

Bromsgrove District Council



AUDIT BOARD ANNUAL REPORT

2014 / 2015



**Bromsgrove
District Council**
www.bromsgrove.gov.uk

AUDIT BOARD ANNUAL REPORT 2014 / 2015

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FOREWORD BY THE CHAIRMAN

Chairman of the Audit Board



Welcome to Bromsgrove District Council's Audit Board report for 2014/2015

Firstly I would like to take the opportunity to thank the Vice-Chairman, Councillor M. T. Buxton and Audit Board Members for their help and support this year.

I hope this report will give you an understanding of the work undertaken by the Audit Board.

Board Members have been extremely focused and probing, as the role of a Member of the Audit Board requires. Members of the Board have concentrated on specific areas, namely, Risk Management, Fraud, Value for Money and Transformation.

At times the agendas have appeared to be somewhat lengthy, but the volume of reports presented had been included at the request of the Board. I would therefore like to thank officers for their support and for presenting specific detailed reports and presentations when requested by Board Members.

Councillor Helen Jones



INTRODUCTION

This Audit Board report provides an overview of the Audit Board's activity during the municipal year 2014/2015, working in partnership with the Cabinet and senior officers to ensure good stewardship of the Council's resources.

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 (s151) officer.

The Audit Board continuously reviews Internal Audit's progress against the internal audit plan and the Key Performance measures.

During the municipal year the Audit Board considered:

- Reports from the Council's External Auditors – Grant Thornton
- Annual Governance Statement 2013/2014
- Internal Audit Monitoring Reports, Internal Audit Plan and Annual Report
- Financial Monitoring Reports
- Treasury Management Strategy Statement and Investment Strategy 2014/2015 to 2016/2017
- Risk Management, including Departmental Risk Management Presentations
- Corporate Risk Register
- Benefits Fraud Updates

AUDIT BOARD MEMBERS 2014 / 2015



Councillor S. J. Baxter



Councillor M. T. Buxton
Vice-Chairman



Councillor B. T. Cooper



Councillor S. J. Dudley



Councillor P. Harrison



Councillor P. M. McDonald

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 2014/2015 meetings were held in June, September, December 2014 and March 2015. The Audit Board work programme was reviewed at each meeting with items included as and when considered and agreed by the Board. The Audit Board Work Programme for 2014/2015 is detailed at Appendix 2.

Trained substitutes are permitted subject to the restriction that each Member of the Board may only nominate a substitute on up to two occasions during each municipal year. Trained substitutes were in attendance at the following meetings: 19th June 2014, 18th September 2014 and 19th March 2015.

MEMBER TRAINING

The Service Manager, Worcestershire Internal Audit Shared Service, provided refresher training for Members in June 2014 and an additional refresher training session in September 2014 for Members unable to attend in June 2014.

The Member Development Steering Group agreed that refresher training was not mandatory, but that all Audit Board Members and named substitutes should be encouraged to attend the training prior to attending Audit Board meetings as good practice.

The training highlighted: -

- What is Internal Audit?
- What does it provide?
- Two views of internal audit:-
 - Old school – tick and bash approach
 - New School – value added
- What is the purpose of internal audit?
- How do we audit to provide an assurance?
- Reporting Process
- Report Findings and Recommendations
- Overall Audit Assurance
- What standards does the Internal Audit Shared Service work to?

ANNUAL GOVERNANCE STATEMENT 2013 / 2014

The preparation and publication of an annual governance statement is necessary to meet the statutory requirements 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'.

The Annual Governance Statement is a statutory document which provides an overview of the governance arrangements within Bromsgrove District Council. The purpose of the annual governance statement is not just to be 'complaint' but also to provide an accurate representation of the arrangements in place during the year and to highlight those areas where improvement was required.

The draft Annual Governance Statement 2013/2014 was presented to the Board at the meeting held on 19th June 2014 and detailed the purpose of the Government Framework, the Core Principles, Review of effectiveness and significant governance and internal control issues. The Council's external auditors, Grant Thornton, did not identify any significant weaknesses in the Council's internal control arrangements whilst working with officers throughout the year.

