

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

**This meeting
may be filmed.***



**Central
Bedfordshire**

please ask for Leslie Manning
direct line 0300 300 5132
date 17 September 2015

NOTICE OF MEETING

AUDIT COMMITTEE

Date & Time

Monday, 28 September 2015 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:

Cllrs M C Blair (Chairman), D Bowater (Vice-Chairman), P Downing,
D J Lawrence, R Morris, D Shelvey and A Zerny

[Named Substitutes:

Cllrs N B Costin, F Firth, Mrs J G Lawrence and I Shingler]

All other Members of the Council - on request

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

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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 29 June 2015 (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 set out in Annex 2 in 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.	2014/15 Statement of Accounts To present for approval the 2014/15 Statement of Accounts for Central Bedfordshire Council and the letter of representation to the external auditors.	+ To Follow
8.	Audit Results Report 2014/15 To consider a report from Ernst & Young LLP which sets out the results of its 2014/15 audit.	+ To Follow
9.	External Audit Progress Report To consider a report from Ernst & Young LLP which provides an update on the progress made by the company	* 69 - 98

in carrying out the Council's audit. Attached to the report are two briefing documents covering issues which might have an impact on the Council, the local government sector and the audits undertaken by Ernst & Young LLP.

- | | | |
|-----|---|-------------|
| 10. | Internal Audit Progress Report | * 99 - 110 |
| | To consider an update on the progress of work by Internal Audit for 2015/16. | |
| 11. | Risk Update Report | * 111 - 116 |
| | To consider an overview of the Council's risk position as at August 2015. | |
| 12. | Tracking of Internal Audit Recommendations | * 117 - 126 |
| | To consider a summary of high priority recommendations arising from the Internal Audit reports together with the progress made in their implementation. | |
| 13. | Work Programme | * 127 - 130 |
| | To consider the Audit Committee's work programme. | |

CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **AUDIT COMMITTEE** held in the Council Chamber, Priory House, Chicksands, Shefford on Monday, 29 June 2015

PRESENT

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

Cllrs D J Lawrence
R Morris

Cllrs D Shelvey
A Zerny

Apologies for Absence: Cllr P Downing

Substitutes: Cllr Mrs J G Lawrence (In place of P Downing)

Members in Attendance: Cllrs R D Berry
A D Brown
Mrs C F Chapman MBE
J Chatterley
K M Collins
F Firth
Mrs S A Goodchild
J G Jamieson
M A G Versallion
R D Wenham

Officers in Attendance: Mr R Gould Head of Financial Control
Mr L Manning Committee Services Officer
Mr G Muskett Head of Revenues and Benefits
Mrs K Riches Head of Internal Audit and Risk
Mr C Warboys Chief Finance Officer

Others In Attendance: Mrs H Rothwell-
Trickett Ernst & Young LLP

AUD/15/1. Minutes

RESOLVED

that the minutes of the meeting of the Audit Committee held on 30 March 2015 be confirmed and signed by the Chairman as a correct record.

AUD/15/2. Members' Interests

Councillor D Bowater declared a personal interest with regard to item 11 (Local Government Pension Scheme Update) because he had been appointed as a representative of Leighton-Linslade Town Council.

AUD/15/3. Chairman's Announcements and Communications

The Chairman asked all attendees to turn off their mobile telephones.

The Chairman informed Members that he would be presenting the Annual Audit Report to the July meeting of Council.

AUD/15/4. 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.

AUD/15/5. 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.

AUD/15/6. Central Bedfordshire Statement of Accounts 2014/15

Members received a presentation on the unaudited Statement of Accounts for 2014/15. The presentation was introduced by the Chief Finance Officer and Head of Financial Control who circulated paper copies of the presentation slide pack together with copies of a document entitled 'Unaudited Statement of Accounts – Central Bedfordshire Council 2014/15' and copies of a document entitled 'Core Financial Statements 2014/15 – Note 32 Remuneration' which contained extracts from the unaudited Statement of Accounts.

A copy of the slide pack is attached at Appendix A to these minutes and a copy of the Core Financial Statements document is attached at Appendix B. Because of its length a copy of the Unaudited Statement of Accounts is not attached as an appendix but can be accessed through the following link:

<http://www.centralbedfordshire.gov.uk/council-and-democracy/spending/annual-accounts-financial-information/default.aspx>

Members raised questions and sought clarification on various matters during the presentation.

The Chief Finance Officer informed the meeting that the documents before them clearly indicated that the Council was in a strong financial position though uncertainty remained regarding future government funding and the Council's reserves needed to be viewed in that context.

The Chief Finance Officer stated that he had signed the unaudited Statement of Accounts and would pass it to Ernst and Young LLP at the end of the meeting. The company would carry out the audit over the summer with public inspection rights taking place between 6-31 July 2015. The fully audited Statement of Accounts would be submitted to the meeting of the Audit Committee on 28 September 2015 for approval.

At the conclusion of the presentation a Member referred to the increase in the pension deficit as disclosed in the Statement of Accounts which, at £379.6m, had increased by £72.5m in the year to 31 March 2015. The Head of Financial Control explained that the Local Government Pension Scheme deficit in the Statement of Accounts was measured in line with International Accounting Standard 19 (IAS19). This IAS19 measure used the yield on bonds at the 31 March 2015 to discount the Pension Fund's liabilities and changes in bond market yields had a significant impact on the level of estimated liabilities. Market rates of interest paid on corporate and government bonds had been in decline for many years which had increased pension scheme liabilities. Short term volatility in bond prices also meant that the calculation of liabilities could vary significantly within a short time period. The Head of Financial Control advised that, in the year ended 31 March 2015, the change in financial assumptions to measure liabilities had increased the liabilities by £98,710m. Importantly, the actuarial calculation determining employers' contribution rates was carried out on a different actuarial basis.

The Member suggested the possibility of finding alternative sources of investment that would secure greater returns. The Head of Financial Control explained that the Pension Fund's investment approach was to seek an appropriate level of return that reflected both the scheme's liabilities and risks. A later agenda item explained the approach in more detail (minute AUD/15/10 refers).

The Member then referred to employee remuneration and the increase in the numbers below senior officer level being paid more than £50k a year. He commented that more detailed information and a comparison with a plc of a similar size to the Council would improve the disclosure note. In response the Chief Finance Officer indicated that the note included officers and teachers and that the increase in numbers was largely related to national pay awards in the year and split broadly equally between teachers and officers. Further, salary bands had remained unchanged for approximately 10 years so the impact of pay awards and increments moved employees into higher remuneration bands. The Member acknowledged the impact of annual inflation but felt that this supported the case for further data to be supplied. He then sought further information on the number of job terminations. In response the Chief Finance Officer referred to the information contained on page 84 of the unaudited Statement of Accounts and reminded the meeting that whilst there were initial costs for exit (redundancy) packages there were substantial ongoing savings by no longer requiring those posts.

The Chairman thanked the Chief Finance Officer and Head of Financial Control for their presentation.

NOTED

the presentation on the unaudited Statement of Accounts for 2014/15.

AUD/15/7. Annual Audit and Certification Fees 2015-16

The Committee received a letter from the Council's external auditors, Ernst and Young LLP, to the Chief Executive. The letter confirmed the audit and certification work that the company proposed to undertake for the Council during the 2015/16 financial year.

The letter stated that the 2015/16 audit would be the first the company would carry out following the closure of the Audit Commission and that its contract would be overseen by Public Sector Audit Appointments Ltd until it ended in either 2017 or 2020 if extended by the Department of Communities and Local Government. The meeting noted that the scale fee was based on the fee initially set in the Audit Commission's 2012 procurement exercise subsequently reduced by 25% following the further tendering of contracts in March 2014.

Whilst informing the meeting that the closure of the Audit Commission had resulted in further rebates to the Council the Chief Finance Officer advised that the scope of the work to be carried out by the external auditors was now more tightly defined than previously and that, should the Council require additional work outside the Code of Audit Practice, then further charges would arise.

NOTED

the 2015/16 annual audit and certification fees letter to the Chief Executive from Ernst & Young LLP.

AUD/15/8. Annual Governance Statement 2014/15

Members considered a report by the Chief Legal and Democratic Services Officer and Monitoring Officer which sought Members' approval of the draft 2014/15 Annual Governance Statement. The Head of Internal Audit and Risk introduced the report and highlighted particular issues of note. She also drew attention to a proposed amendment to part 2.9 of the draft Statement which clarified that the formal processes for registering complaints in respect of housing landlord functions referred specifically to the Council's housing landlord functions.

The Committee was of the opinion that the draft Statement accurately reflected the governance arrangements and the management of risk within the Council.

RESOLVED

that the draft Annual Governance Statement for 2014/15 be approved for submission to the Leader and Chief Executive to be formally signed off subject to first amending the final sentence in Part 2.9 of the document to read as follows:

‘There are also formal processes for registering complaints in respect of the Council’s housing landlord functions’.

AUD/15/9. Annual Counter Benefit Fraud Update

The Committee considered a report by the Chief Finance Officer which provided an update on the work of the recently formed Corporate Fraud Investigation Team.

The Head of Revenues and Benefits introduced the report and drew Members’ attention to the circumstances behind the formation of the team and the development of an annual work programme for it. It was noted that an annual report on the outcome of the work programme would be presented to the Committee. The Head of Revenues and Benefits then referred specifically to a nationally emerging fraud area involving business rates and to the ongoing counter fraud work regarding claims for the Council Tax Single Person Discount (SPD). In response to a Member’s query the Head of Revenues and Benefits stated that, based on the level of costs so far recovered, he was optimistic that the service provided by the team would be cost neutral.

The Head of Revenues and Benefits then introduced the accompanying presentation entitled ‘Council Tax Single Person Discount Review’. A copy of the slide pack was attached at Appendix A to the report and set out the legislation, Central Bedfordshire Council context, the previous review process employed, the background to the 2015/16 SPD review, the procedure being followed and the likely outcomes. The meeting noted that the review had already generated substantial savings since it had started in May.

The Head of Revenues and Benefits stated that he would update Members on the outcome of the review if required.

A Member raised a query relating to the retention of any personal data that had been gathered as part of the review in situations where no additional action was taken. In response the Head of Revenues and Benefits explained that data relating to residents’ Council Tax records had to be kept as the Council was required by statute to do so. He also pointed out that there was no allegation of fraud during the review and it was attempting to establish why there was a credit data mismatch indicating the apparent presence of another person(s) at the resident’s address.

In response to a query regarding the means by which those residents who lacked access to the internet were able to supply the personal information requested, the Head of Revenues and Benefits explained that residents could,

alternatively, contact the company undertaking the review on the Council's behalf and provide the information by telephone.

NOTED

- 1 the formation of the Corporate Fraud Investigation Team and the development of the team's annual work programme;**
- 2 the ongoing Council Tax Single Person Discount review.**

AUD/15/10 Local Government Pension Scheme Update

The Committee considered a report by the Chief Finance Officer which provided an update on the governance of the Local Government Pension Scheme (LGPS).

The Head of Financial Control introduced the report, Members noting in particular the recent establishment of a Pension Board from 1 April 2015 and its role of assisting the Pension Committee to secure compliance with regulations and ensure the effective and efficient governance and administration of the LGPS.

The Head of Financial Control advised Members that the report had also been considered by the General Purposes Committee on 25 June 2015 when discussions had taken place regarding the risk profile of the Bedfordshire Pension Fund (minute GPC/15/9 refers). A Member sought clarification on how the Fund's investment return compared with that of other local authorities. In response the Head of Financial Control explained that whilst approximately 10-20 years ago all local authorities compared their pension fund investments to the WM local authority average many funds had, since then, developed specific benchmarks to reflect their particular liabilities and risk appetites. It was therefore important to ensure that any performance comparison was made against the scheme's specific, chosen benchmark. Performance information for the Fund, its benchmark and the average local authority return was set out within the report. The average local authority fund had tended to have a greater allocation to equities than the Bedfordshire Fund's strategic asset allocation.

NOTED

the Local Government Pension Scheme update.

AUD/15/11 2014-15 Internal Audit - Annual Audit Opinion

The Committee considered the annual report by 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. The meeting noted that under the Public Sector Internal Audit Standards (PSIAS), which came into effect in April 2013, the Head of Internal Audit and Risk was required to deliver such a report to those

charged with governance, timed to support the Annual Governance Statement (minute AUD/15/8 above refers).

Following an introduction by the Head of Internal Audit and Risk, Members worked through the report which set out the following matters:

- an opinion on the overall adequacy and effectiveness of Central Bedfordshire's framework of governance, risk management and control for the 2014/15 financial year
- a summary of the audit work undertaken that supported that opinion
- a highlight of the significant issues identified as part of Internal Audit's work, including those that were particularly relevant to the Annual Governance Statement
- a comparison of the Internal Audit work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and criteria
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

The Head of Internal Audit and Risk emphasised the large number of initiatives for continuous improvement whilst the Chief Finance Officer explained that the term 'adequate' (assurance), which had been used to describe the Council's overall Internal Control environment, was actually positive and second only to 'full' (assurance).

NOTED

the 2014/15 Internal Audit Annual Audit Opinion.

AUD/15/12 Tracking of Internal Audit Recommendations

The Committee considered a report which summarised the high priority recommendations arising from Internal Audit Reports and the progress made in implementing them.

A Member sought clarification regarding the slippage in preparing and validating the Teachers' Pensions End of Year Certificate (EOYC) for 2013/14. In response the Head of Internal Audit and Risk and Head of Financial Control advised the meeting that, whilst progress had been made in securing the data from the schools' own payroll providers, a number of difficulties remained in obtaining validated data in a timely manner.

NOTED

the report setting out the high priority recommendations arising from Internal Audit reports and the progress made in implementing the recommendations to date.

AUD/15/13 Work Programme

Members considered a report which set out the Committee’s work programme for today’s meeting and the proposed work programme for the 2015/16 municipal year.

In response to a request from a Member that an update on the audit of the European Union’s accounts be included as a future item, the Chairman advised that, whilst Ernst and Young LLP could be alerted to this, it was unlikely that the company would regard this issue as falling within its remit.

RESOLVED

that the proposed Audit Committee work programme for the municipal year 2015/16, as attached at Appendix A of the report of the Committee Services Manager and Committee Services Officer, be approved.

(Note: The meeting commenced at 10.00 a.m. and concluded at 12.45 p.m.)

Chairman

Dated

Appendix A



Unaudited Statement of Accounts 2014/15

Presentation to Members 29/6/2015

Charles Warboys, Chief Finance Officer

Ralph Gould, Head of Financial Control

Introduction

Chief Finance Officer

Accounts – Purpose

- Present a comprehensive picture of the financial health of the Council
- Encourage a focus on the assets and liabilities of the Council, not just on the bottom line.
- Show income, expenditure, assets and liabilities for the year, in a format which can be compared with other organisations
- Contain statutory disclosures, including those relating to Members interests, allowances and officer remuneration

Agenda

- Introduction – Charles Warboys
- Background and overview – Charles Warboys
- Commentary on the statements – Ralph Gould
- Conclusions and Next steps – Charles Warboys
- Any Questions

Background

- International Financial Reporting Standards (IFRS) applied from 2010/11 – driven by private sector requirements as adapted for the public sector.
- Important differences with the private sector
 - Tax raising powers
 - No profit motive but an important legal emphasis on Stewardship, Probity and Transparency
 - Multiple statutory obligations to incur expenditure
 - Local Authorities cannot use assets to secure borrowing
 - Access to the Public Works Loans Board

Background

- International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS)
- Interpreted for UK Local Government by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice - statutory best practice
- Accounting requirements are updated annually and are reflected in the Code supported by a Practitioner's Guide.

