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
Friday 6 March 2015

Time
9.30 am

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

Contact
Sue Elliott tel (01508) 533943
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
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 8)

4. - Minutes of the meeting of the Finance, Resources, Audit and Governance Committee held on 24 October 2014;  
   (attached – page 10)

5. - Certification of Claims & Returns Annual Report for 13/14;  
   (attached - page 14)

6. - External Audit Plan 14/15;  
   (attached - page 24)

7. - Progress Report on Internal Audit Activity;  
   (attached - page 45)

8. - Strategic and Annual Internal Audit Plans 2015/16;  
   (attached - page 67)

9. - Internal Audit Contract Award;  
   (attached - page 82)

10. - Annual Report of FRAG Committee 2014/15;  
    (attached - page 85)

11. - Finance, Resources, Audit & Governance Committee Work Programme;  
    (attached - page 88)
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.

**BAD DEBT PROVISION** - To take account of the amount of debt which the Council estimates it will not be able to collect.

**Build Insight** – The Council’s Approved Inspector company, authorised under the Building Act 1984 to carry out building control work in England and Wales.

**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, Broadland Council and Kings Lynn and West Norfolk Borough 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

**CREDITOR** - A person or organisation which the Council owes money to for a service or goods.

**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

**GNGB – Greater Norwich Growth Board** – a partnership with Broadland Council, Norwich City Council, Norfolk County Council and New Anglia Local Enterprise Partnership providing strategic direction, monitoring and coordination of both the City Deal and the wider growth programme for the Greater Norwich area

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

**JOURNAL** - The transfer of a transaction to either a different cost centre or a different categorisation within the finance system e.g. transfer of an item of expenditure between HR and Planning or the transfer of expenditure from electricity to water. These are used to correct input errors, share costs/income between cost centres or to record expenditure or income which has not yet been invoiced.

**KPI - Key Performance Indicator**

**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

**LEDGER** - A module within the finance system e.g. Sales Ledger, Purchase Ledger, General Ledger.

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

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

**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
NHB – New Homes Bonus - grant paid by central government to local councils for increasing the number of homes and their use

NI – National Indicator – a measure used to identify how the Council is performing that is determined by central government

NNDR/NDR – (National) Non-Domestic Rates – commonly known as Business Rates

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

PSN – Public Services Network - provides a secure private internet for organisations across Central Government and the Wider Public Sector and standardised ICT infrastructure

RAD - Rent Assisted Deposit scheme.

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

SLA – Service Level Agreement – an agreement that sets out the terms of reference for 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

SUNDARY DEBTOR - A customer who owes the Council money for a service they have received prior to payment, this excludes Council Tax or NDR. The term can also refer to the system used to record money owed to the council e.g. the Sundry Debtors system which is a module within the financial system.
Audit Terminology

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

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

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

BRRS – Business Rates Retention Scheme - provides a direct link between business rates growth and the amount of money councils have to spend on local people and local services (the Council retains a proportion of the income collected as well as growth generated in the area)

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

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)

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


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

Non-current assets – assets from which benefit can be derived by the Council for more than one year (formerly known as Fixed Assets)

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

SeRCOP – Service Reporting Code of Practice – outlines how Council should classify income and expenditure across different services

SSAP – Statement of Standard Accounting Practice – preceded the financial reporting standards in the UK

The Code – Code of Practice on Local Authority Accounting in the UK – main guidance on accounting treatment required for the statement of accounts

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

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

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

IDOX Uniform – IT platform covering Planning, Building Control, Environmental Services, Land Charges, Licensing, Estates, Street Naming and Numbering and Address Gazetteer.

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
**Working Style of Cabinet Policy Committees**

**Member Leadership**
Members of the Committees will take the lead in understanding the direction provided by Cabinet and delivering work to Cabinet requirements. Whilst recognising political allegiances, members will work in a collaborative manner with officers and cabinet portfolio holders to consider the relevant issues when developing Council policy.

**Collaborative Working**
All meetings of the Committees will be constructive and conducted in a spirit of mutual respect and trust. Officers will commit to supplying meetings with information relevant to making informed decisions on policies and matters. Members will commit to thoroughly reading and understanding papers, raising questions that are pertinent to the issues at stake. Members will, where feasible, agree definable actions to be taken forward by officers to develop policy, rather than having items for noting or simply to discuss.

