

Bromsgrove District Council



AUDIT BOARD ANNUAL REPORT

2012 / 2013



Bromsgrove
District Council

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FOREWORD BY THE CHAIRMAN

Chairman of the Audit Board



Welcome to this, the first annual report, produced by Bromsgrove District Council Audit Board.

The Board has been very active this year and has worked to develop a solid work programme and ensure the effectiveness of its challenge function.

The levels of activity have been significant this year with a growing work programme, specific member identified priorities around corporate risk and fraud, and the continuing focus of the Board in ensuring efficiency, best value for local residents and transparency for members at a time of savings and business transformation.

The Board has worked with Internal Audit to seek to focus and enhance internal audit work and to ensure that the actions identified through audits are satisfied within a timely manner by the relevant service areas.

I would like to thank all the members of the Board, the Vice Chairman, Councillor James Brogan and those officers who have supported its work and provided insights over the past year, for their respective contributions. I am hugely grateful to Pauline Ross and the Democratic Services Team for their commitment and dedicated contribution to the impact of the Board this year.

Councillor Luke Mallett

INTRODUCTION

Audit Board Members are pleased to introduce the first Audit Board Annual Report. The report provides an overview of the Audit Board's activity during the municipal year 2012 / 2013.

The Audit Board works in partnership with the Cabinet and officers to ensure good stewardship of the Council's resources and delivery outcomes for the people of the District.

The Audit Board has a responsibility to consider the effectiveness of the Council's internal control environment. The ultimate responsibility for audit rests with the Portfolio Holder with responsibility for finance and the Council's Section 151 Officer.

The Audit Board continuously reviews Internal Audit's progress against the audit plan and considers Internal Audit performance measures.

The Audit Board receives and considers:

- A summary of work undertaken by Internal Audit.
- financial process/procedures
- Value For Money reports
- any special investigations undertaken by Internal Audit
- Risk Management
- Corporate Fraud

AUDIT BOARD MEMBERS 2012 / 2013



Councillor Mrs. H. J. Jones



Councillor J. S. Brogan



Councillor Ms. P. A. Harrison



Councillor S. J. Dudley



Councillor Dr. B. T. Cooper



Councillor Ms. M. T. Buxton

THE ROLE OF THE AUDIT BOARD

Scope and Responsibility

Bromsgrove District Council is responsible for ensuring that its business is conducted in accordance with legal requirements and proper standards, and that public money is safeguarded and properly accounted for. Under the Local Government Act 1999 the Council also has a duty to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Council also has a responsibility for ensuring a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

The Audit Board's Terms of Reference are detailed at Appendix 1.

Meetings of the Board

The Council's constitution requires the Audit Board to hold quarterly meetings. During the municipal year 2012 / 2013 meetings were held in June, September, December 2012 and March 2013. At the first meeting of the municipal year Audit Boards Members considered and agreed a comprehensive Work Programme for 2012 / 2013, as detailed at Appendix 2. The work programme was a working document that was reviewed at every meeting and items included as and when considered and agreed by the Board. Members agreed that the 'End of Year Review' should be changed to an 'End of Year Report'. This is the first end of year report produced by Audit Board Members.

It was agreed at Full Council on 14th March 2012 that the Audit Board procedure rules be amended to permit the use of trained substitutes. It was hoped that by introducing trained substitutes there would be a greater degree of flexibility around meetings which would allow the Board to carry out its role more effectively. Each Board Member was able to appoint a trained substitute to attend on their behalf, limited to no more than two meetings in any municipal year. No trained substitute Members attended Audit Board meetings during the 2012 / 2013 municipal year.

MEMBER TRAINING

The Executive Director (Finance & Corporate Resources) and the Acting Service Manager, Worcestershire Internal Audit Shared Service, provided Members with Audit Board training. The Member Development Steering Group have made it mandatory, that all Audit Board Members and named substitutes attend appropriate training prior to attending Audit Board meetings, to allow them to discharge their responsibilities.