Background

- The Statements do several things
 - follow public sector accounting practice
 - comply with various statutory requirements (e.g. Council Tax requirements, Housing Revenue Account ring fence, transparency best practice, capital expenditure controls.)
- Requires a number of Unusable Reserves to implement

An Example

- **Removed** - Actual Amounts paid in year to Bedfordshire LGPS - £17.8m reported to the Council as Expenditure by services (13/14 £16.9m) - Note 43
- **Replaced with** - total post – employment benefits charged in the Comprehensive Income and Expenditure Account – as calculated under International Accounting Standard 19 (IAS 19) £29.5m (13/14 £27.7m)
- If not removed through the Movement in Reserves Statement (page 15 and Note 7) a negative impact on the General Fund (i.e. Council Tax) of £11.7m

Other Examples

- Note 7 ‘Adjustments between Accounting Basis and Statutory Basis under Regulations’
- Note 27 ‘Amounts Reported for Resource Allocation Decisions’ effectively the Council’s management Accounts agreed to the Statement of Accounts
- Note 23 Details movements on 7 (14/15) ‘Unusable Reserves’ including the Capital Adjustment Account and Collection Fund Adjustment Account

Overview of the document

- The Explanatory Foreword – not part of the Statements so not covered by audit opinion
- Main Statements – statutory requirement to follow best practice – ‘The Code’
 - Movement in Reserves
 - Comprehensive Income and Expenditure
 - Balance Sheet
 - Cash Flow
- Notes to the Accounts – 47 Notes, pages 22 - 108

Overview of the document

- Supplementary Statements
 - HRA and Collection Fund
- Published with but NOT part of the Statements
 - Glossary
 - Annual Governance Statement

Commentary on the statements

Handout

Movement in Reserves Statement

Comprehensive Income and Expenditure Statement

Balance Sheet

Cash flow Statement

Employee Remuneration Note 32

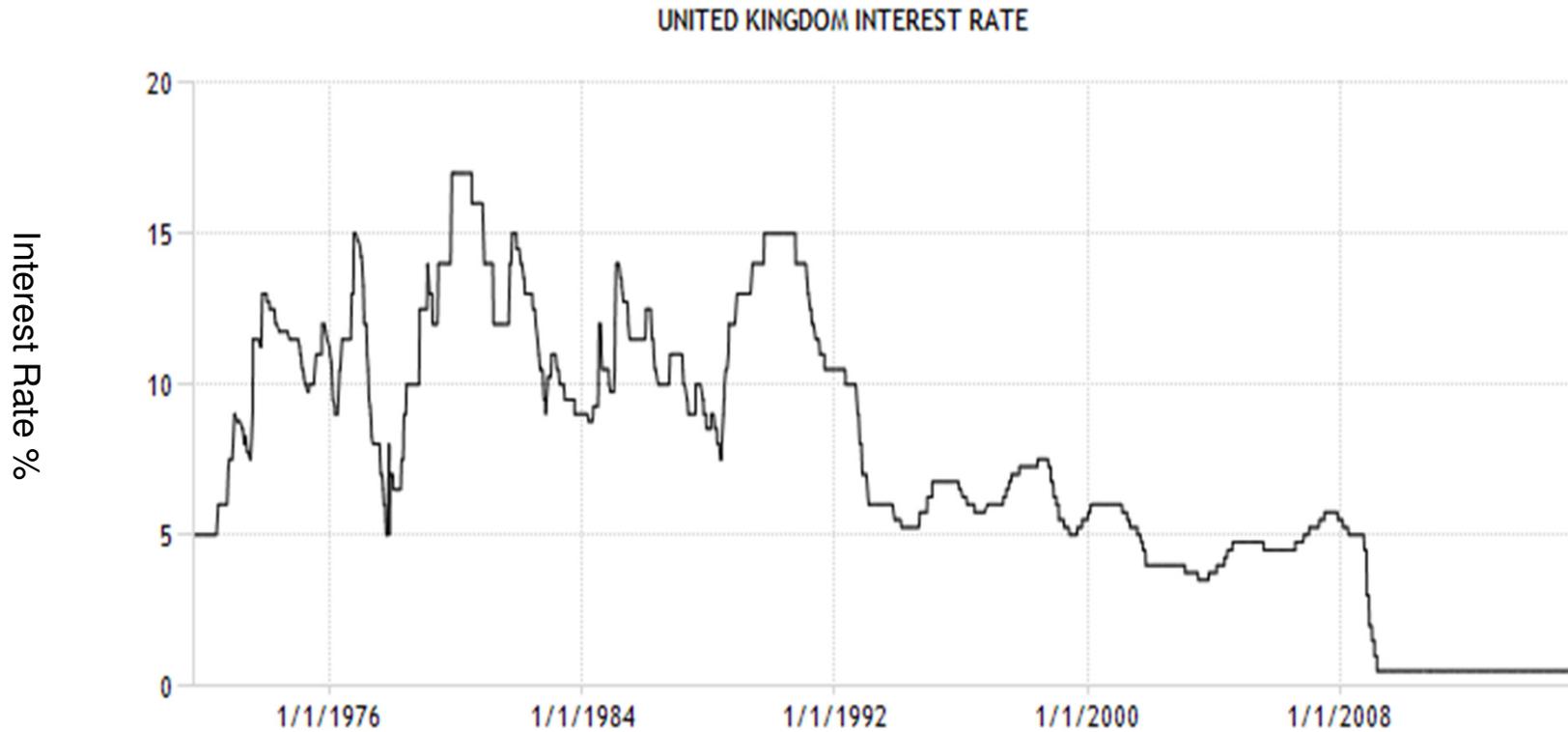


Theme for analysing this years accounts

Implications of Interest Rates at unusual levels

- The Council's capital financing requirement (need to borrow) has increased in the financial year, and the capital medium term financial plan projects an increase in future years
- With a further £9.4m of debt due to be repaid in 2015/16, the Council will need to borrow externally in the next financial year.
- Movements in the market rates of interest paid on Corporate and Government Bonds has a significant impact on estimated liabilities of pension funds.

UK Base rate 1971 to 2015



SOURCE: WWW.TRADINGECONOMICS.COM | BANK OF ENGLAND

UK 10 Year Bond Yields 1981 to 2015



SOURCE: WWW.TRADINGECONOMICS.COM | DEPARTMENT OF TREASURY, UK

Usable Reserves

	31/03/2014	31/03/2015	Increase / (Reduction)	SoA Ref
	£000	£000	£000	
General Fund (GF)	15,101	15,303	202	
GF Earmarked Reserves	27,764	31,138	3,374	Note 8
Housing Revenue Account (HRA)	2,000	2,000	0	HRA page 110
HRA Earmarked Reserves	18,511	18,357	(154)	Note 8
HRA Major Repairs Reserve	200	200	0	HRA page 112
Capital Receipts Reserve	2,346	3,451	1,105	
Capital Grants Unapplied	25,344	15,060	(10,284)	
Schools Reserves	11,826	11,689	(137)	
Total Usable Reserves	103,092	97,198	(5,894)	

Unusable Reserves

	31/03/2014	31/03/2015	(Increase) / Reduction	SoA Ref
	£000	£000	£000	Note 24
Revaluation Reserve	(59,300)	(92,029)	(32,729)	(a)
Available for Sale	148	(4)	(152)	(b)
Pensions	307,141	379,640	72,499	(e)
Capital Adjustment Account	(493,035)	(530,424)	(37,389)	(c)
Financial Instruments	1,717	1,601	(116)	(d)
Collection Fund Adjustment Account	2,653	138	(2,515)	(f)
Short Term accumulated absences	2,942	2,472	(470)	(g)
Total Unusable Reserves	(237,734)	(238,606)	(872)	
<i>Total Usable Reserves</i>	<i>(103,092)</i>	<i>(97,198)</i>	<i>5,894</i>	
Total CBC Reserves	(340,826)	(335,804)	5,022	

The Purpose of General Fund Balances

- Key indicator of the financial health of the organisation
- A means for building up funds to meet known or predicted requirements. Where specific, funds are set aside as earmarked reserves
- A contingency to cushion the impact of unexpected events or emergencies
- Linked to risks facing the Council and the potential impact of those risks
- Can only be used once so not appropriate to fund continuing budget pressures

Comprehensive Income and Expenditure

2013/14			2014/15		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
473,033	-293,926	179,107	490,879	-299,921	190,962
Cost of Services			Note		
	33,719	Other operating expenditure		9	10,852
	20,242	Financing and investment income and expenditure		10	19,498
	-267,155	Taxation and non-specific grant income and expenditure		11	-239,017
	-34,087	(Surplus) / deficit on Provision of Services			-17,705
	-14,038	Revaluation (gains) / losses on non-current assets		24a	-41,765
	433	Revaluation losses (chargeable to Revaluation Reserve) on non-current assets		24a	3,885
	-128	(Surplus) / deficit on revaluation of available for sale assets		24b	-152
	1,279	Return on plan assets – pensions		43	-30,821
	-8,789	Actuarial (gains) / losses on pension fund assets and liabilities		43	91,582
	-21,243	Other comprehensive income and expenditure - (surplus) / deficit			22,729
	-55,330	Total Comprehensive Income and Expenditure Statement - (Surplus) / Deficit			5,024

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ASSETS

	31-Mar-14	31-Mar-15	SoA
	£'000	£'000	Note
Property, plant & equipment	876,480	974,623	12
Investment property	81,675	85,150	14
Intangible assets	6,758	8,821	15
Long-term investments	4,852	5,004*	16
Long-term debtors	574	564	16
Long-term assets	970,339	1,074,162	
Short-term investments	14,124	568**	16
Current assets held for sale	606	173	20
Short-term debtors	46,944	47,697	18
Cash and cash equivalents	19,083	1,799	19
Current assets	80,757	50,237	
Total Assets	1,051,096	1,124,399	

*LT Inv -
Lime
Property
Fund

** ST Inv -
deposits at
3 months
notice

Schools Non-current assets

- Note 3 – Critical judgements in applying accounting policies
- Previous practice not to recognise the Land and Buildings of maintained schools owned by a diocese or in trust. Existing use value approx £60m.
- Practice is inconsistent nationally much activity from HM Treasury and CIPFA – Whole of Government Accounts – address the matter

CBC approach maintained Schools non-current assets

Maintained School Type	Number at 31/3/15	Control of Property Non-Current assets
Community	57	Central Bedfordshire Council / individual governing bodies
Foundation	1	Bedfordshire East Schools Trust
Foundation	2	Harlington Area Schools Trust
Foundation	6	The Pinnacle Trust
Foundation	3	The Vale of Marston Schools Trust
Voluntary Aided	2	Northampton RC Diocese
Voluntary Aided	10	St Albans C of E Diocese
Voluntary Controlled	9	St Albans C of E Diocese
Total	90	

Outline Reasons

- All 90 maintained schools revenue transactions and main reserves are consolidated (*always have been*) into the Council's Statement of Account as a single entity. (IFRS 10 – Consolidated Financial Statements)
- Examined governance documentation and ownership records of non-community schools to consider if the '*resource is controlled by the Authority as a result of past events and from which future economic benefits or service potential are expected to flow to the Authority*'
- Ownership is not the same as control. IAS 16 *Property, Plant and Equipment* and the *Conceptual Framework for Financial Reporting 2010 (IASB Conceptual Framework)*

Outline reasons continued

- Ownership is with either the diocese or School Trusts
- No evidence of any lease arrangement where owners or trustees have transferred control of land and buildings to the Council. IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*.
- The trustees or organisations owning the non-current assets allow those assets to be used in line with the objectives of the Council without assigning the substantive control.
- Under *Section 30(11) of the School Standards and Framework Act 1998* the trustees or other organisations owning the non-current assets can, subject to a reasonable period of notice, remove the assets from the maintained school sector.

Liabilities

	31-Mar-14	31-Mar-15	SoA
	£'000	£'000	Note
Short-term borrowing	-17,552	-31,603*	16
Short-term creditors	-44,709	-43,054	21
Provisions	-6,346	-7,283	22
Provisions - accumulated absences	-2,942	-2,472	24g
Current liabilities	-71,549	-84,412	
Private Finance Initiative (PFI)	-16,820	-16,268	39
Long-term borrowing	-289,961	-280,632	16
Net liability related to defined benefit pension schemes	-307,141	-379,640	43
Capital grants (receipts in advance)	-24,801	-27,643	35
Long-term liabilities	-638,722	-704,183	
Current and LT Liabilities	-710,271	-788,595	
<i>LT and Current Assets</i>	<i>1,051,096</i>	<i>1,124,399</i>	
Net Assets	340,825	335,804	

*ST Borrowing - less than 365 days to maturity fixed market debt and maturing variable rate debt.

Capital Expenditure and Borrowing Requirement

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2009- 2015 £'000
Opening Capital Financing Requirement	192,351	211,473	200,516	374,571	399,434	418,184	<i>for info</i>
Capital investment:							
Property, plant and equipment	41,231	38,873	39,360	51,715	61,962	71,173	304,314
Investment property	0	0	97	84	101	335	
Intangible assets	0	1,369	1,415	527	228	784	
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	10,619	12,103	23,890	21,085	19,773	32,241	119,711
Debt as a result of HRA self financing	0	0	164,995				164,995
Total Spend for Capital purposes	51,850	52,345	229,757	73,411	82,064	104,533	
<i>memo line adjusted for HRA financing</i>	51,850	52,345	64,762	73,411	82,064	104,533	428,965
Sources of finance:							
Capital receipts (<i>Applied</i>)	(1,490)	(29,826)	(3,780)	(3,665)	(2,851)	(1,636)	(43,248)
Government grants and other contributions	(25,514)	(24,722)	(41,808)	(38,481)	(44,564)	(49,290)	(224,379)
Major Repairs Allowance (<i>HRA</i>)			(3,805)	0	(6,569)	(3,597)	(13,971)
Sums set aside from revenue:							
Direct revenue contributions (<i>incs HRA</i>)	(702)	(1,502)	(1,288)	(528)	(2,256)	(9,632)	(15,908)
Minimum Revenue Provision (MRP) / PFI principal	(4,473)	(7,025)	(5,534)	(5,874)	(7,074)	(7,250)	(37,230)
Other movements	(549)	(227)	(2,778)				
Total Financing in year	(32,728)	(63,302)	(58,993)	(48,548)	(63,314)	(71,405)	(338,290)
Closing Capital Financing Requirement	211,473	200,516	371,280	399,434	418,184	451,312	
Increase/(decrease) in Capital Financing Requirement	19,122	(10,957)	170,764	28,154	18,750	33,128	258,961

Cumulative borrowing Need (ex HRA) 2009/15 93,966

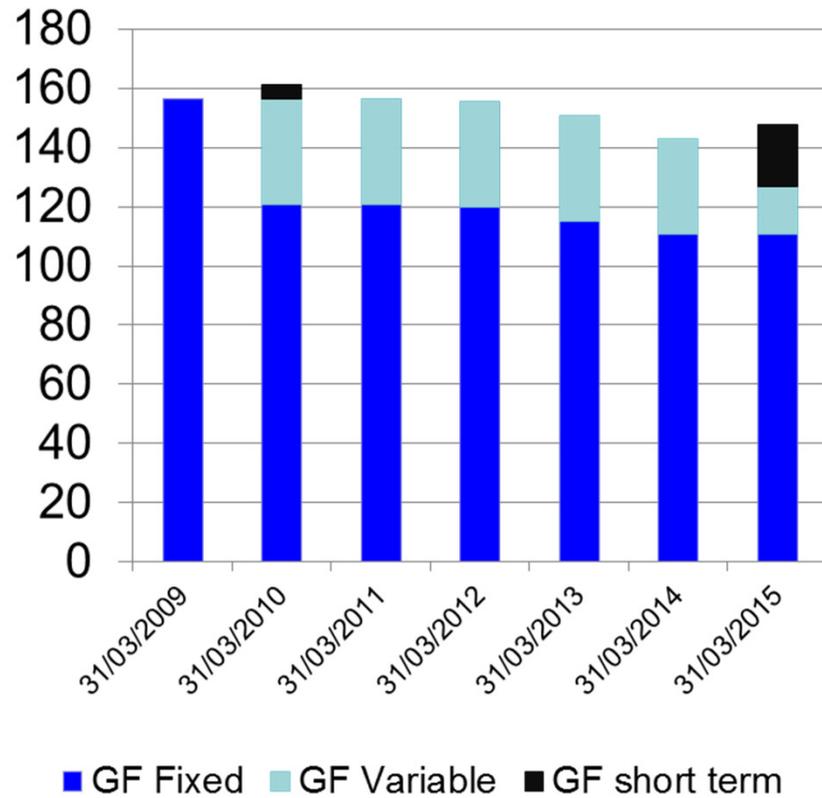
Total Borrowing as at 31st March 2015

	GF	Average rate	HRA	Average rate	Total	Total Average Rate
Variable	£16m	0.66%	£45m	0.65%	£61m	0.65%
Fixed	£111m	4.33%	£120m	3.10%	£231m	3.69%
Short term Debt	£21m	0.34%	-	-	£21m	0.34%
Total*	£148m	3.83%	£165m	2.43%	£313m	3.04%

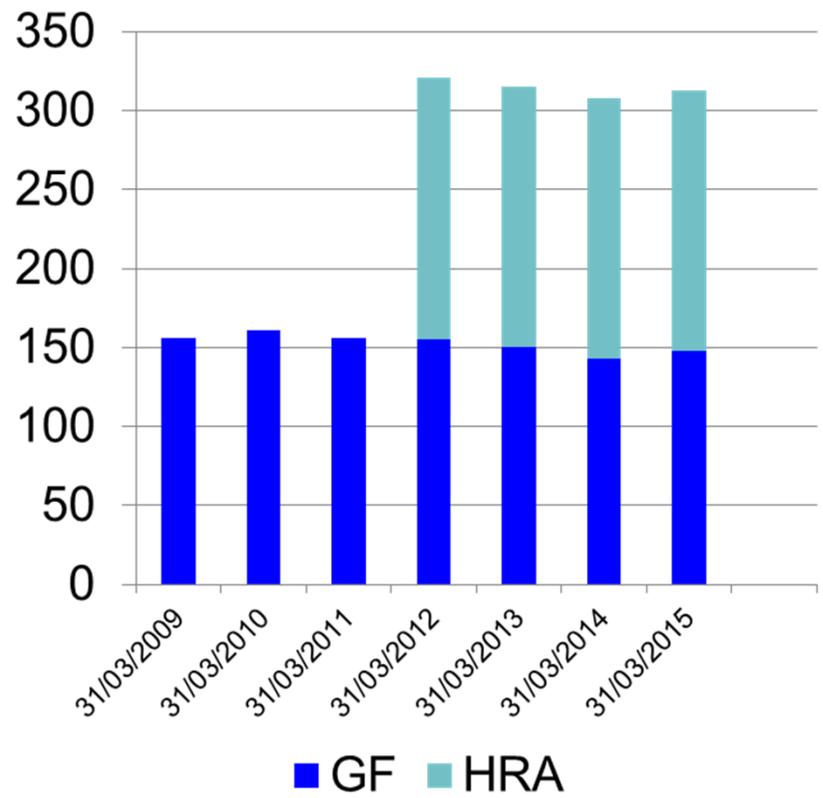
* Total Debt value on SOA includes accrued Interest payable