**Frequency and Nature of Meeting**
Each Committee will have at least 3 formal, public meetings per year. In assessing items delegated by Cabinet for review, the Committee may decide that it wishes to meet on a more or less frequent basis.

The Committee may also hold informal meetings should it require in order to progress specific items in detail. However, if the Committee is meeting to determine whether to refer items for Cabinet approval, the meeting should follow the Council's Standing Orders and thus be subject to a formal agenda, be held in public and the meeting recorded.

Informal meetings may be held in any manner suitable for conducting business (e.g. via meeting, conference call, circulation of information via e-mail, or site visits); while relevant information will be supplied by officers where appropriate, these meetings will not be subject to a formal agenda or minutes. Where business of the Committee is undertaken through informal meeting, all members of the Committee will be provided opportunity to participate. Members will expect to be able to participate in a free and frank exchange of views when deliberating subjects.

**Training**
Members commit to undertaking development – for example, attending formal training sessions, or reading relevant background material, in order to properly equip themselves to deliver their expected role fully.

**Accountability**
The Policy Committees will be accountable to Cabinet. They will not be able to make decisions themselves, but can recommend decisions to Cabinet. Cabinet may review whether the Committees are discharging their duties effectively, and may receive progress reports on how the Policy Committee is working to discharge its duties.

**Work Programmes**
The Work Programmes for the Policy Committee will be established by Cabinet. Members of the Committee will not be able to raise items to be included in the work programme. Where topics have been identified for inclusion in the work programme, the Committee will work to identify how it will discharge its responsibilities, including the resources required to do so.

**Managing Time**
However the Committee is meeting, it will attempt to conclude the business of each meeting in reasonable time. The Chairman will be responsible for ensuring the meeting stays focused on pertinent issue, and does not become side-tracked on issues that are not relevant to the policy under consideration, or those that should be discussed by a separate committee.
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>
</tr>
</thead>
<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>
<tr>
<td>If the answer is “yes” to any of the above, it is likely to be pecuniary.</td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td>Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?</td>
</tr>
<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>
</tr>
<tr>
<td>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.</td>
</tr>
<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

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.

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

YES

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

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

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

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

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.
FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk Council held at South Norfolk House, Long Stratton, on Friday 24 October 2014 at 9.30 am.

Committee Members Present: Councillors: M Edney, K Billig, L Dale, D Goldson, T Palmer and L Webster

Cabinet Member Present: Councillor: G Wheatley

Officers in Attendance: The Acting Director of Business Development (D Lorimer), the Accountancy Manager (M Fernandez-Graham), the Internal Audit Consortium Manager (E Hodds), the Finance Manager (S Bessey) and the IT Infrastructure Manager (M Woolven)

Also in Attendance: Tina Meyer and Mark Russell (Ernst & Young)

69 URGENT ITEM – ANNUAL AUDIT LETTER

The Chairman agreed to consider the Annual Audit Letter as an urgent item as, although the document had not reached the Council until after the agenda had been dispatched, statutory deadlines dictated that it be considered before the next meeting of the FRAG Committee scheduled for March 2015.

Tina Meyer from Ernst & Young presented the Annual Audit Letter, explaining that it was a summary of all audit work carried out during the year. She advised Members that an unqualified audit opinion had been awarded, and thanked officers for their hard work in the early delivery of the accounts.

After a brief discussion, it was then

RESOLVED: To note the report and commend the work of officers.

70 MINUTES

The minutes of the meeting held on 25 July 2014 were confirmed as a correct record and signed by the Chairman.
Arising from Minute No 66, regarding the Government funding available for two years for councils to tackle non-benefit related fraud, members were advised that the Council had considered bidding for funding but a decision had been made for Norfolk County Council to submit a county-wide bid, with South Norfolk Council working alongside them.

71 PROGRESS ON INTERNAL AUDIT PROCUREMENT

The Internal Audit Consortium Manager gave a brief update on the progress of the Internal Audit Procurement, explaining that an exempt paper would be considered by Cabinet later in October 2014. She advised members that further information would be available at the next meeting of the Finance, Resources, Audit and Governance Committee in March 2015.