INTERNAL AUDIT

The Worcestershire Internal Audit Shared Services Team independently and objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the efficient and effective use of resources. Internal Audit continuously reviewed and reported on risk and the adequacy of systems in place to ensure compliance with the Council's policies and procedures; and assisted Service Managers to add value to service areas. Worcestershire Internal Audit Shared Service activity is organisationally independent but has a direct and unrestricted access to senior management and the Audit Board.

All audit reports go to the manager of the service, the appropriate Director and the Chief Executive. The Audit Board received a quarterly report of the internal audit activity and had input and final approval of the annual audit plan.

Risk Management featured as part of the audit programme for the year with reports presented to the Audit Board for consideration.

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

Internal audit work was also carried out 'behind the scenes' but was not always the subject of a formal report. For example:

- Governance – assisting with the Annual Governance Statement
- Risk management
- Transformation review providing support as a critical review
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing Manager's 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
- Networking with audit colleagues in other authorities on professional points of practice
- National Fraud Initiative
- Investigations

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. Individual reports for completed audits were presented to Audit Board Members.

During the Audit Board meeting held on 19th June 2014 Members were informed that due to natural turnover Worcestershire Internal Audit Shared Service had two established posts vacant with active recruitment taking place to replace a permanent staff member. Close monitoring of resource was continuing using the current management information to assist the delivery of the Partner's plans throughout the year. Worcestershire Internal Audit Shared Service was committed to delivering all audits as indicated in the 2014/2015 plan for Bromsgrove District Council and would ensure that those currently requiring finalisation would take place as soon as practically possible.

Internal Audit Shared Services Manager's Opinion 2013 / 2014

The Service Manager, Worcestershire Internal Audit Shared Service presented this report to Members on 19th June 2014. The report provided Members with the proposed Worcestershire Internal Audit Services Manager opinion, which would be included as part of the Annual Governance Statement 2013/2014.

The Internal Audit Plan for 2013/2014 was a risk based plan (assessing audit and assurance factors, materially risk, impact of failure, system risk, resource risk, fraud risk and external risk) using a predefined scoring system. It included:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' e.g. corporate systems, governance.
- a number of operational systems, e.g. environmental enforcement, depot and stores and land charges were looked at to maintain and improve its control systems and risk management processes or reinforce its oversight of such systems.

The 2013/2014 internal audit plan was delivered in full providing sufficient coverage for the Section 151 (s151) officer and Internal Audit Service Manager to form an overall opinion.

In relation to the twenty one reviews that were undertaken, fourteen audits were finalised and seven were nearing completion at clearance meeting or draft report stage. Risk management was re-launched during 2012/2013 with a Corporate Risk Register being formulated and training provided. However, further embedding was required to move towards a trustworthy system which could be relied on.

An audit in this area returned an assurance level of 'limited' assurance. Further work was required to embed this throughout the organisation with the outcomes being monitored by the Risk Management Monitoring Group.

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

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 continuing significant transformation and change.

Worcestershire Internal Audit Shared Service concluded that no system could provide absolute assurance against material misstatement or loss, nor could Internal Audit give that assurance.

Internal Audit Annual Report 2013 / 2014

The Internal Audit Annual Report 2013/2014 was presented to Members on 19th June 2014. The report highlighted that during 2013/2014, 285 chargeable audit days were delivered. This equated to a delivery of 95% against a target for the year of 90%. The Worcestershire Internal Audit Shared Service achieved and delivered the full 2013/2014 internal audit plan.

2013/2014 was a demanding year for the Internal Audit Team with the loss of two auditors early in the year, managing a return to work after long term sickness as well as training and mentoring two new auditors who joined the team. There was a need to vacancy manage posts for a significant proportion of the year in order to offset the interim resource that was used to ensure that Worcestershire Internal Audit Shared Service could deliver the risk based internal audit plan. Internal Audit carefully managed its resource and worked with partners to deliver the full audit programme for Bromsgrove District Council for 2013/2014.

To try to reduce duplication of effort internal audit understood the importance of working with the External Auditors. The audit plan was shared with the external auditors for information. The results of the work that internal audit perform on five systems audits would be of direct interest to External Audit. Audit reports were passed to the external auditor on request for their information.

The purpose of the 2013/2014 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:

- Internal Audit assisted the Authority in meeting its objectives by reviewing the high risk areas, systems and processes.
- Audit Plan delivery was monitored, appropriate action taken and performance reports issued on a regular basis.
- The key financial systems were reviewed annually, enabling the Authority's external auditors to inform their opinion using the work completed by Internal Audit.
- An opinion could be formed on the adequacy of the Authority's system of internal control, which feeds into the Annual Governance Statement.