The training highlights the role of a functional internal audit service, with key findings and progress reported to the Audit Board:

- Service to management.
- Continuous examination of the day to day risks, transactions, systems and methods.
- Provision of independent verification, assurance of risk mitigation, accuracy of records as an indicator of effective management and governance.
- 'Managed audit' agreement: reliance placed by External Audit (EA) on Internal Audit (IA) testing of core financial systems.
- Value for Money (VFM): economy, efficiency and effectiveness.
- Fraud Prevention and Detection.
- Consultancy and advice.

ANNUAL GOVERNANCE STATEMENT 2011 / 2012

The Annual Governance Statement was presented to the Board in June 2012. The Annual Governance Statement is a statutory document, which provides an overview of the governance arrangements within the Council.

Bromsgrove District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Members, Executive Directors, Heads of Service, and other managers of the Council, who are responsible for the development and maintenance of the Governance environment, the Internal Audit Manager's annual report, and the external auditors and other review agencies and inspectorates.

INTERNAL AUDIT

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.
- advise upon the control and risk implications on new systems or other organisational changes e.g. transformation.

The Audit Board works to support Internal Audit in ensuring audit actions are followed through and delivered by the relevant service areas.

Internal Audit Monitoring Report

The Service Manager, Worcestershire Internal Audit Shared Service provided the Audit Board with quarterly reports detailing internal audit work and performance. The involvement of Members in progress monitoring was considered to be an important facet of good corporate governance, which contributed to the internal control assurance given in the Council's Annual Governance Statement. At the Audit Board meeting held on 21st June 2012, Members requested that individual reports for completed audits be presented to future meetings of the Board and that Heads of Service be invited to attend Audit Board meetings to discuss the completed audits for their service area.

At the Audit Board meeting held on 20th September 2012, Members discussed in detail and expressed concerns in respect of the delivery of the Internal Audit Plan 2012 / 2013, highlighting that a total of 78 days had been delivered against a target of 300 days.

Members agreed the following recommendation:

“that Cabinet be made aware of the concerns raised by the Board in respect of the delivery of the Internal Audit Plan 2012 / 2013.”

The recommendation was considered by Cabinet on 7th November 2012, where ***“The Leader stated that the Chairman of the Audit Board had in fact discussed the reason for the recommendation with him and whilst he had also had some concerns, following a discussion with the Director for Finance and Resources these had been alleviated to some extent. It was recognised that this issue would need to be kept under review”.***

Internal Audit Manager’s Draft Audit Opinion 2011 / 2012

The Acting Worcestershire Internal Audit Shared Services Manager presented this report to Members on 21st June 2012. The report provided Members with the proposed opinion, which would be included as part of the formal Annual Governance Statement; which was certified by the Chief Executive and the Leader of the Council, and included in the Statement of Accounts for 2011/2012.

The report highlighted that the Audit Board had a responsibility to consider the effectiveness of the Council’s internal control environment. In order to ascertain management’s view on this and in order to identify any areas where current or emerging risks in relation to internal controls may exist, all Heads of Service and Fourth Tier Managers were asked to complete an internal control checklist which covered:-

- Human Resources
- Corporate Procedure Documents
- Service Specific Procedures
- Risk Management
- Performance Indicators
- Independent Recommendations
- Inventories

Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they were responsible and confirming that those controls were operating effectively except where reported otherwise.

An element of the overall statement was the Acting Worcestershire Internal Audit Shared Services Manager’s opinion; a brief extract is detailed below:

“Based on the audits performed in accordance with the approved revised plan, the Acting Worcestershire Internal Audit Shared Services Manager has concluded that the internal control arrangements during 2011/12 effectively managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council’s corporate objectives have been met.

In relation to the thirteen reviews that have been undertaken, ten audits have been completed and three are to be finalised. A further audit where Internal Audit has been able to take assurance from has been in respect of ICT and the work performed by the Audit Commission. In addition to the audit work undertaken during the year a lengthy investigation was also undertaken. Little work has been undertaken on risk during 2011/12 due to the Risk Management Steering Group being postponed or cancelled on a number of occasions.

