

Central Bedfordshire
Council
Priory House
Monks Walk
Chicksands,
Shefford SG17 5TQ



please ask for Leslie Manning
direct line 0300 300 5132
date 19 June 2014

NOTICE OF MEETING

AUDIT COMMITTEE

Date & Time

Monday, 30 June 2014 10.00 a.m.

Venue at

Room 15, Priory House, Monks Walk, Shefford

Richard Carr
Chief Executive

To: The Chairman and Members of the AUDIT COMMITTEE:

Clrs M C Blair (Chairman), D Bowater (Vice-Chairman), R D Berry,
K M Collins, N B Costin, D J Lawrence and A Zerny

[Named Substitutes:

Mrs J G Lawrence, A Shadbolt, N J Sheppard and M A Smith]

All other Members of the Council - on request

***MEMBERS OF THE PRESS AND PUBLIC ARE WELCOME TO ATTEND THIS
MEETING***

AGENDA

1. **Apologies for Absence**

To receive apologies for absence and notification of substitute Members.

2. **Minutes**

To approve as a correct record the minutes of the meeting of the Audit Committee held on 31 March 2014 (copy attached).

3. **Members' Interests**

To receive from Members any declarations of interest.

4. **Chairman's Announcements and Communications**

To receive any announcements from the Chairman and any matters of communication.

5. **Petitions**

To receive petitions from members of the public in accordance with the Public Participation Procedure as set out in Annex 2 of Part A4 of the Constitution.

6. **Questions, Statements or Deputations**

To receive any questions, statements or deputations from members of the public in accordance with the Public Participation Procedure as set out in Annex 1 of Part A4 of the Constitution.

Reports

Item	Subject	Page Nos.
7.	Central Bedfordshire Statement of Accounts 2013/14 To receive a presentation on the draft Statement of Accounts for 2013/14.	
8.	Annual Audit and Certification Fees 2014-15 To receive the Audit Fee letter from Ernst & Young LLP setting out the audit and certification fees for 2014-15.	* 23 - 28
9.	Annual Governance Statement 2013/14 To consider the draft Annual Governance Statement for 2013/14.	* 29 - 48

10. **Local Government Pension Scheme Update** * 49 - 60
- To receive an update on recent developments in respect of the Local Government Pension Scheme, explain the governance arrangements and outline the Fund's latest position.
11. **Internal Audit Annual Audit Opinion** * 61 - 86
- To consider the annual report to those charged with governance on the overall adequacy and effectiveness of Central Bedfordshire Council's financial and other management internal controls.
12. **Tracking of Audit Recommendations** * 87 - 104
- To consider a summary of high risk recommendations arising from the Internal Audit reports together with the progress made in their implementation.
13. **Audit Committee - Work Programme for 2014/15** * 105 - 108
- To consider the Committee's work programme for 2014/15.

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CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **AUDIT COMMITTEE** held in Room 15, Priory House, Monks Walk, Shefford on Monday, 31 March 2014

PRESENT

Cllr M C Blair (Chairman)
Cllr D Bowater (Vice-Chairman)

Cllrs R D Berry
N B Costin
D Jones

Cllrs D J Lawrence
A Zerny

Members in Attendance: Cllrs M R Jones
Mrs J G Lawrence
M A G Versallion

Officers in Attendance: Dr D Cox Chief Assets Officer
Mrs J Luckman Fraud, Welfare & Partnerships
Manager, Revenues and Benefits
Mr L Manning Committee Services Officer
Mr G Muskett Head of Revenues & Benefits
Ms K Riches Head of Internal Audit and Risk
Mr N Visram Financial Controller
Mr C Warboys Chief Finance Officer

Others In Attendance: Mrs C O'Carroll Manager – Ernst & Young LLP

A/13/85 **Minutes**

RESOLVED

that the minutes of the meeting of the Audit Committee held on 13 January 2014 be confirmed and signed by the Chairman as a correct record.

A/13/86 **Members' Interests**

None.

A/13/87 **Chairman's Announcements and Communications**

The Chairman drew attention to an error on the agenda which stated that Councillor Mrs B Coleman, instead of Councillor D Jones, was a member of the Committee.

The Chairman advised the meeting that a presentation on the outcome of the review of Council procedures relating to the employment of contractors and consultants would take at the end of item 11 (Internal Audit Progress Report). A copy of the slide pack was circulated to Members in preparation for the presentation.

(Note: Minute A/13/94 below also refers).

A/13/88 Petitions

No petitions were received from members of the public in accordance with the Public Participation Procedure as set out in Annex 2 of Part A4 of the Constitution.

A/13/89 Questions, Statements or Deputations

No questions, statements or deputations were received from members of the public in accordance with the Public Participation Procedure as set out in Annex 1 of Part A4 of the Constitution.

A/13/90 Audit Plan

The Committee considered a report from Ernst & Young LLP which set out how the company intended to carry out its responsibilities as the Council's external auditor. The report provided Members with a basis to review the company's proposed audit approach and scope for the 2014 audit in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements and also to ensure that Ernst & Young's audit was aligned with the Committee's service expectations. In addition the report summarised Ernst & Young's assessment of the key risks which drove the development of an effective audit for the Council and outlined the company's planned audit strategy in response to those risks.

The Ernst & Young representative introduced the report and highlighted particular issues for Members' attention. With reference to there no longer being a requirement to certify council tax benefits subsidy claims under the Audit Commission's certification arrangements the representative stated that the 2013/14 fee figure did not yet reflect any corresponding reduction. She stated that this certification work represented approximately 12% (£6k) of the fee.

The Chief Finance Officer referred to the changes in how councils accounted for business rates from 2013/14. This followed the localisation of the scheme under which councils had to account for the provision of appeals against rateable values. He advised that the Valuation Office Agency was experiencing a substantial backlog in processing the appeals and so, having taken advice and reviewed the outstanding appeals, the Council had made

what it believed to be suitable provision in the accounts should payments be required as a result of the appeal outcomes.

NOTED

the Audit Plan for the year ending 31 March 2014.

A/13/91

Audit Progress Report

The Committee considered a report from Ernst & Young LLP which provided an update on the progress made by the company in carrying out the Council's 2013/14 audit. The report also included, as an appendix, a briefing document on issues which might have an impact on the Council, the local government sector and audits undertaken by Ernst & Young.

The Ernst & Young representative introduced the report and updated Members on various issues. With regard to the value for money conclusion assessment she advised the meeting that interim feedback on the conclusion work would be reported to the Committee's meeting in June. Turning next to the results of work on the Council's 2012-13 claims and returns the Ernst & Young representative confirmed that the Department of Works and Pensions (DWP) had not required the Council to carry out additional work in respect of the qualification letter on the 2012/13 housing and council tax benefits claim. Last, with regard to the fees for 2014/15, the Ernst & Young representative stated that the fee would be reduced following the end of the requirement to certify the council tax benefits subsidy claims.

In response to a question by a Member on the impact of the Local Audit and Accountability Act 2014, which made provision for the Audit Commission to end on 31 March 2015, the Ernst & Young representative emphasised that there would be no impact on the Council. She explained that a transitional body would manage the current round of supplier contracts and when these had finished councils would be free to appoint their own auditors, though this would be overseen by an Independent Auditor Panel.

The Ernst & Young representative drew Members' attention to an article in the briefing document which set out the call for stronger audit committees. She pointed out that this actually referred to audit committees operating in the private sector business environment, and there was no requirement to review the membership and skills base of local authority audit committees. Nonetheless, discussion took place on the possible benefits of augmenting the Council's Audit Committee with independent members equipped with specialist skills and experience. The Executive Member for Corporate Resources undertook to consider this matter further.

NOTED

the Audit Progress Report on the 2013/14 audit.

A/13/92

Housing Benefit & Council Tax Support Fraud

The meeting considered a report by the Chief Finance Officer which updated the Committee on the work undertaken by the Council's Benefit Fraud Investigation Team (BFIT).

The Head of Revenues and Benefits advised that a typographical error had occurred in paragraph 1 of the report and stated that the Department for Work and Pensions (DWP) Administration Grant awarded to fund the BFIT was currently £1,280,000 and not £2,280,000 as stated.

The Head of Revenues and Benefits then introduced the report, Members noting the background information on the Council's BFIT together with the Council's fraud policies, Team performance information, sanctions available and case studies. The meeting then considered the planned implementation of a national Single Fraud Investigations Service (SFIS), incorporating the investigative capability of the DWP, BFIT and Her Majesty's Revenue and Customs (HMRC), led by the DWP and with the role of investigating all social security benefit fraud. The Head of Revenues and Benefits drew Members' attention to the start of the forthcoming SFIS roll out in October 2014. He added that it was expected that some of the Council's resources would be moved across to the new body though, as the investigation of council tax fraud appeared to be remaining under the remit of local authorities, some staff would still be required by the Council to undertake this role. Members expressed some concern that the implementation of the SFIS could lead to the focusing of efforts on a relatively small number of major frauds to the detriment of smaller, local offences.

Discussion followed on the performance status of the Central Bedfordshire BFIT in comparison with other, similar, local authorities. The Head of Revenues and Benefits stated that the Audit Commission was due to supply this information and he would circulate it to Members if required. Comment was also passed by a Member on the outcome of fraud prosecutions at another local council and the apparent absence of a consistent level of sentencing.

In conclusion the Chairman, on behalf of the Committee, thanked the Head of Revenues and Benefits and his team for the good work they were undertaking. The meeting also indicated that it would wish to receive regular updates on the Team's work.

RESOLVED

- 1 that the Audit Committee affirm its support for the counter benefit fraud work undertaken by the Council's Benefit Fraud Investigations Team;**
- 2 that an annual update report be submitted to the Committee on the counter benefit fraud work carried out in Central Bedfordshire.**
- 3 that comparative performance data relating to counter benefit fraud work undertaken by local authority Benefit Fraud Investigation**

Teams be circulated to members of the Audit Committee when made available by the Audit Commission.

A/13/93 **2014-15 Audit Plan**

The Committee considered a report by the Chief Finance Officer which set out the 2014/15 Audit Plan for review and approval.

The Head of Internal Audit and Risk introduced the report and reminded Members that the Committee had approved the Strategic Audit Plan covering the three years 2013/16 at its meeting on 8 April 2013 (minute A/13/45 refers). The Plan before Members represented the second year of the three year Plan which had been revisited and updated following discussion with senior officers.

The meeting was also aware that, previously, the Audit Plan had been supported by an Internal Audit Strategy which had set out the approach adopted to develop the Plan. However, the new Public Sector Internal Audit Standards required this information to be included within the Plan itself so the Plan for 2014/15 was presented as one document.

In response to a query on the progress made with the Council's Asset Register the Chief Finance Officer stated that he was content that the Register reflected all known assets. Discussion followed on the circumstances under which Central Bedfordshire Council would become aware of assets that were not already recorded and the Chief Finance Officer requested that Members inform him of any such assets so that he could investigate. Following further discussion the Council's Executive Member for Corporate Resources stated that, should additional resources be required to undertake the investigative work, the Corporate Resources Overview and Scrutiny Committee would consider the matter.

RESOLVED

that the 2014/15 Audit Plan, as set out at Appendix A to the report of the Chief Finance Officer, be approved.

A/13/94 **Internal Audit Progress Report**

The Committee considered a report by the Chief Finance Officer outlining the progress made against the 2013/14 Internal Audit Plan up to the end of February 2014. The Head of Internal Audit and Risk reminded Members that a presentation on the review of Council procedures relevant to the employment of contractors and consultants would take place at the conclusion of the report.

The Head of Internal Audit and Risk then introduced the following matters from the report for consideration:

- Fundamental Systems Audits
- Other Audit Work
- National Fraud Initiative (NFI)

- Fraud and Special Investigations
- Schools
- Performance Management

Following discussion the Head of Internal Audit and Risk and the Chief Assets Officer then introduced the presentation. The meeting was aware that the review had arisen out of the debate which had taken place on this issue at the Audit Committee held on 23 September 2013 (minute A/13/66 refers).

A copy of the slide pack is attached at Appendix A to these minutes.

The meeting noted the various issues identified by the review together with the remedial action which had been taken in response. The Chief Assets Officer stated that, whilst no issues had emerged regarding the quality of work undertaken by the consultant appointed, it had become apparent that there were weaknesses in the Council's procurement process. As a result mechanisms had been put in place to prevent a future reoccurrence; these included the introduction of more project specific tender specifications, a single point of accountability and responsibility for the life of a contract and the requirement for declarations of interest by interim as well as permanent staff. The Head of Internal Audit and Risk added that the review's findings were of relevance across the Council as a whole, not only for the Technical Consultancy Services Framework contract, and the Procurement Team were currently examining the adoption of a procurement tool to ensure that, in future, the correct procedures were consistently followed throughout the authority.

The Chief Finance Officer advised that the Council had significantly reduced the level of resources employed from the consultant and the value for money risk had therefore been reduced.

However, despite the officers' assurances a Member was critical of the time taken to undertake the review and expressed concern at its findings. He then sought clarification on the responsibilities of individual finance officers, including their role in the monitoring of the contract, and queried why the information relating to the review had not been included within the body of a report but given to the Committee in the form of a separate presentation.

In response to these comments the Chairman suggested that the time taken in undertaking the review reflected the officers' thoroughness. The Chief Finance Officer then reminded the Committee that it had been he who had suggested that the review take place, that it was a review and not an audit, and that it had been decided to submit the information as a presentation in order to maximise transparency. He stressed that the review was open about the shortcomings which had been found and no attempt had been made to deny that mistakes had occurred. Further, action had been taken immediately to address the shortcomings which had been found. He also advised that the responsibility for the management of individual contracts lay in the relevant Directorate and not with the Head of Internal Audit and Risk.

Nonetheless, the Member made clear that he was dissatisfied with both the extent of the review and its conclusions and, following discussion, indicated

that he would raise his issues of concern with the Council's external auditor, Ernst & Young LLP.

In conclusion the Chief Finance Officer responded further to points raised by the Member.

NOTED

- 1 the progress made against the 2013/14 Internal Audit Plan;**
- 2 the content of the presentation entitled 'A review of Council procedures relevant to the employment of contractors and consultants'.**

A/13/95

Risk Update Report

The Committee considered a report by the Chief Finance Officer which provided an overview of the Council's risk position as at March 2014. The Head of Internal Audit and Risk introduced the report and drew Members' attention to the key revisions which had taken place since the Committee's last meeting (minute A/13/83 refers).

To assist Members in their discussions the text from the Risk Summary Dashboard which set out the assessment of likelihood and impact was reproduced in a larger format and circulated at the meeting.

With regard to the forthcoming transfer of responsibility for the management of the Council's residential care homes a Member highlighted that the transfer, which was due to take place before the next meeting of the Committee took place, should be recognised as a high risk on the Dashboard until it had been implemented. In response the Head of Internal Audit and Risk reminded the meeting that the report recognised that future arrangements for the management of the care homes were a strategic risk even though the risk was not currently included on the Dashboard itself.