72 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Internal Audit Consortium Manager presented members with a progress report on the activity of Internal Audit in relation to the delivery of the Annual Audit Plan for 2013/14, summarising the six completed audits undertaken during the period between 1 April 2014 and 15 October 2014. She explained that 36% of the Audit Plan had been completed, with much of the work in the current financial year being programmed to be delivered in the third and fourth quarters of the year. Members were pleased to note that all areas covered had been awarded an adequate opinion which was recognised as a positive outcome.

A brief discussion following during which members raised several queries including the medium priority recommendation regarding the timely raising of invoices for CNC. The Finance Manager reassured the Committee that a new procedure had been put into place to ensure that the Council was notified of invoices to be raised within five working days of work being completed.

In response to a query regarding the decrease in staff in the Audit Consortium Management Team, the Acting Director of Business Development clarified that the new internal audit contract, once in place, would be more robust and designed to cut down on the required input from Internal Audit Consortium Management.

After a short discussion concerning the revaluation of properties and the asset register, it was

RESOLVED: - To note the outcomes of the six completed audits finalised during the period covered and the progress made to date against the Annual Audit Plan.
73 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Internal Audit Consortium Manager presented the Committee with a report to advise it of the latest progress made in relation to the Council’s implementation of the agreed audit recommendations falling due by 30 September 2014.

The IT Infrastructure Manager provided members with an explanation of ‘virtualisation’, advising members of how the Council’s computer data was held securely and of the measures taken to ensure that the systems would be protected in the event of a fire or other disaster.

Following a brief discussion, it was

RESOLVED: To note the position in relation to the completion of agreed audit recommendations as at 30 September 2014.

74 BANKING SERVICES CONTRACT AWARD AND IMPLEMENTATION

The Accountancy Manager presented members with a report which detailed the decision taken to transfer the Council’s banking services to Barclays Bank plc and described the draft plans for implementation of the transfer. The Committee was reassured that other Norfolk Councils who were in the process of transferring their banking services had experienced positive outcomes to date and that, as one of the last Councils to begin implementation, South Norfolk Council could benefit from the experiences of other authorities.

Members queried the possibility of reclaiming some expenses from the Co-operative Bank as, due to their decision to exit the local authority market, the Council had no option but to change providers. The Acting Director of Business Development explained that, as the Council had decided to terminate its contract with the Co-operative Bank before it was due to cease in 2017, it would not be possible to recoup any costs. However, she added that she would clarify how the contract with Barclays Bank PLC ensured that the Council would not suffer any losses should Barclays Bank suffer from a catastrophic ratings reduction which would force the bank or South Norfolk Council to withdraw prior to the expiry date of the contract.

The Committee discussed the processes in place for dealing with existing customers who currently paid monies to the Council directly by direct debit. The Acting Director of Business Development and the Finance Manager reassured members that, as the direct debit and direct credit functions were operated by the BACS system, the change in bank accounts would be an internal switch and invisible to payers and payees. There were concerns raised regarding the small number of residents who paid their bills manually. Members were advised that in such cases, forms which provided the new bank details would be issued and, where possible, those customers would be encouraged to switch to direct debit payments. It was also agreed that leniency should be given if there was increase in late payments from customers who usually paid their bills manually.
It was then

**RESOLVED:** To note the decision to award a contract for banking services to Barclays Bank plc and the plans for implementation.

### 75 - SELF ASSESSMENT

The Internal Audit Consortium Manager presented the Committee with a report which detailed the self-assessment undertaken by the Finance, Resources, Audit & Governance Committee. After explaining the checklist attached with the report which detailed the conclusions relating to six key areas subject to scrutiny, she invited comments from members and enquired whether the Committee wished to continue the recognised best practice of making a formal annual report of its work to Full Council, or whether it considered that the minutes produced from formal meetings was sufficient detail of its work and performance. After a brief discussion, members agreed that a formal annual report should be produced due to the relatively low volume of work this would create and so that best practice could be followed.

It was then

**RESOLVED:** To note the report and its contents and note that full compliance had been recognised in each of the key areas subject to scrutiny.

To continue to produce a formal annual report to be presented at Full Council, detailing the work of the FRAG Committee.

