



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

THURSDAY 11TH DECEMBER 2014
AT 6.00 P.M.

COMMITTEE ROOM, THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

MEMBERS: Councillors H. J. Jones (Chairman), M. T. Buxton (Vice-Chairman),
S. J. Baxter, B. T. Cooper, S. J. Dudley, P. A. Harrison and
P. M. McDonald

AGENDA

1. To receive apologies for absence
2. Declarations of Interest

To invite Councillors to declare any Disclosable Pecuniary Interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. To confirm the accuracy of the minutes of the meeting of the Audit Board held on 19th June and 18th September 2014 (Pages 1 - 14)
4. Grant Thornton Progress Update (to November 2014) (Pages 15 - 30)
5. Grant Thornton Annual Audit Letter (Pages 31 - 44)
6. Benefit Fraud - Quarter 2 (Pages 45 - 54)
7. 2014/2015 Apr - Sept Financial Savings Monitoring (Pages 55 - 58)
8. Risk Management Monitoring Group - Verbal Update
9. Internal Audit Monitoring Report (Pages 59 - 80)
10. 2015/2016 Provisional Internal Audit Plan (Pages 81 - 94)

11. Audit Board Work Programme 2014/2015 (Pages 95 - 96)
12. To consider any other business, details of which have been notified to the Head of Legal, Equalities and Democratic Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting

K. DICKS
Chief Executive

The Council House
Burcot Lane
BROMSGROVE
Worcestershire
B60 1AA

3rd December 2014



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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

THURSDAY, 19TH JUNE 2014 AT 6.00 P.M.

PRESENT: Councillors S. J. Baxter, M. T. Buxton, S. J. Dudley (during Minute No's 1/14 to 12/14), H. J. Jones, R. J. Laight (substituting for Councillor P. A. Harrison and C. J. Spencer (substituting for Councillor B. T. Cooper)

Invitees: Ms Z. Thomas, Grant Thornton

Officers: Ms. J. Pickering, Mr. A. Bromage, Ms. A. De Warr, Mr. K. Hirons and Mrs. P. Ross

1/14 **ELECTION OF CHAIRMAN**

RESOLVED that Councillor H. J. Jones be elected as Chairman of the Board for the ensuing municipal year.

2/14 **ELECTION OF VICE-CHAIRMAN**

RESOLVED that Councillor M. T. Buxton be elected as Vice-Chairman of the Board for the ensuing municipal year.

3/14 **APOLOGIES**

Apologies for absence were received from Councillors B. T. Cooper, P. A. Harrison and P. M. McDonald.

4/14 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

5/14 **MINUTES**

The minutes of the meeting of the Audit Board held on 20th March 2014 were submitted.

The Executive Director, Finance and Corporate Resources provided the Board with a verbal update with regard to Minute No. 42/13. There was a Human Resources approval checklist for commencement and termination forms, which included payments and annual leave entitlement. Internal Audit had recommended that the Council's Whistleblowing Policy be updated. The Executive Director, Finance and Corporate Resources to ensure that the policy details that staff would be able to raise any concerns with Councillors.

With regard to Minute No. 44/13, Members agreed to a verbal update on ICT Resilience from the Executive Director, Finance and Corporate Resources and that the Democratic Services Officer be tasked to email details of the verbal update to all Audit Board Members.

RESOLVED that, subject to the information as detailed in the preamble above, the minutes be approved as a correct record.

6/14

GRANT THORNTON - AUDITING STANDARDS 2013/2014

The Chairman welcomed Ms. Z. Thomas (Engagement Manager) from Grant Thornton to the meeting.

The Board was asked to note the Grant Thornton Auditing Standards Report 2013/2014 and the Management responses within the report.

Ms. Z. Thomas introduced the report and briefly explained the purpose of the report. Members' attention was drawn to the Fraud Risk Assessment questions, as detailed on pages 16 to 19 in the report. With regard to an unanswered question, Question 4 – "Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)". The Executive Director, Finance and Corporate Resources informed Members that with regard to financial reporting, all reports were subject to a number of validation and controls by finance and Heads of Service therefore the potential for override was of a low risk.

The Executive Director, Finance and Corporate Resources informed Members that the Council's fraud and corruption polices were in the process of being updated and that the updated polices would be presented to the next meeting of the Board.

RESOLVED that the Grant Thornton Auditing Standards report for 2013/2014 be noted.

7/14

GRANT THORNTON AUDIT PLAN 2013/2014

The Board was asked to note the Grant Thornton Audit Plan 2013/2014.

Ms. Z. Thomas introduced the report and briefly explained that in planning their audit, Grant Thornton needed to understand the challenges and opportunities the Council was facing; the challenges / opportunities had been detailed on page 42 in the report. Grant Thornton would undertake a review of the Financial Resilience as part of their Value For Money (VFM) conclusion. They would review the Council's Medium Term Financial Plan (MTFP) and consider whether improvements had been made in budgetary control to support the successful delivery of the plan. As part of the VFM conclusion they would continue to monitor the Council's path to transformation. Where savings had been specifically attributed to transformation in the MTFP they would consider how these savings were being identified and reported.

As a result of interim audit work there were some concerns that the Corporate Risk Register provided did not link directly with the Council's strategic priorities. The Executive Director, Finance and Corporate Resources informed Members that the updated Corporate Risk Register now linked to the Council's strategic priorities; and that the updated Corporate Risk Register had been included on the agenda, Agenda Item No. 15, to be discussed by the Board. The Executive Director, Finance and Corporate Resources responded to further questions from Members on the results of the interim audit work with regard to the financial services manager posting journals.

Ms. Z. Thomas further informed the Board that with regard to VFM and in view of future financial commitments to capital schemes, Grant Thornton would undertake a high level review of planning around these projects.

RESOLVED that the Grant Thornton Audit Plan 2013/2014 be noted and agreed.

8/14 **GRANT THORNTON PROGRESS UPDATE 2013/2014**

The Board was asked to note the Grant Thornton Audit Board Update for 2013/2014.

Ms. Z. Thomas introduced the report and drew Members' attention to page 61 in the report, Progress at June 2014. Ms. Z. Thomas agreed to provide Members with a copy of Grant Thornton's publication, 'A guide to local authority accounts'. The guide was designed to help Members of Audit Committee's discharge their responsibilities for the financial statements. It aimed to help Members to understand and challenge the accounts, supporting notes and other statements. Ms. Z. Thomas highlighted page 65 in the report – Audit Commission Value for Money (VFM) Profiles and suggested that Members viewed their Council's VFM Profile on the Audit Commission VFM Profiles website, as detailed on page 65 in the report.

With regard to page 63 in the report – Accounts – our top issues, the Chairman raised the question "How do Audit Board Members pick up the top issues"? The Executive Director, Finance and Corporate Resources responded and agreed to provide Members with an update before the next meeting of the Board.

RESOLVED that the Grant Thornton Audit Board Update for 2013/2014 be noted.

9/14 **DEPARTMENTAL RISK REGISTER PRESENTATION - ENVIRONMENTAL SERVICES**

The Chairman welcomed Mr. K. Hirons, Environmental Services Manager to the meeting.

Mr. K. Hirons expressed sincere apologies from Guy Revans, Head of Environmental Services. Mr. K. Hirons provided Members with a presentation

detailing operational risks for environmental services. The presentation slides detailed the services provided by environmental services, risk management principles and operational risks. Mr. K. Hirons responded to Member's questions with regard to Health and Safety for employees and members of the public. Members questioned the lack of detail in the presentation. The Executive Director, Finance and Corporate resources informed Members that each service area also completed a very detailed risk management programme. The detailed programmes would be time consuming to present to an Audit Board Meeting, due to the level of detail, but Members could meet with senior officers to look at the more detailed risk management programme for their service area. Members agreed with this suggestion and the Democratic Services Officer was tasked to coordinate requests received from Audit Board Members to view detailed risk management programmes.

The Chairman thanked the Environmental Services Manager for his presentation.

10/14

ANNUAL GOVERNANCE STATEMENT 2013/2014

The Board considered the draft Annual Governance Statement 2013/2014 for inclusion in the Statement of Accounts 2013/2014.

The Executive Director, Finance and Corporate Resources introduced the report and in doing so informed Members that authorities were expected to publish the Annual Governance Statement (AGS) for 2013/2014 with their Statement of Accounts. The preparation and publication of an Annual Governance Statement was necessary in order to meet the statutory requirement set out in Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006 to prepare a Statement on Internal Control (SIC) in accordance with 'proper practices'.

Appendix 1 to the report detailed the draft Annual Governance Statement 2013/2014. In response to Councillor Buxton, the Executive Director, Finance and Corporate Resources agreed that reference to staff 1-2-1- meetings and the recent staff survey be included in the Annual Governance Statement. The Executive Director, Finance and Corporate Resources drew Members' attention to page 77 in the report and informed Members that during 2013/2014 only one complaint had been made to the Standards Committee with no further action taken.

The Executive Director, Finance and Corporate Resources responded to Ms. Z. Thomas and agreed that reference to the limited assurance audits should be included within the Annual Governance Statement.

RESOLVED that, subject to the amendments as referred to in the preamble above, the Annual Governance Statement 2013/2014 be included in the Statement of Accounts for 2013/2014.

11/14

BENEFITS FRAUD INVESTIGATIONS UPDATE - QUARTER 4

The Board considered a report which detailed the performance of the Benefits Services Fraud Investigation service for the period 1st January 2014 to 31st March 2014, Quarter 4.

As agreed at the Audit Board meeting held on 20th March 2014, information on the new benefit system and the potential for increased fraud was included in the report, along with temporal data as requested by Members.

The Head of Customer Access and Financial Support introduced the report and in doing so informed the Board that as detailed in the report, during the three month period overpayments of £189,046.77 in Housing Benefit were identified. Council Tax Reduction caused by claimant error was no longer measured.

Fraud investigation could impact upon other areas of benefit administration. The biggest impact was upon the identification of overpaid Housing Benefit and excess payments of Council Tax Benefit/Reduction. Some of these overpayments could be large and could distort the apparent recovery rate of overpayments. Overpayments on the files closed during quarter 4 totalled £8,730.38 in Housing Benefit and £4,926.07 in Council Tax Benefit/Reduction.

During Quarter 4, 39 fraud referrals were received and considered for investigation by the team. The report highlighted where the referrals had been received from, data-matching, official sources and members of the public. 17 of the 20 referrals from members of the public were allegations relating to undeclared partners.

Many fraud referrals related to benefits paid by both Bromsgrove District Council and the Department for Work and Pensions (DWP). In these cases a joint approach was taken to ensure that the full extent of offending was uncovered and the appropriate action was taken by both bodies. This also maximised staffing resources by preventing duplicate investigation work and depending on workloads either body could take the lead.

Appendix 3 to the report detailed the numbers of referrals and subsequent outcomes for 2013/14, compared with the two previous years. The trend indicated a reduction in referrals but this was largely due to changes in the way some were recorded and also the automation of a large number of changes which had reduced the likelihood of changes not being picked up.

Quite a large number of the referrals would not be taken up. This could be for a variety of reasons such as duplicate referrals where an investigation was already taking place; no benefit in payment, the information in the allegation was already correctly declared alleged or would have no effect on the claim.

Cases where the allegation would have no effect on the Housing Benefit / Council Tax Support claim but could impact on DWP benefits or Tax Credits were referred to the appropriate organisation to investigate.

The timescale for the implementation of the Single Fraud Investigation Service (SFIS), as announced as part of the Government's Welfare reform plans had now been released and despite the rest of the county joining in November this year, Bromsgrove and Redditch would not join the organisation until February 2016. Staff were being kept fully informed and work would commence six months prior to the start date of February 2016.

The Head of Customer Access and Financial Support highlighted that it was important to note that the local authority would not be responsible for monitoring fraud in the Universal Credit system. This would transfer to the Single Fraud Investigation Service. However we would retain responsibility to manage non-welfare fraud such as the Council Tax Support Scheme. Readiness planning was taking place and the team were looking at how we could help our customers, digital by default, there would be a need for support to be in place for those who absolutely needed help. The team would look at on-line offerings, voluntary sector groups and budget helping assistance.

RESOLVED that the Benefits Services Fraud Investigations update for 1st January 2014 to 31st March 2014, quarter 4 be noted

12/14

INTERNAL AUDIT ANNUAL REPORT 2013/2014

The Board considered the 2013/2014 Internal Audit Annual Report for the period 1st April 2013 to 31st March 2014 along with the Audit Opinion and Commentary.