Debt Since 2009

GF Debt



Total Debt



CBC Debt

Nominal Value V Fair Value

	Nominal Value	Fair Value
2009-10	£161.3m	£163.4m
2010-11	£156.3m	£161.6m
2011-12	£320.6m	£350.8m
2012-13	£315.6m	£358.0m
2013-14	£308.0m	£329.8m
2014-15	£312.6m	£362.8m

Interest Paid (Including restructuring costs)

	GF	HRA
2009-10	£6.97m	-
2010-11	£5.68m	-
2011-12	£5.68m	£0.04m*
2012-13	£5.44m	£3.98m
2013-14	£5.25m	£3.97m
2014-15	£5.20m	£4.01m

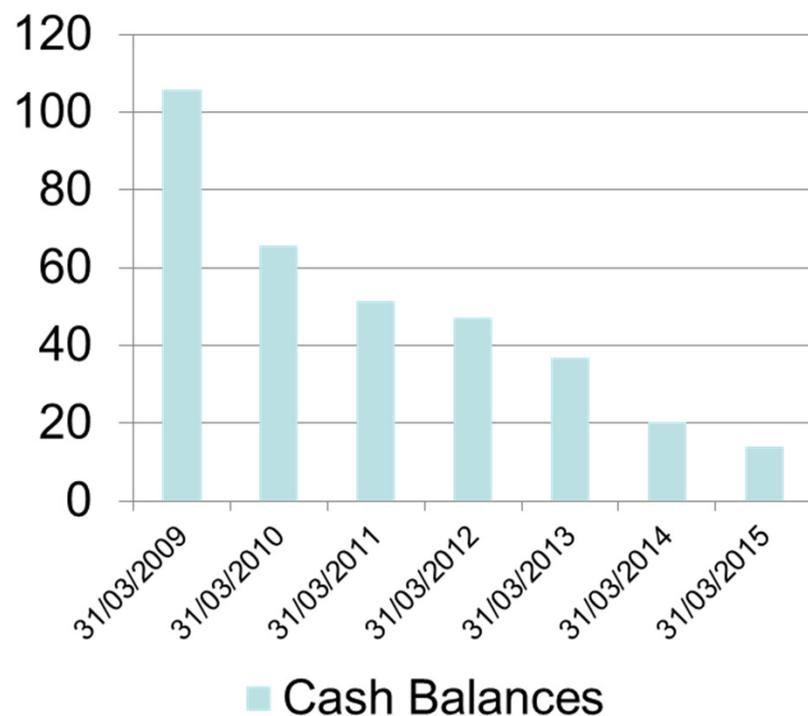
* HRA debt taken out on 28th March 2012 interest payable for 4 days

Investment balances since 2009

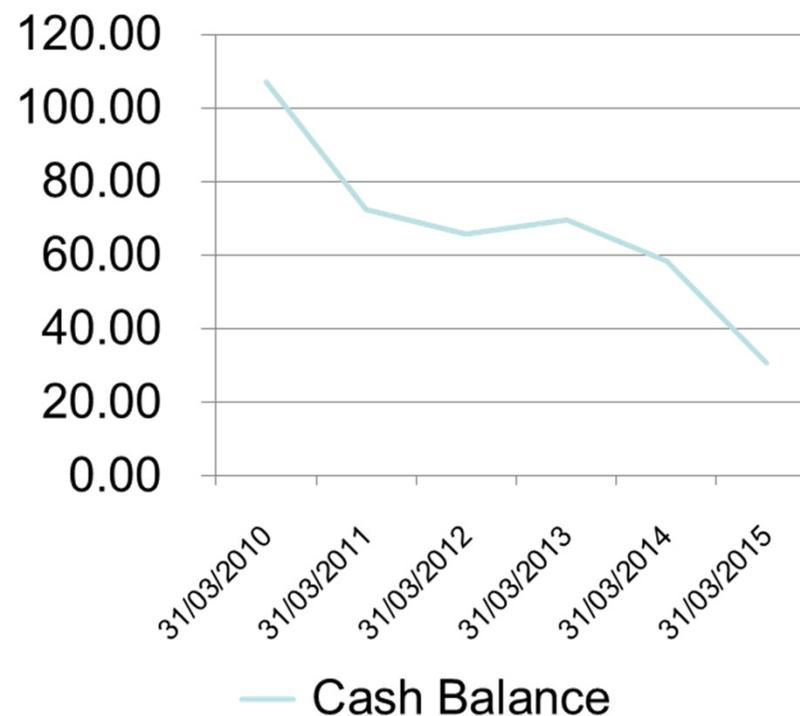
(Excluding Lime Fund)

Includes schools balances from 20th November 2014

Cash Balances



Average Cash balance



Investment Return since 2009

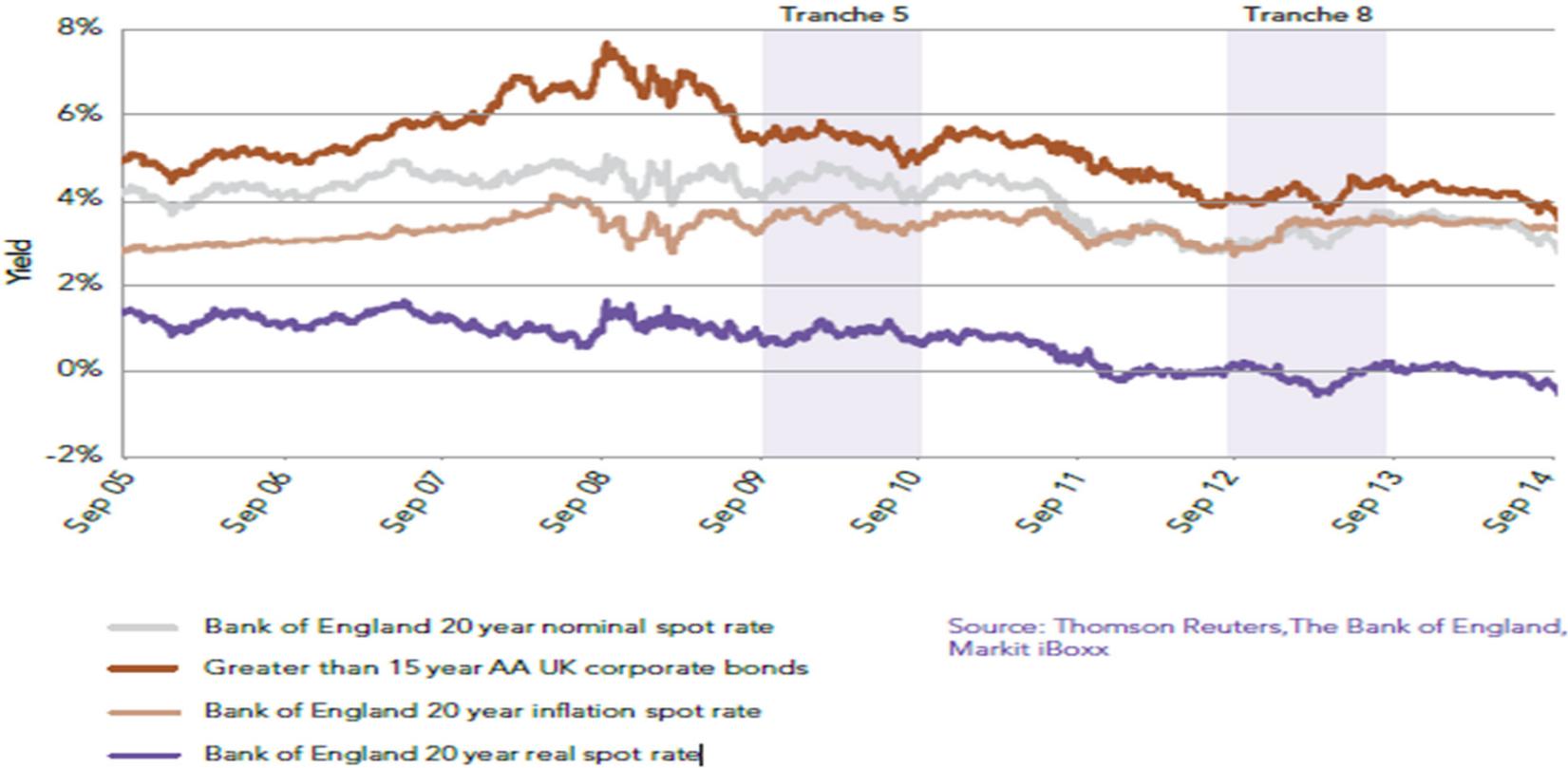
	Average investment	Interest earned	Interest Rate
2009-10	£107.2m	£1,755.4k	1.64%
2010-11	£72.5m	£1,035.3k	1.43%
2011-12	£65.9m	£894.3k	1.36%
2012-13	£69.8m	£672.9k	0.96%
2013-14	£58.3m	£431.6k	0.74%
2014-15	£30.8m	£160.8k	0.52%

Pension Scheme Deficits

- Council's largest liability at £379m measured in line with IAS 19
- Schemes have many challenges not least improving life expectancy
- Overwhelming influence is level of yields (interest rates) on corporate and government bonds - sets discount rate for liabilities (pension promises)

Bond indices and market implied inflation

Figure 1: Bond indices and market implied inflation



Source : Pension Regulator report

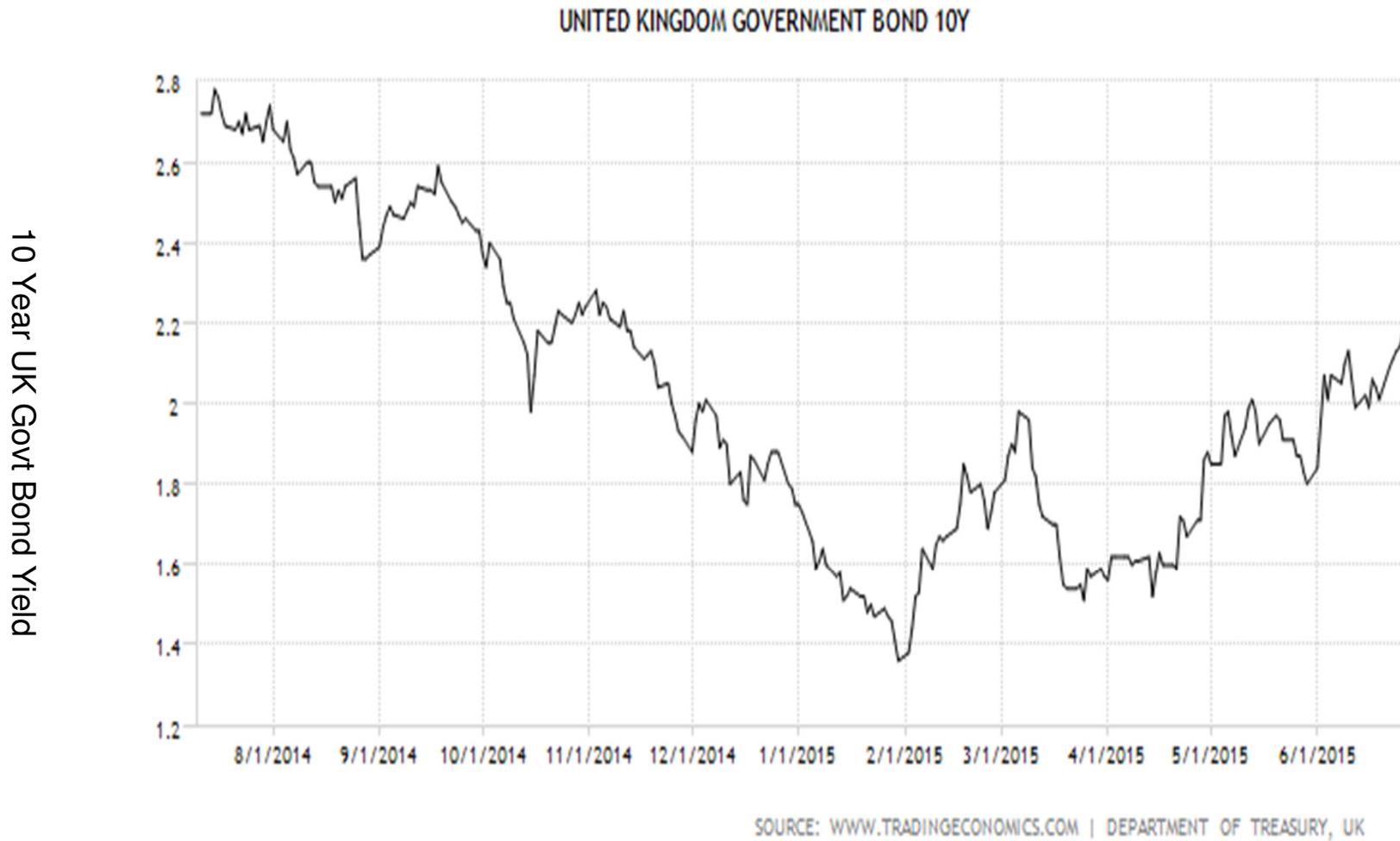
Pensions

- Assets and Liabilities follows IAS 19

	2013/14	2014/15	Increases
Liabilities	(£684m)	(£802m)	£118m (17%)
Assets	£377m	£423m	£46m (12 %)
Net Deficit	(£307m)	(£379m)	£72m (24%)
Assets as % Liabilities IAS 19	55.1%	52.7%	

- Actual Contribution rates follow triennial fund valuation different basis used 31 March 2013 Liabilities £550m Assets £361m **Deficit £189m** (66% Funded)

Bond Yield Volatility and measurement dates



Supplementary Statements

- HRA Account – pages 110 - 115
- Collection Fund – pages 116 - 118

Housing Revenue Account

- Benefiting from low interest rates
- Reserving for and funding independent living schemes and strategic priorities
- Accounting follows Communities and Local Government – Accounting Directions and related restrictions

Collection Fund

- Improving surplus position on Council Tax from £0.5m (13/14) to £3.5m surplus (CBC share £3m)
- Business rate position improving but deficit reflects impact of providing for possible successful rating appeals. Deficit of £6.3m (13/14) reduced to £6.1m (CBC share £2.9m)

Other Items: Remuneration Note 32

- Number of staff paid over 50k in year (including redundancy)

	2013/14	2014/15
Temporary Staff	77	85
Permanent	155	181

- The figures exclude members of the Corporate Management Team, who are disclosed individually.
- Teaching and non-teaching staff received pay awards in 2014/15. The increase in permanent numbers paid over £50k was broadly evenly split between schools and other staff
- The contracts of 70 staff (61 in 13/14) were terminated in year with £779k (£816k in 13/14) paid as redundancy costs. Note 41

Future Changes

- From 2016/17 Councils will have to value their roads and associated assets (bridges, street lights etc) at the cost of replacing the asset in its current condition. Currently these are valued at historical cost.
 - Infrastructure Assets are valued at Depreciated Historic Cost of £225m on the balance sheet. The depreciated replacement cost is currently estimated at £1.6 billion.
- The statutory deadline for producing the accounts is currently 30 June 2015. Under proposed changes to the Accounts and Audit Regulations 2011 it is proposed this will be 31 May from 2017/18. We are already reviewing ways to achieve this in 2015/16.

Conclusion and Next Steps

- Accounts show the overall financial health of the organisation.
- CBC is in a strong financial position and has added to general and earmarked reserves, held to protect the Council against identified risks.
- There are significant uncertainties ahead relating to funding from Central Government
- Borrowing resulting from capital expenditure will be an important element of the accounts in future financial years. Interest rate risk is important and is being monitored closely. Currently interest and MRP contributions are 8% (£16.5m) of the Council's net revenue expenditure.

Conclusion and Next Steps

- The accounts will be audited by Ernst & Young LLP from July – September
- Public Inspection Period 6th July – 31 July
- The final accounts will be approved by Audit Committee in September

Any Questions?



