Finance, Resources, Audit and Governance Committee

Members of the Finance, Resources, Audit and Governance Committee:

Mr M Edney (Chairman)
Mrs K Billig
Mr L Dale
Mr D Goldson
Mr T Lewis
Mr T Palmer
Miss L Webster

If any member of the public wishes to speak on a non-confidential item, they may do so at the discretion of the Chairman

Agenda

Date
Thursday 27 September 2012

Time
9.30 am

Place
Colman Room
South Norfolk House
Swan Lane
Long Stratton Norwich
NR15 2XE

Contact
Sue Elliott
tel (01508) 533663
South Norfolk District Council
Swan Lane
Long Stratton Norwich
NR15 2XE

Email: democracy@s-norfolk.gov.uk
Website: www.south-norfolk.gov.uk

If you have any special requirements in order to attend this meeting, please let us know in advance

Large print version can be made available
AGENDA

1. To report apologies for absence and identify substitute voting members (if any);

2. Any items of business the Chairman decides should be considered as matters of urgency pursuant to Section 100B (4) (b) of the Local Government Act, 1972. Urgent business may only be taken if, "by reason of special circumstances" (which will be recorded in the minutes), the Chairman of the meeting is of the opinion that the tem should be considered as a matter of urgency;

3. To Receive Declarations of Interest from Members;
   (Please see guidance form and flow chart attached – page 9)

4. Minutes of the meeting of the Finance, Resources, Audit and Governance Committee held on 28 June 2012;
   (attached – page 11)

5. Debtors Performance & Policy;
   (report attached – page 16)

   (9.40 am)

6. Annual Governance Report;
   (report to follow)

   (9.50 am)

7. Statement of Accounts (11/12) - Including Letter of Representation;
   (report to follow)

   (10.05 am)

8. Annual Governance Statement;
   (report to follow)

   (10.35 am)

9. Finance, Resources, Audit & Governance Committee Work Programme;
   (report to follow)

   (attached – page 37)
Glossary

General Terms

AGS – Annual Governance Statement – This is a statement prepared by the Council each year to summarise the governance and assurance framework, and highlight any significant weaknesses in that framework.

CIPFA – the Chartered Institute of Public Finance and Accountancy – the accountancy body for public services.

CoCo - Code of Connection – a list of security controls that the Council has to have in place in order to undertake secure transactions with other government bodies.

CNC - a joint venture established with Norwich City Council and Broadland Council to deliver the Council’s building control functions, ensuring buildings and developments comply with building regulations.

CNC CS – CNC consultancy services, the private company administered by CNC.

CSO – Contract Standing Orders – outline the Council’s rules when entering into contracts and buying large value goods.

GNDP – Greater Norwich Development Partnership – a partnership with Norwich City and Broadland Councils that manages delivery of the Government’s growth strategies.

JCS – Joint Core Strategy – sets out the general vision and objectives for delivering the local development framework.

LASAAC – Local Authority (Scotland) Accounts Advisory Committee – this Committee develops proper accounting practice for Scottish Local Authorities.

LDF – Local Development Framework- outlines the management of planning in the Council.

LGA – Local Government Association – a lobbying organisation for local councils.

LGPS – Local Government Pension Scheme- Pension Scheme for all public sector employees.

LGR - Local Government Reorganisation – the process to redesign how public services operate within Norfolk Councils, through either a single tier (one large council) or multiple tier (2 or more councils) structure.

LSVT - Large Scale Voluntary Transfer - the transfer of the Council’s housing stock to Saffron Housing Trust.

Moving Forward Together – The Council’s internal programme to improve performance in a number of key areas.

NFI – National Fraud Initiative – A national exercise to compare data across public sector organisation to aid identifying potential frauds.

NI – National Indicator – a measure used to identify how the council is performing that is determined by central government.
NNDR – *National Non-Domestic Rates* – commonly known as Business Rates

PI – *Performance Indicator* – measure used to identify how the council is performing

RFG – *Rules of Financial Governance* – the Council’s rules governing the day-to-day financial activities undertaken

RSS – *Regional Spatial Strategies* – this sets out the overall regional framework for planning development to inform the local development framework.

SLA – *Service Level Agreement* – an agreement that sets out the terms of reference for when a service is provided when one organisation provides a service to another

MTP – *Medium Term Plan* – sets out the future forecast financial position of the Council

SOLACE – *Society of Local Authority Chief Executives* – society promoting public sector management and development

SPARSE – *Sparsity Partnership for Authorities Delivering Rural Services* – an organisation that benchmarks and supports local rural councils

Total Place – an initiative designed to review public services operating across a whole area, reducing duplication and encouraging involvement across a range of organisations.

**Audit Terminology**

APB – *Auditing Practices Board* – the body that sets the standards for auditing in the UK

CAA – *Comprehensive Area Assessment* – the approach adopted by the Audit Commission to evaluate the overall performance of Councils, suspended in 2010. The outcomes are recorded in the organisational assessment.