The Service Manager, Worcestershire Internal Audit Shared Service introduced the report and in doing so informed the Board that the Annual Report was a combination of all the reports presented to the Board during the last twelve months. As detailed in Appendix 1 to the report, during 2013/2014 there were 285 chargeable audit days delivered. This equated to a delivery of 95% against a target for the year of 90%. Appendix 2 to the report provided a breakdown of the audits completed and the overall assurance. Appendix 3 to the report provided the audit opinion and commentary.

The Worcestershire Internal Audit Shared Service (WIASS) had achieved and delivered the full 2013/2014 internal audit plan.

The majority of the completed audits had been allocated an audit assurance of either 'moderate' or above meaning that there was generally a sound system of internal control in place, no significant control issues had been encountered and no material losses had been identified during a time of continued significant transformation and change.

The data received from the Client Feedback Analysis 2013/2014, showed that clients were satisfied with the audit process and service. The feedback was used to assess the effectiveness of internal audit and to help improve and enhance the internal audit function.

RESOLVED that the 2013/2014 Internal Audit Annual Report for the period 1st April 2013 to 31st March 2014 along with the Audit Opinion and Commentary, be noted.

13/14 **INTERNAL AUDIT MONITORING REPORT**

The Board considered a report which detailed the monitoring report of internal audit work and performance for 2013/2014.

The Service Manager, Worcestershire Internal Audit Shared Service introduced the report and in doing so informed Members that the report provided commentary on Internal Audit's performance against the performance indicators agreed for the service. The report also included the 2012/2013 audit where further work was requested and had been undertaken throughout the 2013/2014 audit year.

The Service Manager, Worcestershire Internal Audit Shared Service responded to Councillor S. J. Baxter with regard to trend analysis and implementation dates being changed. Members were informed that implementation dates were managed. The Section 151 officer would be made aware and if there was a genuine reason as to why the implementation date was to be changed the Section 151 officer would sign it off. If concerns were noted with regard to implementation dates being changed for no apparent reason the Audit Board would be made aware.

RESOLVED that the monitoring report of internal audit work and performance for 2013/2014 be noted.

14/14 **ICT RESILIENCE - VERBAL UPDATE**

As referred to in Minute Number 5/14 above.

15/14 **CORPORATE RISK REGISTER**

The Board received a report on the updated 2014/2015 corporate risks to be included in the Corporate Risk Register.

The Executive Director, Finance and Corporate Resources introduced the report and in doing drew Members' attention to the Corporate Risks 2014/2015 as detailed at section 3.5 in the report. As requested by the Board Corporate Fraud and Individual Election Registration had been added to the risks. The Executive Director, Finance and Corporate Resources responded to Ms. Z. Thomas and agreed that the Corporate Risks should link to the Council's strategic purposes and this would be raised with the Corporate Management Team.

RESOLVED that, subject to the amendment as detailed in the preamble above, the Corporate Risks 2014/2015 be agreed.

16/14 **AUDIT BOARD DRAFT ANNUAL REPORT 2013/2014**

Members considered the draft Audit Board End of Year Report 2013/2014. The report was a factual report with input from Board Members for the municipal year 2013/2014.

RESOLVED that the draft Audit Board Annual Report 2013/2014 be presented as the final report to the next meeting of Council for information.

17/14 **AUDIT BOARD WORK PROGRAMME 2014/2015**

The Board considered the Work Programme for 2014/2015.

Following a brief discussion on the number and volume of reports presented to Audit Board meetings, the Board agreed that officers be tasked to review the Work Programme for 2014/2015.

RESOLVED:

- (a) that the Work Programme for 2014/2015 be noted; and
- (b) that officers be tasked to review the Work Programme for 2014/2015.

The meeting closed at 7.27 p.m.

Chairman

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

THURSDAY, 18TH SEPTEMBER 2014 AT 6.00 P.M.

PRESENT: Councillors H. J. Jones (Chairman), M. T. Buxton (Vice-Chairman), S. J. Dudley (Minute 18/14 to Minute 22/14) , P. A. Harrison (Minute 18/14 to Minute 22/14), R. J. Laight (substituting for B. T. Cooper) and R. J. Shannon (substituting for P. M. McDonald)

Officers: Ms. J. Pickering, Ms D. Poole, Mr. J. Godwin, Mr. A. Bromage and Ms. R. Cole

18/14 **APOLOGIES**

Apologies for absence were received from Councillors S. J. Baxter, B. T. Cooper and P. M. McDonald.

19/14 **DECLARATIONS OF INTEREST**

No interests or whipping arrangements were declared.

20/14 **OVERVIEW AND SCRUTINY BOARD**

Members considered a recommendation relating to the replacement Leisure Centre from the Overview and Scrutiny Board contained within minute 19/14 of the meeting of Overview and Scrutiny Board held on 14th July 2014.

The recommendation was as follows:

“that financial concerns around the increased membership that will be needed to ensure good annual revenue should be addressed through an Audit Board investigation of the figures”.

The Chairman welcomed Mr. J. Godwin, Head of Leisure and Cultural Services to the meeting.

The Head of Leisure and Cultural Services briefly confirmed the work which had been undertaken in order to give a forecast on membership numbers including detailed research work and surveys undertaken by leading companies in the field. This had taken into account current membership levels and future trends.

During the discussion on this matter a number of Members commented that in view of the level of borrowing involved in the development of a new Leisure Centre, it would be appropriate to request Internal Audit to review the membership figures involved which would impact on the revenue stream.

Reference was also made by Members to the detailed work which had already been undertaken on this matter by Consultants from a national Company and whether there was value in requesting officers from Internal Audit to look further at the figures. It was felt to be important that there was no further delay in the process.

Following discussion it was

RESOLVED that no action be taken on the request from the Overview and Scrutiny Board that the Audit Board undertake an investigation of the figures in respect of the Membership levels of the replacement Leisure Centre.

21/14

DEPARTMENTAL RISK REGISTER PRESENTATION - BUSINESS TRANSFORMATION

The Chairman welcomed Ms D. Poole, Head of Transformation and Organisational Development to the meeting.

The Head of Transformation and Organisational Development provided Members with a presentation detailing operational risks for Business Transformation and Organisational Development.

The presentation detailed the operational risks which involved ICT, Information Management and HR issues. The presentation also detailed how the risks were being mitigated. It was recognised that due to the nature of the service, issues such as ICT capacity had an impact upon other services across the Authority and the use of an Apprenticeships Programme to help to address the difficulty in recruiting staff was welcomed. Reference was made by Members to some of the issues around Shared Services in relation to staffing including differences in salary levels.

The Chairman thanked the Head of Transformation and Organisational development for her presentation.

22/14

INTERNAL AUDIT MONITORING REPORT

The Board considered a report which detailed the monitoring report of internal audit work and performance for 2014/15.

The Service Manager, Worcestershire Internal Audit Shared Service introduced the report which gave a summary of all of the Audits which were taking place.

In respect of the ICT full systems audit it was noted that a clear action plan had been agreed and was being implemented. In relation to the return of ICT

equipment including by former Members, the Head of Transformation and Organisational Development undertook to look further at the process for this.

The Executive Director, Finance and Corporate Resources stated that the Internal Audit Monitoring report was to be considered by the Corporate Management Team as a whole on a regular basis. Clearly the Heads of Service involved in each Audit report were already closely involved in the consideration of the report.

The Executive Director, Finance and Corporate Resources stated that it was important that the Audit reports were produced in a form which was easily accessible to Members and it was suggested that Councillor H. J. Jones as Chairman of the Audit Board and lead Member for Audit, meet with relevant Heads of Service to consider how the format of the reports could be amended or supplemented to improve focus on the points within each Audit Report which needed to be addressed.

RESOLVED that the report be noted.

23/14

MINUTES

The minutes of the meeting of the Audit Board on 19th June 2014 could not be confirmed as a correct record at present, as insufficient Members were present at the current meeting who had also been present at the meeting on 19th June.

The minutes would therefore be considered at the next meeting of the Board.

It was noted that:

- the updated Fraud and Corruption Policies were on the Work Programme for the next meeting (Minute 6/14):
- the Executive Director, Finance and Corporate Resources would update in relation to Minute 8/14; and
- that no requests had been received in relation to Minute 9/14

24/14

BENEFIT FRAUD - QUARTER 1

The Board considered a report on performance information in respect of the Benefits Fraud investigation Service from 1st April 2014 to 30th June 2014 quarter1.

The Executive Director, Finance and Corporate Resources highlighted the advantages of close working with and the sharing of information with other agencies such as the Department of Work and Pensions.

In relation to the Fraud Trends data set out in Appendix 3 to the report, Members requested additional information on Student Awards and The executive Director , Finance and Corporate Resources undertook to circulate this to Members.

RESOLVED that the Benefits Services Fraud Investigations update for 1st April 2014 to 30th June 2014, quarter 1 be noted.

25/14 **APRIL - JUNE 2014/2015 FINANCIAL SAVINGS MONITORING**

The Board considered the Finance Monitoring report for the period April to June 2014.

The Executive Director, Finance and Corporate Resources reminded Members that this report focussed on projected savings for the year in respect of each of the Council's Strategic Purposes and in particular savings delivered for April to June 2014.

It was noted that the Council's External Auditors had recommended that the delivery of savings be monitored more closely to ensure that savings are being made in the way expected when the budget was set.

The Executive Director, Finance and Corporate Resources informed the Board that some areas had not yet delivered the projected savings because of timings of restructures and service reviews. In some areas such as CCTV additional income generation was adding to savings achieved.

RESOLVED that the current position in respect of projected savings as set out in the report be noted.

26/14 **RISK MANAGEMENT MONITORING GROUP**

The Executive Director, Finance and Corporate Resources reported that there had been a recent meeting of the Risk Management Monitoring Group which had looked at Terms of reference for the Group. The next meeting was set for early October and there would be an update to the next meeting of the Board.

RESOLVED that the information be noted.

27/14 **CONTRACTS REGISTER**

The Executive Director, Finance and Corporate Resources reported that there was now a detailed Contracts Register in place. It was confirmed that the Register was open to Inspection.

RESOLVED that the information be noted.

28/14 **AUDIT BOARD WORK PROGRAMME 2014/2015**

Members considered the Board's Work Programme for the remainder of 2014/2015.

It was noted that there were a number of reports due to be considered at the 19th March 2015 meeting and that it may be appropriate to include an additional meeting in March 2015.

Agenda Item 3

Audit Board
18th September 2014

RESOLVED that the Work Programme for 2014/15 be noted and that officers consider whether an additional meeting is required.

The meeting closed at 7.10 p.m.

Chairman

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AUDIT BOARD

11th DECEMBER 2014

GRANT THORNTON PROGRESS UPDATE - NOVEMBER 2014

Relevant Portfolio Holder	Cllr Michael Webb
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 To update members on the progress of External Audit for the plan to November 2014.

2. RECOMMENDATIONS

- 2.1 **The Board is asked to note updates as included on Appendix 1.**

3. KEY ISSUES

Financial Implications

- 3.1 There are no financial implications

Legal Implications

- 3.2 The Council has a statutory responsibility to comply with financial regulations.

Service / Operational Implications

- 3.3 The report from Grant Thornton details their progress in delivering their responsibilities as external auditors. The report outlines that as at November 2014 the 2014/2015 Accounts Audit Plan would be completed in line with the agreed timetable. With regards to the interim accounts audit, the detailed timing would be agreed with the Director of Finance and Resources in due course, as will the work for the value for money conclusion. There were a number of top issues raised at the June Board meeting and it is proposed that officers continue to work with Grant Thornton prior to the final accounts process to ensure that members are updated at the March Board meeting with an update on the top issues identified.

AUDIT BOARD

11th DECEMBER 2014

3.4 In addition to the update on the account progress for the Council the report includes a summary of emerging national issues and developments that may be relevant and a number of challenge questions in respect of these emerging issues which Members may wish to consider. These include:

- CIPFA LAAP updates
- Managing Council property assets
- Grant Thornton Vision for 2020
- Anti-fraud and corruption -the National Fraud Initiative;
- Auditing of Parish Councils – complexity of the Governments new arrangements

With reference to the emerging issues, officers will be raising he issues at the next Parish Council meeting on 10th December to ensure parishes are aware of the new arrangements which are to be in place from 2017.