The Council's Executive Member for Children's Services referred to strategic risk STR0010 and the risk of there being a failure to respond to the increasing number of childcare cases and implement child protection procedures due to insufficient resources and a professional/skilled workforce. He queried whether the impact would be any greater to Central Bedfordshire Council than to neighbouring authorities because of the Council's reliance on agency staff. He also queried the apparent absence of mitigation against the risk. In reply the Head of Internal Audit and Risk explained that the description/score used within the Dashboard originated from Children's Services as the client service. She advised the meeting that the Dashboard was supported by a more detailed document which recorded the mitigation measures and she was therefore able to reassure the meeting that any mitigation was fully recognised. The Head of Internal Audit and Risk added that this issue was included on the Dashboard because it represented a national problem whatever action was implemented locally.

The Executive Member for Children's Services stressed that there was an extremely low chance of failing to respond because the Council used agency staff to fill any shortfall in its workforce. The Chief Finance Officer also reminded the meeting that the Council had taken action in the budget to make additional resources available to mitigate this risk.

NOTED

the strategic and operational risks facing Central Bedfordshire Council as set out in the Risk Summary Dashboard attached at Appendix A to the report of the Chief Finance Officer.

A/13/96 **Tracking of Audit Recommendations**

The Committee considered a report by the Chief Finance Officer which summarised the high priority recommendations arising from Internal Audit reports and the progress made in implementing them.

NOTED

the report on the high risk recommendations arising from Internal Audit reports and the progress made in implementing the recommendations to date.

A/13/97 **Audit Committee - Work Programme for 2014/15**

Members considered a report by the Chief Legal and Democratic Services Officer which set out the proposed Work Programme for the Committee for the 2014/15 municipal year.

The meeting was aware that it had earlier approved the submission of an annual report on counter benefit fraud (minute A/13/92 refers).

RESOLVED

that the proposed Audit Committee Work Programme for the municipal year 2014/15, as attached at Appendix A of the report of the Chief Legal and Democratic Services Officer, be approved subject to including an annual counter benefit fraud update to the meeting scheduled for 30 March 2015.

(Note: The meeting commenced at 9.30 a.m. and concluded at 11.14 a.m.)

Chairman

Dated



Appendix A

A review of Council procedures relevant to the employment of contractors and consultants

- Overview
- Overall Conclusion
- Strengths
- Learning Points
- Management Actions
- Summary

Overview

- A “cradle to grave” review of the procurement and management of the Technical Consultancy Services Framework contract comparing against relevant policies and procurement rules
- No evidence of wrongdoing by any officer or interim member of staff was discovered
- This conclusion is based upon the information that was provided to Internal Audit during the course of the review
- As a consequence of the original lead officer and other key officers having left the Council, in many instances there was a lack of documentary evidence for review and analysis

Overall Conclusion

- The review identified that the arrangements in place at the time of the review did not demonstrate transparency or enable a conclusion to be reached about achieving value for money. A number of recommendations have been made to address this.
- Internal Audit have worked with relevant officers across the Council to address the issues identified.
- Immediate prompt action has been taken by officers to resolve these issues.

Strengths

- Contract specification followed the standard CBC format covering
 - Sustainability, H&S, and Equality and Diversity
 - Financial stability
 - Technical ability to deliver
 - Capacity to deliver
 - References for similar work elsewhere
- Suppliers were taken from the Government Procurement Scheme (GPS), an executive agency of the Cabinet Office
 - Overall priority to provide procurement savings to public sector
 - Essentially buys services in bulk using specialised procurement skills to get most cost-effective price possible

Learning points 1

- Procurement records and documentation were not maintained and retained by the primary service area (Assets) leading to an inability to demonstrate in a transparent manner that the **steps prior to letting the contract** and **contract management** were robust and to enable a conclusion about achieving value for money to be reached.
- Overall governance, budget management, and contract management of the framework agreement was impaired. This may have led to poor value for money through a lack of general oversight and joined up approach i.e. Assets and Housing, and individual projects.
- No completed declaration of interests forms were made available during the course of the review. However it was noted that potential conflicts of interest had been declared by interim managers associated with the framework for other projects (Joint Venture Working Group). The requirements for interim staff to make declarations of interests is unclear.

Learning Points 2

- The procurement exercise was undertaken within a very short time frame, with a start date of 5 November 2012 and submission return date of 30 November 2012. Only 2 suppliers submitted bids. The short timescales may have excluded potential suppliers but this can only be conjecture.
- The adequacy and relevance of the tender specification in terms of value of money could not be determined as no anticipated list of call off projects was available to measure against.

Management Actions

- Immediate action has already been taken to address the issues identified as detailed below.

Assets

- Governance arrangements have already been improved and will continue to be so for life of the contract with the main focus ensuring that a single point of accountability and responsibility is put in place.
- Contract arrangements will be reviewed.
- In future, adequate Procurement records and documentation will be maintained and retained by the primary service area (Assets)
- Tender specifications and evaluations will be clearly linked to business cases and steps prior to letting of future contracts to ensure that the original requirements of the exercise will be measured and monitored.
- Declaration of interests forms will be completed and reviewed by senior management for all officers involved or participating in the Technical Services Framework contract.

Management Actions

Council-wide monitoring and oversight of procurement exercises

- Effective Council-wide oversight and monitoring of procurement exercises will be facilitated by the introduction of a e-procurement and contract management tool that will provide automated governance and adequate audit trails.
- The Procurement Team will facilitate training and development for officers participating in procurement exercises throughout the Council to ensure that appropriate timescales are considered as part of all tender exercises.
- Consideration will be given to updating Section 4 of the ‘Guidance on the Code of Conduct for Officers’ document to incorporate declaration of interests requirements for interim staff.

Summary

The review found:

- No evidence of wrongdoing by any officer or interim member of staff was discovered.
- A number of areas of improvements (learning points) were identified.
- Immediate management has already been taken.

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Meeting: Audit Committee
Date: 30 June 2014
Subject: Annual Audit and Certification Fees 2014-15
Report of: Ernst & Young LLP
Summary: The attached report confirms the audit and certification work that Ernst & Young LLP intends to carry out for the 2014-15 financial year and sets out the related fees.

Contact: Mick West, Director - Ernst & Young LLP
Public/Exempt: Public
Wards Affected: All
Function of: Audit Committee

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Richard Carr
Chief Executive
Central Bedfordshire Council
Priory House
Monks Walk
Chicksands
Shefford
Bedfordshire SG17 5TQ

7 April 2014

Ref: 27504922 2014-15

Direct line: 07881 518875

Email: MWest@uk.ey.com

Dear Richard

Annual Audit and Certification Fees 2014-15

We are writing to confirm the audit and certification work that we propose to undertake for the 2014-15 financial year at Central Bedfordshire Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2014-15.

Indicative Audit Fee

The audit fee covers the:

- ▶ Audit of the financial statements
- ▶ Value for money conclusion
- ▶ Whole of Government accounts

For the 2014-15 financial year the Audit Commission has set the scale fee for each audited body as part of the recent 5 year procurement exercise and consequently it is not liable to increase in that period without a change in scope.

The 2014-15 scale fee is based on certain assumptions, including:

- ▶ The overall level of risk in relation to the audit of the financial statements and value for money conclusion is not significantly different from that of the prior year
- ▶ We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards
- ▶ The financial statements will be available to us in line with the agreed timetable
- ▶ Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable
- ▶ Prompt responses are provided to our draft reports

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.

The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements and value for money conclusion is not significantly different from that of the prior year.

As we have not yet completed our audit for 2013-14, our audit planning process for 2014-15 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract with the Audit Commission.

Certification fee

The Audit Commission has set an indicative certification fee for each audited body. The indicative fee is based on the 2012-13 actual certification fees available adjusted to reflect any known schemes that no longer require auditor certification. The Audit Commission has revised the previously published 2013-14 indicative certification fee to reflect further schemes that no longer require auditor certification

The indicative fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

The indicative fee for 2014-15 relates to work on the housing benefit subsidy claim for the year ended 31 March 2015. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete our 2013-14 benefit certification work, and to reflect further changes in the Audit Commission's certification arrangements.

Summary of fees

	Indicative fee 2014-15 £	Planned fee 2013-14 £	Actual fee 2012-13 £
Code audit fee	184,885	184,885	184,885
Certification of claims and returns	33,210	41,463	45,350

Any additional work that we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance. No additional work has been planned at this stage.

The 2014-15 fee is based on the fee for the 2012-13 housing and council tax benefit subsidy claim less 12% to allow for the work on council tax benefit dropping out.

The Audit Commission has revised its published 2013-14 indicative certification fee to reflect further schemes that no longer require auditor certification:

- ▶ Council tax benefit subsidy – a reduction of 12% of housing and council tax benefit subsidy claim fee included in the overall published indicative fee
- ▶ A reduction for the Teachers' Pension return which the Audit Commission anticipates will not require auditor certification under Audit Commission arrangements

Billing

The 2014-15 indicative fees will be billed in 4 quarterly instalments of £54,524.

Audit Plan

Our plan for the audit of the financial statements will be issued in March 2015. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Chief Finance Officer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

Audit team

The key members of the audit team for the 2014-15 financial year are:

Mick West
Director

Email address
MWest@uk.ey.com

Tel: 07881 518875

Cathy O'Carroll
Manager

Email address
cocarroll@uk.ey.com

Tel: 07967 624334

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely

Mick West
Director

For and on behalf of Ernst & Young LLP

cc. Charles Warboys, Chief Finance Officer
Councillor Mike Blair, Chairman of the Audit Committee

Meeting: Audit Committee
Date: 30 June 2014
Subject: Annual Governance Statement 2013/14
Report of: Chief Legal and Democratic Services Officer and Monitoring Officer
Summary: The report seeks the Committee's approval to the draft Annual Governance Statement.

Contact Officer: Melanie Clay, Chief Legal and Democratic Services Officer and Monitoring Officer
Public/Exempt: Public
Wards Affected: All
Function of: Audit Committee/Leader and Chief Executive

CORPORATE IMPLICATIONS

Council Priorities:

A sound system of corporate governance provides the framework and assurance within which the Council can deliver its priorities with confidence. Corporate governance is the means by which the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. The Annual Governance Statement shows how the Council has complied with the Code in the relevant financial year, how the Council has monitored the effectiveness of its governance arrangements during the year and identified any planned changes.

Financial:

1. The Annual Governance Statement is an accompanying document to the Council's Statement of Accounts for 2013/14, but this report has no financial implications.

Legal:

2. The Accounts and Audit Regulations 2011 (as amended) require the Council to conduct an annual review of its systems of internal control. The preparation of an Annual Governance Statement forms part of that process.

Risk Management:

3. The Annual Governance Statement identifies any significant governance issues and, where appropriate, these have been identified in the Council's Corporate Risk Register, together with mitigating action to reduce the level of the risk.

Staffing (including Trades Unions):

4. There are none.

Equalities/Human Rights:

5. None arise directly from this report.

Community Safety:

6. There are none.

Sustainability:

7. There are none.

RECOMMENDATION:

That the Audit Committee approves the draft Annual Governance Statement attached as Appendix A.

Background

8. The Audit Committee's terms of reference include responsibility for overseeing the production of the Council's Annual Governance Statement. Ultimately, the Annual Governance Statement is signed by the Leader and Chief Executive.

Annual Governance Statement for 2013/14

9. The Annual Governance Statement (AGS) adopts the same format as in the previous 2 years.
10. The Annual Governance Statement is intended to demonstrate how the Council has achieved the principles contained in the Code of Corporate Governance in the current financial year.
11. The draft Annual Governance Statement has been considered by CMT and identifies significant governance issues that the Council has had to manage during 2013/14. These are referred to in paragraph 5 of the Statement.
12. The Audit Committee is asked to consider whether the draft AGS accurately reflects the governance arrangements and the management of risk.

Conclusion and Next Steps

13. If approved by the Audit Committee the Statement will be submitted to the Leader and Chief Executive for formal sign off.

Appendices:

Appendix A – Draft Annual Governance Statement 2013/14

Background Papers: (open to public inspection)

Code of Corporate Governance

Location of papers:

Priory House, Chicksands

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CENTRAL BEDFORDSHIRE COUNCIL

ANNUAL GOVERNANCE STATEMENT 2013/14

1.0 SCOPE OF RESPONSIBILITY

Central Bedfordshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

Central Bedfordshire Council has adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of this code is on our website www.centralbedfordshire.gov.uk.

This statement explains how the Council has complied with national good practice guidance and meets the requirements of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control.

This statement should be read in conjunction with the Code of Corporate Governance. It explains how Central Bedfordshire Council has complied with the Code and how it has met the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 which requires all relevant bodies to prepare an annual governance statement.

2.0 THE GOVERNANCE FRAMEWORK

2.1 The purpose of the governance framework

The governance framework is made up of the systems, processes, culture and values by which the authority directs and controls its activities and through which

it engages with and leads the community. The framework enables the authority to monitor the achievement of its strategic priorities and to consider whether those priorities have led to the delivery of appropriate services and value for money. The governance framework is described in the Code of Corporate Governance.

The system of internal control is a significant part of the corporate framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at Central Bedfordshire Council for the year ended 31 March 2014 and up to the date of the approval of the statement of accounts.

This section of the Annual Governance Statement describes the key elements of the systems and processes that make up the authority's governance arrangements.

2.2 Central Bedfordshire Council's Vision

In June 2012 the Council adopted a medium term plan for the period 2012 – 2016 entitled "Delivering your Priorities". The Council's overall objective is to create Central Bedfordshire as a "great place to live and work" and the plan identifies the following priorities:

- Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow.
- Improved educational attainment.
- Promote health and wellbeing and protecting the vulnerable.
- Better infrastructure – improved roads, broadband reach and transport.
- Great universal services – bins, leisure and libraries.
- Value for money – freezing council tax.

The Council's Budget and Policy Framework contains specific plans, policies and strategies driving delivery of the Council's priorities and key work programmes.

The Council has adopted a set of organisational values that describe the type of organisation we want to be and the principles that will guide us in achieving our priorities and vision. These set out the way the Council will work and interact with its customers, members and staff.

The Council's values are:

Respect and Empowerment

- we will treat people as individuals who matter to us.

Stewardship and Efficiencies

- we will make the best use of the resources available to us.

Results Focused

- we will focus on the outcomes that make a difference to people's lives, and

Collaborative

- we will work closely with our colleagues, partners and customers to deliver on these outcomes.

2.3 Service quality

The Council has used regular performance reporting to ensure a sustained focus on those things that matter most to local people. We have a focussed and disciplined approach to producing, reviewing and acting on this critical performance information and it has resulted in success in both delivering short and medium term priorities and in the continuing improvement in performance of our services.

At a strategic level, the Corporate Management Team (CMT) regularly reviews reports on the performance of the Council. Each month CMT considers "Making it Happen" (MIH), People, and Place scorecards comprising the key directorate and corporate health performance indicators. In addition on a quarterly basis CMT receive a MTP progress report. This report is presented to the Executive with any specific issues addressed through Overview & Scrutiny. At an operational level, performance data is populated on the Council's performance system (Inphase) by relevant Directorates. Each Director has responsibility for ensuring that relevant data and commentaries are published on the system. Directorate Management Teams also consider on a regular basis the key performance data of their Directorate, with associated commentary provided by Assistant Directors and/or Heads of Service as appropriate.