COUNT – *Count Once, Use Numerous Times* – a system used for data collection and analysing, which works to avoid duplication by assuming the principle that a piece of data should be recorded once but used several times in different ways

ISA – *International Auditing Standard* – Provides external auditors with a required framework that dictates work to be undertaken before awarding an opinion on the statement of accounts

KLOE – *Key Lines of Enquiry* – these are the standard criteria used to review the council within the use of resources assessment.

UOR – *Use of Resources* – this is an assessment method used to review how the Council performs in managing its assets, finance, staffing etc. It informs the value for money conclusion on the accounts as well as comprehensive area assessments.

**VFM Conclusion** – *Value for Money Conclusion* – the Audit Commission are required to give an annual conclusion on the Council’s arrangements for providing value for money in addition to the opinion given on the statement of accounts.
Accounting Terminology

**BVACOP** – *Best Value Accounting Code of Practice* – outlines how Council should classify income and expenditure across different services

**CFR** – *Capital Financing Requirement* – a calculated figure that establishes the amount of money the Council needs to borrow

**Collection Fund** – a separate account statement that records the transactions relating to the collection and redistribution of council tax and business rates

**FRS** – *Financial Reporting Standards* – the underlying guidance for the Council’s accounting policies and treatment of balances

**GAAP** – *Generally Accepted Accounting Practice* – this provides the overall framework for accounting principles prior to IFRS adoption in local government (also “UK GAAP” – specific to the United Kingdom)

**HRA** – *the Housing Revenue Account* – the account used to record transactions related to the Council’s housing stock, closed at 31/3/10

**IAS** – *International Accounting Standards* – these were the precursors for international financial reporting standards (see below).

**IFRS** – *International Financial Reporting Standards* – these are replacing financial reporting standards to provide general guidance for accounting treatment.

**IPSAS** – *International Public Sector Accounting Standards* – these set out the accounting standards for public sector bodies, and are based on the international financial reporting standards.

**MRP** – *Minimum Revenue Provision* – the amount of money the Council needs to set aside each year to fund activities from revenue balances

**MTP** – *Medium Term Plan* – sets out the future forecast financial position of the Council

**RSG** – *Revenue Support Grant* - main source of Council funding from Central Government

**SORP** – *Statement of Recommended Practice* – more detailed guidance on how Local Authorities should produce statements of accounts to ensure consistency

**SSAP** – *Statement of Standard Accounting Practice* – preceded the financial reporting standards in the UK, however until replacement some still remain operating.

**Virement** – The process of transferring a sum of money from one part of the Council’s budget to another, subject to appropriate approval.

**WGA** – *Whole of Government Accounts* – an exercise undertaken to consolidate all the accounting records of government bodies
International Accounting and Financial Reporting Standards Reference Numbers

IAS1 – *Presentation of Financial Statements* – sets out the prescribed format for statements of accounts

IAS19 – *Employee Benefits* – essentially provides the basis for accounting for the pension fund

IAS20 – *Accounting for Government Grants* – establishes the accounting treatment for receiving government grants

IAS40 – *Investment Property* – how organisations should account for properties held as an investment

IFRS1 - *First time adoption of IFRS* – sets out the procedures to follow when preparing the first IFRS statement of accounts

IPSAS16 – *Investment Property* – how public sector organisations should account for properties held as an investment

IPSAS23 – *Revenue from non-exchange transactions (taxes and transfers)* – this determines how monies from taxes should be treated in the accounts

Council Systems

ALBACS CS – The Council’s system to make payments to other organisations

AXIS - Income receiving system which interacts directly with Integra

Clubrunner – System used to manage bookings and activities at the leisure centres

eXpress – the electoral registration system

FAM – the system used by the accountancy team to record the Council’s assets and associated transactions

FLARE – the system used by the environmental health team for their operations

IBS – the Revenues system, maintains all Council Tax, Business Rates and Benefits records

Integra – general ledger used to record all accounting transactions, including purchases made by the Council and income received by the Council

LALPAC – system used to record licensing details

Northgate – the system used by the planning and housing teams at the Council
DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

<table>
<thead>
<tr>
<th>Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.</th>
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<tbody>
<tr>
<td>Does the interest directly:</td>
</tr>
<tr>
<td>1. affect yours, or your spouse / partner’s financial position?</td>
</tr>
<tr>
<td>2. relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?</td>
</tr>
<tr>
<td>3. Relate to a contract you, or your spouse / partner have with the Council</td>
</tr>
<tr>
<td>4. Affect land you or your spouse / partner own</td>
</tr>
<tr>
<td>5. Affect a company that you or your partner own, or have a shareholding in</td>
</tr>
</tbody>
</table>

If the answer is “yes” to any of the above, it is likely to be pecuniary.

Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.

<table>
<thead>
<tr>
<th>Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?</th>
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<tbody>
<tr>
<td>If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest, but may participate in discussion and voting on the item.</th>
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</thead>
<tbody>
<tr>
<td>Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</td>
</tr>
</tbody>
</table>

FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF. PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER IN THE FIRST INSTANCE
DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

What matters are being discussed at the meeting?

Do any relate to an interest I have?

A  Have I declared it as a pecuniary interest?