Customer / Equalities and Diversity Implications

3.5 There are no implications arising out of this report.

4. RISK MANAGEMENT

4.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

5. APPENDICES

Appendix 1 – Progress Report Grant Thornton Report

AUTHOR OF REPORT

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Bromsgrove District Council Audit Committee Update

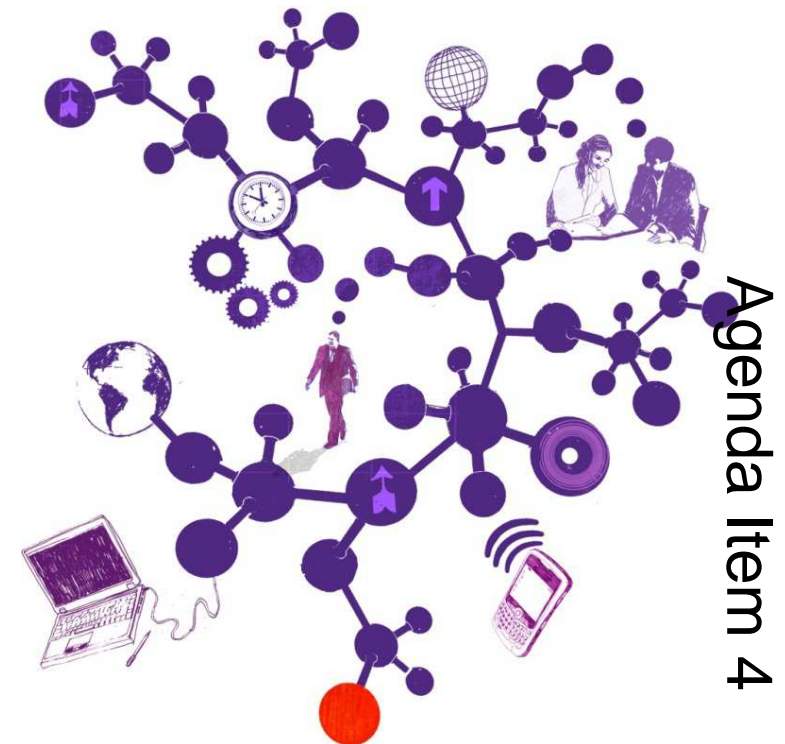
Year ended 31 March 2014

November 2014

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Working in tandem, local government governance review 2014, our third annual review, assessing local authority governance, highlighting areas for improvement and posing questions to help assess the strength of current arrangements
- 2016 tipping point? Challenging the current, summary findings from our third year of financial health checks of English local authorities
- Local Government Pension Schemes Governance Review, a review of current practice, best case examples and useful questions to assess governance strengths
- Responding to the challenge – Alternative Delivery Models in Local Government
- Where growth happens – The high growth index of places
- 2020 Vision

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Phil.W.Jones@uk.gt.com
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Progress at 28 November 2014

Work	Planned date	Complete?	Comments
2013-14 Accounts and VFM conclusion We are required to issue an opinion on the accounts by 30 September.	30/9/2014	Y	We presented our audit findings report to the Cabinet on 24 th September. An unqualified opinion on the accounts was issued on 29 September. A unqualified VFM conclusion was also issued. Our Annual Audit Letter, summarising our findings from the year is included on the agenda.
Grant claims: This year we have only been required to certify the Housing Benefits Subsidy.	30/11/14	Y	We certified the Housing benefits Subsidy grant Claim on 27 November. We will provide a summary report to the HB team in the near future.
2014/15 Audit Fee letter issued in March 2014	March 2015	Y	
Interim audit	March 2015		
VFM conclusion: assessment against audit Commission specified Criteria	March 2015 & July 2015	N	
Final Accounts Audit; opinion to be issued by 30 September 2015	August 2015	N	

Code changes

Accounting and audit issues

At the end of July, CIPFA/LASAAC released the [2015/16 Code of Practice on Local Authority Accounting in the United Kingdom](#) (the Code) Exposure Draft (ED) and Invitation to Comment (ITC) for public consultation. The changes proposed in the ITC include:

- IFRS 13 fair value measurement: the proposed approach would result in remeasurement of property, plant and equipment assets that do not provide service potential for the authority. IFRS 13 also applies to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions) and will have an impact on the reporting of, for example, financial instruments and investment properties.
- Other amendments to IFRSs: including the accounting treatment of pensions' contributions
- IFRIC 21 Levies (ie levies imposed by governments)
- Changes to UK GAAP particularly relating to Heritage Assets
- Other minor and drafting amendments.

The consultation closes on Friday 10 October 2014.

CIPFA/LASAAC have also launched a second stage consultation on [simplifying and streamlining the presentation of local authority financial statements](#). This consultation closes on Friday 19 September 2014.

Position at Bromsgrove

We will discuss with your officers the arrangements that you have in place to address these matters in our on-going meetings with your finance team.

2020 Vision

Grant Thornton

Our national report '2020 Vision' is available at: <http://www.grant-thornton.co.uk/en/Publications/2014/2020-Vision-Exploring-finance-and-policy-futures-for-English-local-government-as-a-starting-point-for-discussion/>

In a time of unprecedented challenge for English local government, how can the sector develop towards 2020 if it is to have a sustainable future? Our latest report provides a thorough analysis of the current political and economic context, explores a range of potential policies and outcomes, and suggests several scenarios to facilitate an open debate on the future for the sector.

Produced in collaboration with the University of Birmingham's Institute for Local Government Studies (INLOGOV), our report suggests that fundamental changes to local government are both operationally necessary and constitutionally inevitable, for the sector to remain relevant by 2020. The report offers a thorough analysis of the current political and economic context and explores a range of potential future policies and outcomes that English local government will need to adopt and strive towards as they seek to adapt and overcome these challenges.

Placed in the context of enhanced devolution, following the Scottish independence referendum, 2020 Vision maintains a wary eye fixed on the 2015/16 Spending Round and looks ahead to the life time of the next government. It highlights that the economic and financial situation remains increasingly untenable, with an expanding North/South divide arising from the pattern of funding reductions and economic growth.

English local authorities continue to face unprecedented challenges, relating to the pressures of austerity and central government funding reductions, and demographic and technological change. Our report highlights the vital role of a successful local government sector and encourages it to think hard about how it will cope in the future.

Informed by the views of a broad range of local authority leaders, chief executives and other sector stakeholders, the report offers a set of six forward-looking scenarios* in which councils could be operating within by 2020. Though not mutually exclusive, we suggest that key stakeholders need to take urgent action to avoid a potential slow and painful demise for some councils by 2020.

Hard copies of our report are available from your Engagement Lead or Audit Manager.

Where Growth Happens

Grant Thornton

Our national report 'Where Growth Happens' is available at: <http://www.grant-thornton.co.uk/en/Publications/2014/Where-growth-happens-The-high-growth-index-of-places/>

As the UK emerges from recession, increasing attention is being given, both nationally and locally, as to how to accelerate economic sector growth. Our report presents the findings of research undertaken by our Place Analytics team on the dynamics of local growth. It will give FDs and CEOs of local authorities and LEPs:

- an insight into the geographic areas of high growth and dynamic growth (ie the quality of growth)
- an understanding of the characteristics of both growing and dynamic places to help frame policy and sustain future growth
- an understanding of growth corridors and their implications, not only for UK policy makers, but also for those locally sitting within and outside the corridors
- an insight into the views of different leaders charged with making growth happen in their locality.

The report provides a ranking of English cities according to their economic growth over an eight year period (2004 – 2012). Outside of London – which maintains eight of the top 10 best performing districts overall – it places Manchester, Birmingham and Brighton and Hove in the top three, as measured by economic, demographic and place (dwelling stock and commercial floor space) growth.

The analysis also assess the quality of local growth - or 'dynamism' - to identify areas with a vibrant and dynamic economy capable of supporting future expansion, based on five key drivers. London again tops the ranking, with nine out of the top 10 dynamic growth areas. Outside the capital, Cambridge, Reading and Manchester top the list of future sustainable growth.

Based on this analysis of past progress and future prospects, our report reveals a number of 'growth corridors' – functional and large scale local economic areas in England – which are playing a significant role in the country's overall growth levels. Though predominantly stemming from London, the intra-city growth corridors include a number of other large cities at their core, creating a network of key strategic linkages between high growth and dynamic areas.

Hard copies of our report are available from your Engagement Lead or Audit Manager.

New routes to housing development

Grant Thornton

We have issued the first in a series of good practice papers on topical issues for local government.

This paper considers good practice in councils' approaches to delivering affordable housing. Until recently, local authorities have acted as an enabler of new affordable housing; increasingly they are now undertaking a direct delivery role. Delivery routes vary and must be structured with the council's objectives and capacity in mind as there is no 'one size fits all' approach. The paper considers the benefits and challenges of council owned housing companies, including:

- Setting and delivering objectives
- Identifying optimal funding routes
- Assessing viability and working with others

The paper stresses the importance of a properly developed business case and business plan to support the setting up of a housing company.

Copies of our good practice paper are available from your engagement lead or audit manager.

Auditing Parish Councils

Local government guidance

On 17 July 2014 the Audit Commission wrote to the Department for Communities and Local Government (DCLG) to express its concerns about the complexity of the government's new arrangements for parish council audits. Responding to DCLG's consultation on local audit regulations, the Commission suggests they will place a much greater burden on parish councils and their clerks than the government intends.

Currently all circa 10,000 parish Councillors have an Audit Commission appointed auditor. Post Audit Commission closure, scheduled for March 2015, new arrangements are due to come into place from 2017. Under the new arrangements the default option for all parishes will be to appoint their own auditors, with fees set by the market, although:

- auditors at parishes below a certain size, and subject to other prescribed conditions, will not carry out work unless members of the public ask questions or make objections – instead parishes in this category will have to publish specified information on their own website or the website of their district council;
- if a sector led body comes forward, and is accepted by the government, parishes can opt for this body to appoint their auditors for them.

The Audit Commission's Chairman, Jeremy Newman said that

- “we need to find a way to overcome some fundamental practical problems about how smaller local authorities, such as parish councils, should be held to account;
- the government wants high quality and cost-effective assurance that promotes transparency. It is trying to reduce the burden on authorities, but its proposals will do the opposite. The government needs to either keep the current assurance arrangements in place, or accept that the small spending levels of these bodies, coupled with their closeness to their communities, means that external audit is disproportionate.”

Challenge questions

- Have Parish Councils within the District Council's area considered the implications of the government's proposals for their future audit arrangements?

Managing council property assets

Local government guidance

The Audit Commission has issued its briefing paper **Managing Council Property Assets: Using Data from the VFM Profiles**

In the paper the Audit Commission:

- advocates that councils should be active and strategic managers of their estates – understanding property markets and asking questions about the properties they own or lease,
- prompts councils to consider whether assets are in the right place, whether they should keep, sell, or transfer them, and how much they should invest in building, buying and maintaining property,
- invites local authorities to balance the value realised through sales of surplus assets, against the cost of maintaining them.

The background to the briefing is the collation of information from the government's capital outturn return which identifies that the local government estate has a net book value of £169.8 billion of which £2.5 billion have been classified as 'surplus' assets. In this context the Audit Commission is calling on councils to ensure they have a strategic approach to managing these assets, in order to get the best value for money they can from this portion of the local government estate. The Audit Commission Chair, Jeremy Newman said:

"we are neither advocating that local government starts a wholesale sell-off of their land and property nor are we suggesting councils shouldn't spend money on buying assets or on investment to improve their existing property. What we are highlighting is a group of assets that do not provide immediate benefit to local communities, but still require councils to spend money on maintaining them. These assets have potential value for councils. While not all such land or buildings may be sellable, councils should consider how much value they gain from surplus assets and how this could be increased. I urge councils to use the data held in the Commission's 'Value for Money (VFM) Profiles Tool', such as spending on and value of land and property assets and 'surplus' assets, alongside their unique and detailed local knowledge, to regularly review if their estate is fit-for-purpose."

Challenge question

- Are members satisfied that the Council has adequate management arrangements in place to ensure its property assets are being efficiently and effectively managed?