2.4 Key roles and responsibilities

The Council's Constitution sets out how the Council operates. It indicates clearly what matters are reserved for decision by the full Council itself and those powers which have been delegated to committees and officers. The powers of the Executive and those delegated to individual Executive Members are also defined. The Council has adopted an innovative approach to the design of its Constitution with separate chapters covering each of the main areas of operation (i.e. Council,

Executive, Overview and Scrutiny, Officers, Joint Arrangements, Ethics and Standards). The Constitution is reviewed regularly.

The key policies of the Council are defined in the “Policy Framework” which forms part of the Budget and Policy Framework Procedure Rules within the Constitution. The Council reviews the Policy Framework periodically to ensure that it is fit for purpose and contains the most strategically important plans and those closely aligned to its corporate priorities.

The Constitution describes the role of the statutory officers (the Head of Paid Service, the Monitoring Officer and the Chief Finance Officer) as well as describing in the Scheme of Delegation those statutory duties for which officers are responsible. It also includes a Member/Officer protocol which sets out a framework to guide officers and members in their joint working. Role definitions covering the responsibilities and accountabilities of key member offices (e.g. Leader, Executive member, Overview and Scrutiny Chairman, Chairman of the Council) have also been developed to assist in understanding their respective roles and expectations.

The Head of Paid Service, Monitoring Officer and Chief Finance Officer meet on a regular basis as statutory officers to consider and address any corporate issues or matters of probity that may benefit from their collective input and approach.

The governance arrangements for the Chief Finance Officer are set out in the CIPFA statement on the Role of the Chief Finance Officer in Local Government (2010) and are as follows:

The Chief Finance Officer in a public service organisation:

- a) is a key member of the strategic management of the Council, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest;
- b) must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority’s financial strategy; and
- c) must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Finance Officer

- a) must lead and direct a finance function that is resourced to be fit for purpose; and
- b) must be professionally qualified and suitably experienced.

The Council's Chief Finance Officer is a member of the Council's Corporate Management Team (CMT) and he has access to the agenda, reports and minutes of CMT and attends CMT meetings.

The powers of officers are clearly defined in the Scheme of Delegation to Officers and the Scheme also sets out the circumstances in which delegations are not to be exercised and principles which should be taken into account by decision makers when taking decisions. High level Codes of Financial and Procurement Governance set out the constraints within which officers may work and these Codes are supported by more detailed procedure rules.

Internal systems are in place with the aim of ensuring that Members are presented with the appropriate information to make decisions, including corporate implications with advice on legal, risk and financial considerations. Member level decisions are made on the basis of reports and are recorded.

2.5 Codes of Conduct and standards of behaviour of Officers and Members

Central Bedfordshire Council has adopted arrangements to promote high standards of ethical governance.

The Localism Act 2011 introduced new arrangements relating to standards in local authorities. In accordance with those arrangements, the Council adopted a new Code of Conduct in April 2012 based on the seven Nolan principles of public life. These arrangements came into effect on 1 July 2012 as required by the Act for principal Authorities and respective Town and Parish Councils.

The Council's General Purposes Committee is responsible for overseeing the arrangements. The Council collaborated with a number of neighbouring local authorities to appoint a panel of Independent Persons, as required by the Localism Act who are available to advise as and when complaints are received relating to the Code of Conduct.

There is a system in place to deal with the investigation and determination of alleged breaches of the Members' Code of Conduct. This system is periodically reviewed to develop best practice. Upon receipt, complaints are assessed by the Council's Monitoring Officer and, where necessary, complaints are considered and determined by the Standards Sub-Committee.

Training has been provided for Members of the Council on the new Code of Conduct and the rules relating to disclosable interests that were introduced under the Localism Act.

The Council also has in place a number of codes and protocols relating to various aspects of ethical governance including: a Code of Conduct for Officers,

a Protocol for Members/Officer Relations, a Monitoring Officer Protocol and a Protocol regarding the use of ICT at Home. These codes and protocols are included in the Council's Constitution.

Additionally, there is an Ethical Handbook which contains further codes relating to Gifts and Hospitality, Planning and Licensing Good Practice, Confidential Reporting (Whistleblowing) and guidance for Members on Property and Transactions and Commercial Property Management.

The Council's Chief Legal & Democratic Services Officer is appointed as the Council's Monitoring Officer. Governance arrangements for the Monitoring Officer are set out in statute and in the Constitution. The Monitoring Officer has access to the agenda, reports and minutes of CMT and attends CMT meetings from time to time as appropriate.

2.6 Decisions, processes and controls

The Scheme of Delegation to Officers sets out the powers which are delegated to the Chief Executive and Directors, as well as setting out the general principles governing the circumstances in which decisions may not be taken under delegation and considerations to be taken into account by a decision taker when making a decision, including the requirement to consult local councillors on matters that affect their wards. Procedures are in place to enable Directors to sub-delegate to other officers and to notify the Monitoring Officer if any such arrangements are made.

The Code of Financial Governance sets out the limits within which officers may make decisions on spending, within the budget approved by the Council. The Code is supported by detailed procedure rules which are maintained on the Council's intranet.

The Code of Procurement Governance defines the procurement process and references the relevant levels of authority dependant upon financial thresholds. The Code is supported by detailed procedure rules which are maintained on the Council's intranet. The rules are promoted to staff through bespoke training courses. They are also embedded in a Procurement Tool Kit which is made available to all members of staff who are involved in procurement, and is available as an interactive version on the Intranet. A two page pictorial summary of the rules is also made available.

The Council's Risk Management Strategy and Policy Statement were approved by the Audit Committee in April 2012 and the Strategic Risk register has been regularly reviewed and refreshed during the year. CMT endorsed the updated Risk Management Strategy and Policy Statement and have received regular risk reports during the year, which have also been presented to the Audit Committee.

Committee reports require officers to set out the risk management considerations in terms of current and potential risks and how they will be managed and mitigated.

2.7 Functions of the Audit Committee

The terms of reference of the Audit Committee are set out in the Council's Constitution, and are broadly in accordance with the CIPFA guidance document. The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

2.8 Compliance with relevant laws and regulations

The Council maintains an in-house team of professional legal staff with specialist knowledge of its functions who advise on relevant laws, regulations and constitutional issues to ensure that the Council acts lawfully. In June 2010, the Central Bedfordshire Legal Team achieved the Lexcel accreditation, a quality standard administered by the Law Society. This accreditation applies for three years with annual maintenance visits. The team continues to maintain this accreditation. Compliance with the Lexcel standard provides assurance that the in-house service provides a service in accordance best practice. There is a strong focus on continuous professional development to ensure that staff are well-trained and have up-to-date knowledge of all the relevant specialist areas of law that govern the Council's activities.

Following an independent review of the Council's Legal Services in October 2012 the in-house team has been re-structured to provide increased range of areas of expertise and capacity. The Council also now has access to the EM LawShare Consortium for competitive rates for engaging external legal support as appropriate. All such support is required to be commissioned through the in-house legal team.

All reports that are considered by the Executive, the Council's regulatory committees and by overview and scrutiny committees include advice on the legal implications and risks of the proposed decisions. These reports are reviewed by a senior legal adviser to ensure that the legal implications have been accurately reflected.

The Monitoring Officer, or as appropriate, a senior lawyer attends meetings of the Council, the Executive and regulatory committees to advise on legal issues as they arise.

2.9 Whistle-blowing and complaints

The Council introduced a whistle-blowing policy known as the Confidential Reporting Code in the Ethical Handbook section of the Constitution. This has been regularly reviewed and updated to reflect changes to roles and responsibilities, most recently by the Audit Committee in January 2012.

An Anti-Fraud and Corruption Strategy was also approved and is included in the Ethical Handbook of the Constitution. This was also updated by the Audit Committee in January 2012 to reflect the introduction of the Bribery Act 2010 and changes to reporting channels within the Council.

The Council welcomes feedback on its services and has a three stage complaints procedure for customers. There are timescales for remedying complaints. If more time is needed the complainant will be informed.

The Three Stages of the Complaints Procedure:

Stage 1 Complaints – local resolution by a manager of the service. A response is required to be made within five working days.

Stage 2 Complaints – senior service level investigation. A response is required to be made within 15 working days.

Stage 3 Complaints – investigation by someone outside of the service area complained about. A report is to be produced within 15 working days. The service Director responds to the findings in the report.

There are separate procedures for Children's Services and Adult Social Care where complaints procedures are governed by Regulations.

2.10 Development and training for Officers and Members

The 360 degree feedback exercise has been repeated for the Senior Management Group (SMG) and extended to also include approximately 120 4th tier managers. Feedback is measured against a set of Leadership Qualities that have been developed by SMG. The results of the 360 feedback are then embedded into the annual performance development review and help identify individual development areas.

SMG completed a Leadership Development Programme during the year and the evaluation of this programme and the results of the 360 feedback exercise have been used to develop a Leadership Development Management Programme for 4th tier managers which will commence in July 2014. Other management training includes ILM3 and 5 accredited programmes.

Various Training and Development Programmes offer a wide range of activities linked to the Corporate Vision, Values and Priorities. These are designed to provide individuals with the skills to do their job and to support them and the organisation in meeting their objectives and statutory requirements in the context of the changing environment of local government.

The Member Development Programme has been developed to support all Members and provides essential updates and training sessions. It has been ratified by the Member Development Champion and Corporate Management Team.

2.11 Channels of communication

Central Bedfordshire Council is committed to deliver planned, sustained and two way communications with the public, staff and other stakeholders.

Specifically, the council aims to:

- a) raise awareness and understanding of the vision, priorities and values of the council both internally and externally
- b) develop and improve its channels of direct communication with customers and stakeholders;
- c) prioritise core campaigns;
- d) enhance internal communications to facilitate change and increase staff engagement;
- e) enhance media relations to enable accurate reporting of the decision making and service developments of the council;
- f) support effective relationships with national and regional stakeholders.

Core channels for public communication include our community magazine, News Central, which is delivered to all households on a quarterly basis in line with Communities and Local Government guidance on Local Government Publicity. The magazine regularly includes information about all access routes to the Council, by phone, on line or face to face.

The magazine also includes features on policy and service developments, promotes consultations and invites feedback from customers. Copies of the magazine are available in alternative formats and it is published on line.

The Council's website is a critical communication channel which is available in both a conventional format and in a bespoke format for mobile devices. On line presence provides news and information to residents and other stakeholders. Customers are also able to log on to our portal to report issues such as potholes and apply for some of our services. Alternatively they can use our mobile app to make reports.

Additional digital channels include email bulletins on a wide range of services, updates on Twitter and bespoke Facebook pages. In total, approximately 35,000 residents subscribe to these channels.

In order to strengthen our ability to engage with all elements of our community and particularly with younger people, the Council has developed a presence on line to embrace social media through sites such as Facebook and Twitter.

Proactive media relations services also ensure that Council decision making and service developments are effectively reported to the media, which continues to be a key communication channel to the public.

Staff communication mechanisms combine a series of face to face, on line and written media. These include regular staff briefings (the Chief Executive has twice yearly staff roadshows to update staff on corporate direction and priorities), weekly electronic bulletins, blogs and updated news on the intranet. Corporate communications are complemented by specific channels for service Directorates. Stakeholder communications channels, many of which relate to the activities of the Local Strategic Partnership, include a stakeholder ezine, regular face to face fora and the publication of information on the Central Bedfordshire Together website, a bespoke site for the Local Strategic Partnership.

A weekly bulletin is sent to all Members to provide information about forthcoming events, meetings and to ensure that they are made aware of any significant issues.

In addition to programmed communication activities, the council regularly sends emails and briefings to update both Staff and Members on important topics.

2.12 Equality and Diversity

Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations. The Council wants to ensure that it provides services which address the needs of all members of the community and employs a workforce that at all levels is representative of the community it serves and which experiences fairness and equity of treatment.

As strategies, policies and services are developed, the Council conducts Equality Impact Assessments to:

- Consider issues relating to age, disability, sex, pregnancy and maternity, gender reassignment, marriage and civil partnerships, race, religion and belief and sexual orientation.
- Obtain a clearer understanding of how different groups may be affected.

- Identify changes which may need to be built into an initiative as it is developed.
- Comply with legislative requirements.
- Identify good practice.

The Council supports an Equality Forum (Central Bedfordshire Equality Forum) of voluntary sector representatives which acts as an advisory and consultative body to the Council on statutory service delivery and employment duties and issues relating to age, disability, gender re-assignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation as they relate to Central Bedfordshire. The Core Functions of the Forum are:

- To provide a mechanism for consultation and liaison with community groups and other voluntary sector agencies.
- To advise on the overall development and implementation of the Council's Single Equality Scheme.
- To provide advice and feedback on the impact of new policies and functions.
- To consider and quality assure Equality Impact Assessments undertaken by the Council, or in conjunction with partners, relating to strategy, policy and service development. Recommendations will be fed back to the Equality Officers Working Group and relevant services.
- To raise awareness within the Council of the potential barriers to inclusion and equality of opportunity experienced by vulnerable and disadvantaged groups.

The Equality Forum meets four times a year and quality assures all the significant Council Strategies and Policies and the accompanying equality impact assessments. The Forum has reviewed a number of key initiatives spanning all parts of the Council including that of the budget setting process.

2.13 Partnership governance

The Council's Constitution includes a detailed Partnerships Protocol that sets out the arrangements and principles for established and future Public and Private Sector Partnerships. These are defined as:

Public Sector Strategic Partnerships: one or more public bodies, including voluntary organisations and charities that determine strategies for service delivery, but which have little or no resource management responsibilities;

Public Sector Delivery Partnerships: one or more public bodies, including voluntary organisations and charities that commission or deliver services on behalf of the partners and which have significant resource management responsibilities; and **Private Sector Partnerships:** private companies, either in

their own right or as part of a public sector partnership entering into a contract with the Council for a considerable period.

The Partnerships Protocol was developed in line with the Audit Commission's report on partnership governance.

The Protocol prescribes the key requirements to ensure accountability (internally amongst partners and externally to communities), value for money, leadership, decision-making, scrutiny and risk management.

All partnerships are required to have detailed terms of reference that fully set out all of the arrangements and key partnerships review these on an annual basis to ensure they are fit for purpose and aligned to the Partnership's future work programme.

The Health and Wellbeing Board was established in shadow form in 2012, and Terms of Reference for the substantive Board were subsequently approved and appointments made to this new statutory committee at the Council's Annual Meeting in April 2013. The Council assumed responsibility for certain public health functions under the Health and Social Care Act 2012. This involved a complex transfer of functions from various NHS bodies to the Council, which was undertaken successfully, including incorporation of appropriate budgets into the Council Budget approved in February 2013.