As part of the process of assessing the Council's control environment, senior officers within the Council are required to complete an annual "Internal Control Assurance Statement" to confirm that the controls in the areas for which they are responsible are operating effectively. No areas of significant risk have been identified. Any concerns raised by managers will be assessed and addressed by the Authority's Corporate Management Team.

All of the completed audits have been allocated an audit assurance of either moderate or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified during a time of significant transformation and change".

Internal Audit Annual Report 2011 / 2012

The Internal Audit Annual Report 2011 / 2012 was presented to Members on 21st June 2012. To aid compliance with the Regulation, the CIPFA Code of Practice for Internal Audit in Local Governance in the United Kingdom 2006 details that "Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives and ensure that effective and efficient use of audit resources".

The report highlighted that 2011 / 2012 was a demanding year for Worcestershire Internal Audit Shared Service (WIASS) team, with the implementation of a new methodology (1st April 2012), the implementation of a new structure (1st April 2011), the procurement of new internal audit management software, a significant proportion of the year with the Service Manager on maternity leave, vacancy managed posts for the first six months and the departure of staff as part of the efficiency gains. In addition there was unforeseen long term sickness absence which placed further pressure on the service and its ability to deliver the internal audit programme. Internal Audit also took a risk based approach and concentrated on "pure" audit work, minimising the amount of time allowed for in the plan for activity such as team meetings, technical reading and training. As part of the monitoring of the delivery of the audit plan throughout the year it became apparent that small changes were required due to the changing environment in Bromsgrove District Council. Discussions with the Executive Director (Finance and Corporate Resource), saw some agreed minor changes to the plan delivery but the overall coverage remained focused on 'high' and 'medium' risk areas as well as core financials.

There were 207 productive audit days. This equates to productivity of 53% against a productivity target for the year of 64%. The lower than expected productivity was accounted for by a number of influencing factors as indicated earlier.

The Internal Audit section achieved the majority of what was required according to the 2011/2012 audit plan. Due to the impact of long-term sickness within the Internal Audit team and the need to share financial and operational impact of this between the participating Councils within the Internal Audit Shared Service, a small number of the audits were not delivered in 2011/12 but were either brought forward to the 2012/13 audit plan or as part of the risk based assessment were classified as 'low' priority. This decision was taken with the agreement of the Council's section 151 officer.

Managers were asked to provide feedback on systems audits by completing a questionnaire. At the conclusion of each audit a feedback questionnaire was sent to the Responsible Manager and an analysis of those returned during the year shows very high satisfaction with the audit product. To further assist the Audit Board with their assurance of the overall internal audit standards applied, the CIPFA Self-Assessment questionnaire had been considered and applied to the shared service. The outcome indicated that there was a sound basis from which the shared service would work and which would be enhanced as certain key developments were implemented, for example the audit management software, over the next twelve months and further development of the Shared Service. Any areas of non-compliance with the Code would be reported as exceptions to the Client Officer Group and Audit Committee. There were no exceptions to report.

Internal Audit Plan 2013 / 2014 – provisional plan of work

At the Audit Board meeting held on 13th December 2012, Members received a report detailing a provisional plan of work; therefore allowing Members to have a positive input into the audit work programme for 2013 / 2014, and to make suggestions as to where Members felt audit resources should be directed. Quarterly reports will be presented to the Board, with Members closely monitoring the operational progress against the Internal Audit Plan 2013 / 2014.

Following on from discussions held during Audit Board meetings and at the request of the Board, the following enhanced audit requirements had been included within the plan:

- Management of Data
- Shared Service Delivery
- Transformation & Value for Money (VFM)

On the 14th March 2013, Members were presented with and approved the Internal Audit Plan 2013 / 2014.

CORPORATE RISK REGISTER / RISK MANAGEMENT

The Corporate Risk Register recognises the need to monitor the budget to ensure that the Council are able to deliver services within the budget allocated. A robust risk management framework supports the Council in delivering its services in a compliant way and therefore reducing the opportunity of legal challenge.