The National Fraud Initiative

Local government guidance

On 12 June 2014 the Audit Commission released its national report, [The National Fraud Initiative \(NFI\): National Report \(June 2014\)](#) highlighting that its data matching exercise has identified a further £229 million of fraud, overpayment or error in England, Scotland, Wales and Northern Ireland, since it last reported in May 2012. The Chairman of the Audit Commission, Jeremy Newman said;

"We publish a report from the NFI every two years and continue to produce great results. The national figure for identified fraud, error and overpayment, that would otherwise be lost to the taxpaying public, is down by £46 million compared to the previous report although the number of cases has increased by nearly 20 per cent. This is great news if, as we believe, it is due to improving detection rates. However, we cannot be complacent. The more participants in the exercise, the richer the data for everyone involved and the harder it is for fraudsters to hide from detection".

The Audit Commission's National Fraud Initiative will move to the Cabinet Office in April 2015 to secure the continuation of the counter fraud data matching initiative which over its 18 year history has identified over £1.17 billion in fraud, error and overpayment .

Challenge question

- Are members satisfied that the Council's support for the NFI's data matching exercise is adequate and that local data matches are being properly investigated to identify potentially fraudulent activity?



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AUDIT BOARD

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GRANT THORNTON ANNUAL AUDIT LETTER 2013/2014

Relevant Portfolio Holder	Cllr Michael Webb
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 To present to Members the Grant Thornton Annual Audit Letter which summarises the key findings arising from the work that we have carried out at the Council for the year ended 31 March 2014.

2. RECOMMENDATIONS

- 2.1 **The Board is asked to note the Audit Letter as included on Appendix 1.**

3. KEY ISSUES

Financial Implications

- 3.1 The Grant Thornton fee for the 2013/14 audit fee is £69k. The Audit Commission sets the scale fee on which the audit fee is based.

Legal Implications

- 3.2 The Council has a statutory responsibility to comply with financial regulations.

Service / Operational Implications

- 3.3 The Annual Audit Letter 2013/14 from Grant Thornton details their findings and recommendations as a result of the work undertaken as part of the final accounts for 2013/14. This includes; Financial Statements, Value for Money Judgement, Whole of Government Accounts (WGA) and Grant Claims.
- 3.4 Unqualified opinions were given for the Accounts and the Value for Money Judgement. In addition no issues were raised in the WGA Statements. The Audit of the benefit claims are ongoing as these are undertaken in line with DWP requirements.

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- 3.5 There were 5 recommendations arising from their work which are detailed with the officer recommendations in the report. These include:
- Improvements to Financial Monitoring particularly forecasting and outturn savings being identified
 - *Further training is being undertaken with budget holders. New Finance system will enable on-line access to budget monitoring..*
 - Performance Management arrangements to be in place
 - *Management Team currently considering options for development of reporting framework of measures to enable members to consider the information.*
 - Financial Ledger implementation needs to be resourced and planned effectively
 - *Financial Services Manager leading the project and regular updates to be given to Cabinet and Audit Board. Project Group set up with stakeholder and technical input.*
 - Risk Management Arrangements to be developed further
 - *Corporate Risk Register to be aligned to strategic purposes and management team to continue to embed risk management across the organisation*
 - Capital Projects to be developed with detailed business cases for Members consideration
 - *Business Case already developed for Dolphin Centre and decisions on future capital projects to be supported with similar information.*
- 3.6 Officers will continue to work with both Internal and External Audit to ensure the recommendations are implemented as reported.

Customer / Equalities and Diversity Implications

- 3.7 There are no implications arising out of this report.

4. RISK MANAGEMENT

- 4.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

5. APPENDICES

Appendix 1 – Annual Audit Letter Grant Thornton 2013/14

AUDIT BOARD

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AUTHOR OF REPORT

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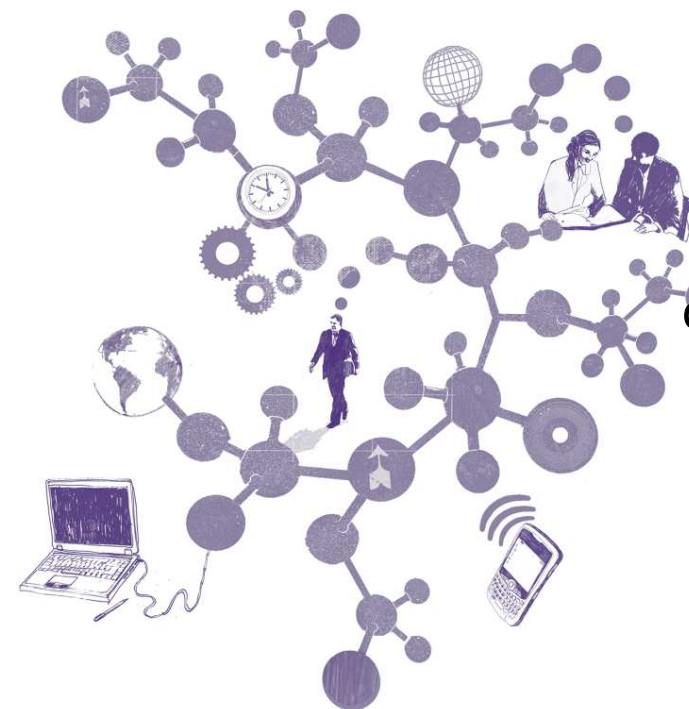
The Annual Audit Letter for Bromsgrove District Council

Year ended 31 March 2014

September 2014

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Agenda Item 5

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A Key issues and recommendations

B Summary of reports and audit fees

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Bromsgrove District Council ('the Council') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in June and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

<p>Financial statements audit (including audit opinion)</p> <p>Page 37</p>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 24 September, to the Cabinet. The key messages reported were:</p> <ul style="list-style-type: none"> • An unqualified opinion on the accounts was issued • An unqualified VFM conclusion was given • The Whole of Government accounts work was completed and the necessary return made to the NAO. No matters arose from that work. <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 30 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council</p>
<p>Value for Money (VfM) conclusion</p>	<p>We issued an unqualified VfM conclusion for 2013/14 on 30 September 2014.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.</p>

Key messages

Whole of Government Accounts	We reviewed the consolidation pack prepared by the Council to support the production of the Government's Whole of Government Accounts. In line with our instructions we reported that the Council was below the audit threshold level set by the National Audit Office and reviewed the worksheets specified for bodies below the audit threshold. We confirmed that the closing figures for Property, Plant and Equipment and Pensions liabilities in the consolidation pack were consistent with those in the Council's financial statements on the 30 September 2014 in advance of the deadline.
Certification of grant claims and returns	Work is currently on-going for the certification of the housing benefits subsidy claim. This work is being undertaken on behalf of Department for Work and Pensions.
Audit fee	Our fee for the 2013/14 audit fee is £64,906, excluding VAT. The Audit Commission sets the scale fee on which your audit fee is based. This scale fee was increased by £900, to reflect the additional work required around the changes to accounting for business rates this year. There were no other matters that impacted on the planned fee. The planned fee was consistent with that billed the previous year. Further detail is included within appendix B.

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Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
1.	<p>Financial monitoring: The Q3 forecast out-turn was significantly different to the actual out-turn. No detailed analysis has been undertaken of savings achieved against budget.</p> <p>Recommendations: A detailed review of the 2013/14 out-turn against the revised budget should be undertaken. This should focus on gaining a better understanding of where recurring savings are reflected in the 2014/15 budget. The revisions to the 2014/15 budget and 2015/16 budget setting should include a review of vacancies and whether these should be included in the budgets going forward. The in year financial reports production should be speeded up, in particular to get the Quarter 1 report out more promptly and accuracy should be improved.</p>	high	<p>Presentation to 4th Tier to develop more robust forecasting and monitoring of budgets.</p> <p>Finance system to be used by budget holders to reflect more informed position on monitoring of financial position</p> <p>Responsible office: Jayne Pickering / Sam Morgan /HOS Due date: January 2015</p>
2.	<p>Performance management arrangements: The Council does not have a properly functioning performance management framework. This is in part caused by the on-going development of relevant performance (outcome) measures to support the strategic ambitions published in July 2013.</p> <p>Recommendation: Accelerate the work around developing performance measures and embedding these into routine operational and committee reporting, to support consistent and effective performance management arrangements.</p>	high	<p>Management Team currently considering options for development of reporting framework of measures to enable members to consider the information.</p> <p>Management Team currently considering development of a corporate plan to address reporting of measures together with delivery of strategic purposes</p> <p>Responsible officer: Deb Poole / Rebecca Dunne Due date: March 2015</p>

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
3.	<p>Ledger implementation</p> <p>The Council is planning to implement a new financial ledger by February 2015. This is a major and complex project and need to be properly planned and resourced to ensure it is developed successfully.</p> <p>Recommendation</p> <p>The Audit Board and Finance portfolio holder should have regular updates on the progress of the ledger implementation project. As a minimum, internal audit should be involved in providing independent assurance that the project is being properly planned and resourced. We can put the Council in contact with other councils who have successfully implemented a ledger system if this is considered helpful.</p>	high	<p>Discussions / Updates to be held with Internal Audit</p> <p>Verbal Update to Cabinet at each meeting</p> <p>Responsible officer; Sam Morgan</p> <p>Due Date: November 2015</p>
4.	<p>Risk register</p> <p>The Council is continuing to embed risk management procedures in day to day management arrangements. This was referred to in a report by internal audit, which concluded that there is still some progress to be made.</p> <p>Recommendation</p> <p>The Council should continue to embed risk management arrangements. in particular, the corporate risk register should be better aligned with corporate priorities and reported in its entirety to the audit committee periodically.</p>	medium	<p>Risk Register to be updated to reflect Strategic Purposes</p> <p>Report to Audit Board at six monthly intervals</p> <p>Responsible officer: Jayne Pickering</p> <p>Due date: March 2015</p>

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Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
5 Page 41	<p>We reviewed a number of the on-going and planned capital schemes, particularly focussing on the adequacy of information provided prior to the decision being made to proceed.</p> <p>We noted that there wasn't a clear approval of the Council House/ Parkside project supported by a business case prior to a commitment being made.</p> <p>We noted that arrangements appeared to be better for the more recent town centre and leisure centre project, but clearly these schemes have associated risks that will need to be effectively managed.</p> <p>Recommendation</p> <p>All significant projects, particularly for capital schemes, must be supported by a clearly communicated business case that is considered before approval is given to any schemes.</p> <p>Robust project management arrangements will need to be in place as capital projects proceed, which will include adequate reporting of progress and risk management to those charged with governance.</p>	high	<p>Improvements have already been made to the reporting arrangements around decisions on major capital items.</p> <p>Responsible office: Jayne Pickering/ HOS Due date: on-going</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	64,006	64,906
Grant certification fee	3,872	3,872
Total fees	67,878	68,778

An additional £900 has been added to the scale fee, as reported in the AFR. This has yet to be confirmed as a fee variation by the Audit Commission.

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Audit Plan	June 2014
Audit Findings Report	September 2014
Certification report	To be issued on completion of work
Annual Audit Letter	September 2014



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AUDIT BOARD

11th December 2014

BENEFITS FRAUD – QUARTER 2 2014/15 UPDATE

Relevant Portfolio Holder	Councillor Mike Webb
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda De Warr, Head of Customer Access and Financial Support
Wards Affected	All Wards
Ward Councillor Consulted	N/A
Non-Key Decision	

1. SUMMARY OF PROPOSALS

This report aims to advise Members on the performance of the Benefits Services Fraud Investigation Service for the period 1 July 2014 to 30 September 2014.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that subject to any comments, the report be noted.

3. KEY ISSUES

Financial Implications

- 3.1 Direct expenditure for the year from 1 April 2013 until 31 March 2014 was £15.9m in Housing Benefit and £4.6m in Council Tax Support.
- 3.2 During this three month period total overpayments of £180k in Housing Benefit were identified. Claimant error in respect of Council Tax Support is no longer classified as an overpayment and this amount is no longer measured, although recovery mechanisms are in place. Measures have been put into place to enable us to evaluate Council Tax Support overpayments identified as a result of fraud investigation and report on them in future.
- 3.3 Overpayments on investigations closed during the period of this report totalled £51k in Housing Benefit, £8.5k in Council Tax Benefit and £1.4k in Council Tax Support. Some of these overpayments may be included in the totals identified as shown in 3.2 but because investigations can sometimes continue for a considerable time after the overpayment is calculated, many of these will have been calculated in prior to 1 July 2014.