### 76 - FINANCE, RESOURCES, AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

Members noted the Finance, Resources, Audit & Governance Committee's work programme.

The Internal Audit Consortium Manager advised members that the item ‘Working Protocol between Internal and External Audit for 14/15 and 15/16’ scheduled to be considered at the March 2015 meeting would not now be necessary as this would merely be a duplication of information.

Cllr Wheatley commended Officers and the Finance, Resources, Audit & Governance Committee and stated that he would be advising Cabinet of the excellent standard of work achieved.

The meeting concluded at 10.48 am

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Chairman
Certification of Claims and Returns Annual report for 2013/14

Accountancy Manager

The report attached in Appendix A, from EY the Council’s External Auditors, relates to the certification work for the Housing Benefit subsidy claim for the financial year 2013/14.

1. - Background

1.1. EY as the Council’s External Auditors are responsible for the audit of the Housing Benefit subsidy claim. Following the introduction of the Council Tax Support Scheme from 1 April 2013, Council Tax Benefit no longer exists and is not included in the claim. From 1 April 2013 there were changes to the system for non-domestic rates and external audit are no longer required to certify returns in this area.

2. - Current Position and Issues

2.1. The annual report from EY is attached in Appendix A. The summary section on page 4 of the appendix outlines the work undertaken by EY. The work on the Housing Benefit subsidy claim is carried out in accordance with the requirements of the Department of Work and Pensions (DWP) which stipulates the level of testing to be carried out.

2.2. The original value of the Housing Benefit subsidy claim was £27,177,222. There were no amendments required to the claim as a result of the audit work. There are currently around 8,600 live benefit cases being dealt with by the Council.

There were errors identified through the audit work. There was one case caused by a fault in the CIVICA system which will be corrected and included in the 2014/15 claim. There were 3 cases of incorrect classification of overpayments due to date input errors. No staff training issues were identified. None of the errors identified required an amendment to the 2013/14 claim.
Finance, Resources, Audit and Governance Committee
6 March 2015

The cost of the certification work was reduced by £12,110 compared to last year as initial and extended testing was carried out by Council officers under guidance from EY.

3. Proposal and Reasons
3.1. Members to note the attached report in Appendix A on the certification of the Housing Benefit subsidy claim for 2013/14.

4. Relevant Corporate Priorities
4.1. Driving services through being businesslike, efficient and customer aware.

5. Implications and Risks
5.1. None

6. Conclusion
6.1. The certification work for the Housing Benefit subsidy grant claim identified no errors requiring an adjustment to the claim of £27,177,222.

6.2. The cost of the certification work was reduced by £12,110 compared to the work for 2012/13.

7. Action Required
7.1. To note the report attached in Appendix A.
Dear Member

Certification of claims and returns annual report 2013/14
South Norfolk District Council

We are pleased to report on our certification work. This report summarises the results of our work on South Norfolk District Council's 2013/14 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require certification from an appropriately qualified auditor of the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. When such arrangements are made, certification instructions issued by the Audit Commission to appointed auditors of the audited body set out the work they must undertake before issuing certificates and set out the submission deadlines.

Certification work is not an audit. Certification work involves executing prescribed tests which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

In 2013/14, the Audit Commission did not ask auditors to certify individual claims and returns below £125,000. The threshold below which auditors undertook only limited tests remained at £500,000. Above this threshold, certification work took account of the audited body's overall control environment for preparing the claim or return. The exception was the housing and council tax benefits subsidy claim where the grant paying department set the level of testing.

Where auditors agree it is necessary audited bodies can amend a claim or return. An auditor's certificate may also refer to a qualification letter where there is disagreement or uncertainty, or the audited body does not comply with scheme terms and conditions.

Statement of responsibilities

In March 2014 the Audit Commission issued a revised version of the 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims
and returns’ (statement of responsibilities). It is available from the Chief Executive of each audited body and via the Audit Commission website.

The statement of responsibilities serves as the formal terms of engagement between the Audit Commission’s appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

This annual certification report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Summary
Section 1 of this report outlines the results of our 2013/14 certification work and highlights the significant issues.