OR

B  Does it directly affect me, my partner or spouse’s financial position, in particular:
   - employment, employers or businesses;
   - companies in which they are a director or where they have a shareholding of more than £25,000 face value or more than 1% of nominal share holding
   - land or leases they own or hold
   - contracts, licenses, approvals or consents

YES

The interest is pecuniary – disclose the interest, withdraw from the meeting by leaving the room. Do not try to improperly influence the decision

If you have not already done so, notify the Monitoring Officer to update your declaration of interests

NO

Related pecuniary interest

The interest is related to a pecuniary interest. Disclose the interest at the meeting. You may make representations as a member of the public, but then withdraw from the room.

YES

Does the matter indirectly affects or relates to a pecuniary interest I have declared, or a matter noted at B above?

NO

Other Interest

The Interest is not pecuniary nor affects your pecuniary interests. Disclose the interest at the meeting. You may participate in the meeting and vote.

YES

Have I declared the interest as an other interest on my declaration of interest form?

Does it relate to a matter highlighted at B that impacts upon my family or a close associate?

Does it affect an organisation I am involved with or a member of?

Is it a matter I have been, or have lobbied on?

NO

You are unlikely to have an interest. You do not need to do anything further.
Report on the Sundry Debtors function, the current Corporate Debt position and the Corporate Debt Policy.

Head of Finance

The first section of this report provides an update to members on the progress in improving the Sundry Debtors function and meeting the audit recommendations which arose from the Internal Audit in March this year. The second section of the report provides the current corporate debt position, for all types of debt owed to the Council. The report also provides an opportunity for members to comment on the Corporate Debt Policy.

Cabinet member(s): Garry Wheatley
Ward(s) affected: All
Contact Officer, telephone number, and e-mail: Debbie Lorimer 01508 533981 dlorimer@s-norfolk.gov.uk

1. Background

1.1. The Council collects money in a number of ways and operates two IT systems for recording and collecting debts which it is owed. The revenues and benefits system raises the invoices for Council Tax, Business Rates and overpayments of Housing Benefit, and this system deals with all the debt recovery relating to these invoices. The Finance system has an interface to the Revenues and Benefits system to upload summary information to the General Ledger.

All other invoices for the remaining Council Services, where payment is not received in advance, are issued in the Sundry Debtors module of the Finance System. The Council is looking at its processes to move as many services to “pay and book” as possible. This will reduce costs, as it will remove the necessity to raise invoices and chase for non-payment.

1.2. The Sundry Debtors function was subject to an audit in March 2012 and this provided limited assurance with 12 recommendations being raised. Of particular concern was the recovery processes for aged debts.
2. **Sundry Debtors Audit - recommendations & progress being made.**

2.1. There was one high priority recommendation made around utilising the aged debt reports to focus recovery action on the most significant and recoverable debts. The recommendation included monitoring periodically debts which were subject to formal recovery action and better co-ordination between the payment control team and the debt recovery team. The agreed deadline was 30 June 2012.

Since the audit, an Officer has undertaken a review of all the aged debts and appropriate action has been taken, further details are provided in section 4 below. The responsibility for the full debt recovery process for sundry debts has been brought into the finance team. The processes as outlined in the attached Corporate Debt Policy still need time to become embedded as this is a continuous requirement.

2.2. There were eight medium priority recommendations:

2.2.1. A system report within Integra should be produced to monitor the appropriateness of sundry debtor refunds. This would be facilitated by clearly distinguishing refunds from other types of credit adjustments. The agreed deadline is 30 September 2012.

A new adjustment type for refunds has been created to enable these to be clearly identified and a report has been created to enable the different types of credit adjustments to be identified and therefore monitored on a regular basis.

2.2.2. New Debtor accounts should be approved centrally prior to being set up on the Integra system. The agreed deadline is 30 September 2012.

Access to set up new debtors will be restricted to the Finance Team.

2.2.3. Movements out of suspense should be independently reviewed. Historic items within the suspense account should be reviewed and cleared at the earliest opportunity. The agreed deadline is 30 September 2012.

Historic items have now been cleared. A new system of independent review has recently been introduced but needs to become embedded.

2.2.4. The debt recovery and write off procedure should be reviewed to include: All debt recovery processes including timetable of recovery action and reconciliation process for write-offs. The agreed deadline is 30 September 2012.

The debt recovery and write off procedure has been reviewed and a decision has been made to reduce the number of reminder letters sent and to introduce a phone call prior to referring to the Debt
Collecting agency. The Corporate Debt Policy includes a timetable of recovery action. A reconciliation process has been put in place see 2.2.8 below.

2.2.5. There should be a formal process for authorising instalment arrangements. This should include a review programme for outstanding sundry debtors who have an instalment plan in place. The agreed deadline is 30 September 2012.

The Corporate Debt Policy provides details on the maximum number of instalments which can be agreed for an individual debt and states that the formal agreement includes the right of the Council to review the instalment plan annually. The template agreements for the Rent Assisted Deposits (RADs) now incorporates such a clause - which states that the instalment plan will be reviewed annually.

Prior to an instalment plan being agreed a check will be carried out on the ability of a debtor to pay. A procedure has now been written documenting this.

Work commenced over the summer in reviewing the existing instalment plans.