Legal Implications

- 3.4 There are no specific legal implications.

Service/Operational Implications

- 3.5 The Benefits Service decides entitlement to Housing Benefit and Council Tax Support in the local area. A shared dedicated counter fraud team is in place and their purpose is to prevent and deter fraud in addition to investigating any suspicions of fraudulent activity against the Authority. The team have completed the nationally recognised best practice qualifications in Professionalism in Security (PinS) appropriate to their role.
- 3.6 As at 30 September 2014 there were 5382 live Housing Benefit claims and 5011 Council Tax Reduction claims in payment. Approximately half of the caseload is made up of people of working age which results in a large number of claims from customers who are moving in and out of work and also claiming other out of work benefits.
- 3.7 Although improvements have been made to try to make this transition easier for customers it still remains an area of risk of fraud and error entering the system. As both Housing Benefit and Council Tax Reduction are means tested benefits there are potential financial incentives to under declare income and savings or not to report a partner who may be working or have other income.
- 3.8 During this quarter 28 fraud referrals were received and considered for investigation by the team. This is an increase on the previous quarter and due in part to the work of the new shared service team who have improved information to raise fraud awareness.
- 3.9 22 referrals were received from members of the public, demonstrating the value of maintaining a high level of fraud awareness within the local community. More than half of these were allegations of fraud that are very often difficult to identify through data-matching and are not easily identified by staff, mostly relating to:
- occupancy of properties,
 - undeclared partners or non-dependants, or
 - allegations that the customer was not residing at the address.

Publicity in the local press following successful prosecutions continues to encourage members of the public to report their suspicions of benefit fraud and remind customers to report changes in their circumstances as they take place in order to avoid overpayments and prevent investigations into their claims.

- 3.10 3 of the referrals were received from the Department for Work and Pensions (DWP) either as joint working invitations or for consideration of investigation into Housing Benefit/Council Tax Support as there were no DWP benefits in payment that would be affected by the alleged fraud.
- 3.11 2 referrals came from employees within Bromsgrove District Council (BDC). There has been a noticeable reduction in referrals from members of staff during the period of this report but they have started to increase again since then. Further fraud awareness training is planned in the near future in order to raise awareness of benefit fraud with employees and encourage referrals to be made in appropriate cases.
- 3.12 1 investigation was started as a result of a data-match through the National Fraud Initiative. A significant reduction in the number of matches resulting in a fraud referral is a general trend following the automation of information regarding benefits and Tax Credits between local authorities and DWP. This trend has also decreased the number of cases of lower level fraud where a caution or administrative penalty would quite often have previously been offered. Real Time Information is now also being received from HMRC relating to changes in earnings and this will further reduce potential fraud.
- 3.13 Many fraud referrals relate to benefits paid by both BDC and the DWP. In these cases, a joint approach is taken to ensure that the full extent of offending is uncovered and the appropriate action is taken by both bodies. This also maximises staffing resources by preventing duplicate investigation work and depending on workloads either body can take the lead.
- 3.14 11 investigations were closed during the period and fraud or error was established in 9 of these.
- 3.15 4 customers were prosecuted. 1 of these related to an undeclared partner, 2 related to undeclared work and the other to undeclared work and undeclared private pension.
- 3.16 1 customer accepted a caution as an alternative to prosecution for undeclared work and non-dependant moving into the household.
- 3.17 1 customer accepted an administrative penalty for undeclared work.
- 3.18 Although overpayments were identified in a further 3 cases it was decided that sanctions were not appropriate even though overpayments were identified on them. There must be sufficient evidence to prosecute for any sanction to be considered. At times this

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cannot be obtained or there could be mitigating factors resulting in the file being closed without sanction.

- 3.19 Fraud investigations often identify large overpayments which can distort the apparent recovery rate of overpayments. For example, the Housing Benefit overpayments on 3 of the cases closed during this period were each over £10,000 and totalled £33,432.26 so are likely to take a considerable time to recover.
- 3.18 The overpayments identified on Council Tax Support are now starting to reach levels where fraud investigation into them alone is appropriate. The numbers and amounts involved will be monitored closely in the coming months in order for consideration to be given to the retaining resources likely to be required and ways in which this function may continue when the Housing Benefit investigation function transfers to the Single Investigation Service in February 2016.

Customer / Equalities and Diversity Implications

- 3.20 A robust mechanism for pursuing Housing Benefit and Council Tax Support Fraud is important to customers who expect to see action taken to reduce fraud and overpayment of benefits.

4. RISK MANAGEMENT

- 4.1 Without adequate performance monitoring arrangements there is a risk that the Benefits Service could lose subsidy and additional costs could be incurred. In addition, without effective counter fraud activity increased numbers of claims where no or reduced entitlement would remain in payment and add to the service cost.

5. APPENDICES

Appendix 1 - Example cases
Appendix 2 - Additional demographic information
Appendix 3 - Trends data

6. BACKGROUND PAPERS

None

7. KEY

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Example cases

Case 1

A 59 year old man accepted an administrative penalty as an alternative to prosecution for failing to declare that he was in full time work as a production operative from June to August 2013.

This investigation began as a result of a joint working invitation from the DWP which was accepted to ensure that the full extent of offending was identified.

A Housing Benefit overpayment of £592.36 was calculated after a Jobseeker's Allowance overpayment of £1,173.71 was identified.

The customer attended the appointment arranged to carry out an interview under caution but refused to be interviewed and therefore a caution could not be considered in this case.

The overpayment and administrative penalty are being recovered through deductions from the customer's current benefit entitlement.

Case 2

A 35 year old woman was prosecuted after the National Fraud Initiative identified that she had started working as a teaching assistant in September 2011.

Overpayments of £3,077.19 Housing Benefit, £606.44 Council Tax Benefit and £334.62 Council Tax Support were identified and as the customer failed to attend an interview under caution an alternative sanction could not be considered.

After pleading guilty to all offences the customer was fined £110 in addition to being ordered to pay £200 towards the prosecution costs and a £20 victim surcharge.

The overpayment is being repaid by the customer in monthly instalments.

Case 3

A 44 year old woman accepted a caution after admitting offences of failing to declare that her earnings had increased and that her non-dependant son had returned to live in the property.

The investigation into this case began after the Housing Benefit Matching Service provided a data-match on cases where earnings had not been updated on claims for over a year. Further investigation established that the wages had increased and the undeclared non-dependant which resulted in overpayments of £6,967.29 Housing Benefit and £1,946.19 Council Tax Benefit/Support.

Although prosecution would usually be considered as first option of sanction because of the period and amount of the overpayment in this case, it was decided to offer a caution on this occasion because the customer's employer had

significantly delayed the investigation by not providing information when requested and the customer had herself provided the information about her son returning.

The overpayment is being repaid by weekly standing order.

Case 4

The joint investigation with the DWP into the claim of a 36 year old woman which resulted in overpayments of £11,719.81 Housing Benefit and £1,798.05 Council Tax Benefit based on evidence showing that she had been living with an undeclared partner had to be closed without sanction after the case was withdrawn from court.

The customer had appealed against the DWP decision that was made on the balance of probability that Income Support of £6,456.59 had been overpaid because she had been living with her partner. The Tribunal upheld the decision and the evidence was considered sufficient to support a prosecution.

The case was withdrawn from court by the Crown Prosecution Service who were presenting the case on behalf of the Department for Work and Pensions after a neighbour of the customer made a statement that the alleged partner was not living with the customer but refused to attend court.

The Housing Benefit overpayment is being recovered through deductions from the customer's on-going benefit entitlement.

Agenda Item 6

APPENDIX 2

This table gives additional information on the nature and demographic profile of cases of benefit fraud where sanctions were applied during the period covered by this report.

Gender	Status	No. dep children	Tenancy type	Area	Fraud type	Outcome
Female	Single	1	Housing Association	Sidemoor	Undeclared partner	Prosecution
Male	Partnered	0	Housing Association	Alvechurch	Work	Prosecution
Female	Partnered	3	Housing Association	Stoke Prior	Work	Prosecution
Female	Partnered	0	Housing Association	Wythall	Work/Private pension	Prosecution
Female	Partnered	1	Housing Association	Whitford	Work/ Non-dependant	Caution
Male	Single	0	Housing Association	Catshill	Work	Admin Penalty

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APPENDIX 3

Fraud Trends 2011 to 30 September 2014

Referrals

Fraud type	2011/12	2012/13	2013/14	2014/15
undeclared income	37	67	46	4
working and drawing	19	10	18	13
contrived tenancy	2			
employer fraud		1		
HBMS Data Match	88	12	2	
landlord fraud	1	1		
living together	34	36	54	13
non-commercial tenancy	1			1
non-dependants	20	13	10	6
non-residency	4	8	18	6
other	10	9	8	3
property owner			1	
student award				
<u>undeclared capital</u>	<u>11</u>	<u>6</u>	<u>8</u>	<u>1</u>
Total referrals	227	163	165	47

<u>Referral source</u>	<u>2011/12</u>	2012/13	<u>2013/14</u>	<u>2014/15</u>
Members of public	54	32	65	31
Data matching	114	66	52	1
<u>Official source</u>	<u>59</u>	<u>65</u>	<u>48</u>	<u>15</u>
Total referrals	227	163	165	47

HBMS data matches are still correctly included in the Data matching referral source.

Closures

Closures by fraud type	2014/15
undeclared income	5
working and drawing	8
contrived tenancy	
employer fraud	
HBMS Data Match	
landlord fraud	
living together	4
non-commercial tenancy	
non-dependants	1
non-residency	
other	
property owner	
student award	2
undeclared capital	
Total closures	20

Closures by referral source	2014/15
Members of public	2
Data matching	9
Official source	9
Total closures	20

Outcomes	2011/12	2012/13	2013/14	2014/15
Administrative Penalty	7	6	1	1
Caution	45	32	21	4
Prosecution	3	9	10	6
No Sanction		26	17	9
Total	55	73	49	20

AUDIT BOARD

11TH DECEMBER 2014

APRIL – SEPTEMBER FINANCE MONITORING REPORT 2014/15

Relevant Portfolio Holder	Councillor Mike Webb
Portfolio Holder Consulted	-
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

To report to the Board the monitoring of the projected savings for 2014/15. This report includes the delivery of savings and additional income for the period April 2014 – September 2014.

2. RECOMMENDATIONS

- 2.1 That the Board note the current financial position for projected savings as presented in the report.

3. KEY ISSUES

- 3.1 This report provides a statement to show the projected saving for 2014/15 for each strategic purpose and the delivery of the saving for the period April – September 2014. This report is separate to the main financial monitoring report that is presented to Cabinet as it focuses on the delivery of savings rather than the overall financial position of the Council.
- 3.2 The External Auditors, Grant Thornton, have recommended that the delivery of savings be monitored more closely to ensure that the Council is meeting savings in the way that was expected when the budget was set. This monitoring is recommended to be undertaken by the Audit Board and the statement attached at Appendix 1 was agreed at the meeting in March 2014 to be used for monitoring purposes.
- 3.3 As members may be aware during the budget process, heads of service propose savings that are to be delivered during future financial years. The budget allocation is then reduced to reflect the proposed saving and officers meet on a monthly basis to ensure that all estimated reductions to budget are being delivered.

AUDIT BOARD

11TH DECEMBER 2014

3.4 Appendix 1 shows that for the period April – September there are no concerns in the delivery of the savings to budget. A number of the projections were based on reductions in cost following service reviews and due to the timing of the restructures a number of savings will, as expected, not be achieved until the next quarter.

3.5 **Legal Implications**

None as a direct result of this report.

3.6 **Service/Operational Implications**

Timely and accurate financial monitoring ensures that services can be delivered as agreed within the financial budgets of the Council

3.7 **Customer / Equalities and Diversity Implications**

None, as a direct result of this report.

5. **RISK MANAGEMENT**

Effective financial management is included in the Corporate Risk Register.