Risk Management featured as part of the audit programme for the year. With reports presented to the Audit Board for consideration.

Work continued in respect of the National Fraud Initiative exercise. Appropriate action was taken and work progressed to identify any potential fraudulent activity for example overpayment for housing benefits, income support, etc.

Quality Measures - 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 returned questionnaires during the year showed a very high satisfaction with the audit product.

Provisional Internal Audit Plan 2015 / 2016

At the Audit Board meeting on 11th December 2014, Members received a report detailing a provisional plan of work. By bringing a provisional plan of work before the Audit Board it allowed Members to have a positive input into the audit work programme for 2015/2016, and to make suggestions as to where Members felt audit resources may be required under the direction of the s151 officer.

The Internal Audit Plan for 2015/2016 was a risk based plan which took into account the adequacy of the Council's risk management, performance management and other assurance processes. It was based upon the service risk priorities and ongoing dialogue and agreement with the Section 151 (s151) officer as well as an independent risk assessment of the audit universe by Internal Audit.

Dialogue with the Heads of Service took place in early 2015 to agree a more detailed plan delivery, the outcome of which was presented to Members on 19th March 2015.

Members approved the Internal Audit Operational Plan and the Key Performance indicators for the Worcestershire Internal Audit Shared Service 2015/2016.

The Service Manager, Worcestershire Internal Audit Shared Services highlighted that Internal Audit Plan for 2015/2016 had been based upon a resource allocation of 250 chargeable days, a resource allocation agreed with the Council's Section 151 officer (S151).

The 250 day allocation was based on transactional type system audits and had been reduced from the 300 days delivered during 2014/2015, a saving of 50 days.

Due to the changing internal environment, ongoing transformation and more linked up and shared service working between Bromsgrove District Council and Redditch Borough Council, the plan was organised in a smarter way in order to exploit the efficiencies that this type of working has provided.

CORPORATE RISK REGISTER / **RISK MANAGEMENT**

A report was presented to the Audit Board on 19th June 2014 detailing the new framework for corporate risk that had been developed following discussions with service teams and managers. Corporate Fraud and Individual Election Registration (IER) were both included as additional corporate risks as suggested by the Audit Board during its meeting on 20th March 2014. The Council's external auditors, Grant Thornton had suggested that the Corporate Risk Register linked to the Council's strategic purposes. The Executive Director, Finance and Corporate Resources agreed to discuss this with the Corporate Management Team. Occasionally risks may be moved from departmental risk registers to the corporate risk register if their effect was seen to be of a wider strategic nature than originally anticipated. The Corporate Risk Register was reported to the Board on a quarterly basis and audited as part of the Annual Audit Plan.

The Risk Management Monitoring Group ensured on-going corporate monitoring and challenged any risks. Councillor H. J. Jones was nominated by the Board as a representative of the Audit Board to attend meetings of the Risk Management Monitoring Group. At the meeting held on 11th December 2014 the Executive Director Finance and Resources provided the Board with a verbal update on the group and informed Members that Internal Audit had included Risk Management within their 'other key audit work'. The key findings were included in the 'high' and 'medium' priority recommendations summary presented to the Board on 19th June 2014:-

"Six 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".

Departmental Risk Registers

During 2014/2015 Members received risk management presentations from:-

- Environmental Services
- Business Transformation

The presentations detailed the risk management for their specific service areas.

FRAUD PREVENTION & DETECTION

During the meeting on 19th June 2014, Members received the following report from the Council's External Auditors, Grant Thornton: –

Informing the audit risk assessment for Bromsgrove District Council: Matters in relation to fraud

The report highlighted that the primary responsibility to prevent and detect fraud rests with both the Audit Board and management. Management, with the oversight of the Audit Board, needed to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Board and Standards Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process. As the Council's external auditors, they needed to understand how the Audit Board oversaw the following processes:-

- Assessment that the financial statements could be materially misstated due to fraud.
- Process for identifying and responding to risks of fraud, including any identified specific risks.
- Communication with the Audit Board regarding its processes for identifying and responding to risks of fraud.
- Communication to employees regarding business practices and ethical behaviour.