2.2.6. Regular reviews should be carried out on sundry debtor accounts which have been put on hold. The agreed deadline is 30 September 2012.

All accounts on hold have recently been reviewed and this process has now been included on the weekly task list to ensure regular reviews continue.

2.2.7. The Direct Debit error/exception report and the Direct Debit recall/rejection report should be retained and signed once the appropriate action has been taken to resolve the associated issues. There should be an independent review (spot checks) of new/adjustments to direct debit details within debtor accounts. The agreed deadline is 30 September 2012.

The reports are now filed and signed when action has been taken. The spot checking of new/adjustments to direct debit details has just commenced.

2.2.8. Write off schedules should be reconciled to reports of actual write-offs from the Integra system. These should be performed on a monthly basis. The agreed deadline is 30 September 2012.
A write-off report has been created to enable the reconciliation process to be carried out. The first reconciliation is at the 31st July 2012 and is now being carried out on a monthly basis.

2.3. There were three low priority recommendations:

2.3.1. Written procedures relating to the recovery of sundry debtors should be reviewed and updated where necessary after the completion of the lean review. The agreed deadline is 31 December 2012.

The corporate debt policy has been written which provides the guidance relating to the recovery of the sundry debts. The new Finance Manager who is joining the organisation in October will be responsible for the regular review of procedures.

2.3.2. Officers responsible for raising sundry debtor invoices should be reminded of the importance to raise an invoice in a timely manner and where possible prior to the delivery of the service. The agreed deadline is 31 December 2012.

Officers have been reminded at the Year end learning hours in March on the importance of raising invoices in a timely manner. Learning hours have taken place in September around the corporate debt policy where once again this issue has been covered. The corporate debt policy also covers this in section 2.

2.3.3. Performance measures for monitoring sundry debts should be reviewed and more frequent performance measures to monitor the recovery of aged debts introduced. The agreed deadline is 31 December 2012.

Management performance measures have been reviewed and they are incorporated in the Corporate Debt Policy.

3. Corporate Debt Policy

3.1. The Corporate Debt Policy sets out the Council’s policy and procedures in relation to the billing, collection and recovery of monies owed to the Council. Members are requested to review the document as contained in the appendix.

4. Current Corporate Debt Position as at 31 August 2012

4.1. At year end 31st March 2012 Council Tax arrears were £1,632,200. Excluding 2012/13 tax due, this had reduced to £1,114,400 at 31st August 2012. Write offs accounted for £12,800 of the reduction and all outstanding debts are at full recovery status. It is likely that bad debts provisions are overstated and so there will be a small beneficial impact on the Collection Fund and future year Council Tax setting.
4.2. At year end 31st March 2012 Non Domestic Rates arrears were £707,400. Excluding 2012/13 tax due this had reduced to £320,900 at 31st August 2012. Write offs accounted for £40,100 of the reduction and all outstanding debts are at full recovery status. Any collection in excess of bad debts provisions will continue to be transferred over to central government under the current national scheme (due to change in 2013 – when this funding source will be partly retained within the county area under the new arrangements).

4.3. At year end 31st March 2012 Overpaid Housing Benefits arrears were £524,200. Excluding 2012/13 new debts due this had reduced to £380,000 at 31st August 2012. Write offs accounted for £13,100 of this sum. All outstanding debts are at full recovery status. The bulk of the sums due are recovered within the housing benefit rules which allow for the Council to deduct a small sum from new benefits entitlements. Unfortunately this means that some bigger debts will take several years to clear. In the current year new debt amounting to £338,400 was raised in the period 1st April to 31st August. Bad debt provisions are considered adequate and so write offs will not impact on the Income and Expenditure Account.

4.4. At year end 31st March 2012 all other (sundry) debts were £393,100 (this excludes all under 30 days accounts as these were not ‘overdue’). Adequate bad debts provisions exist to cover any write offs required after all recovery routes have been completed. Excluding 2012/13 new debts this had reduced to £280,400 at 31st August 2012. Write offs accounted for £61,500 of the reduction. It needs to be noted that rent assisted deposits (RADs) account for 46% of the outstanding sum, with low value instalments being received in most cases. In addition, sewerage payments account for a further 4% of the outstanding sum. Debt raised since 1st April 2012 and outstanding as at 31st August 2012 amounted to £85,100. Additional staff resource has been allocated to the debt recovery process for sundry debts, which will mainly concentrate on new debt where a more robust repayment policy is proposed. Older debts have been passed to a debt recovery agency, and existing instalments arrangements have been reviewed.

5. Relevant Corporate Priorities

5.1. Driving services through being businesslike, efficient and customer aware.

6. Implications and Risks

6.1. There are no further risks than those described above.

7. Conclusion

8. Action Required

8.1. To note the contents of the report.

8.2. To review the Corporate Debt Policy.
Key messages

This report summarises the findings from the 2011/12 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

As at 19 September 2012 I expect to issue an unqualified audit opinion.

There has been an increase in the number of errors in the financial statements this year. We have met regularly with the Council’s finance staff and have reached agreement to the adjustment for the majority of these errors. There are a few unadjusted errors remaining.

Local government accounts are large documents and at the time of writing this report the process of posting the accounts adjustments continued. I will update the Committee at its meeting on any changes if necessary.