6. **APPENDICES**

Appendix 1 – Saving monitoring April – September 2014

7. **BACKGROUND PAPERS**

Available from Financial Services

AUTHOR OF REPORT

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**REVENUE SAVINGS 2014/15 - APRIL -
SEPTEMBER**

APPENDIX 1

Strategic Purpose	2014-15 £'000	Quarter Position 2014/15 £'000	Variance Quarter Position 2014/15 £'000	Comments on variance	Saving Description General / Service Redesign / Additional Income
Enabling					
Worcestershire Regulatory Services	-50	-25	0		Savings generated from the service review and efficiencies within WRS
Customer Services	-59	-30	0		Service review following redesign of the service to mitigate impact of WCC cuts to funding
Audit Fees	-15	-8	0		Contract reduction in Audit Fees
Director of Planning	-29	-29	0		It was estimated that 6 month saving would be realised prior to the post being recruited to - this has been met in full. As the post has not been recruited to the savings are expected to continue to accrue
Head of Service Restructure (Finance and Resources)	-42	-21	0		Savings from the redesign of the management team within Financial Resources
Valuation Services (Property)	-37	-19	0		Renegotiation of Contract for Services
Replacement Financial System	-20	-10	0		Review of costs associated with new financial system
Financial Services ; Accountancy / Payments / Payroll	-35	-3	6	Shortfall due to timing	The review of accountancy , payroll and payments has now completed and it is expected to deliver the total saving by the end of the financial year
Legal & Democratic Services redesign	-22	-11	0		Review of vacant posts and redesign of the service provided
Legal Services	-8	-4	0		General Reductions on budgets following review
Transformation	-62	-31	8		There is a slight shortfall at present due to the timing of some contract payments. It is estimated that this will be achieved by the end of the financial year.
Keep my Place, Safe and Looking Good					
CCTV Contract	-32	-16	0		There is currently excess income being delivered from the out of hours contract for CCTV and Lifeline
Career break for 3 months	-4	-2	0	Shortfall due to timing	General savings from reduction in costs
Environmental Services - Redesign of service delivery	-108	-54	54		The redesign of the support and other services within Environmental to include; bereavement, waste collection and management has commenced and is currently being presented to members for approval. It is not expected that the full saving will be delivered by the end of the financial year however there are other savings within the department that will offset this shortfall

**REVENUE SAVINGS 2014/15 - APRIL -
SEPTEMBER**

APPENDIX 1

Strategic Purpose	2014-15 £'000	Quarter Position 2014/15 £'000	Variance Quarter Position 2014/15 £'000	Comments on variance	Saving Description General / Service Redesign / Additional Income
Planning Services (Building Control)	-14	-7	0		Reduction in hours in some of the vacant posts has delivered an underspend to the budget
Provide Good Things for me to See, Do and Visit					
Leisure Services redesign of provision and structure to deliver service	-151	-76	20		The redesign of the service is to be reviewed and therefore there is a slight shortfall in the delivery of this saving. However the overall financial position of the department will result in the total saving being achieved.
Additional Market Income	-25	-13	10	Shortfall due to timing	The intial shortfall is expected to be offset as a result of the market now moving to the refurbished High Street. There are new stalls to be utilised and new markets are anticipated
Help me Run a Successful Busines					
Town Centre Manager	-30	-15	0		Income is being recharged to other Councils as a result of the Town Centre Manager work
TOTAL	-743				

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Agenda Item 7

AUDIT BOARD

Date: 11th December 2014

THE INTERNAL AUDIT MONITORING REPORT OF THE SERVICE MANAGER OF THE WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

Relevant Portfolio Holder	Councillor Mike Webb
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sam Morgan, Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non-Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present:

- the monitoring report of internal audit work and performance for 2014/15

2. RECOMMENDATIONS

2.1 The Board is asked to RESOLVE that the report be noted.

3. KEY ISSUES

Financial Implications

3.1 There are no direct financial implications arising out of this report.

Legal Implications

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2011 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

Service / Operational Implications

3.3 The involvement of Members in progress monitoring is considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the Council’s Annual Governance Statement.

AUDIT BOARD

Date: 11th December 2014

This section of the report provides commentary on Internal Audit's performance for the period 01st April 2014 to 31st October 2014 against the performance indicators agreed for the service.

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST REPORT (18th SEPTEMBER 2014):

2014/15 AUDIT COMPLETED

Data Security 2014/15

The review was a full system audit of the data security, storage, publication and disposal systems. There were no specific areas that the audit did not cover. The audit found there was a sound system of control in place but not all archived data was being reviewed and disposed of in accordance with the council's data retention and disposal schedule. Data was being retained for longer periods than necessary therefore not in accordance with Data Protection Act 1998 principles. An on-going exercise is being undertaken to address this. The council is awaiting accreditation under the Public Services Network Code of Practice (PSN) based on a self assessment. Some of the control weaknesses identified during the audit were work in progress so internal audit recommendations have not been formally reported for these areas as they are already known issues. There were no 'high' priority recommendations reported.

Current position: Final Report Issued: 9th September 2014
Assurance: Moderate

Communications and Media 2014/15

The review was a full systems audit concentrating on the delivery of the Corporate Communication Strategy as a whole. The communication standards and communication strategy are published as guidance for managers and Council Members. The audit found there was a sound system of internal control in place but the communications strategy has been replaced by the issue of protocols which continue to be developed and will evolve with time and the changing communications environment. There were no 'high' or 'medium' priority recommendations to report.

Current position: Final Report issued 16th October 2014
Assurance: Significant

AUDIT BOARD

Date: 11th December 2014

Elections 2014/15

The review was a full system audit concentrating on Electoral Services and the plans and progress being made to ensure the introduction of Individual Electoral Registration is successful. The audit found there was a sound system of control in place. The Electoral Services team is meeting statutory requirements, and is deemed by the Electoral Commission's Performance Standards to do this successfully in all areas, exceeding expectations in some, for electoral registration and undertaking elections. The move to Individual Electoral Registration is significant. Although the council has now achieved over 96% registration in this regard, it is not yet possible to determine the long term impact of Individual Electoral Registration on the electorate or the service. There were no 'high' or 'medium' priority recommendations.

Current position: Final Report issued 27th October 2014
Assurance: Significant

Disabled Facilities Grant's & Home Repairs Assistance 2014/15

The review was a full system audit including both Disabled Facilities Grants and Home Repairs Assistance Lifetime Loans provided by the shared Private Sector Housing service. The audit did not cover the re-commissioning of the Home Improvement Agency. The audit found a sound system of internal control in place for the approval and payment of Disabled Facilities Grants and Home Repairs Assistance Lifetime Loans in line with statutory requirements and local policies.

Current position: Final Report issued 12th November 2014
Assurance: Significant

Asset Management 2014/15

The review was a full system audit of the Asset Management concentrating on the strategic overview of Asset Management. It did not cover the day to day maintenance of the Asset Register. The audit found there was generally a sound system of internal control in place. There are clear documented policies in place for Bromsgrove for the acquisition, disposal and valuation of assets. Bromsgrove and Redditch are working together via the newly formed joint asset management group but it is not always clear how the management of assets are aligned to the strategic purposes of the council.

Current position: Final Report issued 20th November 2014
Assurance: Significant

AUDIT BOARD

Date: 11th December 2014

Summary of Assurance Levels:

Audit	Assurance Level
2014/2015	
Data Security	Moderate
Communications and Media	Significant
Elections	Significant
Disabled Facilities Grants & Home Repairs Assistance	Significant
Asset Management	Significant

2013/14 Audits requiring management sign off and nearing finalisation.

Transformation ~ Corporate Anti Fraud 2013/14

The review was a full system audit concentrating on areas for Corporate Anti Fraud including policies and the strategic overview to reduce opportunity for fraud and corruption, promote awareness of potential fraud to all staff members, how the organisation manages it's policies to include new legislation, and, declaration registers are in place and monitored. With additional work in this area in regard to the initial audit the review, found a more corporately coordinated approach is necessary but there are direct and compensating controls which complement each other and when taken together provide a comprehensive corporate coverage to reduce the risk exposure overall. It must be remembered that no amount of controls will eliminate the potential risk of fraudulent activity taking place but a comprehensive and wide ranging control environment significantly reduces the risk exposure.

Current Position: Draft Report Issued 13th November 2014

Assurance: To be confirmed when finalised

S106's 2013/14

The review was a full system audit concentrating on S106 Agreements from the point the agreement is signed and will cover the S106 Agreements in place at the time of the audit. The review did not cover the reasoning behind or procedures undertaken to obtain agreement to a S106 Agreements.

Draft Report Issued: 8th August 2014

Assurance: To be confirmed when finalised

AUDIT BOARD

Date: 11th December 2014

2014/15 AUDITS ONGOING AS AT 31st OCTOBER 2014.

Treasury Management 2014/15

The review was a full system audit of Treasury Management. The audit found there was generally a sound system of internal control in place with the cash flow spreadsheet providing an accurate record of money allocation. There was also a full audit trail of all transactions both for borrowings and investments but reconciliations needed to be regularly completed.

Current position: Draft Report issued 21st November 2014
Assurance: To be confirmed when finalised

Trade Waste 2014/15

The review is a full system audit concentrating on the domestic refuse collection including garden waste collection. The review will provide assurance on areas including the accuracy and reliability of data produced and used by management to monitor and improve service performance, confirmation of effective planning/optimising of time/resources of waste collection routes, and, that income due is collected at the approved rates in a timely manner, correctly coded, and, arrears are actively pursued. Other areas to be included in the review include stocks of wheelie bins and sacks are properly controlled and that budgetary control is effective. The following areas will not be included within the scope of the audit, trade waste, cesspool emptying and bulky waste.

Current position: Draft Report stage
Assurance: To be confirmed when finalised

Core Financials 2014/15

The majority of core financial audits including Council Tax, Non Domestic Rates, Housing and Council Tax Benefits, Debtors, Creditors and Main Ledger are currently progressing with the outcomes to be reported to the March Committee. Follow up from last years audit outcomes will be included as part of the audit reporting process. With the new ledger implementation work continuing further work is planned in quarter 4 to provide assurance on the integrity of the data transfer.

The outcome of the above audits will be reported to the Board in due course when management have confirmed an action plan and the audits finalised.

AUDIT BOARD

Date: 11th December 2014

3.4 AUDIT DAYS

Appendix 1 shows that progress continues to be made towards delivering the Internal Audit Plan and achieving the targets set for the year. As at 31st October 2014 a total of 143 days had been delivered against a target of 300 days for 2013/14.

Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Board on the 20th March 2014 for 2014/15.

Appendix 3 shows a summary of the 'high' and 'medium' priority recommendations for those audits that have been completed and final reports issued.

Appendix 4 provides the Board with an analysis of audit report 'Follow Ups' that have been undertaken to monitor audit recommendation implementation progress by management.

3.5 OTHER KEY AUDIT WORK

Much internal audit work is carried out "behind the scenes" but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a critical review
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers' attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative.
- Investigations

Recently there has been a significant amount of work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extract and uploading to the Audit Commission to enable matches to be reported. The data extract has been completed and the files uploaded the results of which are now awaited.

AUDIT BOARD

Date: 11th December 2014

The Worcestershire Internal Audit Shared Service (WIASS) is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards.

We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

WIASS confirms it acts independently in its role and provision of internal audit.

Recruitment

- 3.6 To ensure the delivery of the 2014/15 plan there is close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. During the first two quarters of the year the Service managed a vacant post, recruited an Auditor and a Quality Assurance Officer to replace a leaver and agency person. This impacted on productivity in the early part of year. Appropriate action has been undertaken to ensure the remaining resource is spread evenly between all our partners for effective audit plan delivery. The Service Manager remains confident his team will be able to provide the required coverage for the year over the authority's core financial systems, as well as over other systems which have been deemed to be 'high' and 'medium' risk.

Customer / Equalities and Diversity Implications

- 3.7 There are no implications arising out of this report.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are:

- failure to complete the planned programme of audit work for the financial year; and,
- the continuous provision of an internal audit service is not maintained.

These risks are being managed via the 4Risk risk management system within the Finance and Resources risk area.

AUDIT BOARD

Date: 11th December 2014

5. APPENDICES

- Appendix 1 ~ Internal Audit Plan delivery 2014/15
- Appendix 2 ~ Key performance indicators 2014/15
- Appendix 3 ~ 'High' and 'Medium' priority recommendations summary for finalised reports
- Appendix 4 ~ Follow up summary

6. BACKGROUND PAPERS

Individual internal audit reports held by Internal Audit.