At the Audit Board meeting held on 20th September 2012, Members received a report detailing the Corporate Risk Register, which had been developed and agreed by the Corporate Management Team. Officers were also developing Departmental Risk Registers. Key issues on the Corporate Risk Register and Departmental Risk Registers would be reported back to the Board on a quarterly basis.

After consideration of the report, Members had expressed significant concerns with the report presented. As a result Audit Board Members requested that:

- The following items should be included within the Corporate Risk Register –
 - Safeguarding the Council's reputation (reputational risk, treasury management, ombudsman and complaints)
 - Fraud
 - Further reduced funding from government
- Once developed, the high level actions on Departmental Risk Registers reported back to the Board to include a front line service and a support service register.
- Detailed Departmental Risk Registers to be presented to the Board, periodically, for information.

In response to the significant concerns raised by the Board, the Executive Director, Finance and Corporate Resources agreed to take the comments of the Board and the additional risks identified, to be included within the Corporate Risk Register, back to the Corporate Management Team.

At the Audit Board meeting held on 13th December 2012, the Head of Finance and Resources provided Members with a verbal update on the changes to the Risk Management arrangements following the changes in the processes arising from shared services and the transformation of services.

A joint shared approach had been taken with regard to risk identification, recording and monitoring.

A new risk management framework document had been produced in draft and was currently in the process of being reviewed by the Corporate Management Team. Key risks had been identified across each service and these would be managed on an on-going basis using a web based system. The Risk Management Group would monitor the operational risks and where appropriate escalate these for discussion and inclusion in the Corporate Risk Register.

The Head of Finance and Resources highlighted some of the key risks identified:

- The need to deliver “business as usual” whilst transformation was on going.
- Failure to deliver a Local Plan could result in increased challenge over planning decisions or unwanted developments.
- Failing to work closely with the new Police and Crime Commissioner in respect of community safety.
- Failure to secure County Council funding for Lifeline services from April 2013.

Actions would be put in place to mitigate the risks identified. The new risk management tool would enable risks to be monitored and addressed on a more effective and timely basis.

On the 14th March 2013, the Board received a presentation with regard to an Approach to Risk Management. The presentation provided an overview of the approach to risk management that the Council would adopt.

Heads of Service and managers would own their risk register so would be aware of risks within their service area. The risk scoring would assist management in identifying those risks to which priority must be given and so determine priority actions and where resources were best used.

A Risk Management Monitoring Group was in the process of being set up. This group would ensure on-going corporate monitoring and would challenge risks. At the suggestion of the Chairman, Audit Board Members agreed that a nominated Audit Board Member should be invited to attend meetings of the Risk Management Monitoring Group as a representative of the Audit Board.

Departmental Risk Registers

In March 2013 Members received a presentation from the Head of Service, Leisure and Cultural Services. The presentation detailed the risk management for his service area. Members were informed that the risk register was a live document and was reviewed on a day to day basis. Risk management would become a standard item at all team meetings and the Business Manager, for his service area, would review their departmental risk registers monthly to ensure performance was being monitored.

FRAUD PREVENTION & DETECTION

Fraud Investigation and Prevention

At the Audit Board meetings held on 21st June and 20th September 2012, Members received verbal updates from the Executive Director, Finance and Corporate Resources with regards to the specific case as detailed in the Corporate Anti-Fraud Performance Report 2010/2011.

Significant discussions took place during both meetings, with Members questioning the level of officer involvement and the procedures followed. In order to ensure that lessons were learnt by the service areas involved and the processes used in order to reduce the risk of such a fraud being handled in the same way in the future. It was RESOLVED:

- that the current and final position be noted and that the lessons learnt be noted by the Senior Management Team with regard to this investigation, and
- that any future decisions with regard to potential Fraud Investigations be made by the Chief Executive, Bromsgrove District Council and Redditch Borough Council and the Section 151 Officer.

The Audit Board have worked to drive fraud prevention and to enhance the reporting around this area to enable Members to better scrutinise and understand both fraud risk and the preventative steps that could and should be taken.