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APPENDIX B

Extracts for Audit Committee 29/6/15

**Core Financial
Statements
2014/15**

Note 32 Remuneration

UNAUDITED

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable' reserves (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The '(Surplus) / deficit on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net (increase) / decrease before transfers to Earmarked Reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

Usable Reserves 2014/15		General Fund Balance	Earmarked General Reserves	Housing Revenue Account	Earmarked HRA Reserves	HRA Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Schools Reserve	Usable Reserves Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014		(15,101)	(27,764)	(2,000)	(18,511)	(200)	(2,346)	(25,344)	(11,826)	(103,089)
Movement in Reserves during 2014/15:										
	(Surplus) / deficit on Provision of Services	10,097	0	(27,804)	0	0	0	0	0	(17,707)
	Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0
	Total Comprehensive Income and Expenditure	10,097	0	(27,804)	0	0	0	0	0	(17,707)
	Adjustments between accounting basis and funding basis under regulations (Note 7)	(13,536)	0	27,958	0	0	(1,105)	10,284	0	23,601
	Net (increase) / decrease before transfers to Earmarked Reserves	(3,439)	0	154	0	0	(1,105)	10,284	0	5,894
	Transfers (to) / from Earmarked Reserves (Note 8)	3,237	(3,374)	(154)	154	0	0	0	137	0
	(Increase) / decrease in year	(202)	(3,374)	0	154	0	(1,105)	10,284	137	5,894
	Balance at 31 March 2015	(15,303)	(31,138)	(2,000)	(18,357)	(200)	(3,451)	(15,060)	(11,689)	(97,198)
Unusable Reserves 2014/15		Revaluation Reserve	Available For Sale	Pensions	Capital Adjustment Account	Financial Instrument	Collection Fund Adjustment Account	Short term Accumulated Absence	Unusable Reserves Total	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014		(59,300)	148	307,141	(493,035)	1,717	2,653	2,942	(237,734)	(340,823)
Other Comprehensive I & E		(37,880)	(152)	60,761	0	0	0	0	22,729	5,022
Adjustments between accounting basis and funding basis under regulations (Note 7)		5,151	0	11,738	(37,389)	(116)	(2,515)	(470)	(23,601)	0
(Increase)/Decrease in year		(32,729)	(152)	72,499	(37,389)	(116)	(2,515)	(470)	(872)	5,022
Balance at 31st March 2015		(92,029)	(4)	379,640	(530,424)	1,601	138	2,472	(238,606)	(335,804)

Usable Reserves 2013/14												
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	HRA Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Schools Reserve	Usable Reserves Total			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013	(14,199)	(21,434)	(2,000)	(9,937)	(3,437)	(657)	(1,480)	(13,042)	(66,186)			
Movement in Reserves during 2013/14:												
(Surplus) / deficit on Provision of Services	(11,404)	0	(22,682)	0	0	0	0	0	(34,087)			
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	0			
Total Comprehensive Income and Expenditure	(11,404)	0	(22,682)	0	0	0	0	0	(34,087)			
Adjustments between accounting basis and funding basis under regulations (Note 7)	5,391	0	14,108	0	3,237	(1,689)	(23,864)	0	(2,817)			
Net (increase) / decrease before transfers to Earmarked Reserves	(6,013)	0	(8,574)	0	3,237	(1,689)	(23,864)	0	(36,903)			
Transfers (to) / from Earmarked Reserves (Note 8)	5,111	(6,330)	8,574	(8,574)	0	0	0	1,216	0			
(Increase) / decrease in year	(902)	(6,330)	0	(8,574)	3,237	(1,689)	(23,864)	1,216	(36,903)			
Balance at 31 March 2014	(15,101)	(27,764)	(2,000)	(18,511)	(200)	(2,346)	(25,344)	(11,826)	(103,089)			
Unusable Reserves 2013/14												
	Revaluation Reserve	Available For Sale	Pensions	Capital Adjustment Account	Deferred Capital Receipts	Financial Instrument	Collection Fund Adjustment Account	Short term Accumulated Absence	Unusable Reserves Total	Total Council Reserves		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013	(46,494)	276	303,829	(483,292)	0	1,833	1,105	3,435	(219,308)	(285,494)		
Other Comprehensive I&E	(13,605)	(128)	(7,510)	0	0	0	0	0	(21,244)	(55,329)		
Adjustments between accounting basis and funding basis under regulations (Note 7)	799	0	10,822	(9,743)	0	(116)	1,548	(493)	2,817	0		
(Increase)/Decrease in year	(12,806)	(128)	3,312	(9,743)	0	(116)	1,548	(493)	(18,427)	(55,329)		
Balance at 31st March 2014	(59,300)	148	307,141	(493,035)	0	1,717	2,653	2,942	(237,734)	(340,823)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations: this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2013/14				2014/15		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
8,596	(4,294)	4,302	Central services to the public	4,317	(2,681)	1,637
13,426	(13,649)	(222)	Public Health	14,606	(14,508)	98
8,848	(579)	8,269	Cultural and related services	12,753	(1,269)	11,485
24,875	(2,382)	22,492	Environmental and regulatory services	25,749	(3,067)	22,683
17,655	(3,676)	13,979	Planning services	20,314	(5,015)	15,299
199,627	(140,311)	59,316	Children's and education services	211,560	(142,497)	69,062
26,074	(3,291)	22,783	Highways and transport services	28,989	(4,723)	24,266
1,738	(31,686)	(29,948)	Local authority housing (HRA)	(3,430)	(28,436)	(31,866)
69,006	(65,146)	3,861	Other housing services	70,231	(66,180)	4,051
97,402	(23,689)	73,713	Adult social care	99,764	(25,431)	74,334
4,000	(5,201)	(1,200)	Corporate and democratic core	3,626	(6,078)	(2,452)
1,784	(22)	1,762	Non-distributed costs	2,400	(36)	2,365
473,033	(293,926)	179,107	Cost of Services	490,879	(299,921)	190,962
					Note	
		33,719	Other operating expenditure		9	10,852
		20,242	Financing and investment income and expenditure		10	19,498
		(267,155)	Taxation and non-specific grant income and expenditure		11	(239,017)
		(34,087)	(Surplus) / deficit on Provision of Services			(17,705)
		(14,038)	Revaluation (gains) / losses on non-current assets		24a	(41,765)
		433	Revaluation losses (chargeable to Revaluation Reserve) on non-current assets		24a	3,885
		(128)	(Surplus) / deficit on revaluation of available for sale assets		24b	(152)
		1,279	Return on plan assets – pensions		43	(30,821)
		(8,789)	Actuarial (gains) / losses on pension fund assets and liabilities		43	91,582
		(21,243)	Other comprehensive income and expenditure - (surplus) / deficit			22,729
		(55,330)	Total Comprehensive Income and Expenditure Statement - (Surplus) / Deficit			5,024

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is unusable reserves, i.e., those reserves that the Council is not able use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2014		Note	31 March 2015	
£'000			£'000	£'000
876,480	Property, plant & equipment (PPE)	12	974,623	
81,675	Investment property	14	85,150	
6,758	Intangible assets	15	8,821	
4,852	Long-term investments	16	5,004	
574	Long-term debtors	16	564	
970,340	Long-term assets			1,074,162
14,124	Short-term investments	16	568	
606	Current assets held for sale	20	173	
46,944	Short-term debtors	18	47,697	
19,083	Cash and cash equivalents	19	1,799	
80,757	Current assets			50,237
(17,552)	Short-term borrowing	16	(31,603)	
(44,709)	Short-term creditors	21	(43,054)	
(6,346)	Provisions	22	(7,283)	
(2,942)	Provisions - accumulated absences	24g	(2,472)	
(71,549)	Current liabilities			(84,412)
(16,820)	Private Finance Initiative (PFI)	39	(16,268)	
(289,961)	Long-term borrowing	16	(280,632)	
(307,141)	Net liability related to defined benefit pension schemes	43	(379,640)	
(24,801)	Capital grants (receipts in advance)	35	(27,643)	
(638,722)	Long-term liabilities			(704,183)
340,823	Net assets			335,804
(103,089)	Usable reserves	23	(97,198)	
(237,734)	Unusable reserves	24	(238,606)	
(340,823)	Total reserves			(335,804)

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

2013/14 £'000		Note	2014/15 £'000
34,087	Net surplus / (deficit) on the Provision of Services	25	17,705
45,306	Adjustments to net surplus / (deficit) on the provision of services for non-cash movements	25	27,542
(64,899)	Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	25	(33,438)
14,494	Net cash inflows from operating activities	25	11,809
(11,162)	Investing activities	26	(38,423)
(7,558)	Financing activities	27	9,329
(4,224)	Net increase / (decrease) in cash and cash equivalents		(17,285)
23,307	Cash and Cash Equivalents at 1 April		19,083
19,083	Cash and Cash Equivalents at 31 March	19	1,799

UNCLASSIFIED

32. Officers' Remuneration

Senior Officers are defined by the Council as any officer at Director level or above, plus the Chief Finance Officer (Section 151) and Monitoring Officer. During 2014/15, this classification included the:

- Chief Executive
- Six Directors
- Chief Finance Officer (Section 151)
- Chief Legal & Democratic Services Officer (Monitoring Officer)

The remuneration paid to the Council's permanent senior employees is as follows:

	Salary, Fees & Allowances	Expenses & Other Payments	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total
Richard Carr (Chief Executive) 2014/15 2013/14	181,300 181,300	801 1,300	182,101 182,600	44,237 43,331	226,338 225,931
Sue Harrison (Director of Children's Services) 2014/15 *	76,125	441	76,566	18,574	95,140
Edwina Grant (Deputy Chief Executive & Director of Children's Services) 2014/15 * 2013/14	50,507 153,988	301 1,241	50,808 155,229	12,091 36,713	62,899 191,942
Julie Ogley (Director of Social Care, Health & Housing) 2014/15 2013/14	142,781 140,562	1,160 827	143,941 141,389	34,838 33,594	178,780 174,983
Charles Warboys (Chief Finance Officer - S151) 2014/15 2013/14	101,655 89,973	572 833	102,227 90,806	24,804 21,503	127,031 112,309
John Atkinson (Monitoring Officer) 2014/15 2013/14	0 83,952	0 544	0 84,496	0 10,596	0 95,092
Alan Fleming (BEAR & Programme Director) 2014/15 2013/14	0 130,744	0 1,450	0 132,194	0 18,279	0 150,473
Marcel Coiffait (Director of Community Services) 2014/15 2013/14	108,839 96,833	569 394	109,408 97,227	26,657 23,143	136,065 120,370
Deb Broadbent-Clarke (Director of Improvement & Corporate Services) 2014/15 2013/14 *	135,000 101,250	488 299	135,488 101,549	0 0	135,488 101,549

Melanie Clay (Chief Legal & Democratic Services Officer) 2014/15 2013/14 *	84,800 39,058	0 0	84,800 39,058	20,605 9,335	105,405 48,393
Jason Longhurst (Director of Regeneration & Business Support) 2014/15 2013/14 *	110,000 9,821	1,807 0	111,807 9,821	26,840 2,348	138,647 12,169
Muriel Scott (Director of Public Health) 2014/15 2013/14	98,214 98,214	2,899 2,673	101,113 100,887	23,964 12,604	125,077 113,491
Totals: 2014/15 2013/14	1,089,221 1,125,695	9,038 9,651	1,098,259 1,135,526	232,611 211,446	1,330,870 1,346,702

* Part-year costs only

John Atkinson - Monitoring Officer – left 1/12/13.

Alan Fleming - BEAR & Programme Director - left 1/1/14.

Edwina Grant left 27/7/14 but was paid as Interim Director of Children's Services by Carlisle Management Services from 11/8/14 - 21/9/14 at a cost of £21,527.

Sue Harrison - Director of Children's Services – joined 22/9/14.

Muriel Scott - Director of Public Health is funded by Central Bedfordshire Council, Bedford Borough Council and Milton Keynes Council. CBC's element is a total remuneration of £46,787.

There were no other payments in either year to Senior Officers in relation to bonuses.

The following table shows the Council's other employees (excluding those individuals listed above within senior employees) receiving more than £50k remuneration for the year (excluding employer's pension contributions). The numbers for temporary employees and interim managers are based on the total cost paid to specialist staffing agencies which will be higher than the remuneration received by the individual staff.

Remuneration band	2013/14	2014/15	2013/14	2014/15
	Number of permanent employees	Number of permanent employees	Number of temporary employees and interim managers	Number of temporary employees and interim managers
£50,000-£54,999	61	56	15	15
£55,000-£59,999	24	47	13	10
£60,000-£64,999	37	37	17	15
£65,000-£69,999	8	15	5	18
£70,000-£74,999	8	6	6	6
£75,000-£79,999	6	2	6	5
£80,000-£84,999	4	4	3	5
£85,000-£89,999	4	8	0	3
£90,000-£94,999	0	3	4	1
£95,000-£99,999	1	1	5	1
£100,000-£104,999	0	1	1	1
£105,000-£109,999	1	1	1	1
£110,000-£114,999	0	0	0	0
£115,000-£119,999	0	0	0	0
£120,000-£124,999	0	0	0	1
£125,000-£129,999	0	0	0	1
£130,000-£134,999	0	0	0	0
£135,000-£139,999	0	0	0	0
£140,000-£144,999	0	0	0	0
£145,000-£149,999	0	0	1	1
£150,000-£154,999	1	0	0	0
£160,000-£164,999	0	0	0	0
£165,000-£169,999	0	0	0	1
Total	155	181	77	85

* The numbers of permanent employees receiving more than £50k remuneration in 2013/14 were understated in the published Statement of Accounts 2013/14. The corrected figures for 2013/14 are shown above.

Exit Packages

The total cost of £779k in the tables below includes all exit packages that have been agreed, accrued for and charged to the Council's Comprehensive Income & Expenditure Statement for the current year. The Council's Comprehensive Income & Expenditure Statement does not include any provision for exit packages, however there is an earmarked reserve established for this purpose.

The table below includes all benefits on termination, e.g., redundancy, pay in lieu of notice, severance and actuarial strain.

Exit package cost bands (including special payments)	Total number of compulsory redundancies by cost band		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14 £'000	2014/15 £'000
£0 - £20K	50	59	294	403
£20 - £40K	6	7	177	184
£40 - £60K	4	4	189	192
£60 - £80K	0	0	0	0
£80 - £100K	0	0	0	0
£100 - £150K	0	0	0	0
£150 - £200k	1	0	156	0
Total	61	70	816	779

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Central Bedfordshire Council

Year ending 31 March 2015

Audit Progress Report

September 2015



Building a better
working world



Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire LU1 3LU

Tel: 01582 643000
Fax: 01582 643001
www.ey.com/uk



INVESTOR IN PEOPLE

Mike Blair
Chairman Audit Committee
Central Bedfordshire Council
Priory House
Monks Walk
Shefford
Bedfordshire SG17 5TQ

9th September 2015

Dear Mike

Audit progress report - 2014-15

We are pleased to attach our audit progress report.

The purpose of this report is to provide the Audit Committee with an overview of the stage we have reached in carrying out your 2014-15 audit. Our report sets out the work we have undertaken since our last progress report to you in March 2015.

This report also includes, at Appendix 2, the most recent sector briefings which cover issues which may have an impact on your Council, the local government sector and the audits that we undertake. These briefings are one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving. Two briefings have been issued since we last reported to the Audit Committee and therefore both have been included in this report.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours sincerely

Mick West
Director
For and behalf of Ernst & Young LLP
Enc

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Work completed

2014-15 Audit Plan

The Audit Results Report included in the agenda for this meeting of the Audit Committee summarises the findings from the 2014/2015 audit, which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Grant claim certification

We have started work on the audit of the 2014-15 housing and benefits subsidy claim. Our work to date has not identified any issues that I need to bring to your attention. The work will be completed in October and November and we will be able to report our findings to the January 2016 Audit Committee.

Audit Committee timeline

The deliverables we have agreed to provide to you through the 2014-15 Audit Committee cycle are set out at Appendix 1.

Appendix 1: Audit Progress on Deliverables

Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Fee letter	June 2014	Completed	June 2014
Audit plan	March - April 2015	Completed	March 2015
Report to those charged with governance	September 2015	Completed	September 2015
Auditor's report (including opinion and value for money conclusion)	September 2015	Completed	September 2015
Audit completion certificate	September 2015		
Auditor's report on WGA return	September 2015		
Annual audit letter	October 2015		
Annual report on certification of claims and returns	January 2016		

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APPENDIX 2 (1)

June 2015

Local government audit committee briefing

Contents at a glance

Government and economic news

**Accounting, auditing and
Governance**

Regulation news

**Key Questions for the Audit
Committee**

Find out more

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving. It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business. This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.



Government and economic news

EY Item Club Spring 2015 Forecast

In its latest quarterly forecast the EY Item Club forecasts strong economic performance with GDP growth of 2.8% this year, rising to 3% in 2016. The Consumer Prices Index (CPI) Inflation is expected to average 0.1% for 2015, but expected to rise above 1% this winter, paving the way for possible base rate rises in spring 2016. Consumption is forecast to grow by 2.8% this year (mainly due to a real income increase of 3.7%) and strong growth over the medium term supported by buoyant incomes rather than borrowing. An additional driver for growth is the fall in the Euro against the pound. Business surveys indicate that the effect of this exchange rate move on export competitiveness has been countered by the strength of the European market.

The report highlights that its forecasts are far more positive than the Office of Budget Responsibility (OBR) which it accepts needs to be cautious, seeing room for expansion in the consumer and housing markets without significant adverse effect on household debt or house prices. Additionally long term output growth prospects are better than indicated by OBR projections. The forecast suggests that the outlook for the government post-election will be more positive than official statistics.

Manchester devolution

On the 27 February 2015, a memorandum of understanding was signed between Greater Manchester's 10 local authorities, 12 NHS clinical commissioning groups and 15 NHS providers, as well as NHS England chief executive Simon Stevens and Chancellor George Osborne. This memorandum builds on the devolution

settlement for Manchester which was signed in November 2014, and proposed the devolution of powers to Greater Manchester in various areas including transport, planning and housing.

NHS England worked with the Manchester bodies to develop a plan for further joined up and integrated health and social care. The next stage will be the development of a roadmap, followed by production of a business plan. Due for publication in October, the outline business plan will outline the scope for possible savings through integration; as well as setting out the capital investment that will be needed to deliver the proposed shift from acute care to the primary and community sectors.

Under the plan, a new joint decision-making process for all £6bn of health and social care spending will be developed. A Greater Manchester Strategic Health and Social Care Partnership Board will be set up, and will oversee the development of the health and care system. A joint commissioning board will be responsible for financial plans and budget proposals for the sizeable budget, which represents approximately a quarter of all public spending in the region.

George Osborne has said that this reform was "exactly what we want to see more of in our health care."

Greater Manchester Combined Authority chair Lord Peter Smith confirmed his commitment to working with NHS colleagues in the city: "By ensuring that decisions about health for Greater Manchester are taken in Greater Manchester, we can ensure we have a system specifically tailored to the needs of people in our area."



Government and economic news

This radical change follows on from the Community Budget programme, of which Manchester was one of the four pilots. This programme was intended to pool funds to improve the effectiveness of public spending across the city's 10 councils. An analysis from EY commissioned by the Local Government Association concluded that more than £4bn could be saved every year if all areas adopted a Community Budget approach and were able to cut the unnecessary waste, duplication and red tape. Of these, it was estimated 80% would come from the budgets of central government departments and agencies.