7. KEY

N/a

AUTHOR OF REPORT

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AUDIT BOARD

Date: 11th December 2014

APPENDIX 1

Delivery against Internal Audit Plan for 2014/15

1st April 2014 to 31st October 2014

Audit Area	DAYS USED TO 31/10/14	FORECASTED DAYS TO END OF Q3 ~31 st December 2014	2014/15 PLANNED DAYS
Core Financial Systems (see note 1)	25	80	87
Corporate Audits	0	0	58
Other Systems Audits(see note 2)	94	95	119
TOTAL	119	175	264
Audit Management Meetings	12	11	15
Corporate Meetings / Reading	3	4	5
Annual Plans and Reports	5	6	8
Audit Committee support	4	6	8
Other chargeable(see note 3)	0	0	0
TOTAL	24	27	36
TOTAL	143	202	300

Notes:

Note 1: Core Financial Systems are audited predominantly in quarter 3 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts.

Note 2: Full number of budgeted days may not be used due to small 'call off' budgets, e.g. consultancy, investigations, not being fully utilised due to fluctuation in demand. There have been some additional days (amounting to 10).against several of the audits which are included in the 'used to' figure.

Note 3: 'Other chargeable' days equate to times where there has been significant disruption to the ICT provision resulting in lost productivity.

AUDIT BOARD

Date: 11th December 2014

KEY PERFORMANCE INDICATORS 2014/15

APPENDIX 2

Key Performance Indicators (KPIs) for 01st April 2014 to 31st October 2014.

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2014/15 i.e. KPI 3 and 4. Other key performance indicators link to overall governance requirements of Bromsgrove District Council.

	KPI	Trend requirement	2012/13 Year End Position	2013/14 Year End Position	2014/15 Position as at 31 st October 2014	Frequency of Reporting
1	No. of 'high' priority recommendations	Downward	8	*12	1	Quarterly
2	No. of moderate or below assurances	Downward	3	8	2	Quarterly
3	No. of customers who assess the service as 'excellent'	Upward	2	4 (5 issued: 4x Excellent & 1x Good)	2	Quarterly
4	No. of audits achieved during the year	Per target	Target = 21 Delivered = 21	Target = 15 (minimum) Delivered = 19 (with a further 2 in draft)	Target = 17 (minimum) Delivered = 6 (2x Draft)	Quarterly

*This figure only includes finalised audit report recommendations therefore is subject to change (i.e. increase) depending on the draft report outcomes.

WIASS operates within and conforms to the Public Sector Internal Audit Standards 2013.

AUDIT BOARD

APPENDIX 3

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation’s objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation’s objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation’s objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation’s objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

AUDIT BOARD

Definition of Priority of Recommendations

Priority	Definition
High	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
Medium	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
Low	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

AUDIT BOARD

APPENDIX 3

‘High’ & ‘Medium’ Priority Recommendations Summary for finalised audits.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Data Security 2014/15					
Summary: The review was a full system audit of the Data Security, Storage, Publication and Disposal systems operated by Bromsgrove District Council. There were no specific areas that the audit did not cover.					
Assurance: Moderate					
1	Medium	<p>Local Government Transparency Code 2014 There are no specific plans in place to ensure compliance with the Local Government Transparency Code 2014 which is due to be introduced this year.</p> <p>The Local Government Transparency Code 2014 requires specific data sets held and managed by local authorities to be made available on the public website.</p>	Lack of compliance with the Government code of practice may lead to financial penalties being imposed on the Council.	The council needs to identify a lead officer responsible for drawing up a working plan to identify what changes need to be put into place when the code comes into force, that changes are implemented, and to undertake yearly monitoring to ensure that Bromsgrove District Council remain compliant.	<p>Responsible Manager: Executive Director (Finance and Resources) and Head of Transformation and Organisational Development</p> <p>Implementation date: December 2014</p> <p>Officers have now discussed the requirements of the Code and have determined that there are some specific datasets that will need to be published as these are new requirements e.g. data relating to procurement. A plan of action will be drawn up to address these.</p>

AUDIT BOARD

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Disabled Facilities Grants & Home Repairs Assistance 2014/15					
Summary: The review was a full system audit included both Disabled Facilities Grants and Home Repairs Assistance Lifetime Loans provided by the shared Private Sector Housing service. The audit did not cover the re-commissioning of the Home Improvement Agency.					
Assurance: Significant					
1	Medium	<p><u>File Management</u></p> <p>There continues to be an issue with the resource required to manage the historic hard copy files held within the councils. There is no longer space for newly completed case files. The Private Sector Housing Team Leader is aware of the risk of maintaining personal information for longer than needed and has produced Document Retention requirements for the files, but time and resources are now needed to physically sort these.</p>	There is a risk that personal information the council does not need to keep is still held, leading to legal challenge.	Housing Strategy Manager to consider means of bringing the storage of client data relating to Disabled Facilities Grants and Homes Repair Assistance Lifetime Loans in line with Document Retention requirements.	<p>Agreed. The file cleanse will dovetail with the move to Parkside.</p> <p>Responsible Manager: Housing Strategy Manager</p> <p>Implementation date: 31st March 2015</p>
Audit: Asset Management 2014/15					
Summary: The review was a full system audit of the Asset Management concentrating on the strategic overview. It did not cover the day to day maintenance of the Asset Register.					
Assurance: Significant					
1	M	<p><u>Terms of Reference</u></p> <p>The existing asset management groups for Redditch and Bromsgrove have been replaced with one group to cover both</p>	Financial loss and reputational risk if the assets are not used to the best advantage.	The Council uses the tools that it has already created via the formation of the joint Asset Management Group	<p>Responsible Manager: Head of Customer Access and Financial Support.</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>authorities.</p> <p>The current Asset Management Plans/Strategies for both Councils are out of date. However it should be noted that Local authorities are no longer required to have Asset Management Plans in place.</p> <p>Within the process of transformation and the current challenges both councils face with shared services it is not always clear how the management of assets are aligned to the strategic priorities of the Councils.</p>		<p>and agrees 'Terms of Reference' for the group.</p> <p>This will help to guide the actions of the group, which may or may not decide that Asset Management Plans/Strategies are required, share knowledge and align all decisions with the strategic priorities of both councils.</p>	<p>As this new group has taken over from the two previous authority specific groups it is timely to agree new Terms of Reference.</p> <p>Implementation date: 28th February 2015</p>
			end		

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APPENDIX 4

Follow Up

Planned Follow Ups:

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports is logged. The table provides an indication of the action taken against those audits and whether further follow up is planned. Commentary is provided on those audits that have already been followed up and audits in the process of being followed up to the end of August 2014. Exceptions will be reported to the Committee.

For some audits undertaken each year follow-ups may not be necessary as these may be undertaken as part of the full audit. Other audits may not be time critical therefore will be prioritised as part of the overall work load.

Follow up in connection with the core financials is undertaken as part of the routine audits that are performed during quarter 3.

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<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd</u>
					High and Medium Priorities 6mths after final report issued as long as implementation date has passed	High and Medium Priorities still outstanding 3mths after previous follow up as long as implementation date has passed
2012-13 Audits						
Markets	21st March 2013	Head of Planning Services	Limited	3 'high' and 3 'medium' priority recommendations in relation to Insurance documentation, cash collection, Market procedures & related paperwork, Management Information, Terms & Conditions and Reconciliations.	15/09/2014 - The 3 high priority recommendations relating to procedures and documentation have been addressed, and 2 of the medium priority recommendations relating to terms & conditions and reconciliations have also been addressed. The 1 medium priority recommendation relating to Management Information has not	Dec-14

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					been satisfactorily addressed, and requires further follow-up.	
Street Scene inc abandoned vehicles, fly tipping, etc.	7th January 2013	Head of Environmental Services	Significant	2 'medium' priority recommendations in relation to Data for Management Monitoring Information and utilisation of system.	The follow-up in April 2014 has been agreed. Out of the 2 'medium' priority recommendations 1 in relation to Data for Management Monitoring Information had been implemented and 1 in relation to utilisation of the system was in progress.	Oct-14
cemeteries	26th April 2013	Head of Environmental Services	Significant	1 'high' and 1 'medium' priority recommendations in relation to fees and charges and paying in of remittances.	1 High Priority recommendation - Followed up February 2014 and has been implemented. Moderate priority recommendations will be followed up in April 2014	The follow up in October 2014 has been agreed and out of the 1 'high' and 1 'medium' priority recommendations in relation to fees and charges and paying in of remittances both have been implemented and no further follow ups are required.

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Parks & Open Spaces (Sanders Park)	18th March 2013	Karl Stokes	Moderate	3 'medium' priority recommendations in relation to Internal Checks- banking, Incomplete Banking Records and contractors checks.	The follow-up in April 2014 has been agreed. Out of the 3 'medium' priority recommendations 2 in relation to Internal Checks - Bankings and Incomplete Banking records have been implemented and 1 in relation to Contractors checks is in progress.	Nov-14
Regulatory Service/Environmental Health	2nd August 2013	Head of Regulatory Services	Limited	3 'high' and 1 'medium' priority recommendations in relation to procedures for notification of debtors, reconciliations, license fee increase and performance monitoring reports.	To be included as part of the 14/15 audit	

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2013-14 Audits						
Building Control	29th October 2013	Head of Planning and Regeneration and Building Control Manager	Significant	1 'high' and 1 'medium' priority recommendations in relation to breaking even and receipting of receipts.	Ongoing review	
BURT – Community Transport	10th October 2013	Head of Community Services	Significant	2 'medium' priority recommendations in relation to Service level Agreement and Quarterly Review Minutes.	The follow-up in July 2014 has been agreed. Out of the 2 'medium' priority recommendations 2 in relation to Service Level Agreement and Quarterly Review Minutes have been implemented. No further follow ups are required. Monitoring information had been in progress.	
Risk Management	30th April 2014	Executive Director (Finance and Resources)	Limited	6 'medium' priority recommendations in relation to Risk management strategy and training, risk register reviews and entries, Consistency of Risk Management approach and 4Risk systems administration.	Oct-14	

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Shared Services - Regulatory	30th May 2014	Head of Regulatory Services and Executive Director Finance and Resources	Moderate	1 'high' and 2 'medium' priority recommendations in relation to Performance monitoring data, budget setting and information for fee setting.	Nov-14	
Asset Management	16th April 2014	Financial Services Manager	Significant	1 'medium' priority recommendation in relation to Vehicle insurance Details.	Oct-14	
Regulatory - Hackney Carriage and Private Hire Licensing	23rd June 2014	Head of Regulatory Services	Moderate	1 'high' and 1 'medium' priority recommendations made in relation to reconciliation of income and fee setting.	Dec-14	
Depots and Stores	8 th August 2014	Head of Environmental Services and Environmental Services Manager	Significant	1 'medium' priority recommendation in relation to inventory control.	Feb-15	
ICT	2 nd September 2014	Head of Business Transformation and Organisational Development and ICT Transformation Manager	Limited	1 'high' and 5 'medium' priority recommendations to follow-up in regard to starters, leavers and user accounts, procedures, inventory management, contracts and disposals.	Mar-15	

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2014-15 Audits						
Equality and Diversity	28 th August 2014	Corporate Senior Management Team	Moderate	1 'high' and 2 'medium' priority recommendations made in relation to training, policy and terms of reference.	Feb-15	
Data, Security and Publication	9th September 2014	Head of Transformation and Organisation Development/Executive Director (Finance and Resources)	Moderate	1 "medium" priority recommendation re local government transparency code	Mar-15	
Communications and Media	16th October 2014	Communications and Marketing Manager	Significant	No 'high' or medium' priority recommendations made.		
Elections	27th October 2014	Head of Legal, Democratic Services and Quality Services	Significant	No 'high' or medium' priority recommendations made.		
end						

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Date: 11th DECEMBER 2014

THE 2015/16 PROVISIONAL INTERNAL AUDIT PLAN REPORT OF THE SERVICE MANAGER OF THE WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

Relevant Portfolio Holder	Councillor Mike Webb
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sam Morgan Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present:

- the Bromsgrove District Council Internal Audit Operational Provisional Plan for 2015/16
- the key performance indicators for the Worcestershire Internal Audit Shared Service for 2015/16

2. RECOMMENDATIONS

2.1 **The Board is asked to consider the draft Audit Plan and subject to any comments / proposed changes the Plan be noted**

2.2 **The Board is asked to note the Key Performance.**

3. KEY ISSUES

Financial Implications

3.1 There are no direct financial implications arising out of this report.

AUDIT BOARDDate: 11th DECEMBER 2014**Legal Implications**

- 3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2011 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

To aid compliance with the regulation, the Institute of Internal Auditors Public Sector Internal Audit Standards 2013 details that “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”.