Going forward the Health and Wellbeing Board has the strategic overview of the Better Care Fund Plan. This Plan sets out a shared vision for the delivery of integrated and locality based health and social care provision in Central Bedfordshire. A Joint Commissioning Board for the Better Care Fund, made up of relevant multi agency senior officers, will report directly to the Health and Wellbeing Board, ensuring that the pooled budgets are targeted at delivering the outcomes set out in the Plan.

3.0 REVIEW OF EFFECTIVENESS

Central Bedfordshire Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team, which has responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular the Council has adopted the CIPFA/SOLACE framework, "Delivering Good Governance in Local Government"

and continues to learn from experiences and makes necessary changes to improve its local code of governance. The Council's review process uses the Key Roles and Core Principles included in this guidance and this Statement sets out how the Council meets these roles and principles in its control and governance arrangements.

The Council's review of the effectiveness of the system of internal control is informed by:

- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny reports.
- the work undertaken by Internal Audit during the year.
- the work undertaken by the external auditor reported in their annual audit and inspection letter.
- other work undertaken by independent inspection bodies.

The arrangements for the provision of internal audit are contained within the Council's Code of Financial Governance which is included within the Constitution. The Chief Finance Officer is responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting and other systems of internal control, as required by the Accounts and Audit Regulations 2011. The internal audit provision is managed, independently, by the Head of Internal Audit and Risk who reports to the Chief Finance Officer on an administrative basis, and operated in accordance with Public Sector Internal Audit Standards (PSIAS) during 2013/14.

The Internal Audit plan is prioritised by a combination of the key internal controls, assessment and review on the basis of risk and the Council's corporate governance arrangements, including risk management. The resulting work plan is discussed and agreed with the Directors and the Audit Committee and shared with the Council's external auditor. Regular meetings between the internal and external auditor ensure that duplication of effort is avoided. All Internal Audit reports include an assessment of the adequacy of internal control and prioritised action plans to address any identified weaknesses. These are submitted to Members, Directors and Head Teachers as appropriate.

The internal audit function is monitored and reviewed regularly by the Audit Committee. The Committee also reviews progress in implementing high risk recommendations made in audit reports.

A self assessment review is undertaken annually by the Head of Internal Audit and Risk on the effectiveness of the Internal Audit function in addition to a similar exercise carried out by the Audit Commission during 2009/10. No issues of concern were raised as a result of these reviews.

The Council has established Overview and Scrutiny Committees which receive reports on key issues including budget monitoring, performance and efficiency information.

The Council's performance is monitored on a quarterly basis by the Executive and Overview and Scrutiny Committees. Directorate and service plans contain a variety of performance indicators and targets that are regularly reviewed.

The Council's information governance performance is reported and monitored on a quarterly basis by the Information Assurance Group (IAG) and reviewed by CMT as appropriate. IAG seeks to promote effective information governance and compliance across the Council and is developing information sharing protocols with Partner Organisations.

The IAG is chaired by the Senior Information Risk Owner (SIRO) to the Council.

4.0 ANNUAL AUDIT REPORT FOR 2013/14

The Council's Head of Internal Audit submitted her opinion on the overall adequacy and effectiveness of the Council's internal control environment to the Audit Committee on 30 June 2014. The Internal Audit work programme included reviews of the fundamental financial systems and other assurance work on other non fundamental systems.

The Head of Internal Audit reported that her opinion was that overall the Council's system of internal control, governance framework and risk management arrangements were adequate. In general the key controls in place were adequate and effective such that reasonable assurance can be placed on the operation of the Council's functions.

Each of the fundamental system reviews finalised has received an adequate audit opinion. The Payroll system has received an adequate opinion for the first time since the inception of the Council, having previously received limited opinions. The audit testing identified that improvements had been made in a number of areas, including the documentation of procedures, documentation to support payroll amendments and other control processes.

A limited audit opinion was given to the review of Council procedures relevant to the employment of contractors and consultants, and Internal Audit has worked with officers across the Council to address the issues identified.

The audit reviews of both direct payments and housing repairs commissioning also identified weaknesses in the current processes and management have agreed actions to address these issues.

Internal Audit has continued to track the implementation of high risk recommendations. This work has identified that progress continues to be made to develop a comprehensive IT Disaster Recovery Plan. Further work is currently in progress. The Audit Committee has received regular updates on this during the year.

5.0 SIGNIFICANT GOVERNANCE ISSUES

In previous Annual Governance Statements certain significant governance issues have been identified, together with the measures that the Council intends to take to manage the risks associated with these issues. Such issues are identified in the Council's Corporate Risk Register, which also identifies the mitigating action to be taken. The Risk Register is monitored regularly by CMT.

The following governance issues were of significance during 2013/14:

- Considered decision to cease the BEaR waste disposal procurement and successfully manage any risks of potential challenge. Effectively determine and deliver on an alternative waste disposal procurement strategy.

The Strategic Risk Register also identifies the following risks which have an impact on governance:

- The welfare reforms introduced by Central Government.

There were significant changes to various welfare payments introduced from 1 April 2013. The most significant is replacement of Council Tax Benefit by a localised system of Council Tax Support. During 2012/13 the Council prepared for this through extensive consultation with the public and those most likely to be affected by the changes. As a result changes were made to the final scheme which was approved by Council in January 2013. The situation is under constant review to assess the impact of all the changes during 2013/14 and 2014/15.

- Information Management: a lack of consistent information management and data accuracy across the organisation leading to non compliance with the Data Protection Act and a breach of information security.
- Growth: a risk that failure to adopt a 'sound' Development Strategy and subsequently deliver the levels of housing, jobs or infrastructure proposed for growth and regeneration of the area in a planned way.

- Failure of partnerships as a result of conflicting priorities: there is a risk that the Council is unable to develop and manage effective partnerships and influence the activities of the partnerships.

6.0 CONCLUSION

This statement has been produced as a result of a review of the effectiveness of the governance framework in place during 2013/14 and has been approved by the Council's Audit Committee.

The Council proposes to take steps over the coming year to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

J JAMIESON
LEADER OF THE COUNCIL

R CARR
CHIEF EXECUTIVE

Dated

Meeting: Audit Committee
Date: 30 June 2014
Subject: Local Government Pension Scheme Update
Report of: Section 151 Officer - Charles Warboys
Summary: The report updates the Committee on recent developments in respect of the Local Government Pension Scheme, explains the governance arrangements in place and outlines the latest financial position of the Fund.

Advising Officer: Charles Warboys, Chief Finance Officer
Contact Officer: Ralph Gould, Head of Financial Control
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

This report provides information about the Local Government Pension (LGPS). The LGPS has been subject to significant changes over recent years as central government strives to ensure public sector pension schemes provide value for money. This objective is in line with the Council's own value for money priority.

Financial:

1. The funding position of the LGPS Bedfordshire fund and the Council are set out in the body of the report along with the level of employer contributions required from the Council.

Legal:

2. The LGPS in England and Wales is operated in line with statutory regulations made by the Secretary of State for Communities and Local Government in exercise of the powers conferred by the Superannuation Act 1972 and Public Service Pensions Act 2013..

Risk Management:

3. Not Applicable as the report is for information.

Staffing (including Trades Unions):

4. Not Applicable as the report is for information.

Equalities/Human Rights:

5. The report is for information only.

Public Health

6. The report is for information only.

Community Safety:

7. Not Applicable.

Sustainability:

8. Not Applicable.

Procurement:

9. Not applicable.

RECOMMENDATION:

The Committee is asked to note the report.

Background

10. The Local Government Pension Scheme (LGPS) in England and Wales is a funded public sector pension scheme with approximately 4.6 million members. The regulations for the scheme are determined by parliament and developed by the Department of Communities and Local Government. The scheme is administered locally for participating employers by ninety nine funds.
11. Bedfordshire Pension Fund, administered by Bedford Borough Council, is responsible for the pensions of Local Government employees across Bedfordshire, including Luton Borough Council and Central Bedfordshire Council. Participation in the LGPS is open to public sector employers providing some form of service to the local community. Whilst the majority of members will be local authority employees (and ex-employees), the majority of participating employers are those providing services in place of (or alongside) local authority services such as academy schools, contractors, housing associations and charities. Currently in excess of 130 scheme employers participate in the Bedfordshire LGPS. Scheme membership numbers at 2010 and 2013 are shown in Table 1. The significant reduction in active membership numbers for the Council mainly reflects School Academy transfers as staff other than Teachers are members of the LGPS.

12.

Table 1 LGPS Bedfordshire and CBC Membership at 31/3/13				
	Fund	Fund	CBC	CBC
	31 March 2010	31 March 2013	31 March 2010	31 March 2013
Active	17,895	17,524	5,129	3,937
Deferred	17,091	21,083	5,568	6,755
Pensioners	11,311	13,255	3,542	4,131
Total	46,297	51,862	14,239	14,823

13. The LGPS is administered within a statutory and best practice framework. The various administering authorities apply important policies and strategies that are developed and reviewed with independent specialist advice and consultation with participating employers. The main areas are governance arrangements and funding, investment and communication strategies which can be accessed at the Bedfordshire Pension Fund website (www.bedspensionfund.org).

Governance

14. As the administering authority for the Bedfordshire Fund the arrangements for discharging the responsibilities for pension fund matters are set out in the Bedford Borough Council Constitution and the Fund's Governance Policy Statement. The administering authority responsibility for the pension fund is a non-executive function. A Pension Fund Committee is supported by a Pension Fund Panel that makes recommendations to the Pension Fund Committee.
15. Membership is the same for both the Pension Fund Committee and Panel and governance arrangements follow the expectation expressed by the DCLG that the administering authority should retain a voting majority on any decision making body. The Committee and Panel comprise :
- Three elected Members of Bedford Borough Council (all voting);
 - Two elected Members of Central Bedfordshire Council (one voting and one non-voting);
 - Two elected Members of Luton Borough Council (one voting and one non-voting).

16. In addition, the following have been accorded official “observer” status and are entitled to attend and speak, but not vote, at meetings of the Committee and the Panel:

- Academy School Representative,
- Scheme User Observer;
- Independent Investment Adviser;
- Chief Finance Officer (Luton Borough Council);
- Chief Finance Officer (Central Bedfordshire Council).

If the membership of any non-local authority employer member of the scheme exceeds 15% of the total membership of the scheme consideration would be given to inviting that body to become a member of the Committee.

17. The Committee and Panel meet at least four times a year and support the Fund Administrator (Bedford Borough Council Assistant Chief Executive and Chief Finance Officer) in his operational responsibilities for the investment of all surplus cash of the Pension Fund that is not required immediately to meet pensions and other benefits. Specifically the Committee :

- reviews and sets the Pension Fund’s asset allocation;
- maintains the Pension Fund’s Statement of Investment Principles;
- appoints Fund Managers and regularly reviews their terms of appointment;
- reviews and sets investment objectives for the Fund Managers;
- meets with, or receives information from, Fund Managers on a regular basis to review activity, transactions and past performance and to note their future asset allocation and investment strategy;
- meets with the Actuary and the Independent Investment Adviser on an annual basis to consider the performance of the Fund Managers both over the immediate twelve month period and on a progressive three to five year period;
- reviews the Committee’s annual performance;
- considers the results and impact of the triennial actuarial valuation;
- considers and approves a Funding Strategy Statement;
- regularly considers any relevant matters relating to Pension Fund investment;
- publicises their stewardship role to all Scheduled and Admitted Bodies of the Bedfordshire Pension Fund and to all contributors and beneficiaries by means of a full Annual Report and a Summarised Report.

Actuarial Valuation 2013

18. LGPS funds in England and Wales are subject to an actuarial valuation every three years. The most recent was undertaken as at 31 March 2013. The past service deficit position for both the Fund as a whole and the Council specifically as at 31 March 2010 and 2013 is set out in Table 2. The increase in deficit between the valuation dates reflects the adverse conditions which the Fund has had to contend with since the previous valuation. In particular, the decrease in the real gilt yield which has increased the value placed on the Fund's liabilities.

19.

Table 2 : LGPS Bedfordshire and CBC Funding Levels 2010 and 2013				
	Fund	Fund	CBC	CBC
	31 March	31 March	31 March	31 March
	2010	2013	2010	2013
	£m	£m	£m	£m
Past Service Liabilities	1,618	2,092	456	550
Market Value of Assets	1,168	1,467	314	361
Deficit	449	625	142	189
Funding Level	72.2%	70.1%	69%	66%

20. The employer contribution rates calculated by the Actuary reflects two elements, the on going future service rate (the cost of future pensions) and the past service rate (to recover any deficit). In determining the specific employer contribution levels to the Fund the approved Funding Strategy is applied in setting the appropriate deficit recovery periods for each type of employer and any other mechanisms such as the stabilisation of employer contribution rates. In the case of the Council a 20 year deficit recovery period and stabilisation of employer contribution rates have been applied.

21. Table 3 illustrates the actuarial employer's contribution rate expressed as a percentage of pensionable pay for both the Fund as a whole and the Council. The past service element is based on a deficit recovery period of 20 years. As was the case with the increase in the overall deficit the decrease in real gilt yields has also increased the cost of providing for future pension benefits.

22.

Table 3 : LGPS Bedfordshire and CBC Theoretical Employer Contribution rates 2010 and 2013				
	Fund	Fund	CBC	CBC
	31 March 2010	31 March 2013	31 March 2010	31 March 2013
	%	%	%	%
Future Service Rate	13.9	17.6	14	17.5
Past Service	8.7	10.8	11.5	16.1
Total	22.7	28.4	25.5	33.6

23. Following the 2010 actuarial valuation a phased increase was applied to the Council's employer contribution rate resulting in a rate of 23.9% for 2013/14.

24. Following the 2013 valuation the Fund has been able to stabilise the Council's employer contribution rate with a 20 year deficit recovery period and this means that for the Council :

- (a) the certified rate can be increased by 0.5% per annum,
- (b) an initial contribution cap of 25% can be applied,
- (c) that if the certified rate reduces in the future, the Council's actual rate can only reduce by 0.5% per annum, and
- (d) the deficit recovery element must be paid by monthly instalments of a fixed amount.

25. The stabilised contribution rate applying for the Council over the next three years is set out in Table 4. For 2014/15 the future service rate is 14% and a total lump sum of £6.662m will be paid to the Bedfordshire Fund equating to a total employer contribution rate of 24.4%, an overall increase of 0.5% compared to 2013/14. By requiring fixed index linked payments in respect of the deficit recovery element will guarantee this level of contribution to the Fund. The use of a percentage rate for the deficit amount would risk generating a lower contribution if the future overall level of pensionable pay reduced.

26.