The above areas were set out in the fraud risk assessment questions together with the responses from the Council's management as detailed in the report presented.

Internal Audit: 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 its policies to include new legislation, and, declaration registers were in place and monitored. With additional work in this area, with regard to the initial audit, the review found a more corporately coordinated approach was necessary but there were direct and compensating controls which complemented each other and when taken together provided a comprehensive corporate coverage to reduce the risk exposure overall. It must be remembered that no amount of controls would eliminate the potential risk of fraudulent activity taking place but a comprehensive and wide ranging control environment significantly reduced the risk exposure.

Benefits Fraud Investigations

Members received reports on the performance of the Benefits Services Fraud Investigation Service for 2014/2015.

The reports detailed the number of fraud referrals received by the team and the percentage of referrals from data-matching and official sources.

The reports also detailed the actions taken: number of cautions accepted, number of administrative penalties accepted and the number of successful prosecutions and details of example cases.

Approximately 45% of the caseload was made up of people of working age which resulted in a large number of claims from customers who moved in and out of work and claimed other out of work benefits.

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

Fraud investigation can 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 can be large and can distort the apparent recovery rate of overpayments.

The timescale for the implementation of the Single Fraud Investigation Service, as announced as part of the Government's Welfare reform plans were released and despite the rest of the county joining in November 2014, Bromsgrove District Council would not join the organisation until February 2016.

No further indication of the roll out dates in respect of Universal Credit was received. However, officers were developing an action plan in respect of support of this, based on some of the learning coming out of the pilot areas. The key themes emerging from the pilot areas were:-

- Partnership Working
- Financial Inclusion
- Triage
- Digital Inclusion

The Head of Customer Access and Financial Support informed Members that the Council would not be responsible for monitoring fraud in the Universal Credit system. This would transfer to the Single Fraud Investigation Service.

However the Council would retain responsibility to manage non-welfare fraud, such as the Council Tax Support Scheme. Readiness planning would take place and the team would look at how they help 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 offering, voluntary sector groups and budget helping assistance.

At the meeting held on 18th September 2014, Members were informed that a shared Investigation Team working across both Bromsgrove District Council and Redditch Borough Council was in place. A Senior Investigation Officer had been recruited to lead the team to February 2016 when they are due to transfer to the Single Fraud Investigation Service. The team would continue to investigate claims for Council Tax Support in order for decisions to be made on the future of this function which was not transferring to the Single Fraud Investigation Team.

A counter fraud fund had been made available through the Department for Communities and Local Government for local authorities to submit bids to enable the investigation of non-benefit fraud.

EXTERNAL AUDITORS - GRANT THORNTON **REPORTS**

Reports presented by the Council's External Auditors, Engagement Lead and Engagement Manager, Grant Thornton:-

Reports received in June 2014:-

Following on from the meeting held in December 2013, where the external auditors identified ICT weaknesses, the Executive Director, Finance and Corporate Resources and the ICT Transformation Manager informed the Board that there was now a formal change control process for the network and any other major changes completed by ICT. There was an annual independent review of the network access and internal reviews were completed by ICT every 3-6 months. An ongoing staff review was being undertaken of access levels and permissions to reduce the number of staff who had this level of security within the system. ICT had reviewed and reduced the domain administrators as part of the annual independent audit completed for Public Sector Network compliance.

Auditing Standards 2013/2014

The purpose of this report was to contribute towards the effective two-way communication between the Authority's external auditors and the Authority's Audit Board. The Cabinet retained the responsibility as "those charged with governance" at Bromsgrove District Council, and the Audit Board supported them in that role.

The report included a series of questions and the responses received from the Authority's management on the following areas:-

- fraud
- laws and regulations
- going concern
- accounting estimates
- related parties

Audit Plan 2013/2014

The Audit Plan sets out the work that Grant Thornton proposed to undertake in relation to the Audit of the financial accounts for 2013/2014 and any risks that required additional review and consideration. In order to plan their audit Grant Thornton needed to understand the challenges and opportunities the Council was facing.

A review of the Financial Resilience would be undertaken as part of their Value For Money (VFM) conclusion and as part of the VFM conclusion they would continue to monitor the Council's path to transformation.