Value for money (VFM)

I expect to conclude that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

There remains some work to complete the review of these arrangements and this is expected to be completed before the Committee meet.

Certificate

I do not expect to be in a position to issue the Whole of Government Accounts (WGA) report alongside my audit opinion but would expect to complete the outstanding work and report my findings to management before 8th October 2012. I plan to issue my certificate at that time.
Before I give my opinion and conclusion

My report includes only matters of governance interest that have come to my attention in performing my audit. I have not designed my audit to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence.

I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Authority during 2010/12.

I ask the Audit Committee to:

■ take note of the adjustments to the financial statements included in this report (appendix 2); and
■ approve the letter of representation (appendix 3), on behalf of the Authority before I issue my opinion and conclusion.
Financial statements

The Authority’s financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. As elected Members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Uncorrected errors

The Council has decided not to adjust its financial statements for some of the errors that I have identified during my audit. I bring these uncorrected errors to your attention in detail in appendix 2.

Corrected errors

The Council has made a number of amendments to its primary financial statements for the year, and related supporting notes, as a result of my audit.

Significant risks and my findings

I reported to you in my March 2012 Audit Plan that I had not identified any significant risks relevant to my audit of your financial statements.
**Significant weaknesses in internal control**

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. My responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

I have tested the controls of the Authority only to the extent necessary for me to complete my audit. I am not expressing an opinion on the overall effectiveness of internal control. I have reviewed the Annual Governance Statement and can confirm that:

- it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- it is consistent with other information that I am aware of from my audit of the financial statements.

The following weaknesses in internal control are only those I have identified during the audit that are relevant to preparing the financial statements.

<table>
<thead>
<tr>
<th>Table 1: <strong>Internal control issues and my findings</strong></th>
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<tbody>
<tr>
<td><strong>Description of weakness</strong></td>
</tr>
<tr>
<td>Manual Journal Controls</td>
</tr>
<tr>
<td>Last year I highlighted weaknesses in controls over the Council’s year end journal controls.</td>
</tr>
<tr>
<td>During my 2011/12 audit I identified a material year end journal that was not appropriately authorised. It was prepared and authorised by the same individual. On the header sheet the explanation given was that there was no appropriate senior manager available at the time. The journal remained unapproved at the time of our audit.</td>
</tr>
<tr>
<td>IT Administrators</td>
</tr>
<tr>
<td>Our assessment of the IT controls environment for the year showed that there were four user accounts with Administrator access rights remaining enabled for staff that had left the Council, two for the Integra system and two for capita AXIS.</td>
</tr>
</tbody>
</table>
### Housing and Council Tax Benefit controls

My audit identified the following weaknesses in the Housing and Council Tax Benefits system:

- The 10% checks selected by the CIVICA system are deleted if not actioned and the checking function has been switched off by the Council at various points throughout the year due to staff shortages. The Council had not met its target for checks at the time of our audit, having checked 90 claims against the target of 302;
- The reconciliation of CIVICA payments to the General ledger payments for January had not been reviewed when we considered it in March 2012; and
- The reconciliation of the Housing Benefit payments in the Council Tax system to the Council Tax Benefit payments is being undertaken but this reconciliation is not evidenced nor subject to review. There is a compensating control in place at the year end of the overall CIVICA reconciliation but this is only annual.

### Fixed Asset Register

The records to support the Council’s property, plant and equipment, the fixed asset register, did not allow the Council to report these items of account comprehensively.

Our work identified the following weaknesses:

- No historical cost adjustment is being made between the Revaluation Reserve & Capital Adjustment Account (CAA).
- Assets are recorded in the fixed asset register at net.

<table>
<thead>
<tr>
<th>Description of weakness</th>
<th>Potential impact</th>
<th>Management action</th>
</tr>
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<tbody>
<tr>
<td><strong>Housing and Council Tax Benefit controls</strong></td>
<td>The Council have reduced assurance over the accuracy of benefits.</td>
<td>Introduce a process for the review of the deleted checks to provide assurance of the reasonableness of the deletion and that the required targets are still being achieved. Ensure that the reconciliation of CIVICA payments to the GL payments are reviewed on a prompt basis.</td>
</tr>
<tr>
<td><strong>Fixed Asset Register</strong></td>
<td>The Councils accounting records for property, plant and equipment are not in an appropriate level of detail and do not allow the Council to account for these material items of account accurately.</td>
<td>The Council is undertaking work to improve the information supporting its property, plant and equipment and plans to move to a new electronic fixed asset register during 2012/13.</td>
</tr>
<tr>
<td>Description of weakness</td>
<td>Potential impact</td>
<td>Management action</td>
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<tr>
<td>book value and not in the level of detail required to report both cost and depreciation elements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>➢ There is no clear record of impairments / reduction in valuations that have been charged to the Comprehensive Income and Expenditure Account / CAA to facilitate the accounting reversal when any subsequent increase meets the criteria.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>➢ Not all of the assets have been split between land and buildings components.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Closedown arrangements**

The quality of the accounts presented and published by the Council has deteriorated since 2010/11. My audit identified an increase in errors in the draft accounts, omission of required disclosures and both weaknesses in underlying accounting records and failures to comply with the statutory reporting requirements in respect of the accounts. Management controls should be introduced to ensure that the Council financial statements published in June are:

- complete and accurate;
- prepared in accordance with the CIPFA Code of Practice; and
- advertised in accordance with statutory requirements.