Service / Operational Implications**Internal Audit Aims and Objectives**

- 3.3 The aims and objectives of the Worcestershire Internal Audit Shared Service are to:
- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the council and recommend arrangements to address weaknesses as appropriate;
 - examine, evaluate and report on arrangements to ensure compliance with legislation and the council's objectives, policies and procedures;
 - examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed;
 - undertake independent investigations into allegations of fraud and irregularity in accordance with council policies and procedures and relevant legislation; and
 - advise upon the control and risk implications of new systems or other organisation changes e.g. transformation.

Formulation of Annual Plan

The Internal Audit Plan for 2015/16, which is included at Appendix 1, is a risk based plan which takes into account the adequacy of the council's risk management, performance management and other assurance processes. It has been based upon the service risk priorities and ongoing dialogue and agreement

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with the s151 Officer as well as an independent risk assessment of the audit universe by Internal Audit. Dialogue with the Heads of Service is due to take place in 2015 to agree a more detailed plan delivery the outcome of which will be reported to Committee in March.

By bringing a provisional plan of work before the Audit Board in December 2014 it allows Members to have a positive input into the audit work programme for 2015/16 and make suggestions as to where they feel audit resources may be required under to direction of the s151 Officer. As with all plans it may be subject to review and update as the year progresses in consultation with the s151 Officer.

Resource Allocation

The Internal Audit Plan for 2015/16 has been based upon a resource allocation of 250 chargeable days, a resource allocation which has been agreed with the council's s151 officer. The Service Manager of the Worcestershire Internal Audit Shared Service is confident that, with this resource allocation, he can provide management, external audit and those charged with governance with the assurances and coverage that they require over the system of internal control, annual governance statement and statement of accounts. The 250 day allocation is based on transactional type system audits and has been reduced from the 300 days delivery during 2014/15.

Due to the changing internal environment, ongoing transformation and more linked up and shared service working between Bromsgrove Redditch the plan has been organised in a smarter way in order to exploit the efficiencies that this type of working provides. Heads of Service will have an allocation of audit days with suggested audit areas of coverage linked to them but with an option that all or part of the budgeted days can be used on a flexible basis depending on their service risk exposure. The end result will deliver flexible audit coverage based on the highest risk assessed areas in their services.

The provisional Internal Audit Plan for 2015/16 is set out at Appendix 1.

Monitoring and reporting of performance against the Plan

Operational progress against the Internal Audit Plan for 2015/16 will be closely monitored by the Service Manager of the Worcestershire Internal Audit Shared Service and will be reported to the Shared Service's Client Officer Group (which comprises the s151 officers from partner organisations), and, to the Audit Board on a quarterly basis.

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The success or otherwise of the Internal Audit Shared Service will be determined by the performance against a set of key performance indicators which have been developed for the service. These have been agreed with the council's s151 officer and are included at Appendix 2.

Customer / Equalities and Diversity Implications

There are no implications arising out of this report.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are:

failure to complete the planned programme of audit work within the financial year;
and,

the continuous provision of an internal audit service is not maintained.

These risks are being managed via the 4Risk risk management system within the Finance and Resources risk area.

5. APPENDICES

Appendix 1 ~ Outline Internal Audit Plan 2015/16 (including the three year rolling cycle)

Appendix 2 ~ Key performance indicators 2015/16

6. BACKGROUND PAPERS

None

7. KEY

N/a

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Date: 11th DECEMBER 2014

AUTHOR OF REPORT

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APPENDIX 1

Detailed Provisional Programme of Work for 2015/16

Audit Area	Audit Risk Assessment Score (Max 45) *	Planned days 2014/15	Proposed days 2015/16	Difference = + or -
A – CHARGEABLE AND PRODUCTIVE				
Core Financial Systems				
Service Area: Finance				
Benefits	Risk assessment 36	15	15	0
NDR	Risk assessment 34	12	12	0
Council Tax	Risk assessment 33	12	12	0
Cash, General Ledger, Budget Control & Bank Reconciliations	Risk assessment 33	17	10	-7
Treasury Management	Risk assessment 28	7	7	0
Creditors	Risk assessment 28	10	8	-2
Debtors	Risk assessment 28	7	7	0
Asset Management	Risk assessment 24	7	0	-7
		87	71	-16
Corporate #				
Shared Service (Client) & Transformation Delivery		12	0	-12
ICT <i>(budget moved to Service area)</i>		14	0	-14
Corporate Governance (Health & Safety, Media & Comm's, Performance Indicators, data measures, transformation) <i>(budget moved to Service area)</i>		10	0	-10
Risk Management	Risk assessment 28	15	5	-10
s106s <i>(budget moved to Service area)</i>		0	0	0

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Transformation (Critical Review)		7	0	-7
		58	5	-53
Other Systems Audits (for information)				
2014/15 audits				
Waste Collection	Risk assessment 35	12	0	-12
Elections including finances	Risk assessment 30	8	0	-8
DFG's	Risk assessment 27	10	0	-10
Communications & Media	Risk assessment 27	8	0	-8
Regulatory Services	Risk assessment 27	15	0	-15
Equality & Diversity	Risk assessment 23	7	0	-7
Performance Indicators and Data Quality	Risk assessment 21	10	0	-10
		70		-70
Service Area: Regulatory Services	Risk assessment 27		14	14
Service Area: Planning and Regeneration	Risk assessment 29		10	10
Development & Building Control				
Land Charges				
Service Area: Housing	Risk Assessment 26		7	7
Repairs & maintenance				
Welfare Reform impact				
Service Area: Community Services	Risk Assessment 35		14	14
Safeguarding				

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Service Area: Environmental	Risk Assessment 26		14	14
Street Scene				
Service Area: Leisure and Culture	Risk Assessment 35		14	14
Events income				
Sanders Park & Open Spaces mngt				
Service Areas: (Corporate) Inc: Legal, Equalities and Democratic	Risk Assessment 30		12	12
Individual Electoral Registration				
Delegations				
Service Area: ICT	Risk assessment 35		10	10
Transformation assistance				
Service Areas Total			95	95
Completion of Prior Year's work	N/A	10	8	-2
Statement of Internal Control	N/A	3	3	0
Follow Up on recommendations	N/A	12	10	-2
Fraud and Special Investigations	N/A	12	11	-1
Advisory / Consultancy / Contingency	N/A	12	11	-1
		49	43	-6
TOTAL PRODUCTIVE (A ONLY)		264	214	-50
B – CHARGEABLE AND NON- PRODUCTIVE				
Audit Management Meetings	N/A	15	15	
Corporate Meetings / Reading	N/A	5	5	
Annual Plans and Reports	N/A	8	8	
Audit Board support	N/A	8	8	

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TOTAL CHARGEABLE AND NON-PRODUCTIVE (B)		36	36	0
TOTAL CHARGEABLE (A + B)		300	250	-50

Explanatory Notes:

* Risk assessment scores are indicators derived from an internal audit assessment based on local knowledge and risk assessment using various factors including materiality, impact of failure, system risk, resource risk, fraud risk and external risk.

A number of corporate audit budgets have been reallocated to service areas so that the audit budgets can be used more flexibly and include elements including transformation, health and safety and shared service working.

Customer access and support will be considered overall as part of the service audits.

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Bromsgrove District Council Audit Plan ~ 3yr rolling cycle indicators

SYSTEM DESCRIPTION	Year of last audit	2013/14	2014/15	2015/16	2016/17
<u>Fundamental</u>					
Budgetary Control & Strategy incl. Cash, imprests, purchase cards, General Ledger, Budget Control & Bank Reconciliations		√	√	√	√
Payroll	2014/15 2009/2010 (transferred to RBC)	X	N/a	N/a	N/a
Benefits	2014/15	√	√	√	√
Asset Management	2014/15	√	√	√	√
Creditors	2014/15	√	√	√	√
NDR	2014/15	√	√	√	√
Debtors	2014/15	√	√	√	√
Treasury Management	2014/15	√	√	√	√
Council Tax	2014/15	√	√	√	√
<u>Audit Reviews</u>					
<u>Transformation</u>					
ICT	2014/15	√	√	√	√
ICT - Data Protection & Freedom of Information	2014/15	X	√	X	X
Corporate Governance (Health & Safety, Media & Comm's, Performance Indicators & data measures, transformation)	2014/15	√	√	√	√
Shared Services	2014/15	√	√	X	X
Transformation	2014/15	√	√	X	X
<u>Policy & Performance</u>					

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Performance Indicators & Data Quality	2007/08	X	√	X	X
Communications & Media	2014/15	√	√	X	X
Community Services & Housing					
Strategic Hsginc. Enabling	2013/14	√	X	X	√
Shared Services E.g Community Safety; Lifeline; CCTV; Elections; etc.	CCTV 2006/2007 Lifeline 2007/2008	√	X	X	√
Equality & Diversity	2014/15	X	√	X	X
Disabled Facilities Grants & Grants	2014/15	X	√	X	X
BURT Dial a Ride	2013/14	√	X	X	√
Regulatory Services:	2014/15	√	√	√	
Environmental					
Waste Collection	2010/11 Garden Waste 2011/12	X	√	X	X
Insurance	2005/06	√	X	X	√
Car Parks	2009/10	X	N/a	N/a	
Grounds Maintenance	2012/13	√	X	X	√
Garage & Stores	2013/14	√	√	X	X
Street Scene	2012/13	X	X	√	X
Climate Change	2012/13	X	X	√	X
Environmental Enforcement	2013/14	√	X	X	√
Planning & Regeneration:					
s106's	2013/14	√	X	X	√
Development & Building Control	2013/14	√	X	X	√
Land Charges	2013/14	√	X	X	√
Legal Services					

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Member Development	-	X	X	X	X
Member Allowances	2009/10	X	X	X	X
Election Finances & Individual Electoral Registration	-	X	√	X	X
Leisure & Culture	-				
Sports Development	2006/07	√	X	X	√
Events e.g. bonfire, street theatre	2011/12 (Arts Development)	X	X	√	X
Cemeteries	2012/13	X	X	X	√
Parks & Open Spaces	2009/10	X	X	√	X
Projects					
Risk Management	2014/15	√	√	√	√
end					

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KEY PERFORMANCE INDICATORS 2015/16

APPENDIX 2

The success or otherwise of the Internal Audit Shared Service will be measured against the following key performance indicators for 2015/16.

	KPI	Trend requirement	2014/15 Year End Position	2015/16 Position (as at xxxxxxxx)	Frequency of Reporting
1	No. of 'high' priority recommendations	Downward	XX		Quarterly
2	No. of moderate or below assurances	Downward	XX		Quarterly
3	No. of customers who assess the service as 'excellent'	Upward	XX		Quarterly
4	No. of audits achieved during the year	Per target	Target = 17 (minimum) Delivered =	Target = 15 (minimum) Delivered =	Quarterly

WASS considers it operates within, and conforms to, the Public Sector Internal Audit Standards 2013.

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11th Dec 2014

WORK PROGRAMME 2014/15

11th December 2014

- Grant Thornton Progress Report (to November 2014)
- Grant Thornton Annual Audit Letter (including Grant Thornton Audit Opinion Recommendations)
- 2014/2015 April - Sept Financial Savings Monitoring
- Risk Management Monitoring Group – Verbal Update
- Benefit Fraud – Quarter 2
- Internal Audit Monitoring Report
- Draft Internal Audit Plan 2015/2016 – (to include Internal Audit 3 year plan)
- Audit Board Work Programme 2014/2015

19th March 2015

- Grant Thornton Certification Work Report 2013/2014
- Grant Thornton Audit Plan March 2015
- Grant Thornton Progress Report – Verbal Update
- 2014/2015 Oct – Dec Financial Savings Monitoring
- Corporate Risk Register
- Risk Management Monitoring Group - update
- Benefit Fraud – Quarter 3
- Internal Audit Monitoring Report
- Internal Audit Plan 2015/2016
- Updated Fraud and Corruption Policies – (this was deferred from the December meeting, awaiting the final audit recommendations)
- End of Year Report 2014/2015 (For Member discussion)
- Audit Board Work Programme 2014/2015

To be allocated to a suitable date

- Grant Thornton Auditing Standards

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