A review of the Council's Medium Term Financial Plan (MTFP) would be included to consider whether improvements had been made in budgetary control to support the successful delivery of the plan. Where savings had been specifically attributed to transformation in the MTFP they would consider how those savings were being identified and reported.

Progress Update (as of May 2014)

The report informed the Board on the progress in delivering their responsibilities as the Council's external auditors, the report also included an update in relation to emerging national issues and developments that may be of interest for Members to refer to when discussing the final accounts in September 2014. There were no issues that were not being addressed by officers to ensure that the Council met its statutory financial obligations.

Reports received in December 2014:-

Progress Update (as of November 2014)

The report informed the Board on the progress in delivering their responsibilities as the Council's external auditors. The report provided a summary of emerging national issues and challenge questions in respect of those emerging issues for the Board to consider. These included:-

- Chartered Institute of Public Finance and Accountancy (CIPFA), Local Authority Accounting Panel (LAAP) updates.
- Managing Council property assets.
- Grant Thornton Vision for 2020.
- Anti-fraud and corruption - the National Fraud Initiative.
- Auditing of Parish Councils – the complexity of the government's new arrangements for parish council audits.

The Executive Director, Finance and Resources informed the Board that with regard to the Auditing of Parish Councils, officers had raised this at the recent Worcestershire County Association of Local Councils (CALC) meeting held on 10th December 2014 to ensure that parishes were made aware of the government's new arrangements for parish council audits with effect from 2017.

The report also outlined that as at November 2014 the 2014/2015 Accounts Audit Plan would be completed in with the agreed timetable. With regards to the interim accounts audit, the detailed timing would be agreed with the Executive Director of Finance and Resources in due course, as would the work for the Value for Money (VFM) conclusion.

There were a number of top issues raised at the June meeting and it was proposed that officers continued to work with Grant Thornton prior to the final accounts process to ensure that Members were updated at the March 2015 Audit Board meeting with an update on the top issues identified.

Annual Audit Letter

The Annual Audit Letter 2013/2014 summarised the key findings that had arisen from the work Grant Thornton had carried out at the Council for the year ended 31st March 2014.

There were 5 recommendations arising from their work as detailed below, along with the officer recommendations: -

- Improvements to Financial Monitoring particularly forecasting and outturn savings being identified.

Further training was being undertaken with budget holders. The new finance system would enable on-line access to budget monitoring.

- Performance Management arrangements to be in place.

The Management Team was 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 will lead the project and regular updates would be given to Cabinet and the Audit Board. A Project Group set up with stakeholder and technical input.

- Risk Management Arrangements to be developed further.

Corporate Risk Register to be aligned to the Council's Strategic Purposes and the management team would 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.

Officers would continue to work with both Internal and External Audit to ensure the recommendations were implemented.

Reports received in March 2015:-

Certification Letter for Certification Work year ended 31st March 2014

Grant Thornton was required to certify certain claims and returns submitted by Bromsgrove District Council. This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement of funding.

Grant Thornton certified one claim, the Housing Benefits subsidy, for the financial year 2013/2014 which related to expenditure of £16 million. The claim was amended by £9,580 and was qualified. Grant Thornton identified an unusually high number of errors (17 cases) in cell 114 extended payments, where expenditure should have been reflected in a lower value subsidy cell. Officers understood the reason for the errors and Grant Thornton were informed that measures were in hand to address the issue for the 2014/2015 subsidy. The Department of Work and Pensions would determine whether the claimed subsidy for 2013/2014 would be adjusted for the extrapolation.

Informing the Audit Risk Assessment

The purpose of this report was to contribute towards the effective two-way communication between the Council's external auditors and the Audit Board. The two way communication assisted both the auditor and the Audit Board in understanding matters relating to the audit and developing a constructive working relationship. As part of their risk assessment procedures they are required to obtain an understanding of management processes of the following areas:-

- Fraud
- Laws and regulations
- Going concern
- Related Parties
- Accounting estimates

There were no specific concerns highlighted by Grant Thornton.

Audit Plan 2014/2015

The Audit Plan sets out the work that Grant Thornton proposed to undertake in relation to the Audit of the financial accounts for 2014/2015 and any risks that required additional review and consideration. In order to plan their audit Grant Thornton needed to understand the challenges and opportunities the Council was facing.

Significant risks identified – significant risk often relate to non-routine transactions and judgmental matters. Non routine transactions are transactions that are unusual, either due to the size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there was significant measurement uncertainty.