Table 4 CBC LGPS certified employer contributions from 2014/15				
Certified Rate	Total Rate	Future Service Rate	Certified Lump Sum towards Deficit recovery	Monthly Lump sum towards Deficit recovery
	%	%	£000	£
2014/15	24.4	14.0	6,662	555,167
2015/16	24.9	14.0	7,212	601,000
2016/17	24.9	14.0	7,450	620,833

LGPS 2014

27. As part of the national public sector pensions reform programme a revised LGPS (England and Wales) was implemented from 1 April 2014. This new LGPS (2014) replaced the LGPS (2008) and all pensions in payment or that have been built up before April 2014 are protected. Pre April 2014 pensioners or leavers with deferred benefits are not affected. In cases of any contributing scheme members any pre April 2014 pension will still be based on final salary at retirement and the current normal pension age.
28. The main differences between the 2014 and 2008 schemes are
- (a) Pensions will be based on Career Average Re valued (based on Consumer Price index) Earnings not a Final Salary basis.
 - (b) Pension benefits will accrue at 1/49th per annum not 1/60th.
 - (c) Pensionable pay will now include non-contractual overtime and additional hours for part time staff.
 - (d) The average employee contribution rate remains at 6.5% but the contribution rate bands have increased from 7 to 9 with the highest rate now 12.5% compared to 7.5% previously.
 - (e) Members now have the flexibility to pay 50% of contributions for 50% of benefits.
 - (f) Normal retirement age now follows an individual's state retirement age and not 65.
 - (g) Leavers with less than 2 years membership can now receive a refund of contributions compared to 3 months in the previous scheme.
29. If in the future the costs of the LGPS change beyond certain limits still to be formalised, there will be negotiations between unions, employers and government about how to meet those cost changes.
30. Following a consultation on pensions for Councillors' in 2013, the Government has recently decided to end the entitlement for Councillors to join the LGPS. With effect from 1st April 2014, Councillors will be unable to join the pension scheme. Those already in the scheme will cease to be contributing members from the next time they face re-election. At that point they will become deferred members until they elect/are able to take their pension.

31. The recent changes to the LGPS have required significant effort by administering and employing authorities to communicate the changes and amend processes and systems.

INVESTMENT STRATEGY

32. The Fund’s Statement of Investment Principles (SIP) sets out the investment strategy to be implemented through asset allocation and investment manager selection, The SIP is linked to the Fund’s Funding Strategy Statement which sets out the Fund’s strategy for meeting employers’ pension liabilities. The aim of the funding strategy is to ensure the long-term solvency of the Fund while not unnecessarily restraining the investment strategy and both documents are regularly reviewed and revised. The common objective of the Fund is to apply a risk based approach to maximise returns on investments in order to control the level of employers’ contributions.
33. The Pensions Committee has approved an asset allocation which is set out in Table 5 and an overall Fund benchmark which is based on a weighted average of various performance indexes which are derived from investment indices or rates of inflation as set out in Table 6.

34. .

Table 5 Fund Asset Allocation Benchmark (SIP 2013)		
Asset Classes	Benchmark	Allocation Range
UK equities	19%	Range 38%- 58%
Global/Overseas equities	29%	
UK Gilts	4%	Range 13%-33%
Absolute Return Bonds	10%	
Corporate Bonds	4%	
Absolute Return Multi Asset	20%	Range 5%-17%
Property	10%	Range 5%-15%
Global Tactical Asset Allocation	4%	Range 0%-8%
Total	100%	

35.

Table 6 Investment Performance Benchmarks (SIP 2013)	
Asset Class	Benchmark returns based on
UK equities	FTSE All Share Index
Overseas equities	45% - FTSE America 35% - FTSE Developed Europe ex UK 15% - FTSE Japan 5% - FTSE Developed Pacific ex Japan
Global equities	RPI + 5% (<i>RPI Retail Prices Index</i>)
UK Gilts	42 % - FTSE A All Stocks Gilt Index 58 % - FTSE A Index-Linked Index (all stocks)
Absolute Return Bonds	LIBOR + 2% (<i>LIBOR – London Interbank Offer Rate</i>)
Corporate Bonds	Bank of America Merrill Lynch Sterling Non-Gilt Index
Absolute Return Multi Asset	RPI +5% (1 portfolio) LIBOR + 4% (1 portfolio)
Property	IPD Index (<i>IPD – Commercial Property Market index</i>)
Global Tactical Asset Allocation	RPI + 5%

36. The investment objective is subject to the strategy being carried out within acceptable levels of risk. Risk associated with investments is controlled through the diversification between asset classes and Investment Managers. The risk within each portfolio is monitored with the Managers. Benchmark risk is controlled by indexing a proportion of the Fund's assets to passively track appropriate indices. Benchmark risk is the risk that investments in a particular asset class (i.e. UK equities, overseas equities) do not match the broad market return on that asset class as represented by an appropriate index for that asset class. The Fund's investments and managers at 31 December 2013 are shown in Table 7.

37. **Table 7 Bedfordshire Fund Investment Managers and Asset values at 31 December 2013**

Managers (Asset class)	31-Dec-13	Of Total
	£M	Fund
Blackrock (Equities)	115.3	7.5%
Legal and General (Equities)	428.4	28.0%
Lazard (Global Equities)	155	10.1%
Trilogy (Global Equities)	68.2	4.5%
Total Equities	766.9	50.1%
Blackrock (Fixed Interest)	146.6	9.6%
Insight Investment (Fixed Interest)	132.7	8.7%
Total Bonds	279.3	18.3%
CBRE (Indirect Property)	131.9	8.6%
Baring (Multi Asset Absolute Return)	177.6	11.6%
Pyrford (Multi Asset Absolute Return)	92.3	6.0%
Total Multi Asset Absolute Return	269.9	17.6%
Cash	81.3	5.3%
Total Fund	1,529.30	100%

38. The Fund has implemented an investment strategy that seeks to provide less volatile returns than Funds with a greater equity weighting. In times when equity markets are very strong the Fund is likely to underperform the average local authority fund which tends to have greater allocations to equities. Conversely when equity markets are weak the Fund should outperform the average local authority fund. The Fund benchmark return for the year ended 31 December 2013 was 10.6% and the actual return was 11.8% (after fees). The annualised Fund returns over three and five years ended 31 December 2013 were 6.3% and 8.9% compared to benchmark returns of 7.5% and 9.5%.

Conclusion

39. This is the first update to the Committee in respect of the LGPS arrangements and has briefly covered a large number of areas with the aim of providing some detailed background to the governance of the fund and important recent developments. It is proposed to focus future updates on developments in the LGPS and overall Fund performance.

Appendices:

None

Background Papers: (open to public inspection)

None

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Meeting: Audit Committee
Date: 30 June 2014
Subject: Internal Audit Annual Audit Opinion
Report of: Chief Finance Officer
Summary: This is the annual report of the Head of Internal Audit and Risk to those charged with governance on the overall adequacy and effectiveness of Central Bedfordshire Council's financial and other management internal controls.

Advising Officer: Chief Finance Officer
Contact Officer: Kathy Riches , Head of Internal Audit and Risk
Public/Exempt: Public
Wards Affected: All
Function of: Audit Committee

CORPORATE IMPLICATIONS

Council Priorities:

The activities of Internal Audit are crucial to the governance arrangements of the organisation and as such are supporting all of the priorities of the Council.

Financial:

1. None directly from this report. However, sound systems assist in preventing loss of resources (by other wastage or fraud), thereby improving effectiveness and efficiency.

Legal:

2. None directly from this report.

Risk Management:

3. No risk management implications come directly from this report but the Audit Plan was produced using a risk based approach, following the completion of a detailed Audit Needs Assessment which took into account strategic and service area risks.

Staffing (including Trades Unions):

4. None directly from this report.

Equalities/Human Rights:

5. None directly from this report.

Public Health

6. None directly from this report.

Community Safety:

7. None directly from this report.

Sustainability:

8. None directly from this report.

Procurement:

9. None directly from this report.

RECOMMENDATION:

The Committee is asked to consider and comment on the contents of the report.

Background

10. The Accounts and Audit Regulations 2011 require the Council to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices. The applicable standards for 2013/14 were the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1st April 2013. In accordance with the standards, the Head of Internal Audit and Risk is required to deliver a report to those charged with governance, timed to support the Annual Governance Statement, which must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

11. This report:
- Presents an opinion on the overall adequacy and effectiveness of Central Bedfordshire's framework of governance, risk management and control for the 2013/14 financial year,
 - Summarises audit work undertaken that supports that opinion
 - Highlights significant issues identified as part of Internal Audit's work, including those that are particularly relevant to the Annual Governance Statement
 - Compares the Internal Audit work actually undertaken with the work that was planned and summarises the performance of the internal audit function against its performance measures and criteria, and
 - Includes a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Responsibilities

12. It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

Internal Control Environment

13. The internal control environment comprises the Council's systems of governance, risk management and internal control.
14. In order to form an opinion on the overall adequacy and effectiveness of the control environment, the internal audit activity is planned to provide coverage of financial controls through review of the key financial systems, and internal controls through a range of operating activity both within directorates and cross cutting, using a risk based approach. The work undertaken by Internal Audit helps inform the Annual Governance Statement.

The Audit Methodology and Basis of Assurance

15. During 2013/14 Internal Audit was bound by the Public Sector Internal Audit Standards. The purpose, authority and responsibility of the internal audit service is set out in the Internal Audit Charter, approved by the Audit Committee in January 2014.
16. In order to ensure that the Internal Audit Service operates in accordance with the PSIAS, the Head of Internal Audit and Risk has undertaken a self assessment of compliance with the standards. In accordance with the requirements of the Accounts and Audit Regulations 2011 the Chief Finance Officer has also carried out a review of the effectiveness of the System of Internal Audit. The scope of the review covered compliance with the PSIAS, and reporting on performance and outcomes to the Audit Committee. The PSIAS require the Annual Audit opinion to include a statement of conformance with the standard, and this is set out later in the report.

17. The internal audit work undertaken during the year has been conducted in accordance with the mandatory standards and good practice.
18. The Internal Audit Plan for 2013/14, approved by the Audit Committee in April 2014, was compiled using a risk based approach and was informed through:
 - reference to the previous Audit Needs Assessment undertaken
 - consultation with senior management
 - Internal Audit's own analysis of risk areas
 - reference to the strategic and operational risk registers, and
 - the outcome of the assurance mapping exercise on the risks documented within the Strategic Risk Register.
19. The Internal Audit Plan identified the individual audit assignments. The activity was undertaken using a systematic risk based approach. The objectives for each activity were determined and risks in the processes that supported that activity were identified and set down in terms of reference that outlined the objectives and scope for each audit. The work was planned and performed so as to obtain all the information and explanations necessary to provide sufficient evidence in forming an overall opinion on the adequacy of the internal control framework.
20. Internal Audit reports provide an overall conclusion on the control environment for each system reviewed. A summary of the conclusions for each audit is attached as Appendix A to this report. The definitions of each conclusion are attached as Appendix B.
21. The overall annual audit opinion is derived from the work undertaken during the year, as determined by the Audit Plan. However, it is also recognised that there is a risk management assurance framework in place that provides reasonable assurance that other significant risks have been identified and are managed effectively.
22. To provide quality assurance over the audit output, audit assignments are allocated to staff according to their skills and experience. Each auditor has a designated Audit Manager to perform quality reviews at four stages of the audit assignment: the audit brief (terms of reference), file review, draft report and final report stages. In addition, the Head of Internal Audit and Risk reviews all reports.
23. In addition to this annual report, the Audit Committee receive regular progress reports throughout the year.

The Internal Audit Team

24. During 2013/14 the Internal Audit Service was delivered by a team of suitably qualified auditors. Each member of the team undertakes a regular Performance Development Review (PDR) and participates in Continuing Professional Development (CPD) as appropriate.

Head of Internal Audit's Annual Opinion Statement

25. The Internal Audit work undertaken during the year has enabled Internal Audit to provide an objective assessment of whether systems and controls are operating effectively. In giving an audit opinion, however, it should be noted that assurance can never be absolute. However, the scope of the activity undertaken is sufficient for reasonable assurance to be placed on the work.
26. Ernst and Young, as the Council's external auditors, have reviewed the work undertaken by Internal Audit on the fundamental system audits and have been able to place reliance on the work, and have been in agreement with the audit opinions given.
27. A summary of the work undertaken during the year, forming the basis of the audit opinion on the control environment, is shown at Appendix A of this report.
28. The opinion on the Council's Internal Control environment is that overall it continues to be adequate. In general the key controls in place are adequate and effective such that reasonable assurance can be placed on the operation of the Council's functions.
29. This conclusion is based on the following:
- Framework of governance:
- A Code of Financial Governance is in place, and is incorporated within the Constitution.
 - Financial Procedures support the Code of Financial Governance and these have been refreshed and updated during the year.
 - A Financial Scheme of Management is in place.
 - Procedures and processes have been documented in a number of key areas.
 - Outcome of governance audits
- Risk Management Arrangements:
- Assurances on key strategic risks have been mapped during the year. Assurances considered include a range of management controls, corporate functions and third party assurances.
 - A risk management framework is in place, including a documented strategy, risk co-ordinators within directorates, a Risk Matters Group and regular monitoring and reporting on strategic risks to senior management and the Audit Committee.

Internal Control:

- Each of the fundamental system reviews finalised has received an adequate audit opinion.
 - The Payroll system has received an adequate opinion for the first time since the inception of the Council, having previously received limited opinions.
 - Adequate controls were found to be in place in a number of other areas
 - Progress has been made in addressing many of the high risk Internal Audit recommendations made, and
 - There has been a stable senior finance management structure in place during the year.
30. It should be noted that most audits undertaken have resulted in reports identifying areas for improvement which have been well received by managers, and actions agreed to address weaknesses in control. The implementation of these actions is tracked by Internal Audit and the progress against the implementation of high recommendations is regularly reported to the Audit Committee.
31. In arriving at the opinion the following has been taken into account:
- The results of the audits undertaken as part of the 2013/14 plan
 - The results of follow up action in respect of previous audits
 - Whether or not any limitations have been placed on the scope of Internal Audit – of which there have been none.
32. The following key concerns were identified and these have been reflected in the Annual Governance Statement:
- Significant progress was made during 2013/14 to develop a comprehensive IT Disaster Recovery Plan. Further work is currently in progress. The Audit Committee has received regular updates on this during the year.
 - A limited audit opinion was given to the review of Council procedures relevant to the employment of contractors and consultants, and Internal Audit has worked with officers across the Council to address the issues identified.
 - The audit reviews of both direct payments and housing repairs commissioning also identified weaknesses in the current processes and management have agreed actions to address these issues.

Delivery of the 2013/14 Internal Audit Plan

33. The operation of the key financial systems is a key part of the internal control environment. The table at Appendix A sets out the outcome of the reviews of these systems, and indicates where the work is still ongoing. The appendix also summarises other reviews undertaken during the year.

34. The reviews of the key fundamental systems help inform the Annual Governance Statement. Each of the 10 key systems finalised has received an adequate audit opinion. It should be noted that the opinions given reflect the controls in place across the whole year. Although several of the Phase 2 reports have still to be finalised, no new key issues of concern have been identified.
35. Audit work is not just limited to implementing the audit plan. Internal Audit is involved in other areas advising on systems development and using their skills to provide other general advice to service areas. Internal Audit has participated in a number of projects, providing advice on controls required. These projects include the Local Welfare Provision Board, ESS/MSS and Routewise. In addition, individual grant claims have been audited, where required.