Benefits Investigations

It was agreed that in order for Members to obtain an understanding of the processes and procedures in respect of the Overpayment Recovery policy and Write off procedures, detailed information would be presented to Board Members.

At the Audit Board meetings held on 21st June 2012 and 13th December 2012, Members were presented with reports detailing the performance of the Benefits Services Fraud Investigation service. The reports highlighted that within the Finance and Resources Service there was a dedicated counter fraud team whose purpose was to prevent and deter fraud as well as investigate any suspicions of fraudulent activity against the Council. The reports detailed the number of fraud referrals received by the team and the percentage of referrals from data-matching. The reports detailed the actions taken: number of cautions accepted, number of administrative penalties accepted and the number of successful prosecutions.

The reports also provided example cases, which Members found very informative.

In March 2013 Members were provided with a detailed demographic profile of cases of benefit fraud within the District and detailed sanctions. Members were made aware that individual circumstances were taken into account prior to a decision being made on the most appropriate sanction.

Audit Commission publication 'Protecting the Public Purse 2011: Fighting Fraud against Local Government'

Central Government recommended that Councils should ensure they kept the capability to investigate fraud that was not related to housing benefit, by maintaining a culture that supported action against fraud and had the facility to undertake such investigations. This could be achieved by developing focussed plans and strategies for tackling fraud and targeting resources on areas where prevention and detection could have the most impact.

Members had not been satisfied with the initial level of detail contained within the checklist when initially presented to the Board and had requested that Internal Audit examined the questions to ensure that the Council had a response in place for each section of the checklist questionnaire.

The completed 'Protecting the Public Purse' self- assessment checklist was presented to Members on 20th September 2012. This special consultancy based work linked to the hand- over of elements of anti-fraud activity that the Corporate Anti-Fraud Team (CAFT) used to undertake to Internal Audit.

The checklist had been completed and had identified certain aspects that would be addressed as part of the overall good governance being adopted as transformation took place.

Corporate Fraud (How the Authority pro-actively responds)

On the 14th March 2013, The Head of Finance and Resources provided the Board with a verbal update on Corporate Fraud and how the Authority pro-actively responded. Information received from staff through the Council's whistleblowing procedure or from members of the public, would be directed to Internal Audit for preliminary investigation. Taking into account all of the information and evidence received a decision would then be made in respect of the next step to be taken; straight forward investigation, disciplinary action or if of a criminal nature possible police investigation.

Members discussed and questioned staff awareness or willingness to report instances of suspected fraud using the Council's whistleblowing procedure.

Staff were made aware of the Council's whistleblowing procedure, but officers suggested that in order to gauge staff awareness or willingness to use the whistleblowing procedure, specific questions could be included within the next staff survey, with the results being presented to a future meeting of the Board.

EXTERNAL AUDITORS - GRANT THORNTON REPORTS

At the Audit Board meeting held on 13th December 2012, the Engagement Lead and Engagement Manager, Grant Thornton attended and brief introductions were given to Members.

Audit Commission Annual Governance Report - 2011 / 2012

As part of the process for auditing the final accounts for 2011 / 2012 the Audit Commission review the Council's processes and procedures and make any recommendations that they feel may improve the Council's service and accounting in the future. The following five recommendations were proposed by the Audit Commission and agreed by officers:-

- Review the shared service plans accounting arrangements in order to simplify the process.
- Improve risk management arrangements and reporting.
- Continue to monitor the delivery of the Internal Audit Plan.
- Review the format of the monitoring of savings as presented to officers and Members.
- Review the benefits transformation with the aim to bring to a close.

Members agreed the following Recommendation:

“that the Cabinet be requested to ensure that processes are put into place to enable savings achieved through the transformation process to be effectively monitored”.

The recommendation was approved by Cabinet on 9th January 2013.

Members also requested that officers reported back to the Board on a quarterly basis in respect of the progress made on the five actions, as detailed above, in order to enable them to be monitored effectively.