We checked and certified one claim relating to housing benefit, with a total value of £27.2 million. We met all submission deadlines and issued a qualification letter for the housing benefit claim. Details of the qualification matters are included in section 2. Our certification work found no errors that required amendment by the Council.

Fees for certification work are summarised in section 2.

We welcome the opportunity to discuss the contents of this report with you at the 6 March 2015 Finance, Resources, Audit and Governance Committee

Yours faithfully

Rob Murray
Director
Ernst & Young LLP

Enc
Certification of claims and returns annual report 2013/14

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1. Summary of 2013/14 certification work ............................................................................. 4
2. 2013/14 certification fees ........................................................................................................ 6
3. Looking forward....................................................................................................................... 7
1. Summary of 2013/14 certification work

We certified one claim in 2013/14. The main findings from our certification work are provided below.

Housing benefits subsidy claim

<table>
<thead>
<tr>
<th>Scope of work</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of claim presented for certification</td>
<td>£27,177,222</td>
</tr>
<tr>
<td>Limited or full review</td>
<td>Full</td>
</tr>
<tr>
<td>Amended</td>
<td>No amendments to claim required.</td>
</tr>
<tr>
<td>Qualification letter</td>
<td>Yes</td>
</tr>
<tr>
<td>Fee - 2013-14</td>
<td>£21,648</td>
</tr>
<tr>
<td>Fee - 2012-13</td>
<td>£33,758</td>
</tr>
<tr>
<td>Recommendations from 2012-13:</td>
<td>Findings in 2013/14</td>
</tr>
<tr>
<td>None</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Councils run the Government's housing and council tax benefits scheme for tenants and council taxpayers. Councils responsible for the scheme claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive ‘40+’ testing (extended testing) if initial testing identifies errors in the calculation of benefit or compilation of the claim. We found errors and carried out extended testing in several areas.

Extended ‘40+’ testing and other testing identified no errors which required amendment by the Council.

The errors had a small net impact on the claim. We have reported the following matters to the DWP in a qualification letter:

- The Council uses the CIVICA benefits system, which provides a method for the Council to reconcile benefit granted to benefit paid. However, the benefit granted figures for rent allowance and council tax benefit in the claim form differed from the benefit granted figures used in the reconciliation. The differences have arisen because the Council has undertaken a review of the individual cells on the subsidy claim prior to its submission and made a number of resulting manual amendments to the subsidy claim. Whilst the Council has successfully performed the software supplier’s standard reconciliation, as there is a difference between this reconciliation and the benefit granted figure on the benefit claim form, in line with DWP guidance, we were required to report the differences to the DWP in a qualification letter.

- Our testing of rent allowances identified one case where the system incorrectly delayed posting of working tax credit entitlement and subsequently raised an incorrect eligible overpayment due to a system fault when calculating underpayments in the same run as overpayments across multiple periods. The system provider has discussed this issue with the Audit Commission and has agreed to fix the calculation for 2014. A report will then be provided for retrospective changes for 2013 as part of the 2014/15 claim form. The system provider confirmed that the case identified in our initial testing will be included in this fix.

- Our testing of rent allowances identified three cases where the effective date of changes made to the claim had been incorrectly applied resulting in the overpayment being incorrectly classified.
The error was extrapolated and reported in the qualification letter in accordance with DWP requirements.

The national non-domestic rates return did not require certification from 2013-14 onwards.
2. 2013/14 certification fees

For 2013/14 the Audit Commission replaced the previous schedule of maximum hourly rates with a composite indicative fee for certification work for each body. The indicative fee was based on actual certification fees for 2010/11 adjusted to reflect the fact that a number of schemes would no longer require auditor certification. As noted in our last report, fees previously reduced by 40 per cent, reflecting the outcome of the Audit Commission procurement for external audit services.

The indicative and actual composite fee for South Norfolk District Council for 2013/14 was £21,648. Savings have been achieved this year as initial and extended testing (as a result of residual errors from previous year’s claims) was undertaken by Council officers rather than EY staff.