The figures published by the Council on its website in June were incomplete and are materially different to the final audited accounts. Members and public are misinformed about the financial position and outturn of the Council from June to September.

Strengthen Council arrangements for reporting the year end statutory accounts.

**Instructions to the valuer**

The Council uses a professional valuer to provide property, plant and equipment valuations for disclosure in the Council balance sheet. Our review of the instructions issued to the valuer by the Council showed:

- Failure to comply with Council revaluation policy

Strengthen year end valuation arrangements
Council and the rolling programme of valuations identified some weaknesses. The rolling valuation programme excluded three properties (net book value of £346,000) leading to non compliance with the Council's revaluation policy.

### Other matters

I am required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Authority’s financial reporting process including the following.

- Qualitative aspects of your accounting practices.
- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions.
- Other audit matters of governance interest.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Qualitative aspects of your accounting practices</strong></td>
<td></td>
</tr>
<tr>
<td>Opening balances</td>
<td>During the opening balances audit work a number of disclosures were identified that were not consistent with the 2010/11 audited financial statements, a number of required disclosures had been omitted completely and there remained some formatting errors.</td>
</tr>
<tr>
<td>Note 5 Investment properties</td>
<td>Investment properties should be measured and reported initially at cost value and then subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s-length. The Council has not valued all of its investment properties.</td>
</tr>
</tbody>
</table>
## Issue

in accordance with these requirements and its own accounting policy.

### Historic Cost Adjustment

The Councils property, plant and equipment value in the balance sheet consists of two component parts, an initial cost price and an element related to subsequent revaluations.

When the Council depreciates its property, plant and equipment it charges depreciation through the comprehensive income and expenditure statement, and this writes down the value of the property, plant and equipment. A transfer is then therefore required between the general fund and the revaluation reserve; this is known as the historic cost adjustment.

The Council has not been accounting for this annual adjustment in its accounts, and the resolution of this is made more difficult due to the weaknesses in the Councils supporting records.

## Other audit matters of governance interest

### Audit & Account Regulations 2011 – advertisement on website

The Accounts and Audit Regulations 2011 in section 10 sets out the following requirement:

"10.—(1) The procedure for a larger relevant body to give notice of public rights, mentioned in regulation 24, is that, not later than 14 days before the commencement of the period during which the accounts and other documents are made available in pursuance of regulation 9, the body must give notice by advertisement and on its website of the matters set out in paragraph (2)."

South Norfolk District Council made the accounts themselves available on the website, but did not comply with these regulations for 2011/12 in respect of advertising the related notice of public rights on its website.

### Accounts adoption and approval arrangements

The Accounts and Audit Regulations 2011 require Councils to “consider either by way of a committee or by the members meeting as a whole the statement of accounts”.

The new constitution of South Norfolk District Council, in part 3 “responsibilities for functions” discloses on page 12 that the Cabinet is responsible for functions relating to audit matters and for approving the final accounts.

CIPFA have published a guide which gives best practice for audit committees and this reports that...
<table>
<thead>
<tr>
<th>Issue</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>audit committees should be independent of the executive and scrutiny committees. The reorganisation of Council’s committees means that the previous independent audit committee has been replaced by the Cabinet and its Finance, Resources, Audit and Governance (FRAG) Committee, part of the Council executive. This represents a move away from best practice in the Council’s governance arrangements. We have worked with Council officers to temporarily establish the governance arrangements required to allow the Council to approve its accounts in accordance with statutory requirements. This requires the Council to delegate responsibility for the approval of its accounts to the FRAG committee at its meeting of 24th September 2012; for the FRAG committee to approve by a resolution the approval of the statement of accounts on 27th September; and for the person presiding over that FRAG meeting to sign and date the Council financial statements.</td>
<td></td>
</tr>
</tbody>
</table>

CNC Consultancy Services Ltd

The Council has not prepared group accounts. It reports on page 7 of its accounts that it has an associate body, CNC Consultancy Services Limited. Their accounts have been provided to the Council. These statements disclose that there is no intention of having the accounts audited. It is unclear how the Council assures itself that the CNC reported figures are accurate without independent assurance and are therefore at a level that do not require consolidation into the Council’s accounts. Note 27 of the Council accounts reports that these accounts have not yet been audited. The note should report that the figures for neither 2011/12 nor 2010/11 have been, nor will be, subject to audit.

Whole of Government Accounts

Alongside my work on the financial statements, I have also started my review work to support a report to the National Audit Office on your Whole of Government Accounts return. The extent of my review and the nature of my report were specified by the National Audit Office. I have no matters to report at this stage.
Value for money

I am required to conclude whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is the value for money conclusion.

I assess your arrangements against the two criteria specified by the Commission. In my March 2012 Audit Plan I reported to you the significant risks that were relevant to my conclusion. I have set out below my conclusion on the two criteria, including the findings of my work addressing each of the risks I identified.