National Fraud Initiative (NFI)

36. During 2013/14, we continued to complete work on the National Fraud Initiative (NFI). This involves supplying data to the Audit Commission for matching purposes. Work on investigating the resulting positive matches is ongoing. Work includes matches on pension payments to registered deaths, matching payrolls between authorities, and other matches including UK visas, blue badges, private residential care and Housing Benefits.
37. The Internal Audit team has also assisted other authorities undertake their NFI enquiries by providing information to support their investigations.

Anti Fraud Work and Special Investigations

38. Internal Audit undertook four investigations during the year. The outcome of three were reported to the March 2014 Audit Committee. A further investigation has been finalised and this is summarised at Appendix C.
39. Internal Audit continues to operate the Fraud Hotline. None of the calls received have resulted in an audit investigation due to the nature of the calls. However, in all cases, appropriate advice was given.

Schools

40. The rolling programme of school audits has continued during 2013/14. During the year final reports were issued to 12 schools. The opinions given for the finalised reviews are set out at Appendix A. Four schools received a limited audit opinion.

Performance Management

41. The Audit Committee has agreed some Key Performance Indicators (KPI), which are regularly reported to the Committee. Overall, performance has been positive and where targets have not been met, action will be taken aimed at improving performance. The table below summarises the results for the year, and also includes the previous year's indicators, for comparative purposes.
42. The indicators include both CBC audit activities and school activity.
43. **Activities for 1 April 2013 – 31 March 2014**

KPI	Definition	2013/14		2012/13	
		How we performed	Our target	How we performed	Our target
KPI01	Percentage of total audit days completed.	97%	80%	100%	80%
KPI02	Percentage of the number of planned reviews completed to final report stage.	75%	80%	80%	80%
KPI03	Percentage of audit reviews completed within the planned time budget, or within a 1 day tolerance.	74%	75%	60%	80%
KPI04	Time taken to draft reports: Percentage of reviews where the first final draft report was returned by auditee within 10 available working days of receipt of the report from the Auditor.	80%	80%	76%	80%
KPI05	Time taken to issue a final report: Percentage of reviews where the final report was issued within 10 available working days of receipt of the response agreeing to the formal report.	100%	80%	85%	80%
KPI06	Overall customer satisfaction.	90%	80%	93%	80%

44. **Analysis of indicators:**

KPI01 – During the year we delivered a total of 1224 productive audit days against a total of 1260 planned days for the year. This exceeds our target for the period.

KPI02 – This KPI measures final reports issued as at 31 March 2014. 75% of the planned reviews had been completed to final report stage, which is below the target. Work is progressing on the outstanding reviews.

KPI03 – 73% of planned reviews have been completed either within the planned time budgets, or within a 1 day tolerance. This is slightly below the target agreed for the year, but does represent an improvement on the previous year.

KPI04 - This indicator measures the time taken for Internal Audit to receive a response from the auditee to the draft report. During 2013/14, 80% of draft reports were responded to within the target set. This represents an improvement over the previous year and reflects a continuing cooperation from auditees.

KPI05 - This indicator measures the time taken by Internal Audit to issue the final report upon receipt of an agreed response from the auditee. .

KPI06 – A total of 51 surveys have been sent out. 23 responses have been received to date. The responses received have been positive.

Conformance with the Public Sector Internal Audit Standards

45. The Public Sector Internal Audit Standards require the Annual Internal Audit Opinion to include a statement on conformance with the PSIAS and also the results of the quality assurance and improvement programme.
46. The January 2014 Audit Committee received a report on PSIAS which included the outcome of an initial self assessment against the standards undertaken using the guidance and checklist provided by CIPFA in the recently published Local Application Note. The self assessment demonstrated that Internal Audit substantially complies with the new standards, and an action plan was produced. During the year, action has been taken to move towards compliance, for example, the Internal Audit Charter has been documented and internal audit processes have been reviewed. Guidance on the interpretation of the standards is still being developed by CIPFA and any future guidance published will be reflected when further developing the internal audit service.

47. A Quality Assurance Improvement Programme is being developed. This programme is intended to ensure that the internal audit service continues to develop and improve. As such, it is envisaged that work will be on going in this area. An initial action plan has been produced, aimed at improving the efficiency and quality of internal audit work and this will be regularly monitored. Following the current cycle of Personal Development Reviews (PDR) a comprehensive training plan for the internal audit service will be collated.
48. There are no significant areas of non compliance. Areas which require further action include:
- Making provision for external as well as internal assessment of Internal Audit. This is planned for year ending March 2016
 - Further developing assurance mapping to ensure appropriate account is taken of other sources of assurance when providing overall assurance to the Council. Currently, strategic risks have been mapped and it is intended to also map key operational risks
 - Developing the documentation of the risk based audit plan in accordance with PSIAS. This will be addressed when developing the plan for 2015/16 and onwards. This is an area where further guidance from CIPFA is envisaged.

Review of the Effectiveness of Internal Audit and the Effectiveness of the Systems of Internal Control

Background (Accounts and Audit Regulations 2011)

49. All councils are required to publish an Annual Governance Statement (AGS) to accompany their Statement of Accounts, in accordance with the 2011 Accounts and Audit Regulations. Assessments of the Effectiveness of Internal Audit and the Effectiveness of Systems of Internal Control are two key aspects of the AGS. Central Bedfordshire Council has reviewed both systems for 2013/14 and the findings are incorporated into the Annual Audit opinion and subsequently into the AGS.

Review of the Effectiveness of Internal Audit.

50. As referred to in paragraph 16 above, a review of the Effectiveness of Internal Audit was undertaken by the Chief Finance Officer.

Review of the Effectiveness of the Systems of Internal Control

51. The Council's review of the effectiveness of the system of internal control is informed by:
- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny reports
 - the work undertaken by Internal Audit during the year
 - the work undertaken by the external auditor reported in their annual audit and inspection letter
 - other work undertaken by independent inspection bodies
52. The Head of Internal Audit and Risk has supported the Chief Legal and Democratic Services Officer (Monitoring Officer) to collect evidence required for the production of the AGS.
53. Directors have been requested to sign statements on the Effectiveness of Internal Control for 2013/14, confirming that during the year they were:
- Ensuring that there are arrangements in place for establishing Directorate objectives and compliance to corporate priorities;
 - Ensuring compliance to the Council's governance arrangements (Constitution, Ethical Framework, and Policies & Regulations);
 - Ensuring arrangements for sound budgetary controls;
 - Effectively monitoring and managing performance;
 - Reporting to the appropriate Member Committees;
 - Responding promptly to internal & external audits & inspections;
 - Continuously managing business risks and service continuity arrangements.
54. The work undertaken by Internal Audit on the systems of internal control disclosed that generally they were effective during 2013/14. However, some areas of concern were identified and these are summarised in paragraph 32 above, and are reflected in the Annual Governance Statement.

Conclusion and Next Steps

55. The work undertaken by Internal Audit has enabled the team to advise management of some of the control weaknesses identified at an early stage, and make recommendations designed to enhance and strengthen controls and mitigate risks.
56. The internal control environment operated adequately during 2013/14, although some areas of concern identified in the AGS must be addressed promptly.

Appendices:

Appendix A – Summary of Internal Audit Activity 2013/14
Appendix B – Definition of Internal Audit Opinions
Appendix C – Investigations finalised since last Committee

Background Papers: None

APPENDIX A

Internal Audit Activity during 2013/14

The table below provides a summary of audit activity during 2013/14.

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
Carry Over Work:		
Completion of reviews in progress as at 31st March 2013		
2012/13 Phase 2 Accounts Payable/Purchase Ledger (including feeder systems)	Final report issued	Adequate
2012/13 Phase 2 Accounts Receivable/Sales Ledger	Final report issued	Adequate
2012/13 Phase 1 Asset Management (incl. Asset Register)/Capital Accounting	Final report issued	Adequate
2012/13 Phase 2 Asset Management (incl. Asset Register)/Capital Accounting	Final report issued	Adequate
2012/13 Phase 2 Council Tax	Final report issued.	Full
2012/13 Phase 2 Housing Benefits	Final report issued	Adequate
2012/13 Phase 2 Main Accounting Systems (MAS)	Final report issued	Adequate
2012/13 Phase 2 National Non Domestic Rates NNDR	Final report issued	Full
2012/13 Phase 2 Payroll	Final report issued	Limited
SWIFT Financials	Final report issued	Adequate
2012/13 Phase 2 Treasury Management	Final report issued	Adequate
2012/13 SAP Access and Security	Final report issued	Limited
2012/13 IT Disaster Recovery	Final report issued	Limited
Grants Register	Final report issued	Adequate
Contractors Home to Work mileage	Finalised.	n/a
ICT Contract Management	Work is in progress.	n/a
SWIFT Disaggregation Consultancy	Completed	n/a
Contract Management - Amey	Final report issued	Adequate
Data Quality- Accidents in the Workplace	Final report issued	Adequate

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
Ethical Governance	Final report issued	Adequate
Biggleswade Day Centre	Final report issued	Adequate
Leighton Buzzard Day Centre	Final report issued	Adequate
Domiciliary Care Units	Final report issued	Adequate
Direct Payments for Care	Final report issued	n/a
Service Level Agreements - Follow Up	Final report issued	Satisfactory progress
Hawthorn Park Lower School Follow Up	Final report issued	Satisfactory progress
Sutton Lower School	Final report issued	Adequate
Templefield Lower School	Final report issued	Adequate
The Lawns Nursery	Final report issued	Adequate
<u>2013/14 Plan</u>		
<u>Fundamental Systems</u>		
Accounts Payable/Purchase Ledger (including feeder systems)	Final report issued	Adequate
Accounts Receivable/Sales Ledger	Final report issued	Adequate
Asset Management (incl. Asset Register)/Capital Accounting	Work is in progress.	n/a
Council Tax	Final report issued	Adequate
Housing Benefits (including Council Tax Support Scheme)	Final report issued	Adequate
Main Accounting Systems (MAS)	Final report issued	Adequate
National Non Domestic Rates NNDR	Final report issued	Adequate
Payroll	Final report issued	Adequate
SWIFT Financials	Work is in progress	n/a
Treasury Management	Final report issued	Adequate
Housing Rents including tenant arrears	Final report issued	Adequate
Cash And Banking (Non Invoiced Income)	Final report issued	Adequate

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
Improvement and Corporate Services		
Recruitment Controls (including vetting)	Work in progress	
Data Quality- Customer Satisfaction for Roads and Pavements	Work in progress	
Data Quality- Invitations to Health Screening	Work in progress	
Data Quality- Visits to Libraries	Work in progress	
Teachers Pensions	Work in progress	
Officers Declaration of Interests - Follow Up	Final report issued	Satisfactory progress
Members Declaration of Interests	Final report issued	Adequate
Officers Hospitality and Gifts - Follow Up	Draft report issued	Unsatisfactory progress (draft)
Members Hospitality and Gifts - Follow Up	Draft report issued	Satisfactory progress (draft)
Contracts Management	Final report issued	Limited
Value for Money review of spend on legal advice	Final Report issued	n/a
Customer First Information Security	Deferred	
IT Disaster Recovery	Latest position statement reported as part of the recommendation tracking report.	
SAP Access and Security	Work in progress	
ICT Governance Phase 2	Work in progress	
IT Network Management and Security	Cancelled	
Corporate Services/Finance		
Impact of Welfare Reform	Deferred	
Adherence to Procurement Procedures	Work in progress	
DSG - outturn compilation	Finalised	n/a
Children's Services		
Derwent Lower School	Final report issued	Limited
Husborne Crawley Lower School	Final report issued	Adequate
Potton Lower School	Final report issued	Adequate
Robert Peel Lower School	Final report issued	Limited
Sandy Upper School Follow Up	Final report issued	Satisfactory

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
		progress
Thomas Whitehead Lower School	Final report issued	Limited
Flitwick Lower School	Final report issued	Limited
Mary Bassett Lower School	Final report issued	Adequate
Corporate Financial Management	Work in progress	
Social Care, Health and Housing		
Housing Repairs Commissioning	Final report issued	Limited
Domiciliary Care Framework Agreement	Scoping in Progress	
Financial Management	Work in Progress	
Direct Payments	Deferred to 2014/15	
Independent review of Care Homes Contract Model	Final report issued	Full
Sustainable Communities		
Section 278 Agreements	Work in Progress	
Public Health		
Review of SLAs	Final report issued	Adequate
Special Investigations		
National Fraud Initiative (NFI)	On-going throughout year	n/a
Special Investigations	Four investigations finalised.	n/a
Pro Active Anti Fraud:		
Timesheet claims	Scoping in Progress	
Expense claims	Work is in progress.	
Consultancy etc.		
Major projects - Consultancy	Work undertaken includes ESS/MSS, Routewise, and the Local Welfare Provision Board	n/a
Risk Management Activities	On-going throughout year	n/a
Supporting Annual Governance Statement	12/13 AGS finalised 13/14 to be presented to	n/a

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
	June Audit Committee	
Audit of Individual Grants	On-going throughout year	n/a
General Advice	On-going throughout year	n/a
Head of Audit Chargeable Against Plan	On-going throughout year	n/a
Benchmarking Exercise	Completed	n/a
Contingency	This has been used to supplement the consultancy budget	n/a

Key Issues arising from finalised reviews

1. 2013/14 Accounts Payable

This review covered policies and procedures, and the Accounts Payable processes, including ordering, goods receipting, authorisation of invoices, reconciliations and controls over master data. The overall audit opinion was adequate.

2. 2013/14 Accounts Receivable

This review covered policies and procedures, and the Accounts Receivable processes, including invoicing, amendments, accounting arrangements, debt monitoring and write offs. The overall audit opinion was adequate.

3. 2013/14 Main Accounting System

This review covered policies and procedures, accounting for financial transactions, transfers from feeder systems, controls to ensure accuracy, and reporting mechanisms. The overall opinion was adequate.

4. 2013/14 Cash and Banking

This review covered policies and procedures and the processes for ensuring transactions are recorded and supported by appropriate documentation. It also reviewed the access controls and the contract for the provision of the Capita income system. The overall audit opinion was adequate.

5. 2013/14 Payroll

The review covered policies and procedures, controls over standing data, the accuracy of payments and deductions, controls over payments to and received from statutory agencies, the accurate posting of data, and compliance with legislative requirements. The audit opinion for Phase 1 was adequate. This is an improvement from 2012/13 which was limited. Work on phase 2 is ongoing; there are no significant findings to date.

8. 2013/14 Housing Rents

This review covered policies and procedures and the processes to support the calculation, receipt and recording of amounts due. The audit opinion was adequate.

9. 2013/14 Treasury Management

This review covered policies and procedures, compliance with existing statutory and best practice guidance, performance monitoring, authorisations, accounting treatment, cash flow, investment and borrowing controls and separation of duties. The overall audit opinion was adequate.

10. 2013/14 NNDR

This review covered the NNDR processes including the identification and recording of commercial properties, amendments to accounts, discount and exemption processes, overdue account monitoring and recovery action, write offs, the recording of transactions within the authority's accounts, billing processes and business continuity procedures. The overall audit opinion was adequate.

11. 2013/14 Council Tax

The scope of this review was similar to the above, but covering Council Tax and therefore domestic properties. The overall audit opinion was adequate assurance.