At the Audit Board meeting held on 14th March 2013, the Executive Director, Finance and Corporate Resources provided Members with a verbal update on the progress made on the five actions, as detailed above:

- Shared Services - a meeting had taken place with the Council's external auditor who was now comfortable with the accounting process.
- Risk Management Arrangements - Risk Management arrangements were now in place.

- Internal Audit – Quarterly meetings were now taking place with the Executive Director, Finance and Corporate Resources and the Service Manager, Worcestershire Internal Audit Shared Services.
- Financial reporting – Financial reporting and details around savings had now been improved with revised quarterly monitoring to be presented to future meetings of the Audit Board.
- Housing benefits transformation – It had now been agreed that this review would continue to develop to support the residents.

Certification Report 2011 / 2012

This report was considered in March 2013. The report summarised the external auditor's overall assessment of the Council's management arrangements in respect of certification process and drew attention to significant matters in relation to individual claims. The report also detailed the following key messages from the Audits:

- All claims were submitted on time to audit and all claims were certified within the required deadline.
- Overall the Council is performing well and there are no significant matters arising from our certification of claims and returns. There was excellent cooperation over the housing benefits audit and savings on the audit fee accrued as a result.
- Supporting working papers were generally of a good standard, which enabled certification within the deadlines.

Audit Board Update

In March 2013 Members received a report which provided details in relation to work undertaken at the Council by the external audit team; the report highlighted that no concerns had been raised by Grant Thornton in the aspects of work to date.

Auditing Standards

This report was considered in March 2013. Grant Thornton has a responsibility to ensure that robust systems are in place together with proactive communications with 'Those Charged with Governance'. The purpose of this report was to ensure there was effective two-way communications between 'Those Charged with Governance' and the Engagement Lead, the Council's external auditor.

In most Councils the Audit Committee undertakes the role of 'Those Charged with Governance' therefore the external auditors' communication is with the Audit Committee. At Bromsgrove District Council the Cabinet retain the role of 'Those Charged with Governance' and the Audit Board receives reports on internal control and fraud. The Audit Board provides assurance on the operation of internal controls to Cabinet.

As our external auditors, Grant Thornton has a responsibility under professional auditing standards to ensure there is effective communication with both the Audit Board and the Cabinet. In planning and performing their audit of the financial statements they need to understand how Cabinet, supported by the Council's management, and the Audit Board meets its responsibilities in the following areas:

- Fraud
- Law and regulation
- Going concern
- Related parties
- Accounting for estimates

The Audit Plan March 2013

The Audit Plan set out the work Grant Thornton proposed to undertake in relation to the Audit of the financial accounts for 2012 / 2013 an audit focussed on risks. Members were informed that in planning their audit, Grant Thornton needed to understand the challenges and opportunities the Council was facing:

- Financial Pressures
- Business Rate pooling
- Transformation
- Housing Benefits / Council Tax changes
- Town Centre regeneration

The plan detailed that in respect of Transformation, as part of their Value for Money (VFM) conclusion they would:-

- Review the medium term financial plan and consider how the Council was identifying and managing savings.
- Continue to monitor the Council's path to transformation and provide support where appropriate.

STATEMENT OF ACCOUNTING POLICIES

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 which require the accounts to be prepared in accordance with proper accounting practices.

The Council is responsible for hosting Worcestershire Regulatory Services under a contractual arrangement which is defined as a Jointly Controlled Operation (Jointly Controlled Operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity). Under this arrangement, each participant accounts separately for its own transactions arising within the agreement including the assets, liabilities, income expenditure and cash flows. As host to the Regulatory Shared Service, the Council accounts for the expenditure incurred for Redditch Borough, Wyre Forest District, Worcester City, Wychavon District, Malvern Hills District and Worcestershire County Councils, its partners in the arrangement.

Bromsgrove District Council provides the hosting for a number of shared service arrangements with Redditch Borough and Wyre Forest District Councils.