I intend to issue an unqualified conclusion stating that the Authority has proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. I include my draft conclusion in Appendix 1.

Table 3: Value for money conclusion criteria and my findings

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Findings</th>
</tr>
</thead>
</table>
| 1. Financial resilience  | The organisation has proper arrangements in place to secure financial resilience.  
Focus for 2011/12:  
The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.  
South Norfolk District Council reported an underspend of £4.546 million against its net revenue expenditure budget in its 2011/12 financial statements presented for audit. The Council’s earmarked reserves increased to £7.573 million with general fund balances remaining at £1.4 million. The Council continues to exercise strong monitoring arrangements for progress against budgets and the impact of savings upon performance.  
The Council’s early financial forecasts recognise substantially increased cost pressures and a worsening public sector financial position. It also recognised a funding gap over the next three years of £2.626 million. The Council reports that it is well placed to meet these challenges and plans to meet this challenge through alternative ways of delivering its services, including partnership working and through the introduction of lean systems thinking. |
2. Securing economy efficiency and effectiveness

The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Focus for 2011/12:

The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Members and senior management provide strong leadership to prioritise resources. The Council has set a clear vision for future service delivery and related Council structure.

The Council actively engages with staff, stakeholders and the community to communicate plans and strategies.

There is a good understanding of costs and how these relate to performance. The Council uses performance and financial monitoring to ensure ongoing efficiency and productivity. The Council routinely benchmark performance to identify performance outliers and take action where appropriate.

I have reviewed your Annual Governance Statement and I have no matters to report to you.
I reported my planned audit fee in the March 2012 Audit Plan.

As reported in my 2011/12 Audit Plan, I set the fee equal to the Audit Commission scale fee.

Several aspects of the audit have been more protracted this year as a result of the issues identified in this report. As a result of the additional work required to complete the 2011/12 audit, I have discussed with the Financial Services Manager the expected level of revision to the fee required. This is reported below.

Table 4: Fees

<table>
<thead>
<tr>
<th></th>
<th>Planned fee 2011/12 (£)</th>
<th>Expected fee 2011/12 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>111,720</td>
<td>134,350</td>
</tr>
<tr>
<td>Claims and returns</td>
<td>37,734</td>
<td>37,734</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>149,454</strong></td>
<td><strong>172,084</strong></td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SOUTH NORFOLK DISTRICT COUNCIL

Opinion on the Authority financial statements

I have audited the financial statements of South Norfolk District Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

This report is made solely to the members of South Norfolk District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Financial Services Manager and auditor

As explained more fully in the Statement of the Financial Services Manager Responsibilities, the Financial Services Manager is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Financial Services Manager; and the overall presentation of the financial statements. In addition, I read
all the financial and non-financial information in the explanatory foreword and the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

• give a true and fair view of the financial position of South Norfolk District Council as at 31 March 2012 and of its expenditure and income for the year then ended; and
• have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

• in my opinion the annual governance statement does not reflect compliance with ‘Delivering Good Governance in Local Government: a Framework’ published by CIPFA/SOLACE in June 2007;
• I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
• I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
• I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects.

Conclusion on Authority’s arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.
I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, South Norfolk District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Delay in certification of completion of the audit

I cannot formally conclude the audit and issue an audit certificate until I have completed the work necessary to issue my assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. I am satisfied that this work does not have a material effect on the financial statements or on my value for money conclusion.

[Signature]
Appendix 2 – Uncorrected errors

I identified the following errors during the audit which management have not addressed in the revised financial statements.

<table>
<thead>
<tr>
<th>Item of account</th>
<th>Nature of error</th>
<th>Statement of comprehensive income and expenditure (CIES)</th>
<th>Balance sheet</th>
<th>Other statements and notes</th>
</tr>
</thead>
</table>
| Property, Plant and Equipment valuations | Depreciation is not being written out when an asset is revalued consequently the PPE note (note 4) is not reporting the correct split of the impact on the revaluation reserve between cost and depreciation. The 2 PPE assets need the revaluation impact on depreciation to be £231k (non-trivial) and the revaluation impact on the cost of £10k.  
- reduce increased revaluation cost  
- increase depreciation increased revaluation | Dr £’000s 231 Cr £’000s 231 | Dr £’000s 231 Cr £’000s 231 | note 4 231 note 4 231 |
| Provisions | Support for the legal fees provision not yet demonstrated that this is a valid 2011/12 expense.  
- provision  
- legal fees expenditure | | Dr £’000s 200 Cr £’000s 200 | |
Appendix 3 – Draft letter of management representation

South Norfolk District Council - Audit for the year ended 31 March 2012

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of South Norfolk District Council, the following representations given to you in connection with your audit of the Authority’s financial statements for the year ended 31 March 2012.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Authority, for the completeness of the information provided to you, and for making accurate representations to you.

Those charged with governance for South Norfolk District Council

The Council as a whole has identified its Finance, Resources, Audit and Governance committee as those charged with governance for South Norfolk District Council. South Norfolk District Council has delegated the responsibility for approving its statement of accounts for the year ended 31 March 2012 to the Finance, Resources, Audit and Governance committee.