<table>
<thead>
<tr>
<th>Claim or return</th>
<th>2013/14 Actual fee</th>
<th>2012/13 Actual fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non domestic rates return claim</td>
<td>£21,648</td>
<td>£33,758</td>
</tr>
<tr>
<td>Housing benefit subsidy claim</td>
<td>£21,648</td>
<td>£33,758</td>
</tr>
<tr>
<td>Total</td>
<td>£21,648</td>
<td>£36,368</td>
</tr>
</tbody>
</table>

As this was the first year of the Council undertaking work on the housing benefits claim some additional costs were incurred. We have absorbed these costs and therefore no additional fee has been raised, leading to a significant reduction in certification fees for the Council.

Should the Council decide to undertake the same level of testing in 2014/15, we will work with officers to obtain efficiencies in this testing and reduced costs for the 2014/15 housing benefit claim.
3. Looking forward

For 2013/14, the Audit Commission calculated indicative certification fees based on the latest available information on actual certification fees for 2011/12, adjusted for any schemes that no longer require certification. The Council's initial indicative certification fee for 2013/14 was £24,600. This was reduced to £21,648 as the number of schemes requiring testing was reduced in 2013/14.

Details of individual indicative fees are available at the following link:


The indicative certification fee for 2014/15 is £29,710. This fee is based upon the initial and additional testing being undertaken by EY staff. If officers undertake this testing for a second year, then it is likely that the indicative fee will reduce.

We must seek the agreement of the Audit Commission to any proposed variations to indicative certification fees. The Audit Commission expects variations from the indicative fee to occur only where issues arise that are significantly different from those identified and reflected previously.

The Audit Commission has changed its instructions to allow appointed auditors to act as reporting accountants where the Commission has not made or does not intend to make certification arrangements for individual claims and returns. This removes the previous restriction saying that the appointed auditor cannot act if the Commission has declined to make arrangements.
South Norfolk District Council

Year ending 31 March 2015

Audit Plan

6 March 2015
Dear Committee Members

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Finance, Resources, Audit and Governance Committee with a basis to review our proposed audit approach and scope for the 2014/15 audit in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, Standing Guidance, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee’s service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this plan with you on 6 March 2015 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Rob Murray
Director
For and behalf of Ernst & Young LLP
Enc
In March 2010 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the Audit Commission’s website.

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission’s appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.
1. Overview

Context for the audit
This Audit Plan covers the work that we plan to perform to provide you with:

► our audit opinion on whether the financial statements of South Norfolk District Council give a true and fair view of the financial position as at 31 March 2015 and of the income and expenditure for the year then ended;

► a statutory conclusion on the Council’s arrangements to secure economy, efficiency and effectiveness;

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council’s Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

► strategic, operational and financial risks relevant to the financial statements;

► developments in financial reporting and auditing standards;

► the quality of systems and processes;

► changes in the business and regulatory environment; and

► management’s views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council. Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

In parts three and four of this plan we provide more detail on the above areas and we outline our plans to address them. Our proposed audit process and strategy are summarised below and set out in more detail in section five.

We will provide an update to the Finance, Resources, Audit and Governance Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in July 2015.
Our process and strategy

Financial statement audit

We consider materiality in terms of the possible impact of an error or omission on the financial statements and set an overall planning materiality level. We then set a tolerable error to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds planning materiality to an appropriately low level. We also assess each disclosure and consider qualitative issues affecting materiality as well as quantitative issues.

We will seek to rely on controls where this is possible and represents the most efficient approach to our audit.

To the fullest extent permissible by auditing standards, we will seek to rely on the work of internal audit wherever possible.

We are pleased to report that there are no changes proposed to the Audit Director and Audit Manager for 2014/15

Arrangements for securing economy, efficiency and effectiveness

Our approach to the value for money (VFM) conclusion for South Norfolk District Council for 2014/15 is based on criteria specified by the Audit Commission relating to whether there are proper arrangements in place within the Council for:

► securing financial resilience

► challenging how the Council secures economy, efficiency and effectiveness.

We adopt an integrated audit approach, so our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

Further detail is included in section 4 of this Audit Plan.
2. The Local Audit and Accountability Act 2014

The Local Audit and Accountability Act 2014 (the 2014 Act) closes the Audit Commission and repeals the Audit Commission Act 1998.

The 2014 Act requires the Comptroller and Auditor General to prepare a Code of Audit Practice. This must be laid before Parliament and approved before 1 April 2015.