Each arrangement is accounted for within the records of Bromsgrove District Council with a monitoring report prepared for partner authorities on a monthly basis. This includes operational costs together with an annual statement of assets and liabilities extracted from the account of Bromsgrove District Council. There is a responsibility for each partner Council to account for their share of the arrangement within their statement of accounts.

The Audit Board approved the Statement of Accounting Policies on 14th March 2013.

CONFIDENTIAL REPORTS

Due to the confidential nature of some of the reports presented to Audit Board Members, the following reports, which contained exempt information, were presented to the Audit Board during 2012 / 2013:

- Internal Audit Monitoring Reports
- Internal Audit – completed audits
- Marlbrook Tip
- Fraud Investigation – (as referred to in the Corporate Anti-Fraud Performance Report 2010 / 2011)

Audit Board Members when asked to considered whether or not to exclude the public from meetings for the consideration of agenda items containing exempt information, have after consideration and discussion on two separate occasions, agreed that the public not be excluded from the meeting and have placed all or part of the reports into the public domain.

Wherever possible the Audit Board should seek for information to be brought in open session in accordance with the principals of best practice in local government and in accordance with the Local Government Act. This year the Board considered whether Internal Audit Monitoring Reports should be heard in their entirety within closed session as had been the past practice. It was agreed that this should not be the case as a blanket position and that only where there was specific exempt information should this be presented as such in the future.

FUTURE WORK OF THE BOARD - to monitor

- Efficiencies and savings identified through shared services delivery
- Transformation
- Delivery of the Internal Audit Plan 2013 / 2014
- Corporate Risk Register
- Fraud
- Benefits Investigations

TERMS OF REFERENCE

APPENDIX 1

- a. The Audit Board is charged with monitoring the good stewardship of the Authority's resources through the work of the Internal Audit function.
- b. The Audit Board will support the profile, status and authority of the Internal Audit function and will demonstrate its independence.
- c. The Audit Board will contribute towards making the Authority, its committees and departments more responsive to the Internal Audit function.
- d. The Audit Board is charged with the responsibility for promoting internal control by the systematic appraisal of the Authority's internal control mechanisms, by the development of an anti-fraud culture and by the review of financial procedures.
- e. The Audit Board is charged with the responsibility for focusing audit resources, by agreeing the audit plans and monitoring delivery of the Internal Audit function.
- f. The Audit Board will monitor both internal and external audit performance by ensuring auditor/officer collaboration within the agreed timescales, by securing the timely preparation and response to audit reports, by ensuring the implementation of audit recommendations and by monitoring the finalisation of the annual accounts.
- g. The Audit Board will receive and consider a summary of internal audit work undertaken since the last meeting, plus the current status of this work.
- h. The Audit Board will monitor compliance with the Authority's standards, codes of practice and policies through the work of the Internal Audit function.
- i. The Audit Board will monitor compliance with relevant legislative requirements through the work of the Internal Audit function.
- j. The Audit Board will ensure that it acts within the policies and strategies of the Authority.

June 2012

AUDIT BOARD WORK PROGRAMME 2012/13

APPENDIX 2

21st June 2012

- Internal Audit Monitoring Report
- Internal Audit Manager's – Draft Audit Opinion 2011/2012
- Internal Audit Annual Plan 2012/2013
- Internal Audit Performance and Workload
- Annual Governance Statement

20th September 2012

- Internal Audit Monitoring Report
- Internal Audit Performance and Workload
- Statement of Accounts 2011/12 (pre-Audit)

13th December 2012

- Internal Audit Monitoring Report
- Internal Audit Performance and Workload

14th March 2013

- Audit Commission Annual Audit Letter
- Audit Commission Certification of Claims & Returns
- Audit Commission Opinion Plan
- Internal Audit Monitoring Report
- Internal Audit Performance and Workload
- Internal Audit DRAFT Annual Plan 2013/2014

To Be Allocated To Suitable Dates

- Anti-Fraud and corruption update
- Internal Audit 3 year plan 2012/2013 – 2014/2015
- End of Year review of Year review of the operation of the Audit Board
- Best practice – speaker from another authority on operation of their member
Audit review and monitoring arrangements