Uncorrected misstatements

The effects of uncorrected financial statements misstatements summarised in the attached schedule are not material to the financial statements, either individually or in aggregate.

These misstatements have been discussed with those charged with governance within the District Council, and the reasons for not correcting these items are as follows.

- Property, plant and equipment valuations - …………………reason 1……………….; and
- Provisions - ……………………………………………...…….reason 2 …………………..
Supporting records
I have made available all relevant information and access to persons within the Authority for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Authority.

Internal control
I have communicated to you all deficiencies in internal control of which I am aware.

Irregularities
I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:
■ my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
■ my knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others; and
■ the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice
I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Authority has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values
I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Investments
I can confirm that the Council has no intention of ending any of the investments held at 31 March 2012 before their respective maturity dates.

Related party transactions
I confirm that I have disclosed the identity of the Authority’s related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

**Subsequent events**

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.
**Comparative financial statements**

A restatement of surplus assets and investment properties and comprehensive income and expenditure statement disclosures was made to correct a misstatement in the prior period financial statements. This affects the comparative information disclosed for 2010/11. Written representations previously made in respect of the prior period remain appropriate.

Signed on behalf of South Norfolk District Council

I confirm that this letter has been discussed and agreed by the Finance, Resources, Audit and Governance Committee on .................[date]

Signed ........................................
Name ........................................
Financial Services Manager
Date .................................

Signed ........................................
Name ........................................
Chairman of the Council
Date .................................
Appendix 4 – Glossary

Annual Audit Letter
Letter issued by the auditor to the Authority after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors’ work.

Annual Governance Report
The auditor’s report on matters arising from the audit of the financial statements presented to those charged with governance before the auditor issues their opinion [and conclusion].

Annual Governance Statement
The annual report on the Authority’s systems of internal control that supports the achievement of the Authority’s policies aims and objectives.

Audit of the accounts
The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body
A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)
The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards
Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.
Auditor(s)
Auditors appointed by the Audit Commission.

Code (the)
The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)
The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards
Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Financial statements
The annual statement of accounts that the Authority is required to prepare, which report the financial performance and financial position of the Authority in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Group accounts
Consolidated financial statements of an Authority and its subsidiaries, associates and jointly controlled entities.

Internal control
The whole system of controls, financial and otherwise, that the Authority establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality
The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement
within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects'.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

**Significance**

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the financial statements. Significance has both qualitative and quantitative aspects.

**Those charged with governance**

Those entrusted with the supervision, control and direction of the Authority. This term includes the members of the Authority and its Audit Committee.

**Whole of Government Accounts**

A project leading to a set of consolidated accounts for the entire UK public sector on commercial accounting principles. The Authority must submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, its financial statements.
The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.
In setting future **TOPICS**, the Committee is asked to consider the following:

**T** imely - **O** bjective – **P** erformance – **I** nterest – **C** orporate Priority

**T** Is this the right **time** to review this issue and is there sufficient **Officer time** and resource to conduct the review? What is the **timescale**?

**O** What is the reason for review; do officers have a clear **objective**?

**P** Can **performance** in this area be improved by input from **Scrutiny**?

**I** Is there sufficient **interest** (particular from the public)? The concerns of local people should influence the issues chosen for scrutiny.

**C** Will the review assist the Council achieve its **Corporate Priorities**?

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Agenda Item</th>
<th>Officer Responsible</th>
<th>Time required</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 March 2013</td>
<td>Audit Commission Audit Plan 12/13</td>
<td>External Audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internal Audit’s Terms of Reference, Performance Indicators, Code of Ethics, Strategy, Strategic and Annual Audit Plans and Summary of Internal Audit Coverage for 2013/14</td>
<td>Sandra King</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Certification of Claims and Returns – Annual Report for 11/12</td>
<td>External Audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Annual Report of the Finance, Resources, Audit &amp; Governance Committee</td>
<td>Sandra King</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FRAG Committee Self-Assessment Exercise 2012/13</td>
<td>Sandra King</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asset Management Strategy</td>
<td>Renata Garfoot</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Counter Fraud Strategy Review</td>
<td>Sandra King</td>
<td></td>
</tr>
<tr>
<td>28 June 2013</td>
<td>Draft Annual Governance Statement</td>
<td>Debbie Lorimer</td>
<td></td>
</tr>
<tr>
<td>(Fri)</td>
<td>Review of Draft Statement of Accounts 2012/13</td>
<td>Debbie Lorimer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Head of Internal Audit’s Annual Report and Opinion for CNC Building Control for 2012/13</td>
<td>Sandra King</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Head of Internal Audit’s Annual Report and Opinion for 2012/13</td>
<td>Sandra King</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Review of the Annual Effectiveness of Internal Audit</td>
<td>Sandra King</td>
<td></td>
</tr>
<tr>
<td>27 Sep 2013</td>
<td>Statement of Accounts (12/13)</td>
<td>Debbie Lorimer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Annual Governance Statement</td>
<td>Debbie Lorimer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Annual Governance Report</td>
<td>External Audit</td>
<td></td>
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</tbody>
</table>