DWP Welfare Reforms

The NAO has produced a report which considers the changes made by the Department for Work & Pensions (DWP) over the past five years and its mixed record of implementation. The report is intended to provide the DWP and other readers with an opportunity to learn from experience. They have also produced a briefing with more general relevance – *'Lessons for major service transformation'* which draws out broader principles from their DWP review.

Eleven lessons are identified which may be helpful for authorities seeking to transform services and processes in the face of budget constraints:

- ▶ Transformation programmes raise the greatest risks of failure
- ▶ Set realistic goals and be honest about what really matters
- ▶ Policy development must take account of implementation
- ▶ Don't be tempted to score benefits early
- ▶ Do identify tangible short-term gains
- ▶ Recognise the (senior) organisational cost of transformation
- ▶ Don't underestimate what you can learn from engagement
- ▶ Recognise the value of learning and market development
- ▶ Do anticipate the need to make changes in live running
- ▶ Recognise the opportunities and limits of technology
- ▶ Set out clear decision-making and challenge



Accounting, auditing and governance

Transport Infrastructure Assets

What are transport infrastructure assets (TIA) and why are they relevant to highway and non-highway authorities?

The *Code of Practice on Transport Infrastructure Assets (TIA Code)* was first published in 2010 and updated in 2013. The key aim of this document was to improve the asset management of TIA. The TIA Code classified TIA as:

- ▶ Carriageways
- ▶ Footways and Cycleways
- ▶ Structures
- ▶ Street Lighting
- ▶ Traffic Management Systems
- ▶ Street Furniture

The TIA Code also sought to provide the basis for improved financial information by setting out a move to valuation of such assets on a Depreciated Replacement Cost (DRC) basis, which in simple terms is the difference between the current costs of replacing an asset less an allowance (depreciation) for the age of the current asset.

Local Government continued to use depreciated historic cost (DHC) as the valuation approach for infrastructure assets when the *Code of Practice on Local Authority Accounts in the United Kingdom (Accounting Code)* moved to an IFRS basis effective from 1 April 2010. Thus one of the key elements for full implementation of the TIA Code, valuing assets using DRC, was not in place within Local Government.

Following consultations over a number of years, CIPFA initially announced through the 2014/15 Accounting Code, and confirmed in the 2015/16 Accounting Code, that TIA within local government

will be valued at DRC with effect from 1 April 2016. It has been estimated centrally that this will add some £200bn to the net worth of local government balance sheets. Our work to date with clients suggests that this is a significant underestimate. At an individual client level the inclusion of TIA, at this different valuation basis, will transform the balance sheet.

Although the above will apply to all highway authorities there will also be a number of non-highway authorities who hold material TIA under the new valuation basis. In particular, cycleways, structures and roads on industrial estates may lead to material levels of TIA at non-highway authorities. It is important to note that for those non-highway authorities the full requirements of the TIA Code will have to be met.

What are the implications?

This is a fundamental change in approach which will require new accounting and estimation approaches as well as amendments to existing systems, or implementation of new systems design and operation. Early engagement and project planning were highlighted as core requirements in *LAAP BULLETIN 100: Project Plan for Implementation of the Measurement Requirements for Transport Infrastructure Assets by 2016/17*, to the effective delivery of this change within the tight timetable.

The change is to be applied retrospectively and thus will require valuations as at 1 April 2015 and comparative values for 2015/16. CIPFA issued specific Guidance Notes on TIA in May 2015 and have identified a number of proposed changes to the Accounting Code for 2016/17 that will be consulted upon over the summer.

Close working through the implementation period with external auditors is highlighted as being pivotal to successful implementation. We have identified a number of areas that are crucial to the delivery of this project and will be discussing these with officers over the coming months.

Accounting, auditing and governance

The additional audit work involved in this area was recognised by the Audit Commission in their 2015/16 fee consultation. It did not however, identify a fee; leaving that to local negotiation due to the scale of work required. Following local fee discussions we will be looking to have carried out initial detailed work for all audit clients by the end of the calendar year. This work could range from confirming with non-highway authorities that they do not have material TIAs and therefore do not have to implement the changes, to major systems reviews at highway authorities.

At all authorities with material TIA, further work will be required to address the results of the changes proposed in CIPFA's consultation on the 2016/17 Accounting Code. Our intention is to have reviewed the remaining areas of implementation before the end of the 2015/16 financial year at all audit clients.

Working together

In addition to the work undertaken locally, following requests from clients, we will be running specific transport infrastructure assets workshops for officers of highway authorities across the country in July and August at the following venues:

- ▶ 28 July 2015 – London Becket House
- ▶ 29 July 2015 – EY Birmingham Office
- ▶ 5 August 2015 – London Becket House
- ▶ 6 August 2015 – EY Newcastle Office
- ▶ 13 August 2015 – EY Manchester Office
- ▶ 14 August 2015 – London MLP

Formal invitations will be issued in early June. If you have any questions regarding these events please contact Neil Gibson on ngibson@uk.ey.com.

For non-highway authorities with material TIA we will, in addition to our local work, facilitate contact between clients and, if there is demand, arrange similar workshops for them.

As with all major changes, early engagement with your local audit team will assist in a smooth implementation of the changes.

Thought leadership – board effectiveness

EY has worked with The Investment Association to produce a thought leadership report 'Board effectiveness – continuing the journey'. The report is based on debates on board effectiveness held as a series of individual meetings and roundtables with leading chairmen, board directors and senior investors. Whilst the report recognises that all boards are different, it aims to identify leading practice and point to new ideas for boards to improve and demonstrate their effectiveness. It addresses board effectiveness across seven themes:

- ▶ Role of the chairman
- ▶ The role of non-executive directors (NEDs)
- ▶ Progress on diversity
- ▶ Board succession and the work of the nomination committee
- ▶ The purpose and impact of board evaluations
- ▶ Information flows to the board
- ▶ The role of investors

To encourage discussion between management, NEDs and stakeholders, the report includes a checklist of questions under each of the seven themes.

Accounting, auditing and governance

2015-16 work programme and scales of fees

Public Sector Audit Appointments Ltd (PSAA) has now confirmed the work programme and scale fees for the audit of the accounts for 2015-16 for local government, fire, police and health bodies.

For most local government, fire, and police bodies scale fees show a reduction of 25% to the fees applicable for 2014-15. This does not, however, apply to pension fund audits (where fee pressures have been rising due to the increasing complexity of the funds audited) or to local government audited bodies with 2014/15 scale audit fees below £20,000.

The current expectation is that these fee reductions will apply until the end of the audit contracts (subject to annual review).

The current contracts with audit suppliers run until 2017, with a possible extension for up to three years. Under its responsibility to manage the audit contracts, PSAA is required to consult on and set fees for 2016-17.

In addition to the core accounts audit work, auditors have a responsibility to satisfy themselves about an audited body's arrangements to secure economy, efficiency and effectiveness in its use of resources, and in some cases certification of claims. Fees to cover the costs of any special investigations, (e.g., arising from disclosures under the Public Interest Disclosure Act 1998) are charged as a variation to the scale fee.

The scale audit fees for individual bodies and the work programme are published on the PSAA website, with the aim of supporting transparency and helping audited bodies compare their fees with those of similar bodies. They are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes.

It is a matter for the auditor to decide the work necessary to complete the audit. Where an auditor considers more or less work

is required than is represented in the scale fee, they are required under the audit contracts to seek approval from PSAA for a variation to the scale fee, and to agree the amount of this variation with the audited body. PSAA also consider the reasonableness of the explanations provided before agreeing to any variation to the scale fee.

Whole of Government Accounts: 2013-2014

The Comptroller and Auditor General, Amyas Morse, released his audit report on the 2013/14 Whole of Government Accounts at the end of March. This is the fifth year that the Treasury has produced the Whole of Government Accounts, which is intended to show in a single document the overall financial position of the UK public sector by consolidating the financial activities of more than 5,400 organisations across the public sector into a single set of audited accounts. The bodies that are consolidated include central and local government bodies, as well as other public corporations including the Bank of England.

The audit opinion has again been qualified this year on six counts:

- ▶ The application of the WGA accounting boundary
- ▶ Inconsistencies in the underlying accounting treatments within the WGA
- ▶ Disagreement on the accounting treatment of 3G/4G mobile licences
- ▶ Lack of evidence in support of the completeness and valuation of school assets
- ▶ Underlying material qualifications of the Department for Education and Ministry of Defence accounts
- ▶ Inaccuracies in the elimination of intragroup transactions and balances



Accounting, auditing and governance

Overall, Amyas Morse has commended the progress made by HM Treasury, whilst noting areas for improvement:

“We are strongly supportive of the way HM Treasury is moving forward with the Whole of Government Accounts project. The Department is improving the content of the WGA and the document has been produced faster than ever. This is welcome and represents a significant step forward for the WGA. The Department is also taking steps to make sure that more information is being given to taxpayers on how government spends their money and longer terms risks on the balance sheet are being highlighted. However, there are opportunities to exploit the WGA’s potential more fully and to improve the WGA to enable me to remove my qualifications. The Treasury also needs to work with the bodies that provide data to improve the timeliness and accuracy of the information that it receives. Furthermore, better analysis by the Department of trends in government’s assets and liabilities will help to demonstrate the full financial impact of changes in the delivery of public service in the next Parliament.”

Financial reporting simplification agenda

The need to simplify and streamline local government financial statements has been a topic of discussion since the introduction of International Financial Reporting Standards (IFRS) in 2010/11. In December 2013 CIPFA issued *Financial Statements: A Good Practice Guide for Local Authorities* which includes a chapter around materiality and clutter. The report highlighted the negative impact of two types of clutter identified by the Financial Reporting Council in their report *Cutting Clutter*, namely:

- ▶ Immaterial disclosures that inhibit the reader’s ability to identify and interpret relevant information
- ▶ Explanatory information that remains unchanged from year to year

Since the publication of the good practice guide, CIPFA carried out a specific consultation on the potential for simplifying and streamlining local authority accounts during the summer of 2014. As a result greater emphasis was placed in the *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and 2015/16* on removing immaterial disclosures. CIPFA also issued a second edition of its report *How to Tell the Story: Local Authority Financial Statements, including this within the Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners 2014/15*.

CIPFA/LASAAC and CIPFA remain committed to enable the financial reporting of local government bodies to relate a more streamlined story that is understandable to the varied users of their financial statements. It has been stated that the consultations on the *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17* will include more fundamental changes.

Key proposals are expected to include a:

- ▶ New funding statement that more clearly reconciles the accounting and funding regimes
- ▶ Refocussing of the Comprehensive Income and Expenditure Statement
- ▶ Revision of the existing Movement in Reserves Statement

The progress on these changes will impact on the detailed approach that local government bodies make to achieve the earlier closedown requirements from 2018. Thus that work should be fully integrated with the streamlining agenda.

EY has also produced a think piece on earlier closedown; if you have not already received a copy, please contact your audit team for more information.



Regulation news

The Transparency Code

The Local Government Transparency Code 2014, intended to increase democratic accountability by giving people the tools and information they need to enable them to contribute to the local decision making process, was published by DCLG on 3 October 2014.

It is governed by three main principles:

- ▶ Demand led – new technology should support transparency and accountability. Public bodies should release data in a way that allows the public and other interested parties to use it
- ▶ Open – availability of public data should be promoted and publicised. Presentation should be helpful and accessible
- ▶ Timely – data should be made public as soon as possible following production

The Code is a statutory requirement for local government bodies; however, it does not apply to Police and Crime Commissioners. It sets out the minimum data and information that all local authorities must publish; the frequency at which it should be published and how it should be published.

One of the mandatory disclosures contained in the Code is the requirement to publish information on senior managers' salaries. The Accounts and Audit (England) Regulations (2011) and section 3.4 of the Accounting Code set out the disclosure requirements in relation to senior management remuneration required for the financial statements.



Key questions for the audit committee

What questions should the Audit Committee be asking itself?

- ▶ Have we fully considered opportunities for integration with other local services and whether this could offer improvements to service delivery as well as cost savings?
 - ▶ Have we reviewed the NAO briefing 'Lessons for major service transformation' and is there anything that could be taken from it to increase the likelihood of successful implementation of projects?
 - ▶ Are we as an organisation fully aware of the implication of future accounting requirements for TIA and do we have a plan in place to meet these?
 - ▶ Have we considered the EY report 'Board effectiveness – continuing the journey' and whether it can support the improvement and effectiveness of our Committee?
 - ▶ Are we aware of the 2015-16 scale fee/work programme and confident that arrangements ensure that accounts provided for audit are materially correct and fully supported, and that it has sufficient resources to support the audit process?
- ▶ What steps are we taking to plan for the earlier financial statement closedown arrangements for 2017/18?
 - ▶ Have we critically reviewed the accounts and identified areas where they can be streamlined?
 - ▶ Have we identified any disclosures or other areas which could be prepared early?
 - ▶ Is resourcing within finance areas sufficient? Are there any areas which will need additional support?
 - ▶ Do we have plans in place to start producing interim financial statements at month nine if this is something that we do not already do?
 - ▶ Do we engage in early discussions with our auditors over working paper requirements and any proposed amendments to the accounts compared to the prior year?
 - ▶ Do we engage in early discussions with our auditors over key areas of judgement and technical accounting areas well before closedown?
 - ▶ Are we aware of the disclosure requirements contained in the transparency code and are we actively monitoring compliance?
 - ▶ Have we engaged with our local communities to identify the areas where there is an appetite for more data to be shared?
 - ▶ Do we publicise the access that is available to public data?
 - ▶ Is the data that we make publicly available easily accessible both in terms of its location and its format?



Find out more

EY Item Club spring 2015 forecast

For details of the EY Item Club's latest forecast, see <http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy/ITEM---Forecast-headlines-and-projections>

Manchester devolution

For a copy of the Memorandum of Understanding for Greater Manchester Health and Social Care devolution, see http://www.agma.gov.uk/cms_media/files/mou.pdf

DWP Welfare Reforms

For copies of the NAO's reports, see <http://www.nao.org.uk/wp-content/uploads/2015/05/Welfare-reform-executive-summary.pdf> and http://www.nao.org.uk/wp-content/uploads/2015/05/Briefing_Lessons_for_major_service_transformation.pdf

Transport Infrastructure Assets

For more information about Transport Infrastructure Assets, please contact Neil Gibson for details of how to attend one of the EY courses.

Thought leadership – board effectiveness

The report can be found at [http://www.ey.com/Publication/vwLUAssets/EY-UK-board-effectiveness-report/\\$FILE/EY-UK-board-effectiveness-report.pdf](http://www.ey.com/Publication/vwLUAssets/EY-UK-board-effectiveness-report/$FILE/EY-UK-board-effectiveness-report.pdf)

2015-16 work programme and scales of fees

Details of the 2015-16 work programme and scales of fees are at <http://www.psaa.co.uk/wp-content/uploads/2015/03/Work-programme-and-scales-of-fees-2015-16-Local-Gov-FINAL-250215.pdf>

Whole of Government Accounts: 2013-14

For the Certificate and Report of the Comptroller and Auditor General on the 2013-14 Whole of Government Accounts, see <http://www.nao.org.uk/wp-content/uploads/2015/03/Whole-government-account-2013-14.pdf>

Financial reporting simplification

For more information about the Financial reporting simplification agenda, please contact your local audit team.

The Transparency Code

For a copy of the new transparency code, see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/360711/Local_Government_Transparency_Code_2014.pdf

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APPENDIX 2 (2)

September 2015

Local government audit committee briefing

Contents at a glance

Government and economic news

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Regulation news

**Key questions for the audit
committee**

Find out more

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It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business.

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Government and economic news

EY item club summer 2015 forecast

In its latest forecast, the EY Item Club highlights the continuing impact on the UK economy of world events, with those in Greece and China being of particular concern. Despite this, domestic demand remains buoyant and activity has increased since winter. They forecast GDP growth of 2.7% for this year and next, and inflation, as measured by CPI, well below target.

The latest data shows consumer expenditure remaining strong, and set to continue into next year, with the strong pound and weak commodity prices keeping inflation low. With manufacturing 'stuck in the slow lane', the economy is seen to be becoming increasingly unbalanced. The forecast goes on to predict that interest rates are unlikely to move above 3% until 2019.

Commenting on the Summer Budget, the Club sees the new surplus target as very challenging, meaning a significant increase in household taxes and a massive squeeze on welfare payments. It comments that, if the public sector is to move from heavy deficit into surplus, the private and overseas sectors must move in the opposite direction. As it sees households as being reluctant to move further into deficit, it will be up to companies to increase investment and exports to make the Budget strategy work. Alternatively, to swing the balance of payments and government accounts back into surplus, growth and imports will have to slow down.

National living wage

In the recent Budget the Chancellor announced that, from April 2016 workers aged over 25 will be entitled to a National Living Wage significantly higher than the current minimum wage of £6.50 which applies to those aged over 21. Those entitled to the 'living wage', will get £7.20 and that will rise to at least £9 an hour by 2020. This is expected to boost the income of approximately six million workers, covering all full and part-time workers, and those in public and private sectors. Whilst the government announced changes in corporation and employment taxes which it said would offset the additional costs to employers, the former will not apply in the public sector, and many comments have been made about the significant impact on employers from bodies such as the Local Government Association and the UK Homecare Association. The EY Item Club (in its Summer Forecast) commented that **"The Chancellor has effectively passed the prime responsibility for supporting low income working people over to employers and this poses a clear risk to hours and employment"**.