The report detailed the significant risks identified and included:

- The revenue cycle includes fraudulent transactions
- Management over-ride of controls
- Valuation of Bromsgrove District Council House
- Payroll Manager
- Parkside Development
- Implementation of new ledger
- Operating expenses
- Employee remuneration
- Welfare Expenditure
- Bromsgrove Arts Development Trust (Artrix)

Progress Update (as of March 2015)

The report informed the Board on the progress in delivering their responsibilities as the Council's external auditors. The report provided a summary of emerging national issues and challenge questions in respect of these emerging issues for the Board to consider. These included:-

- Independent Commission into Local Government Finance
- Inspection into the Governance of Rotherham Council Department for Communities and Local Governments (DCLG) Build to rent scheme
- Local Government Governance Review 2015
- Stronger futures: developing of the Local Government Pension Scheme (LGPS)

The Board was reassured that with regard to the emerging issues, officers would ensure Parish Councils were made aware of the new arrangements due to be in place during 2017.

Member Network Events

Grant Thornton held a series of network events for Audit Committee Members. The Midland Local Government Audit Committee Member Network events provided a network opportunity for fellow Audit Committee Members from across the Midlands. The events were held at the offices of Grant Thornton UK LLP. The Network focused on key themes for Audit Committees and their governance responsibilities, giving Members an opportunity to learn and debate topics with experts and peers. The events covered current issues and challenges relevant to local authorities, and the changing landscape in local government.

STATEMENT OF ACCOUNTING POLICIES

The Cabinet considered the Annual Governance Statement for inclusion in the Statement of Accounts 2012/2013 on 4th September 2013. Members were asked to note the Internal Audit Opinion for inclusion in the Annual Governance Statement, which would be included as part of the Annual Governance Statement and included in the Statement of Accounts for 2012/2013.

FUTURE WORK OF THE BOARD - to monitor

- Efficiencies and savings identified through shared services delivery
- Transformation
- Delivery of the Internal Audit Plan 2014 / 2015
- 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

APPENDIX 2

WORK PROGRAMME 2014/15

19th June 2014

- Grant Thornton Auditing Standards
- Grant Thornton Audit Plan
- Grant Thornton Progress Report 2013/2014
- Annual Governance Statement 2013/2014
- Departmental Risk Register Presentation - Environmental Services
- Corporate Risk Register
- ICT Resilience – verbal update
- Internal Audit Monitoring Report
- Internal Audit Annual Report and DRAFT Audit Opinion 2013/2014
- Benefits Investigations
- Audit Board Draft End of Year Report 2013/2014
- Audit Board Work Programme 2014/2015

18th September 2014

- Statement of Accounting Policies
- Statement of Accounts 2013/2014 (pre-audit)
- Quarter 4 – Finance Monitoring Report
- Quarter 1 – Finance Monitoring Report
- Departmental Risk Register Presentation – Business Transformation
- Internal Audit Monitoring Report
- Benefits Investigations
- Audit Board Work Programme 2014/2015

11th December 2014

- Grant Thornton Audit Opinion Recommendations
- Statement of Accounts 2013/2014
- Quarter 2 – Finance Monitoring Report
- Departmental Risk Register Presentation
- Internal Audit Monitoring Report
- Draft Internal Audit Plan 2015/2016 – (to include Internal Audit 3 year plan)
- Benefits Investigations
- Audit Board Work Programme 2014/2015

19th March 2015

- Grant Thornton Certification Work Report 2013/2014
- Grant Thornton Review of Financial Resilience
- Grant Thornton Auditing Standards
- Grant Thornton Audit Plan March 2015
- Grant Thornton Progress Report
- Statement of Accounting Policies
- Quarter 3 – Finance Monitoring Report
- Departmental Risk Register Presentation
- Internal Audit Monitoring Report
- Internal Audit Plan 2015/2016
- Benefits Investigations
- End of Year Report 2014/2015 (For Member discussion)
- Audit Board Work Programme 2014/2015

To Be Allocated To Suitable Dates

- Risk Management Monitoring Group – update
- Contracts Register – ‘due process’ update to be provided with regard to contracts entered into and that the Legal Services Team sees all contracts entered into.

Legal, Equalities and Democratic Services

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