12. 2013/14 Housing Benefits (including Council Tax Support Scheme)

This review covered processes from the receipt of correspondence, assessment of claims, supporting evidence, payment processes, fraud detection, system security arrangements and compliance with DWP requirements. It also gave assurance on the resolution of issues that were raised by external auditors in relation to the Council's Housing Benefit Subsidy Claim. The overall audit opinion was adequate.

13. 2013/14 Housing Repairs Commissioning

This review covered processes for the commissioning and management of Housing Repairs. The overall audit opinion was limited. The review identified policy, record keeping, budgetary control, procurement and contract management weaknesses. Progress has already been made in respect of procurement and invoice review processes and a follow up audit is planned later in 2014/15.

14. Grants Register

This review considered whether grant funding was maximised, the currency of documented procedures and processes, and the accuracy of grant claims in terms of compliance with grant conditions, and that they were clearly identified and monitored. The overall audit opinion was adequate.

15. Contractors Home to Work Mileage

The scope of this review was mileage expense claims made by external workers paid via the accounts payable payment system. This was a light touch review and as such no audit opinion was proffered however a number of actions to improve controls were agreed and implemented.

16. SWIFT Disaggregation Consultancy

This review considered the disaggregation of SWIFT data between Bedford Borough Council and Central Bedfordshire Council SWIFT systems following the dissolution of Bedfordshire County Council.

17. Contract Management - Amey

The scope of this review was the fixed cost services that are provided by Amey and focused on the supporting records maintained by Amey including time recording and the allocation of costs, as well as the billing arrangements. The overall opinion was adequate.

18. Data Quality

The scope of this review covered the collection and reporting of data on Accidents in the Workplace. The overall opinion was adequate.

19. Ethical Governance

This review focused on the guidance and policies available to Members when acting in an official capacity on bodies external to the Council. The overall opinion was adequate.

- 20. Biggleswade Day Centre**
The focus of this review was the Centre's documented policies and procedures, and respective processes and controls for security of cash and other income (including amenity funds) and assets, consumable supplies, budgets, and payroll claims. The overall opinion was adequate.
- 21. Leighton Buzzard Day Centre**
The focus of this review was as for Biggleswade Day Centre above. The overall opinion was adequate.
- 22. Domiciliary Care Units**
This review focused on documented policies and procedures and the respective processes for security of cash including residents' monies, purchasing, budgetary control and payroll claims. The overall opinion is adequate.
- 23. Direct Payments for Care**
This review focused principally on the mechanisms in place for the prevention and detection of fraud. As the review did not review all the expected key controls in the system an audit opinion was not appropriate, however the review did identify significant control weaknesses for which an action plan has been agreed.
- 24. Service Level Agreements Follow Up**
This follow up review focused on the extent to which the agreed actions in the 2010-11 audit had been implemented. The overall opinion was satisfactory progress.
- 25. Officers' Declaration of Interests Follow Up**
This review focused on the responsibilities of, and guidance and policies available to officers in respect of declaration of interests. This was a follow up review and 'Good' Progress had been made in implementing the recommendations made.
- 26. Members' Declaration of Interests**
This review focused on the responsibilities of, and guidance and policies available to Members in respect of declaration of interests. The overall audit opinion was adequate.
- 27. Officers' Hospitality and Gifts Follow Up**
This follow up review focused on the extent to which the agreed actions in the 2009-10 audit had been implemented. The overall opinion was unsatisfactory progress, but additional actions have been agreed and are being progressed.
- 28. Members Hospitality and Gifts Follow Up**
This follow up review focused on the extent to which the agreed actions in the 2009-10 audit had been implemented. The overall opinion was satisfactory progress.
- 29. Contract Management**
This audit exercise undertook a "cradle to grave" review of the procurement and management of the Technical Consultancy Services Framework contract comparing against relevant policies and procurement rules. The overall audit opinion was limited assurance.

30. Value for Money Review of Spend on Legal Advice

The purpose of this consultancy review was to provide assurance to management that key controls associated with the procurement of external legal support are operating effectively and are facilitating Value for Money from the Council's expenditure on legal support bought in from outside the Council. Due to the nature of the work, an audit opinion was not appropriate, however the review identified some Value for Money issues and appropriate management actions were agreed and are in the process of implementation.

31. DSG Outturn Compilation

The purpose of this review was to provide assurance to the Chief Finance Officer that the DSG (Dedicated Schools Grant) had been used for the purposes of the Schools Budget as defined in the School Finance (England) Regulations 12 (sections 5,6 & 7) and to confirm the final deployment of the DSG in support of the Schools Budget.

32. Independent Review of Care Homes Contract Model

The purpose of the audit was to provide assurance to management that key controls associated with the Care Home Contracts Model were operating effectively and in doing so examined guidance and compliance with the standards defining the completion of workbooks, performance monitoring and reporting, and the accuracy and completeness of information provided by service providers. The accuracy and completeness of information provided in respect of the Council's BUPA care contracts was also reviewed. The overall audit opinion was full assurance.

33. Public Health Review of Service Level Agreements

The purpose of this audit was to review the content of the Service Level Agreements (SLAs) governing the four Public Health services against accepted best practice to provide assurance that the SLAs secure an adequate level of governance over the services. The overall opinion was adequate.

34. School Audits

The audit reviews for schools focus on the main systems, including purchasing, financial management, payroll, financial returns, governance, asset management and data management, bank accounts and the administration of the school fund. Consideration is also given to any concerns raised by the Schools Finance Team, or the Head Teacher.

Following each audit, an action plan is prepared and agreed with the school. Where any significant weaknesses are identified, a follow up audit visit is undertaken to provide assurance that the agreed actions have been implemented.

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APPENDIX B

Audit Opinions

Full Assurance	Adequate Assurance	Limited Assurance	No Assurance
Good controls	Adequate controls	Limited controls	Inadequate controls
Low risk of not meeting objectives	Medium/Low risk of not meeting objectives	Medium risk of not meeting objectives	High risk of not meeting objectives
Low risk of fraud, negligence, loss, damage to reputation	Medium/Low risk of fraud, negligence, loss, damage to reputation	Medium risk of fraud, negligence, loss, damage to reputation	High risk of fraud, negligence, loss, damage to reputation
<i>Level of Assurance: High</i>	<i>Level of Assurance: Medium</i>	<i>Level of Assurance: Medium/Low</i>	<i>Level of Assurance: Low</i>

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SPECIAL INVESTIGATIONS ARISING AND COMPLETED SINCE LAST COMMITTEE				
	Directorate/Area	Potential financial value/risk	Brief Details of Case	Outcome
1.	Improvement and Corporate Services	Low	Concerns were raised by a whistle blower that a member of staff was failing to discharge their responsibilities and not working their contracted hours.	The investigation concluded that there was no disciplinary case to answer.

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Meeting: Audit Committee
Date: 30 June 2014
Subject: Tracking of Audit Recommendations
Report of: Charles Warboys, Chief Finance Officer
Summary: This report summarises the high priority recommendations arising from Internal Audit reports and sets out the progress made in their implementation.

Advising Officer: Charles Warboys, Chief Finance Officer
Contact Officer: Kathy Riches , Head of Internal Audit and Risk
Public/Exempt: Public
Wards Affected: All
Function of: Audit Committee

CORPORATE IMPLICATIONS

Council Priorities:

An effective internal audit function will indirectly contribute to all of the Council's priorities.

Financial:

1. Although there are no direct financial risks from the issues identified in the report, the outcome of implementing audit recommendations is for the Council to enhance internal control, and better manage its risks, thereby increasing protection from adverse events.

Legal:

2. None arising directly from the report.

Risk Management:

3. None arising directly from the report. However, the Audit Committee has a role in providing independent assurance on the adequacy of the risk management framework and associated control environment, in line with the Corporate Risk Management Strategy.

Staffing (including Trades Unions):

4. None directly from this report.

Equalities/Human Rights:

5. None directly from this report.

Public Health:

6. None directly from this report.

Community Safety:

7. None directly from this report.

Sustainability:

8. None directly from this report.

Procurement:

9. None directly from this report.

RECOMMENDATION:

The Committee is asked to consider and comment on the updates as presented.

Background

10. One of the purposes of the Audit Committee is to provide independent assurance on the adequacy of the risk management framework and the associated control environment.
11. To further strengthen the Audit Committee's role in monitoring the internal control environment within the Council, Internal Audit has developed a system for monitoring and reporting progress against high priority recommendations arising from internal audit inspections.
12. This paper represents the regular summary of high priority recommendations made to date, along with the progress made against implementation of those recommendations.

Tracking High Priority Recommendations

13. At the time of the last Audit Committee only one high priority recommendation made prior to April 2012 remained outstanding. This related to the 2009/10 SAP Access and Security (including ITDR) audit.

14. As has been reported to previous Committees, work is in progress to address this. There were a number of actions required to fully implement this recommendation. The progress against each of these elements is tracked at Appendix A. It can be seen that a number of the required actions have now been completed and work is progressing with service areas on the areas that remain outstanding.
15. At the time of the last Audit Committee, one high priority recommendation made during 2012/13 was outstanding. This related to payroll reconciliations and has now been actioned and therefore all the high recommendations made during 2012/13 have now been addressed.
16. Thirteen reports containing high priority recommendations were issued during 2013/14. These are summarised in Appendix B. 20 high priority recommendations were made. Appendix C provides the details of the 5 recommendations that are running behind planned completion dates.
17. Since 1 April 2014 one report has been issued containing high priority recommendations. One high priority recommendation was made. The details are set out in Appendix D.
18. Wherever possible evidence has been obtained to verify the implementation of recommendations. However, in some instances, verbal assurance has been obtained. Where this is the case, further evidence will be obtained to support the assurances given.
19. Progress will continue to be monitored. The follow up of audit recommendations forms an integral part of the managed audit reviews.

Future Monitoring

20. Officers responsible for the implementation of recommendations will be contacted regularly to provide updates on progress made. Evidence will be required to support progress made. Where recommendations are still being implemented these will continue to be monitored.

Conclusion

21. In total there are currently 6 high priority recommendations that are amber (underway, with deadline missed).
22. Further work is required to ensure that the outstanding recommendations are implemented and to monitor additional recommendations made during the year.
23. This continuous tracking and reporting of progress on Internal Audit inspections to the Audit Committee ensures that the Committee has the means to monitor how effectively the high priority recommendations have been implemented.

Appendices:

Appendix A – Detailed Tracking of the 2009/10 SAP Access and Security (incl. IT DR) Managed Audit (2012/13 IT Disaster Recovery Audit) Recommendation

Appendix B - Summary of monitoring of High Priority Internal Audit recommendations - Reports issued during 2013/14

Appendix C – Details of recommendations made during 2013/14 that remain outstanding

Appendix D - Summary of monitoring of High Priority Internal Audit recommendations - Reports issued during 2014/15

Background Papers:

None

IT Disaster Recovery 2012/13**Recommendation R1:**

A Disaster Recovery Plan should be developed and approved. As a minimum, this should include;

- the identification and prioritisation of key IT systems
- the roles and responsibilities of relevant officers and third party suppliers
- a set of IT procedures which should be executed initially to react to crises/disaster
- escalation procedures
- salvage procedures that deal with retrieval of items from affected sites
- the recovery and reconfiguration of all IT and communication systems
- details of additional accounts where monies may be sourced to aid recovery efforts
- a schedule in respect of the testing of the plan

Rationale for Recommendation:

During 2009/10, there was no Disaster Recovery Plan. Recovery from the server

Failures in February 2010 gave highest priority to restoration of the IT infrastructure. Meetings and telephone conversations with Heads of Services and Directors were held to agree the recovery plan / priorities and time scales. No IT Disaster Recovery

Strategy was found to be documented to describe the role and development of a Disaster Recovery Plan and to improve the recovery options of IT systems

Detailed Tracking of recommendation by activity

Recommendation	Current Position and Explanation for Slippage:	Target Dates:
<p>A Disaster Recovery Plan should be developed and approved. As a minimum, this should include:</p>	<p>A Disaster Recovery Plan has been developed and approved by Information Technology's Senior Management Team.</p> <p>There are a number of areas that require further work as detailed below.</p>	<p>Complete</p>
<ul style="list-style-type: none"> • the identification and prioritisation of key IT systems 	<p>Information Technology's assessment of Business critical locations, operations and/or systems should be informed by Business Continuity Plans. Senior Management approved Business Continuity Plans should be used to define the agreed services and systems within Information Technology's Disaster Recovery Plan.</p> <p>Emergency Planning to work with Directorates on Business Continuity Plans and</p>	<p>Once Service area/Directorates have agreed and approved Business Continuity Plans</p>

Recommendation	Current Position and Explanation for Slippage:	Target Dates:
	<p>those agreed Business Continuity Plans should inform Information Technology's Disaster Recovery Plan. A Disaster Recovery Plan to reflect Business Continuity Plan priorities as agreed by Senior Management. Information Technology will meet with Emergency Planning and work with them to drive this forward.</p> <p>A recovery matrix will be developed and included in the Disaster Recovery Plan with prioritisation and categorisation columns. This will be presented to Senior Management for agreement and sign off.</p> <p>Update since January Committee Meeting held with Emergency Planning. Emergency Planning are working on this and are actively developing process and templates. Information Technology have helped with this activity by providing a Business Impact Assessment template, and will be helping with further templates including the Business Continuity Plan.</p> <p>Update June – Further work on this required. Information Technology and Emergency Planning to meet on a regular basis to progress</p> <p>Completion of this recommendation is reliant on Service area/Directorates.</p>	
<ul style="list-style-type: none"> the roles and responsibilities of relevant officers and third party suppliers 	<p>Engage Emergency Planning Team in development of Information Technology's Disaster Recovery Plan. Ensure that roles and responsibilities are clearly identified and agreed. Information Technology to agree with Emergency Planning Team roles and responsibilities and update Information Technology's Disaster Recovery Plan with details of individuals to be contacted should disaster recovery be invoked. This is subject to the outcome of the meeting above.</p> <p>Update since January Committee Information Technology's Management Team is working on this as part of the Disaster Recovery procedures, once the list complete it will be reviewed with Emergency Planning.</p> <p>Update June – Roles and responsibilities updated in Information Technology's Disaster Recovery Plan</p>	<p>March 2014</p> <p>Complete</p>
<ul style="list-style-type: none"> a set of IT procedures which 	<p>Detailed operational Disaster Recovery procedures to be developed and included</p>	<p>March 2014</p>