Government and economic news

All bodies will need to carefully consider the impact of the changes on their finances in the short and medium term. The impact is not liable to be limited to the additional employment costs of those employees currently on the minimum wage, but include:

- ▶ Employment costs relating to employees currently earning above minimum wage but below the National Living Wage
- ▶ Pressure on supplier contract prices arising from their increased costs (particularly in relatively low paid sectors such as care)

Whilst the increase is to be phased over a number of years, there will be a potential impact from 2015/16.

Creating a better care system

A new report by EY, commissioned by the Local Government Association, suggests the development of a new sustainable health and social care system, backed by establishment of a £1.3 billion a year transformation fund until 2019/20. It states that the fund should focus on keeping people independent and preventing complex and long-term conditions, and should be supported by:

- ▶ A pooled health and social care budget
- ▶ Devolved powers for health
- ▶ Reformed incentives

It outlines four key areas of focus as follows:

- ▶ **Put people in control** – including expanding integrated personal commissioning across health and care, increasing the number of personal health and care budgets by 250,000 in the next five years
- ▶ **Integrate and devolve commissioning powers** – including greater local control and freedom over pooled budgets to better respond to local needs and outcomes and allow local innovation
- ▶ **Fund services adequately and in an aligned way** – including aligning social care and health funding settlements over a five year period
- ▶ **Free the system from national constraints** – including replacing the tariff in the NHS with capitated accounting and payment mechanisms



Accounting, auditing and governance

The 2016/17 code of practice on local authority accounting in the United Kingdom: Invitation to Comment (ITC)

Each year CIPFA issue various Invitations to Comment (ITCs), setting out the proposed changes to the Code of Practice (the Code) for the following financial year and requests responses to the specific proposals. This year the ITC also requests comments on standards that are not expected to lead to changes within the Code until later years. The ITC this year has a closing date for responses of 9 October 2015.

The main changes proposed in the ITC are set out below:

Highways network asset

This proposal introduces the requirements for the measurement of this asset at Depreciated Replacement Cost (DRC) from 2016/17 onwards. In the ITC, CIPFA/LASAAC proposes, for the first time, that the separately identified items in the Transport Infrastructure Assets Code are classed as one asset for financial reporting purposes. It is proposed that Highways Network Asset is a separate class of asset and will be shown separately in the balance sheet.

This change is fully retrospective and will require:

- ▶ A third balance sheet as at 1 April 2014
- ▶ Fully restated comparatives for 2015/16

The ITC also confirms that an annual condition survey will be required.

As outlined in the June 2015 Audit Committee Briefing, this change will have major implications for highway authorities and non-highway authorities who have material transport infrastructure assets. We have already run a number of successful workshops for accountants and engineers at highway authorities during the summer to discuss how this fundamental change will impact on the accounts closedown and audit. As a result we will be running additional separate events for highway and non-highway authorities going forward.

Review of accounting and reporting by pension funds

This review coincides with the publication of Financial Reports of Pension Schemes: A Statement of Recommended Practice (2015). The ITC:

- ▶ Proposes minor changes to the Fund Account and to the Net Assets Statement to improve presentation and mirror the updated SORP
- ▶ Adapts the reporting requirements of IFRS 13 to include fair value disclosure requirements for pension fund investments in the 2016/17 Code
- ▶ Recognises that under IAS 26, three options as to how to disclose the actuarial present value of promised retirement benefits are allowed and seeks views on the option to use
- ▶ Sets out a new recommended disclosure for transaction costs

Narrow scope amendments

These are amendments to International Financial Reporting Standards (IFRS), largely around clarification of individual standards.

Accounting, auditing and governance

The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 (English Authorities)

The ITC updates the specific references within the Code to reflect these legislative changes. In addition it:

- ▶ Considers that a full interpretation of section 3.1 of the Code will fully meet the requirements to produce a Narrative Report
- ▶ Highlights the additional guidance provided to enable the requirement that the Narrative Report **“must include comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year”**

Telling the story: consultation on improving the presentation of local authority financial statements

The financial statements are a vital part of the accountability framework of local authorities. CIPFA/LASAAC considers it vital that the user can relate the information contained within the financial statements to the funding the local authority receives and the promises made about how money will be spent.

Over the past couple of years CIPFA/LASAAC has been developing an approach to both streamline the financial statements and improve accessibility to users. The two publications *Financial Statements; A Good Practice Guide for Local Authorities* and the updated *How to Tell the Story*, have both sought to remove clutter from the financial statements and focus on material items.

The next stage was seen to be how to adapt the IFRS based accounts to improve the accessibility of information for the lay user with the benefits and improvements in reporting that IFRS has brought being retained.

The Invitation to Comment (ITC) sets out the recommended proposals for change, seeking views on whether they are considered to be the preferable option. The key strands of the proposal are that:

- ▶ To allow local authorities to report on the same basis they are organised by rather than in an analysis set out by Service Reporting Code of Practice (SeRCOP)
- ▶ To introduce a new Funding Analysis as part of the narrative report which provides a direct reconciliation between the way local authorities are funded and budget and the CIES in a way that is accessible to the lay-reader

It is important to note that the Service Reporting Code of Practice (SeRCOP) analysis used for Government returns will continue. Thus the revised approach will not, at this stage, lead to a single financial reporting regime.

The ITC also seeks views on the timing of the proposed changes and the practical effect of introducing this change in financial reporting on authorities. The closing date for responses is 9 October 2015.



Accounting, auditing and governance

EY digital innovation programme

In the digital age organisations are expected to be innovative and tech savvy to support the way they deliver services. As well as making services more accessible, embracing digital offers cost saving potential, and enables organisations to be forward thinking, faster and fitter.

EY has launched a Digital Innovation Programme, a new awards initiative designed to recognise and celebrate digital innovation in health and social care. Its aim is to help share best practice, and recognise and celebrate the patients, carers and citizens who, through their innovative use of digital platforms, have made a positive difference to society.

It is linked to the EY Startup Challenge which is an intensive six-week innovation programme focused on accelerating technological solutions for tomorrow's business problems. Participants will receive:

- ▶ Mentoring and coaching
- ▶ Access to the EY firm and client network
- ▶ Training and support workshops
- ▶ An understanding of how to access funding

Nominations close in November 2015 and the programme culminates in a national recognition ceremony in June 2016. More details can be found at <http://www.ey.com/UK/en/Industries/Government---Public-Sector/EY-Digital-Innovation-Programme>.

Cap on public sector exit payments: consultation

The government announced in May that it intended to end six figure exit payments for public sector workers.

Exit payments help to unlock substantial reductions in staff costs in the medium to longer term and help authorities to meet the challenge of reduced funding available. However, given the scale of the costs associated with exit payments it is vital that they offer value for money to the taxpayer.

The government already has in place, for 2016, legislation to prevent highly paid individuals who return to the public sector within 12 months of exit from retaining their full exit payment.

Following on from this the government believes that it is right to ensure that public sector workers do not receive disproportionately large exit payments in the first instance. In particular the government is concerned about the number of public sector workers who are receiving exit payments of six figures. In 2013-14 alone, nearly 2,000 public sector employees received exit payments costing more than £100,000.

The government has proposed to introduce a cap of £95,000 on the total value of exit payments and HM Treasury launched a consultation on the proposed cap which ended in August 2015.

The current proposal has indicated that compensation payments in respect of death or injury attributable to the employment, serious ill health and ill health retirement will not be in the scope of the cap.



Regulation news

PSAA annual regulatory compliance and quality report

Public Sector Audit Appointments (PSAA) have released their Quality Review Programme annual reports for the 2014/15 audit season. There are individual reports on the seven principal audit firms and an overall summary report that compares all firms. The two main categories auditors are monitored for are audit quality and regulatory compliance.

PSAA have used a Red, Amber, Green (RAG) system throughout their reports. EY were one of two firms that received Green for the combined regulatory compliance and audit quality performance rating with the remaining five audit firms receiving an Amber rating.

For the second year in a row EY have received the highest Audit Quality score improving from 2.49 in 2014 to 2.55 in 2015 compared to a 2015 average of 2.19. Similarly for the financial statement audit work EY topped the table with a score of 2.36 compared to an average of 2.07.

As well as obtaining Green ratings for the two above categories, EY received a Green rating for Whole of Government Accounts work, VFM Conclusion work, Housing Benefit work, Regulatory Compliance, and Client Satisfaction.

The PSAA report on EY states:

“The firm is meeting our standards for overall audit quality and our regulatory compliance requirements. The firm has maintained its performance against the regulatory compliance indicators since last year, with all but one of the 2014-15 regulatory compliance indicators scored as green. The firm’s overall weighted audit quality score has increased from last year and the satisfaction survey results show that audited bodies are satisfied with the performance of EY as their auditor.”

Based on this review, PSAA state:

“We are satisfied that the risks of audit failure remain low; that all firms are meeting PSAA’s regulatory requirements; and that all firms are continuing to produce work to an acceptable standard.”

Auditors’ work on value for money arrangements

The Local Audit and Accountability Act 2014 provided the Comptroller and Auditor General with the power to issue guidance to auditors which may explain or supplement the provisions of the Code of Audit Practice. This was a role previously undertaken by the Audit Commission.



Regulation news

This guidance is issued in the form of Auditor Guidance Notes (AGNs) and the 2014 Act requires auditors to comply with this guidance.

The NAO is currently consulting on a draft AGN regarding auditors' work on value for money arrangements. The consultation closes 30 September 2015 in advance of the guidance being issued in November 2015. EY and other audit suppliers are currently coordinating their responses to the draft guidance which would apply to audits from 2015/16 onwards.

A short guide to the NAO's work on local authorities

The NAO is publishing a suite of short guides relating to each government department and some cross-government issues. Although the main purpose of these guides is to assist House of Commons Select Committees, the guide on local authorities provides a useful overview for elected members. It includes arrangements for funding, major recent developments, the pressures faced by local authorities, and developments that are on the horizon.

Care Act first-phase reforms: local experience of implementation

Under its powers in the Local Audit and Accountability Act 2014, the Comptroller and Auditor General has published a report concerning the Care Act.

The Care Act 2014 puts new legal responsibilities on local authorities in England and requires them to cooperate with local partners to meet them. The NAO have previously reported that only a fraction of care is publicly funded, with the majority of support and care being provided by unpaid family, friends and neighbours. Many adults pay for all or a proportion of their care. Despite this, adult social care continues to be one of the biggest areas of spending for many local authorities. For 2014/15, the NAO estimates that net spend on adult social care in 2014-15 for local authorities is £14.4 billion.

This further report follows the NAO's report on central government's approach to the Care Act First-phase reforms, and provides examples from local case study areas which show how different authorities are addressing risks arising from uncertainty in demand from carers and self-funders.



Key questions for the audit committee

What questions should the Audit Committee ask itself?

Has the authority considered the impact (both direct and indirect) on its finances of the National Living Wage?

Are there any patients, carers or citizens that we wish to nominate for the EY Digital Innovation Programme?

Are we aware of our responsibilities under the Care Act 2014, and have we considered what changes we may need to make in order to fulfil our responsibilities whilst maintaining affordability?



Find out more

EY item club summer 2015 forecast

For details of the EY Item Club's latest forecast, see <http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy/ITEM---Forecast-headlines-and-projections>

National living wage

Sources include:

BBC – <http://www.bbc.co.uk/news/uk-politics-33437115>

Local Government Association – http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/7386419/NEWS

UK Homecare Association – <http://www.ukhca.co.uk/downloads.aspx?ID=473>

Creating a better care system

Find out more details and a copy of the report at http://www.local.gov.uk/web/guest/publications-list/-/journal_content/56/10180/7350693/PUBLICATION

2016/17 code of practice ITC

For details about the CIPFA Invitation to Comment on the 2016/17 Code of Practice, see <http://www.cipfa.org/policy-and-guidance/consultations/201617-code-of-practice-on-local-authority-accounting-in-the-united-kingdom-invitation-to-comment>

'Telling the Story' ITC

More information about CIPFA's consultation on 'Telling the Story' can be found at <http://www.cipfa.org/policy-and-guidance/consultations/telling-the-story-improving-the-presentation-of-local-authority-financial-statements>

EY digital innovation programme

Details of the programme and how to nominate can be found at <http://www.ey.com/UK/en/Industries/Government---Public-Sector/EY-Digital-Innovation-Programme>

Cap on public sector exit payments: consultation

The details of the Government's consultation on capping public sector exit payments can be found at <https://www.gov.uk/government/consultations/consultation-on-a-public-sector-exit-payment-cap/consultation-on-a-public-sector-exit-payment-cap>

PSAA annual regulatory compliance and quality report

The PSAA's Audit Quality webpage can be found at <http://www.psa.co.uk/audit-quality/>, the annual Regulatory Compliance and Quality Review Programme report is at <http://www.psa.co.uk/wp-content/uploads/2015/07/Annual-Regulatory-Compliance-and-Quality-Review-Programme-2015-Final.pdf>, and the report specific to EY is at <http://www.psa.co.uk/wp-content/uploads/2015/07/EY-2014-15-Annual-Regulatory-Compliance-and-Quality-Report-Final.pdf>

Auditors' work on VfM arrangements

The consultation document is available at <http://www.nao.org.uk/keep-in-touch/wp-content/uploads/sites/11/2015/08/Vfm-arrangements-auditor-guidance-consultation-document.pdf>

A short guide to the NAO's work on local authorities

To access the interactive guide see <http://www.nao.org.uk/wp-content/uploads/2015/08/A-Short-Guide-to-the-NAOs-work-on-local-authorities2.pdf>

Care Act first-phase reform

The full report is available at <http://www.nao.org.uk/report/care-act-first-phase-reforms-local-experience-of-implementation/>

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Central Bedfordshire Council

AUDIT COMMITTEE

28 September 2015

INTERNAL AUDIT PROGRESS REPORT

Report of Charles Warboys, Chief Finance Officer
(charles.warboys@centralbedfordshire.gov.uk)

Advising Officer: Kathy Riches, Head of Internal Audit and Risk
(kathy.riches@centralbedfordshire.gov.uk)

Purpose of this report:

This report provides a progress update on the status of Internal Audit work for 2015/16.

RECOMMENDATIONS

The Committee is asked to:

1. Consider and comment on the contents of the report.

Overview and Scrutiny Comments/Recommendations

1. This report is not scheduled to be considered by Overview and Scrutiny, as it is the responsibility of the Audit Committee.

Background

2. Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal audit reviews, appraises and reports on the efficiency, effectiveness and economy of financial and other management controls.
3. The Audit Committee is the governing body charged with monitoring progress on the work of Internal Audit.
4. The Audit Committee approved the 2015/16 Audit Plan in March 2015. This report provides an update on progress made against the plan up to the end of August 2015.

Progress on the 2015/16 Audit Plan

Fundamental System Audits

5. All the 2014/15 fundamental system Phase 2 reviews have now been finalised, with the exception of Asset Management. No revisions have been required to the Phase 1 opinions as a result of the work undertaken. The audit opinions for the Phase 2 work are set out in Appendix A. The final reports for Asset Management 2014/15 Phase 1 and SWIFT Financials have also been issued, and both were given an opinion of adequate.
6. The majority of the 2015/16 fundamental system audit reviews have now been scoped and agreed and work has commenced on updating the systems documentation.
7. Discussions have been held with the external auditors to agree the approach to be adopted for the 2015/16 fundamental system reviews. If there has not been any significant change in the system over the previous year, a light touch approach will be adopted. This will include comprehensive walkthrough testing of all key controls, documented evaluation of whether the walkthrough has confirmed the system and whether the control environment has materially altered. Substantive testing will also be undertaken on the key controls relied upon by the external auditors. A follow up of previous recommendations made will also be carried out. Where significant changes in the system have occurred a full audit will be undertaken. This will also include substantive testing of all key controls within the system.
8. Consideration has been given to internal system changes when scoping these reviews to provide assurance that the controls surrounding the implementation of revised processes are robust. Consideration has also been given to whether there have been any Government initiatives that would impact on controls and processes. No significant issues have been identified, to date.
9. The findings of completed Phase 1 reviews will be reported to the January Audit Committee.

Other Audit Work

10. Internal Audit has continued to be engaged in several projects, in order to provide advice and guidance on the control environment during project implementation.
11. In addition to the fundamental audit reviews the following audits have been finalised since the last Committee:
 - Integrated Asset Management System – Adequate opinion
 - Public Health Compliance with Best Practice – Obesity Management – Adequate opinion

- Housing Tenancy Management – Adequate opinion
12. A number of other reviews are currently progressing, and these are also shown within Appendix A. The outcomes will be reported to a future committee meeting.

National Fraud Initiative (NFI)

13. We continue to complete work around the National Fraud Initiative (NFI). The overall responsibility for this exercise has now passed from the Audit Commission to the Cabinet Office. Data sets are supplied when requested and matches investigated as required.
14. One of the data matches considers the entitlement to Single Person's Council Tax Discount. This has been the subject of a detailed review outside the scope of the NFI data matching. As a result of the review, over 1,000 Single Person's Discounts have been removed and it is estimated that this will result in an extra £270k in Council tax receipts.

Fraud and Special Investigations

15. One investigation undertaken by Internal Audit has been finalised since the last Committee. This is summarised at Appendix B. A further investigation is in progress.

Schools

16. The rolling programme of school audit visits has continued. To date this year 9 school reports have been finalised. This includes 4 site visits undertaken at the end of 2014/15 and 5 visits undertaken to date during 2015/16.

