RESOLVED: That The Panel support the recommendation to Cabinet as follows: Cabinet is asked to note the report and the treasury activity.

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT & RISK COMMITTEE 2012-2013

	<ul style="list-style-type: none"> • A review of the Council's investment portfolio for 2013/2014. • A review of the Council's borrowing strategy for 2013/2014. • A review of any debt rescheduling undertaken during 2013/2014. • A review of compliance with Treasury and Prudential Limits for 2013/2014. 	
26.11.13 – (28 mins)		
ARC73: Annual Audit Letter – Year ending 31 March 2013	Mr R Murray, Ernst & Young presented the Annual Audit Letter to the Committee.	RESOLVED: Members noted the Annual Audit Letter for year ending 31 March 2013.
ARC74: Benefits Investigations Unit Half-Year Report	The Fraud Investigations Manager presented the report which provided Members with information regarding the work undertaken during the first half of 2013/2014 financial year.	RESOLVED: The Committee noted the report.
07.01.14 NO MEETING		
25.02.14 – (60 mins)		
ARC 83: Certification of Claims and Returns Annual report 2012/2013	Mr R Murray, Ernst & Young presented the Certification of Claims and Returns Annual report 2012/2013.	RESOLVED: Members noted the Annual Certification of Claims and returns – 2012/2013 report.
ARC84: Internal Audit Plan 2013/2014 – Progress report for the Quarter October to December 2013.	The Audit Manager presented the report which showed the Internal Audit activity for the quarter October to December 2013 against the Strategic Audit Plan 2013/14.	RESOLVED: The Committee noted the report.
ARC85: Strategic Audit Plan 2014/2017	The Audit Manager presented the report which provided the Committee with the opportunity to review the proposed Strategic Internal Plan for 2014/2017.	RESOLVED: The Committee noted the Strategic Internal Audit Plan for 2014/2017.
ARC86: Cabinet Report: Treasury Management 2014/2015	<p>The Principal Accountant presented the report which advised that the Council was required to receive and approve a Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy which covered:</p> <ul style="list-style-type: none"> • Capital Plans, including Prudential Indicators. 	<p>RESOLVED: That the Committee support the recommendations to Cabinet as follows:</p> <p>Cabinet is asked to recommend to Council:</p> <p>1) The Treasury Management Strategy Statement</p>

	<ul style="list-style-type: none"> • A Minimum Revenue Provision (MRP) Policy. • The Treasury Management Strategy. • An Investment Strategy. 	<p>2014/2015, including treasury indicators for 2014/2017.</p> <p>2) The Investment strategy 2014/2015.</p> <p>3) The Minimum Revenue Provision Policy 2014/2015.</p> <p>4) Adopt the revised Treasury Management Practices (TMPs).</p>
26.03.14 – (27 mins)		
ARC95: External Audit Plan Year End 31 March 2014	<p>Members were informed that a letter referring to the 2012/2013 Housing and Council Tax Subsidy Benefit Fee Certification Fee which was issued as part of the annual report and detailed the outcome from Ernst and Young's audit work on the Borough Council's grant claims had been included with the paperwork for tonight's meeting.</p> <p>Mr R Murray, Ernst and Young presented the External Audit Plan for Year End 31 March 2014 which set out how the External Auditors intended to carry out their responsibilities as auditor.</p>	RESOLVED: The Committee noted and agreed the External Audit Plan for Year End 31 March 2014.
30.04.13 – (57 mins)		
ARC104: Presentation on Anti-Fraud by the Audit Manager	<p>The Audit Manager gave a Powerpoint presentation, which included the following:</p> <ul style="list-style-type: none"> • What is fraud? • Why should it be a concern? • What the Council do to avoid fraud? • Sources of Information. • Other interested parties. 	RESOLVED: The Committee noted the content of the presentation.
ARC105: Single Fraud Investigation Service Update	<p>In presenting the report, the Audit Manager explained that the Single Fraud Investigation Service (SFIS) was a government project to transfer the investigation of Benefits fraud to a new service within the Department of Work and Pensions.</p> <p>The Audit Manager advised the Committee that once she had assessed the level of workload that would be left with the Council once SFIS had been implemented, a further report would be presented to Members.</p>	RESOLVED: To agree in principle that the Council will need to retain an investigative resource post-SFIS and that the approach taken is the most appropriate.

<p>ARC106: Cabinet Report: Anti-Fraud and Anti-Corruption Strategy, Whistleblowing Policy and the Fraud Response Plan</p>	<p>The Audit Manager presented the report and reminded the Committee that the Council had a suite of anti-fraud documents in place for a number of years, with amendments being made to take account of new legislation, in particular the Bribery Act 2010. A full review of the documents had now taken place to ensure that there were consistent, up-to-date and fit for Purpose.</p>	<p>RESOLVED: That Cabinet recommends that Council agree the proposed Anti-Fraud and Anti-Corruption Strategy, Fraud Response Plan and Whistleblowing Policy.</p>
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AUDIT AND RISK COMMITTEE WORK PROGRAMME 2014/2015**29 April 2014**

- 5.30 pm: 1st Item - Fraud – (training/briefing session – all Members invited to attend):
- Single Fraud Investigation Service Update
- Cabinet Report: Anti-Fraud and Anti-Corruption Strategy, Whistleblowing Policy and Fraud Response Plan

27 May 2014

- Q4 Progress Report.
- Fraud report – BEU and NFI
- Corporate Risk Monitoring Report (October 2013 to March 2014)

9 June 2014

- Final Accounts and Statement of Accounts for year ended 31 March 2013: Revenue Outturn, Capital Programme and Resources.

24 June 2014**Cabinet Reports:**

- Benefits and Revenues Fraud Policy – Introduction of Civil Penalties for Council Tax.
- Annual Treasury Report 2013/2014.

22 July 2014

- Q1 Progress Report
- Annual Report
- Business Continuity – V Dunmall, K Kent
- Cabinet Report: Review of the Effectiveness of the Audit and Risk Committee

9 September 2014

- Special Meeting – to consider the Statement of Accounts 2012/2013
- Annual Governance Statement.
- Monitoring Officer Annual Report

25 November 2014

- Q2 Progress Report
- Fraud Report – BEU and NFI
- External Annual Audit Letter – to be presented by the Council's External Auditor
- Mid-Year Treasury Report

24 February 2015

- Q3 Progress Report
- Strategic Audit Plan

24 March 2015

Forthcoming Items

Business Continuity/Emergency Planning Training (45 mins) – 1st item – training session – open to all Members) – date to be determined.