Recommendation	Current Position and Explanation for Slippage:	Target Dates:
<p>should be executed initially to react to crises/disaster</p>	<p>in the Disaster Recovery Plan. Decision tree to be developed by Information Technology's Management Team to enable a structured and clear response to a Disaster Recovery event. Resolution of the recent system performance issues has contributed towards the minor delay.</p> <p>Update since January Committee A Decision tree has been developed for Information Technology and agreed by the Information Technology's Management Team, detailed operational procedures are being finalised and will be signed off by Information Technology's Management Team at end of March.</p> <p>Update June – Disaster Recovery Process has now been inserted into Information Technology's Disaster Recovery Plan. New Head of Service for Operational Delivery will take ownership of this for on-going management and updates.</p>	<p>Complete</p>
<ul style="list-style-type: none"> escalation procedures 	<p>Escalation procedures will be developed in-line with Information Technology Structure and will be aligned with capabilities, knowledge and skill sets. See above.</p> <p>Update since January Committee The escalation procedure is part of the wider Disaster Recovery procedures, see above</p> <p>Escalation processes with Service areas/Directorates will be developed in conjunction with Emergency Planning and will incorporate Business Continuity Plans.</p> <p>Update June – Further work required with Emergency Planning to finalise these procedures.</p>	<p>March 2014</p> <p>Once Service areas/Directorates will have agreed and approved Directorate Business Continuity Plans</p>
<ul style="list-style-type: none"> salvage procedures that deal with retrieval of items from affected sites 	<p>Salvage process and procedures to be devised, working in partnership with ONI the co-location service provider, and included within Disaster Recovery Plan.</p> <p>The proposed procedure will be developed and included in the Disaster Recovery Plan.</p>	<p>March 2014</p>

Recommendation	Current Position and Explanation for Slippage:	Target Dates:
	<p>Update since January Committee The Salvage processes are currently being devised and will be presented to Information Technology's Management Team at the end of March.</p> <p>Update June – Salvage procedure completed, on-going day to day management of operational Disaster Recovery will become responsibility of new Head of Service for Operational Delivery.</p>	<p>Complete</p>
<ul style="list-style-type: none"> the recovery and reconfiguration of all IT and communication systems 	<p>Information Technology's Disaster Recovery Plan should detail the prioritisation of the Council services and systems in-line with the agreed Corporate Business Continuity Plan. Categorisation of those services should be identified within Information Technology's Disaster Recovery Plan and the recovery order agreed with the Corporate Management Team.</p> <p>Business Continuity Plans should identify critical recovery time periods for their services before material losses. These time periods should be included in the recovery matrix of Information Technology's Disaster Recovery Plan. Recovery Time Objectives to be developed and included within the Disaster Recovery Plan.</p> <p>Recovery matrix to be developed and included in Disaster Recovery Plan with prioritisation, categorisation columns. It shall also include recovery time periods within Information Technology. Signed off by Information Technology's Management Team.</p> <p>Recovery Time Objectives to be developed and included in Information Technology's Disaster Recovery Plan once recovery matrix is signed off and included.</p> <p>Update since January Committee Recovery Time Objectives have been included as a section within the Business Impact Assessments, the Service Area's need to complete these in order for Information Technology to include in its Disaster Recovery Plan.</p> <p>Update June – Further work required with Emergency Planning.</p> <p>Completion of this recommendation is reliant on Service areas/Directorates.</p>	<p>Once Service areas/Directorates have agreed and approved Business Continuity Plans</p>

Recommendation	Current Position and Explanation for Slippage:	Target Dates:
<ul style="list-style-type: none"> details of additional accounts where monies may be sourced to aid recovery efforts 	<p>An agreed fund for Disaster Recovery should be identified and held available to support recovery of services in the event of an emergency. Secure confirmation from section 151 officer concerning source of funding.</p> <p>Update since January Committee Emergency Planning have confirmed that there is no funding for Disaster Recovery, and should Disaster Recovery be invoked the funds will be found corporately. Need to confirm this with the Chief Finance Officer.</p> <p>Update June – Chief Information Officer and Chief Finance Officer have confirmed there are no central funds for Disaster Recovery and that any event will be funded corporately</p>	<p>Once Service areas/Directorates have agreed additional funds</p> <p>Complete</p>
<ul style="list-style-type: none"> a schedule in respect of the testing of the plan 	<p>An agreed Disaster Recovery test plan to be developed in-line with the Recovery Matrix and Disaster Recovery testing to be undertaken on an annual basis. Disaster Recovery Tests already underway, and are continuing to be performed as part of the incremental programme of Disaster Recovery capability enhancement.</p> <p>Back-up testing has commenced as part of annual Disaster Recovery test plan and included with the Disaster Recovery Plan. Backup tests already underway, and will be performed as part of the incremental programme of Disaster Recovery capability enhancement. The SAN (Storage Area Network) backup process has been reviewed and Citrix 6.5 fail over testing has been undertaken.</p> <p>Update since January Committee Detailed test plan is being produced and will be signed of by Information Technology Management Team at the end of March.</p> <p>Internal data centres have moved to externally hosted sites which are in-line with SAS-70 and/or BS-25999. The final data centre move was able to be moved forward.</p>	<p>March 2014</p> <p>March 2014</p> <p>Complete</p>

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Summary of High Risk Internal Audit recommendations as at End May 2014
Reports issued during 2013/14

Appendix B

FINANCE

Name	Date of Report	Original Expected completion of all Recommendations (Where identified)	Number of Recs	Completed GREEN	Ongoing - On schedule for completion with set timescales GREEN	Ongoing - with deadline missed AMBER	No work started - within target GREEN	No work started - target missed RED	App 3 ref
Grants Claim System	23/08/2013	30/12/2013	1	1	0	0	0	0	
Housing Benefits Phase 2 2012-13	25/07/2013	30/04/2013	1	1	0	0	0	0	
Council Tax Phase 1 2013-14	12/02/2014	31/03/2014	1	0	0	1	0	0	Rec 5
Main Accounting System Phase 1 2013-14	06/02/2014	31/03/2014	1	0	0	1	0	0	Rec 4
Total			4	2	0	2	0	0	

SOCIAL CARE, HEALTH & HOUSING

Name	Date of Report	Original Expected completion of all Recommendations (Where identified)	Number of Recs	Completed GREEN	Ongoing - On schedule for completion with set timescales GREEN	Ongoing - with deadline missed AMBER	No work started - within target GREEN	No work started - target missed RED	App 3 ref
Houghton Regis Day Centre	24/06/2013	31/07/2013	2	2	0	0	0	0	
Domiciliary Care Units 12-13	23/09/2013	31/10/2013	3	3	0	0	0	0	
Biggleswade OPPD Day Centre 12-13	24/10/2013	31/01/2014	2	2	0	0	0	0	
Housing Rents Phase 1 13-14	07/02/2014	31/03/2014	1	1	0	0	0	0	
Leighton Buzzard OPPD Day Centre 12-13	24/10/2013	31/01/2014	1	1	0	0	0	0	
Housing Repairs Commissioning 2013-14	24/03/2014	30/09/2014	1	0	1	0	0	0	
Total			10	9	1	0	0	0	

**Summary of High Risk Internal Audit recommendations as at End May 2014
Reports issued during 2013/14**

IMPROVEMENT AND CORPORATE SERVICES

Name	Date of Report	Original Expected completion of all Recommendations (Where identified)	Number of Recs	Completed GREEN	Ongoing - On schedule for completion with set timescales GREEN	Ongoing - with deadline missed AMBER	No work started - within target GREEN	No work started - target missed RED	App 3 ref
SAP Access and Security 2012-13	04/11/2013	30/04/2014	2	2	0	0	0	0	
Payroll Phase 1 13-14	20/02/2014	30/04/2014	1	0	0	1	0	0	Rec 3
VfM Review of External Legal Services	11/02/2014	31/05/2014	3	1	0	2	0	0	Rec 1-2
Total			6	3	0	3	0	0	

Appendix C

**Details on those recommendations outstanding
Status – all Amber (Ongoing with deadline missed)**

Improvement & Corporate Services

Value for Money Review of External Legal Services

<p>Recommendation R1: The Service Level Agreements between Legal Services and each Directorate should be updated to reflect the current Directorate structure, revised to reflect the specific requirements of the corporate approach to external procurement of legal services and a ‘business partner’ approach, and then formally agreed with each Directorate.</p>
<p>Rationale for Recommendation: The SLAs between Legal Services and service areas are a mechanism for formalising the support required from Legal Services by service areas; the SLA previously drafted is comprehensive in respect of the service level to be delivered, but is out of date in respect of the Directorate structure and the SLAs do not expressly state the expectation that the procurement of all legal services should be through Legal Services.</p>
<p>Target Dates: End March 2014 (revised) End August 2014 (revised) End November 2014</p>
<p>Current Position and Explanation for Slippage: It has been decided that a new approach is needed; the SLAs are no longer considered to be the most efficient way of achieving this aim, therefore a different mechanism is being identified through discussions between the Chief Legal and Democratic Services Officer and Directors. Working protocols are currently in place as we develop our areas of expertise to support changing needs. Areas that we are developing are in Housing, Education and Social Care.</p>
<p>Recommendation R2: The extent to which internal Legal Services revenue expenditure can be capitalised against assets should be reviewed and maximised in line with accounting best practice.</p>
<p>Rationale for Recommendation: Capitalisation of external legal costs (in line with accounting best practice) has been undertaken as appropriate but this has not been considered methodically for internal legal costs. This could help to alleviate budget pressures and better reflect the matching of expenditure to its anticipated benefits.</p>
<p>Target Dates: End January 2014 (revised) End August 2014</p>
<p>Current Position and Explanation for Slippage: The Chief Finance Officer has agreed with the Chief Legal & Democratic Services Officer’s (CLDSO) approach to maximise capitalisation of internal legal costs on capital projects. The CLDSO has briefed her senior team and given instructions during team meetings in respect of capitalising internal legal costs. Further work is underway on clear guidelines for client project managers and lead lawyers to ensure</p>

that the internal legal costs are included in the project specifications for capitalisation to occur in a systematic way and to promote this practice as appropriate in the future.

Further meetings to discuss procedures for managing how this will be implemented have been set for June.

Payroll Phase 1 2013/14

Recommendation R3:

The Financial Scheme of Management (Authorised Listing) FP 1 and Establishment and Staff Control Process FP2 should be reviewed and updated as required.

Rationale for Recommendation:

Officers may not adhere to correct processes or be unclear of their roles and responsibilities if documented procedures are incomplete. This could result in a possible ineffective use of managers' resources due to time spent addressing queries and issues arising.

Target Dates:

April 2014
September 2014 (Revised)

Current Position and Explanation for Slippage:

Since the Audit, work has progressed to review authorisation levels across the organisation as part of the Organisational Development (OD) work programme. Recommendations to change Financial Procedures 1 and 2 are likely to result from this, and therefore this recommendation will be included within this review.

Corporate Services

Main Accounting System Phase 1 2013/14

Recommendation R4:

The process for recording journals electronically, and performing monthly reconciliations of postings to SAP should be reviewed.

Rationale for Recommendation:

The failure to review journals and reconcile postings increases the risk of errors and unauthorised transactions not being detected.

Target Dates:

31st March 2014
30th September 2014 (Revised)

Current Position and Explanation for Slippage:

Action not implemented due to the prioritisation of other activities.

Finance – Council Tax

Recommendation R5: Revenues management to ensure that a reconciliation of the 2013/2014 Council Tax annual billing run is completed. (Note: Now applies to the 2014/15 billing run)
Rationale for Recommendation: Although changes to individuals' circumstances regularly require additional billing runs, the annual billing run reconciliation provides assurance that the number of bills sent out annually reconciles fully to the number of liable individuals.
Target Dates: 31 st March 2014 (revised) 30 th June 2014
Current Position and Explanation for Slippage: Work has begun on the annual billing run for 2014/15 but was on hold due to annual leave of key staff; the exercise is planned to be completed now during June 2014.

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Summary of High Risk Internal Audit recommendations as at End May 2014
Reports issued during 2014/15

Appendix D

SOCIAL CARE, HEALTH & HOUSING

Name	Date of Report	Original Expected completion of all Recommendations (Where identified)	Number of Recs	Completed GREEN	Ongoing - On schedule for completion with set timescales GREEN	Ongoing - with deadline missed AMBER	No work started - within target GREEN	No work started - target missed RED
Direct Payments Proactive Anti- fraud	15/04/2014	01/04/2015	1	0	1	0	0	0
Total			1	0	1	0	0	0

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Meeting: Audit Committee
Date: 31 March 2014
Subject: Audit Committee - Work Programme for 2014/15
Report of: Chief Legal and Democratic Services Officer
Summary: This report sets out the proposed work programme for the Audit Committee for 2014/15.

Advising Officer: Mel Peaston, Committee Services Manager
Contact Officer: Leslie Manning, Committee Services Officer
Public/Exempt: Public
Wards Affected: All
Function of: Audit Committee

CORPORATE IMPLICATIONS

Council Priorities:

The activities of the Audit Committee are crucial to the governance arrangements of the organisation.

Financial:

1. Not Applicable.

Legal:

2. Not Applicable.

Risk Management:

3. Not Applicable.

Staffing (including Trades Unions):

4. Not Applicable.

Equalities/Human Rights:

5. Not Applicable.

Public Health

6. Not Applicable.

Community Safety:

7. Not Applicable.

Sustainability:

8. Not Applicable.

Procurement:

9. Not Applicable.

RECOMMENDATION:

The Committee is asked to agree its proposed work programme as attached at Appendix A to this report.

Background

10. To assist the Audit Committee in discharging its responsibilities during the 2014/15 municipal year a proposed work programme has been drawn up.
11. The work programme is attached at Appendix A to this report and contains the known agenda items that the Committee will need to consider during the year.
12. Additional items will be identified as the municipal year progresses and the work programme is therefore subject to change.

Appendices:

Appendix A - Audit Committee Work Programme.

Background Papers:

None

Location of papers:

N/A

Audit Committee Work Programme

2014/15 Municipal Year	
30 June 2014	<ul style="list-style-type: none"> • Statement of Accounts 2013/14 (presentation) (NV/RG) • Annual Audit and Certification Fees 2014/15 (MW) • Annual Governance Statement 2013/14 (MC) • Local Government Pension Scheme Update (RG) • Internal Audit Annual Audit Opinion (KR) • Tracking of Audit Recommendations (KR) • Work Programme (LM)
22 September 2014	<ul style="list-style-type: none"> • Statement of Accounts 2013/14 (CW) • Audit Results Report 2013/14 (MW) • External Audit Progress Report (MW) • Local Government Pension Scheme Update (RG) • Risk Update Report (KR) • Tracking of Audit Recommendations (KR) • Internal Audit Progress Report (KR) • Work Programme (LM)
12 January 2015	<ul style="list-style-type: none"> • Certification of Claims and Returns Annual Report 2013/14 (MW) • Annual Audit Letter 2013/14 (MW) • External Audit Progress Report (MW) • Local Government Pension Scheme Update (RG) • Final Accounts Process 2014/15 (NV) • Risk Update Report (KR) • Tracking of Audit Recommendations (KR) • Internal Audit Progress Report (KR) • Work Programme (LM)
30 March 2015	<ul style="list-style-type: none"> • Audit Plan 2014/15 (MW) • External Audit Progress Report (MW) • Local Government Pension Scheme Update (RG) • Risk Update Report (KR) • Tracking of Audit Recommendations (KR) • Internal Audit Progress Report (KR) • 2015/16 Internal Audit Plan (KR) • Annual Counter Benefit Fraud Update (GM) • Work Programme (LM)

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