Public Sector Internal Audit Standards Update

17. As has been previously reported to the Committee, the Public Sector Internal Audit Standards (PSIAS) require an external assessment of the internal audit service to be undertaken at least once every 5 years. Arrangements are currently being made for this. It is anticipated that the review will be undertaken in January 2016 and the outcome will be reported to a future Committee meeting.

Performance Management

18. The Internal Audit Charter requires Internal Audit to report its progress on some key performance indicators. The indicators include both CBC audit activities and school audit activity.

Activities for 1 April 2015 – 31st August 2015

KPI	Definition	Current Year		Previous Year	Annual target
		Actual	Target	Actual	
KPI01	Percentage of total audit days completed.	33%	35%	35%	80%
KPI02	Percentage of the number of planned reviews completed.	25%	27%	23%	80%
KPI03	Percentage of audit reviews completed within the planned time budget, or within a 1 day tolerance.	69%	75%	80%	75%
KPI04	Time taken to respond to draft reports: Percentage of reviews where the first final draft report was returned within 10 available working days of receipt of the report from the Auditor.	69%	80%	58%	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%	100%	80%
KPI06	Overall customer satisfaction.	n/a	80%	80%	80%

19. Analysis of indicators:

- KPI01 - As at the end of August, Internal Audit has delivered a total of 416 productive audit days against a total of 1260 planned days for the year. This is slightly below target for the period. This reflects that there is currently a vacancy within Internal Audit.
- KPI02 - This KPI measures final reports issued to date. 25% of the planned reviews have been completed to final report stage along with milestones reached for fundamental systems audit work. This is consistent with the previous year. In addition, a number of reviews have been completed to draft report stage.
- KPI03 - 69% of planned reviews have been completed either within the planned time budgets, or within a 1 day tolerance. This is below the target agreed for the year and is partly as a result of a conscious effort to expand the experience of auditors and allocate to them audits they have not undertaken before. The time taken has in some cases gone over budget as an element of training has also been included.
- KPI04 - This indicator measures the time taken for Internal Audit to receive a response from the auditee to the draft report. During the period up to the end of August 69 % of draft reports were responded to within the target set. Although this is below target, it does represent an improvement on the position reported as at the end of March 2015, which was 64%.
- KPI05 - This indicator measures the time taken by Internal Audit to issue the final report upon receipt of an agreed response from the auditee, and continues to be positive.
- KPI06 – Due to staff vacancies no staff satisfaction surveys have been sent out to date this year. This exercise will commence shortly and the feedback will be presented to the next Committee.

Council Priorities

20. 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.

Corporate Implications

Legal Implications

21. None directly from this report.

Financial Implications

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

Equalities Implications

23. None directly from this report.

Conclusion and next Steps

24. Internal Audit has continued to support the drive to strengthen internal control within Central Bedfordshire Council. Work is progressing to deliver the agreed plan by the year end.

25. A further update on audit progress will be presented to the next Audit Committee.

Appendices

Appendix A – Progress on Audit Activity

Appendix B – Special Investigations Completed

Background Papers

None

Priority	Audit Title	2015/16 Days	Position as at end August	Opinion
	Carry Over Work			
	Completion of Reviews in Progress as at 31 March 2015	120		
	Accounts Payable 2014-15 Phase 2		Final report issued	Adequate (as Phase 1)
	Asset Management 2014-15		Final report issued	Adequate
	Council Tax 2014-15 Phase 2		Final report issued	Adequate (as Phase 1)
	NDR 2014-15 Phase 2		Final report issued	Adequate (as Phase 1)
	Payroll Phase 2		Final report issued	Adequate (as Phase 1)
	Housing Rents Phase 2		Final report issued	Adequate (as Phase 1)
	Housing Benefits 14-15 Phase 2		Final report issued	Adequate (as Phase 1)
	ICT Contract Management		Fieldwork completed	
	Domiciliary Care Framework Agreement		Fieldwork completed	
	SWIFT Financials		Final report issued	Adequate
	Information Governance - Transparency Code		Report currently being drafted	
	Corporate Governance Review - Broadband		Scoping in progress	
	Application Reviews (framework i)		Fieldwork in progress	
	Customer First Information Security		Scoping agreed	
	Compliance- Assets		Deferred at request of service area	
	Integrated Asset Management System (IAMS)		Final report issued	Adequate
	School Transport		Scoping in progress	
	Direct Payments		Fieldwork in progress	
	Housing Tenancy Management		Final report issued	Adequate
	Residential Care Homes - Review opening balances on clients' funds		Fieldwork completed	
	Residential Care Homes - Payroll Due Diligence		Work finalised	n/a
	Care Homes - Accreditation Scheme for Dementia		Fieldwork in progress	
	Public Health compliance with best practice: Obesity Management		Final report issued	Adequate
	Proactive Anti- Fraud Care Homes Amenity Funds		Fieldwork completed	
	Proactive Anti- Fraud Review 14-15: Timesheets		Fieldwork in progress	
	Proactive Anti- Fraud Review 14-15: Expense Claims		Postponed to Q4 2015/16	
	Maple Tree Lower		Final report issued	Adequate
	Robert Peel Lower Follow up		Final report issued	Satisfactory progress

Priority	Audit Title	2015/16 Days	Position as at end August	Opinion
	Manshead Upper		Final report issued	Adequate
	Russell Lower Follow up		Final report issued	Satisfactory progress
Total - Carry Over Work		120		
Fundamental Systems				
H	Accounts Payable/Purchase Ledger (including feeder systems)	35	Fieldwork in progress	
H	Accounts Receivable/Sales Ledger	30	Fieldwork in progress	
H	Asset Management (incl. Asset Register)/Capital Accounting	30	Not yet started	
H	Council Tax (including Council Tax Support Scheme)	35	Fieldwork in progress	
H	Housing Benefits	40	Fieldwork in progress	
H	Main Accounting Systems (MAS)	30	Fieldwork in progress	
H	National Non Domestic Rates NNDR	35	Fieldwork in progress	
H	Payroll	35	Scoping in progress	
H	SWIFT Financials	15	Not yet started	
H	Treasury Management	25	Fieldwork in progress	
H	Housing Rents including tenant arrears	25	Fieldwork in progress	
H	Cash And Banking (Non Invoiced Income)	20	Fieldwork in progress	
Total - Fundamental Systems		355		
Assurance Audits - Improvement and Corporate Services				
M	Data Quality	15	Scoping in progress	
H	Information Governance - application of framework	15	Scoping in progress	
M	Corporate Governance Reviews	15	Not yet started	
H	IT Disaster Recovery	10	Fieldwork completed	
H	SAP Access and Security	10	Not yet started	
M	Third Party Hosting	15	Not yet started	
M	IT Network Management and Security	15	Not yet started	
M	IT Governance Follow Up Audit	15	Not yet started	
Total- Improvement and Corporate Services		110		

Priority	Audit Title	2015/16 Days	Position as at end August	Opinion
Assurance Audits - Finance				
M	Adherence to Procurement Procedures	15	Scoping in progress	
L	NNDR1 and 3 return - processes for assurance on compilation	5	Fieldwork in progress	
M	VAT audit	10	Scoping in progress	
M	Grants audit	10	Not yet started	
Total - Finance		40		
Assurance Audits - Children's Services				
M	Schools General - School Improvement	80	Rolling programme. 5 reports finalised to date. See below	all adequate
	Tithe Farm lower		Final report issued	Adequate
	Church End lower		Final report issued	Adequate
	Shelton Lower		Final report issued	Adequate
	Brewers Hill Middle		Final report issued	Adequate
	Thornhill Lower		Final report issued	Adequate
M	Children's Centres	10	Scoping in progress	
H	Troubled Families Grant	10	Fieldwork in progress	
H	Frameworkki	10	Not yet started	
Total - Children's Services		110		
Assurance Audits - Social Care, Health and Housing				
M	Housing Repairs	20	Will be undertaken in Quarter 4	
M	Residential care homes	20	Scoping in progress	
M	Supporting delivery of new housing	15	Not yet started	
M	Care Act/Better Care Fund intergration	15	Not yet started	
Total - Social Care, Health and Housing		70		
Assurance Audits - Community Services				
M	Car Parks	15	Fieldwork in progress	
M	Review of Leisure Centres outcomes	15	Scoping in progress	
Total - Community Services		30		
Assurance Audits - Regeneration and Business Support				
M	European Social fund	15	Fieldwork in progress	
M	CIL/S106 - review of mechanisms for alignment	15	Not yet started	
Total - Regeneration and Business Support		30		
Assurance Audits - Contracts and Partnerships				
M	Contract Management	20	Not yet started	
Total - Contracts and Partnerships		20		

Priority	Audit Title	2015/16 Days	Position as at end August	Opinion
Assurance Audits - Public Health				
M	Public Health compliance with best practice	15	Not yet started	
Total - Public Health		15		
Special Investigations				
M	National Fraud Initiative (NFI)	20	Ongoing throughout year	n/a
M	Special Investigations and supporting the Corporate Fraud Team	40	Ongoing throughout year	n/a
Pro Active Anti Fraud:				
M	Financial assessment processes SCHH	10	Scoping agreed	
M	Cash income	10	Not yet started	
M	Bank Accounts and Cash income	10	Not yet started	
M	Use of purchasing Cards	10	Fieldwork in progress	
Total - Special investigations		100		
Ad Hoc Consultancy etc.,				
H	Risk Management Activities	35	Ongoing throughout year	n/a
M	Major projects - Consultancy	40	Ongoing throughout year	n/a
M	Supporting Annual Governance Statement	5	2014/15 statement completed	n/a
M	Audit of Individual Grants	20	Ongoing throughout year	includes Broadband claim
M	General Advice	20	Ongoing throughout year	n/a
M	Head of Audit Chargeable Against Plan	60	Ongoing throughout year	n/a
M	Assurance Mapping Review	5	Ongoing throughout year	n/a
M	Benchmarking Exercise	5	Completed	n/a
L	Contingency	70		n/a
Total - Ad Hoc Consultancy etc.		260		
TOTAL CHARGEABLE DAYS REQUIRED		1260		

SPECIAL INVESTIGATIONS ARISING AND COMPLETED SINCE LAST COMMITTEE				
	Directorate/Area	Potential financial value/risk	Brief Details of Case	Outcome
1.	Community Services	Low	Concerns were raised by a whistle blower in respect of the running of a service area. Concerns included the recruitment process, restructuring processes, and the use of agency staff and consultants. Some of the concerns raised dated back to the inception of the Council.	A review of the concerns was undertaken and the activities were reviewed against Council policies and procedures. It was found that Council policies were followed for the recruitment of staff and also for restructuring, except that an Equality Impact Assessment had not been undertaken for the most recent restructure. (This was subsequently completed in retrospect). There were clear explanations for the use of agency staff. It was identified that a number of Council wide initiatives are progressing which should address some of the issues raised. Some further areas for improvement were identified and an action plan has been agreed with managers to address these.

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Central Bedfordshire Council

AUDIT COMMITTEE

28 September 2015

RISK UPDATE REPORT

Report of Charles Warboys, Chief Finance Officer
(charles.warboys@centralbedfordshire.gov.uk)

Advising Officer: Kathy Riches, Head of Internal Audit and Risk
(kathy.riches@centralbedfordshire.gov.uk)

Purpose of this report:

The purpose of this report is to give an overview of the Council's risk position as at September 2015.

RECOMMENDATION

The Committee is asked to:

1. Consider and comment on the contents of the report.

Overview and Scrutiny Comments/Recommendations

1. This report is not scheduled to be considered by Overview and Scrutiny, as this is the responsibility of the Audit Committee.

Background

2. The Terms of Reference of the Audit Committee include the monitoring of the operation of the Risk Management Strategy. This report is the regular update report to assist the Committee in discharging its responsibilities.
3. The purpose of this report is to give an overview of the Council's risk position as at September 2015.

Strategic Risks

4. The Strategic Risk Register has been reviewed and updated in consultation with the Directorate Risk Co-ordinators.
5. The September 2015 risk register dashboard is attached at Appendix A. The report contains 13 strategic risks. 10 risks have a residual score of 9 or more. A score of 9 or more generally represents an unacceptable risk exposure, with further mitigation required.

6. The risks have been reconsidered and the key revisions are set out below.
7. (STR0001) relating to the risks associated with significant reduction or redirection of funding has been updated. The likelihood residual risk score has increased from 3 to 4, resulting in an increase of the residual risk from 12 to 16. A number of factors have contributed to this revision in score, including:
 - General uncertainty around future government policies following the recent elections. Further clarification is expected by December 2015 when the financial settlement is announced.
 - Public health funding reductions and the impact across a range of Council services
 - The Emergency Budget
 - Social Care financial pressures
 - Impact of New Living Wage
 - Impact of Continuing Healthcare decisions on both Children and Adults
 - Issues relating to Housing Need, including Homelessness and Social Housing Rents.
8. The Growth strategic risk (STR0003) has been reviewed. As a result of the Planning Inspector's recent conclusion that the Council had not fulfilled its Duty to Co-operate over its Development Strategy the residual likelihood score was increased from 3 to 4 in March, giving an overall residual risk score of 16. Further work is in progress to reassess this risk.
9. The ICT failure risk (STR0008) has been reviewed and the mitigating actions have been updated to reflect the recent review that was commissioned into the current CBC infrastructure. The recommendations made are currently being considered. The residual likelihood score has been reduced from 3 to 2, resulting in an overall residual risk score of 8.
10. STR0010 relating to the risks associated with failing to recruit and retain professional and qualified social workers within Children's Services has been reviewed. There are no changes to the risk scores but the consequences have been updated to reflect the increased case loads for social workers. The mitigating actions have also been updated.
11. The Information Management risk (STR0013) has been updated to reflect the outcome of the recent ICO audit. An action plan has been prepared to address the recommended improvements. As a result, the residual likelihood score has reduced from 3 to 2 and the overall residual risk score is now 8.
12. The mitigating actions for the Procurement risk (STR0022) have been updated, and reflect the progress made in reviewing and updating procurement rules, tools and guidance following the introduction of new procurement legislation in 2015. New procurement training is in progress. The residual risk score will be reconsidered in the light of this.

13. (STR0026) relating to the risks associated with Deprivation of Liberty safeguards has been reviewed. The residual likelihood score has reduced from 3 to 2, resulting in an overall residual risk score of 6. This reflects that, although there has been a significant increase in the number of requests for deprivation of liberty assessments, these are being dealt with in a timely manner.
14. The risk of failing to adopt a Community Infrastructure Levy (CIL) (STR0027) has been reviewed to reflect current progress. It is now anticipated that the CIL will be adopted in February/March 2016. Consideration is being given to recent legal advice that a CIL could be introduced without a Development Strategy and the residual risk score will be reconsidered in the light of this.
15. Whilst the implementation of Phase 2 of the Care Act 2014 has been deferred, there will still be significant pressures on the Council. There have, therefore, been no changes made to the risk scoring of strategic risk STR0028.
16. There are no revisions to the remaining strategic risks.

Operational Risks

17. The risk report also highlights the key operational risks facing the Council. These have been drawn directly from Directorate risk registers as uploaded onto the JCAD risk management system.
18. The dashboard has listed the 8 operational risks with a risk score of 15 or above.

Emerging Risks

19. Although risks have been regularly reviewed and updated, a fundamental review and refresh of the strategic risk register has not taken place since July 2013. In the light of the likelihood of continuing funding reductions, changes in Government policy, and changes in service provision a further fundamental review of the register is planned to be undertaken following the next financial settlement, due in December. This will provide an opportunity to reassess the current risks and further consider emerging risks.

Risk Management Strategy

20. The Council's Risk Management Strategy is currently under review to ensure that it reflects current issues, such as the recently published CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

Council Priorities

21. Good risk management enables delivery of the Council's aims and objectives. Good risk management ensures that we adopt a planned and systematic approach to the identification and control of the risks that threaten the delivery of objectives, protection of assets, or the financial wellbeing of the Council.

Corporate Implications

Legal Implications

22. None directly from this report.

Financial Implications

23. None directly from this report.

Equalities Implications

24. None directly from this report.

Conclusion and next Steps

25. Internal Audit and Risk will continue to coordinate and update the Strategic Risk register and an update will be presented to the next Audit Committee.

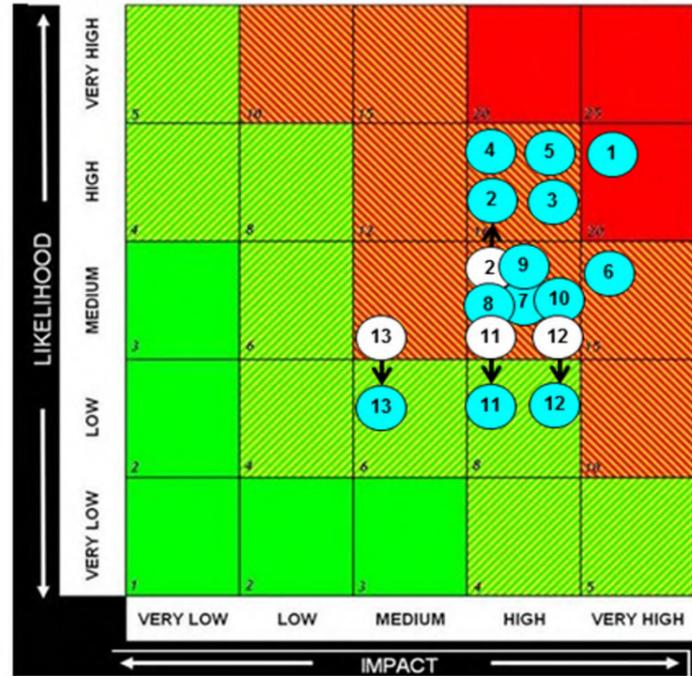
Appendices

Appendix A – September 2015 Risk Summary Dashboard

Background Papers

None

CBC Strategic Risk Register - Residual Risk Rating



#	Reference	Nature of Risk	Key					
			2013/14		2014/15		2015/16	
			Dec	Mar	Sept	Dec	Mar	Sept
1	STR0019	Failure to deliver effective and cohesive Health and Social Care to local residents.	15	15	20	20	20	20
2	STR0001	Continuing significant reduction in or redirection of funding due to Central Government cuts, or loss of grant or other funding e.g. Health funding, Schools' Finance Regulations.	12	12	12	12	12	16
3	STR0003	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.	16	16	16	12	16	16
4	STR0009	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.	8	8	8	16	16	16
5	STR0027	Failure to adopt a Community Infrastructure Levy (CIL) .				20	16	16
6	STR0010	Failure to recruit and retain professional and qualified social workers and discharge the Council's statutory children's safeguarding responsibilities.	12	15	15	15	15	15
7	STR0006	Health & Safety: a risk that failure of members, managers and employees to recognise their responsibilities to fully comply with health and safety legislation.	12	15	15	12	12	12
8	STR0022	Failure to adhere to Procurement Rules.	12	12	12	12	12	12
9	STR0024	Assets Disposal Programme - Failure to achieve capital receipts.			20	12	12	12
10	STR0028	Failure to deliver the requirements of the Care Act 2014					12	12
11	STR0013	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.	15	15	12	12	12	8
12	STR0008	Failure or disruption to key elements of core infrastructure (data centre, environment and networks) leading to no functionality for more than 24 hours.	16	15	12	12	12	8
13	STR0026	Deprivation of liberty safeguards: a failure to ensure that vulnerable peoples' liberty is not inappropriately denied.			9	9	9	6

Overview of Risk Position - September 2015

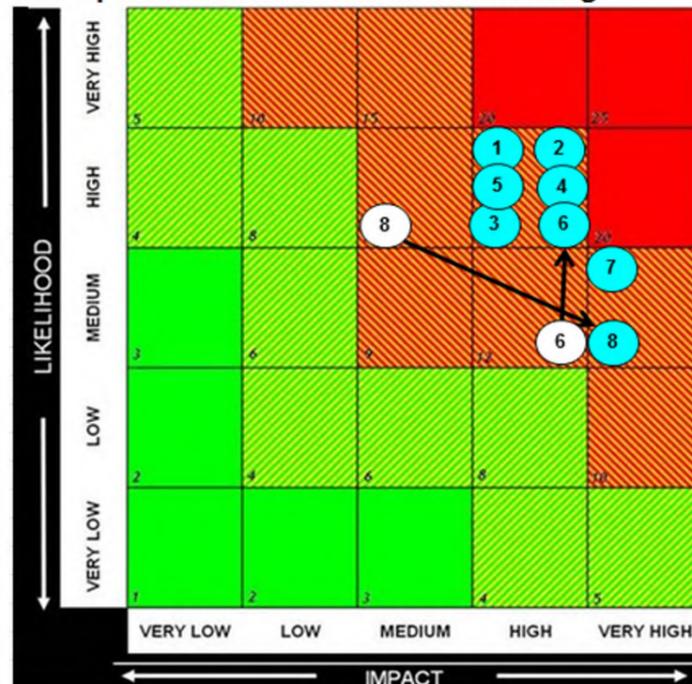
The risk with the highest residual score is: STR0019 - Failure to deliver effective and cohesive Health and Social Care to residents

The following risks have been rescored:
 STR0001 - Significant reduction or redirection of funding
 STR0008 - ICT failure
 STR0013 - Information Management
 STR0026 - Deprivation of Liberties

Revisions to the descriptions or mitigating/further actions have been made to the following risks:
 STR0003 - Growth
 STR0008 - ICT failure
 STR0019 - Failure to recruit and retain Qualified Children's Services social workers
 STR0013 - Information Management
 STR0022 - Procurement
 STR0027 - Community Infrastructure Levy

The matrix also highlights the most noteworthy operational risks facing CBC.

CBC Operational Risks - Residual Risk Rating



#	Reference	Nature of Risk	Key					
			2013/14		2014/15		2015/16	
			Dec	Mar	Sept	Dec	Mar	Sept
1	SCH0004	Insufficient staff resources resulting in under or mis-direction of investment in the transformation of adult social care services.	16	16	16	16	16	16
2	SCH0007	Partnerships: failure to establish a common vision with health and the delivery of joint commissioning strategies.	16	16	16	16	16	16
3	SCH0008	Insufficient capacity, expertise and competency to deliver Adult Social Care and Housing agenda.	16	16	16	16	16	16
4	SCH0005	Failure to develop a social care market to deliver positive outcomes and choices for people.	16	16	16	16	16	16
5	CHS0005	Failure to retain and recruit staff within Children's Services.		16	16	16	16	16
6	SCHH014	Failure to deliver efficiency programme, due to current forecast position of budget					12	16
7	CHS0023	Failure to manage and secure information leading to security alert and privacy breach.					15	15
8	SUC030007	Traffic accidents causing damage to network	12	12	12	12	12	15

Key

New Risk

Current Position

Previous Position

Assessing Impact

Impact Score	Impact Title	Example Description
5	Catastrophic	Total system dysfunction, total shutdown of operations, financial loss over £5m, key person resignation/removal, sustained adverse publicity in national media, fatality or permanent disability
4	Severe	All operational areas of a location compromised, other locations may be affected, financial loss up to £5m, sustained adverse publicity in national media, greater than 6 months absence for more than 5 people (single event)
3	Major	Disruption to a number of operational areas within a location and possible flow on to other locations, financial loss up to £1m, significant adverse publicity national media, greater than 20 days absence for more than 5 people (single event)
2	Reasonable	Some disruption manageable by altered operational routine, financial loss up to £250k, significant adverse publicity in local media, short term absence for up to 5 people (single event)
1	Low	Minimal interruption to service, financial loss up to £100k, Minor adverse publicity in local media, short term absence for up to 5 people (single event)

Assessing Likelihood

Scale	Description	Likelihood of Occurrence
5	Almost Certain	Likely to occur each year/over 60% chance of occurrence
4	Likely	Likely to occur every 3 years/up to a 60% chance of occurrence
3	Possible	Likely to occur every 5 years/up to a 40% chance of occurrence
2	Unlikely	Likely to occur every 10 years/up to a 20% chance of occurrence
1	Rare	Likely to occur every 10+ years/up to a 10% chance of

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Central Bedfordshire Council

AUDIT COMMITTEE

28 September 2015

TRACKING OF INTERNAL AUDIT RECOMMENDATIONS

Report of Charles Warboys, Chief Finance Officer
(charles.warboys@centralbedfordshire.gov.uk)

Advising Officer: Kathy Riches, Head of Internal Audit and Risk
(kathy.riches@centralbedfordshire.gov.uk)

Purpose of this report:

This report summarises the high priority recommendations arising from Internal Audit reports and sets out the progress made in their implementation.

RECOMMENDATIONS

The Committee is asked to:

1. Consider and comment on the updates, as presented.

Overview and Scrutiny Comments/Recommendations

1. This report is not scheduled to be considered by Overview and Scrutiny, as this is the responsibility of the Audit Committee.

Background

2. 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.
3. 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.
4. 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

5. 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 IT Disaster Recovery) audit.
6. As has been previously reported to the Committee, a thorough review of the existing data centre provisioning at CBC is in progress. It is anticipated that there will be significant changes made in the technologies in use and how they are supported. ICT undertakes to deliver a refreshed and renewed DR plan by the autumn of 2015.
7. There are no outstanding audit recommendations relating to reports issued during 2010/11, 2011/12 or 2012/13.
8. Only 3 high priority recommendations made during 2013/14 and 2014/15 are now outstanding. Appendix A provides the details of the recommendations that are running behind the planned completion dates. Included are two recommendations relating to Teachers' Pensions which are now substantially implemented. The progress made is set out in the appendix. These recommendations will be removed from future tracking reports, subject to the outcome of the external audit of the Teachers' Pension return, which will be undertaken later in the year.
9. 3 reports containing high priority recommendations have been issued during 2015/16 to date. 5 high priority recommendations have been made. These are summarised at Appendix B. None of these recommendations are currently behind schedule.
10. 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.
11. Progress will continue to be monitored. The follow up of audit recommendations forms an integral part of the fundamental system audit reviews.

Future Monitoring

12. 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.

Council Priorities

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

Corporate Implications

Legal Implications

14. None directly from this report.

Financial Implications

15. 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.

Equalities Implications

16. None directly from this report.

Conclusion and next Steps

17. Further work is required to ensure that the outstanding recommendations are implemented and to monitor additional recommendations made during the year.

18. 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 – Details of recommendations made during 2013/14 and 2014/15 that remain outstanding

Appendix B – Summary of monitoring of High Priority Internal Audit recommendations - Reports issued during 2015/16

Background Papers

None

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

Social Care, Health and Housing

Housing Repairs Commissioning

<p>Recommendation R1: Housing Repairs expenditure in QL and SAP should be regularly reconciled.</p>
<p>Rationale for Recommendation: There is no reconciliation between Housing Repairs expenditure in QL and SAP.</p> <p>Actions to resolve this are defined within an invoice review process. Three specific objectives are to be achieved:</p> <ol style="list-style-type: none"> 1) A robust interface between the SAP system and the QL system, so that these systems effectively function as one system within the Invoice Process. 2) A business process that includes pre-payment on account (subject to reconciliation) related to invoicing where work supplied is goods received and approved for payment, concurrent with the contractors process to provide an invoice for payment. 3) Updated procedures which define management accountability, including delegation of task related authority, to ensure that a robust reconciliation of Repairs works to invoices takes place.
<p>Target Dates: End September 2014 End March 2015 (revised) End June 2015 (revised) October 2015 (revised, self billing) January 2016.</p>
<p>Current Position and Explanation for Slippage:</p> <p>A technical interface and related business processes were designed and implemented to move commercial information from QL to SAP. During testing and live operation it has been determined that the ‘technical link – business process combination’ that has been implemented does not provide a 100% accurate and reconcilable commercial environment. Although the rate of error is very small, there are occasions where information can be mishandled. As such, it has been deemed prudent to review this environment and to develop a more robust data exchange between our QL and SAP systems. This work is now on going.</p> <p>Alongside this, a strategic review of the QL system is being undertaken to report in December 2015. The next test of data (as a reconciliation exercise) is likely in December 2015. The roll out to all contractors, as part of the Self Billing project will not commence until the data exchange between the two systems is robust and testing demonstrates that the reconciliation is 100% accurate. The revised milestone dates for an accurate reconciliation is therefore January 2016. Once an accurate test is complete, revised dates for the Self Billing project to roll out to all contractors will be reported to Audit Committee.</p>

Teachers Pensions 2013/14

Recommendation R2:

To develop a set of robust processes to ensure that schools/ payroll providers supply the Council with the necessary information required by Teachers Pensions; to confirm the accuracy of the underlying payroll records provided by payroll providers and for the Council; and to confirm the accuracy of data provided as part of the Annual Service Return.

Rationale for Recommendation:

Supporting payroll reports provided to the Council by payroll providers were not submitted in a timely manner in line with documented procedures. This data, along with the Council's own data was also not checked for accuracy. Furthermore, there was no reconciliation of data submitted on the Annual Service Return to the deductions of individuals and forms received.

Target Dates:

30th September 2014

Ongoing work on developing the procedures with engagement from TPA - October 2015

Current Position and Explanation for Slippage:

The procedures for preparing and validating the Teachers Pensions End of Year Certificate in respect of 2013/14 were revised during 2014. The submission for 2013/14 represented a significant improvement on previous years with a difference between the Council's return and the declared TPA records of £382,886. 2014/15 showed a further improvement with the difference reducing to approximately £125k.

Reconciliation issues with the EOYC are a national issue and the national audit certification process has been revised for 2013/14. The Teachers Pensions Agency has been requested to provide sufficient detail from their own records to allow a complete reconciliation with Council records.

At this point in time the Council has taken reasonable measures to provide assurance on the TPA EOYC for 2014/15.

A Teachers' Pensions Policy and Procedures have been developed and published which amplifies the process and requirements of data being provided to the Council on a monthly basis and clearly outlines the roles and responsibilities of the Council, the school and the payroll provider. The policy was published in Central Essentials, the schools weekly newsletter, in July and is available on the Schools Portal of the Council's website. The Policy will also be republished in the first Central Essentials newsletter for schools of the new academic year on the 11th September 2015. HR/Payroll providers receive Central Essentials; however each provider has also been sent the policy directly along with a covering letter of explanation and guidance.

<p>Recommendation R3: Payroll data should be transmitted securely.</p>
<p>Rationale for Recommendation: Payroll data (emailed from payroll providers in respect of school employees) is transmitted to the Council in an insecure manner i.e. files are not password protected or encrypted.</p>
<p>Target Dates: 30th September 2014 Revised - January 2015 for remaining providers Revised – June 2015 for remaining providers</p>
<p>Current Position and Explanation for Slippage: Each payroll provider as the ' data controller is responsible sending data in a secure manner. As a recipient Central Bedfordshire Council cannot enforce the method the schools or payroll provider transfers this data but is able to advise/recommend a secure method of transfer. There are periodic changes in payroll providers.</p> <p>There is an ongoing dialogue with each payroll provider, aimed to ensure that data is returned securely. A reminder in relation to secure data transfer is included in the revised policy statement and procedures.</p> <p>The Council continues to receive the data transfers as outlined above, however to ensure the data is as secure as possible a specific e-mail address of teachers.pensions@centralbedfordshrie.gov.uk has been set up in order that all communications relating to teachers' pensions are received through one source with access to the inbox limited to officers who manage Teachers' Pensions in the HR and Finance teams. All providers have been written to providing the TP Policy and in the covering letter have been informed that all data should be encrypted when sent to the Council by e-mail.</p>

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Details of Monitoring of High Risk Internal Audit recommendations as at End August 2015

Reports issued during 2015/16

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	
IMPROVEMENT AND CORPORATE SERVICES									
Accounts Payable Phase 2 (Comensura)	13/08/15	31/10/15	2		2				
SAP Access and Security	28/05/15	28/05/15	1	1					
SOCIAL CARE, HEALTH & HOUSING									
Housing Tenancy Management	04/09/15	30/11/15	2		2				
Total			5	1	4				

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Central Bedfordshire Council

AUDIT COMMITTEE

28 September 2015

WORK PROGRAMME

Advising Officers:

Mel Peaston, Committee Services Manager
(mel.peaston@centralbedfordshire.gov.uk)

Leslie Manning, Committee Services Officer
(leslie.manning@centralbedfordshire.gov.uk)

Purpose of this report

The purpose of this report is to assist the Audit Committee in discharging its responsibilities by providing a proposed work programme for consideration.

RECOMMENDATION

That the Committee considers the proposed work programme attached at Appendix A.

Overview and Scrutiny Comments/Recommendations

1. This report is not scheduled to be considered by Overview and Scrutiny as the Audit Committee provides independent scrutiny of the Authority's financial performance.

Background

2. To assist the Audit Committee a work programme is attached at Appendix A to this report. The work programme contains the known agenda items that the Committee will need to consider.
3. Additional items will be identified as the municipal year progresses. The work programme is therefore subject to change.

Council Priorities

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

Corporate Implications

Legal Implications

5. There are no legal implications.

Financial Implications

6. There are no financial implications.

Equalities Implications

7. There are no equalities implications.

Conclusion and next Steps

8. This report will assist the Audit Committee in discharging its responsibilities. Any amendments approved by the Committee will be incorporated in the work programme.

Appendices

Appendix A – Audit Committee Work Programme

Background Papers

None

Audit Committee Work Programme

2015/16 Municipal Year	
29 June 2015	<ul style="list-style-type: none"> • Statement of Accounts 2014/15 (presentation) (NV/RG) • Annual Audit and Certification Fees 2015/16 (MW) • Annual Governance Statement 2014/15 (MC) • Local Government Pension Scheme Update (RG) • Annual Counter Benefit Fraud Update (GM) • 2014/15 Internal Audit Annual Audit Opinion (KR) • Tracking of Audit Recommendations (KR) • Work Programme (LM)
28 September 2015	<ul style="list-style-type: none"> • Statement of Accounts 2014/15 (RG) • Audit Results Report 2014/15 (MW) • External Audit Progress Report (MW) • Risk Update Report (KR) • Tracking of Audit Recommendations (KR) • Internal Audit Progress Report (KR) • Work Programme (LM)
11 January 2016	<ul style="list-style-type: none"> • Certification of Claims and Returns Annual Report 2014/15 (MW) • Annual Audit Letter 2014/15 (MW) • External Audit Progress Report (MW) • Local Government Pension Scheme Update (RG) • Annual Refresh – Risk Based Verification Policy for Housing Benefit and Local Council Tax Support Assessments (GM) • Final Accounts Process 2015/16 (NV) • Risk Update Report (KR) • Tracking of Audit Recommendations (KR) • Internal Audit Progress Report (KR) • Work Programme (LM)
4 April 2016	<ul style="list-style-type: none"> • Audit Plan 2015/16 (MW) • External Audit Progress Report (MW) • Risk Update Report (KR) • Tracking of Audit Recommendations (KR) • Internal Audit Progress Report (KR) • 2016/17 Internal Audit Plan (KR) • Work Programme (LM)

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