Although this new Code will apply from 1 April 2015, transitional provisions within the 2014 Act provide for the Audit Commission’s 2010 Code to continue to apply to audit work in respect of the 2014/15 financial year. This plan is therefore prepared on the basis of the continued application of the 2010 Code of Audit Practice throughout the 2014/15 audit.
3. Financial statement risks

We outline below our assessment of the financial statement risks facing the Council, identified through our knowledge of the Council’s operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

<table>
<thead>
<tr>
<th>Significant risks (including fraud risks)</th>
<th>Our audit approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk of management override</strong></td>
<td>Our approach will focus on:</td>
</tr>
<tr>
<td>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</td>
<td>► testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;</td>
</tr>
<tr>
<td></td>
<td>► reviewing accounting estimates for evidence of management bias; and</td>
</tr>
<tr>
<td></td>
<td>► evaluating the business rationale for significant unusual transactions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other financial statement risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group Accounts</strong></td>
</tr>
<tr>
<td>The Council has set up a number of commercial companies under the Big Sky Ventures banner which may require consolidating into the Council's 2014/15 financial statements dependent on their size and other risk factors at year end.</td>
</tr>
<tr>
<td>Production of statements and disclosure notes for the group accounts and the closedown and consolidation process for the Big Sky Ventures companies therefore presents a financial statement risk.</td>
</tr>
<tr>
<td>Our approach will focus on:</td>
</tr>
<tr>
<td>► reviewing the Council’s assessment of the group under relevant accounting standards;</td>
</tr>
<tr>
<td>► where consolidation is required, agreeing the consolidated figures in the consolidated set of accounts; and</td>
</tr>
<tr>
<td>► Reviewing the associated disclosures to ensure these are in line with the Code and associated guidance.</td>
</tr>
</tbody>
</table>

**Respective responsibilities in relation to fraud and error**

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.
Based on the requirements of auditing standards our approach will focus on:
► identifying fraud risks during the planning stages;
► enquiry of management about risks of fraud and the controls to address those risks;
► understanding the oversight given by those charged with governance of management’s processes over fraud;
► consideration of the effectiveness of management’s controls designed to address the risk of fraud;
► determining an appropriate strategy to address any identified risks of fraud; and
► performing mandatory procedures regardless of specifically identified fraud risks.

We will consider the results of the National Fraud Initiative and may refer to it in our reporting to you.
4. Economy, efficiency and effectiveness

Our approach to the value for money (VFM) conclusion for South Norfolk District Council for 2014/15 is based on criteria specified by the Audit Commission relating to whether there are proper arrangements in place at Council for securing:

1. financial resilience, and
2. economy, efficiency and effectiveness in the use of resources.

The Audit Commission VFM guidance for 2014/15 requires that auditors consider and assess the significant risks of giving a wrong conclusion and carry out as much work as is appropriate to enable them to give a safe conclusion on arrangements to secure VFM.

Our assessment of what is a significant risk is a matter of professional judgement, and is based on consideration of both quantitative and qualitative aspects of the subject matter in question.

For those significant risks identified by our risk assessment that are relevant to our VFM conclusion, where these risks will not be addressed by our financial statements audit work or work undertaken by the Council, Audit Commission or other review agency, we consider the need to undertake local VFM work.

The table below provides a high-level summary of our risk assessment and our proposed response to those risks.

<table>
<thead>
<tr>
<th>Other risks</th>
<th>Impacts arrangements for securing:</th>
<th>Our audit approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pressures from economic downturn</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To date the Council has responded well to the financial pressure resulting from the continuing economic downturn. However, the Comprehensive Spending Review will continue to impact on the Council’s budget and medium term financial planning during current and forthcoming financial years</td>
<td>Economy, efficiency and effectiveness</td>
<td>Our approach will focus on:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>► The adequacy of the Council’s budget setting process;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>► The robustness of any assumptions;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>► The effective use of scenario planning in budget setting;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>► The effectiveness of in year monitoring against the budget; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>► The Council’s approach to prioritising resources.</td>
</tr>
<tr>
<td><strong>New commercial ventures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Council has set up a number of commercial companies under the Big Sky Ventures banner and are looking to further invest within the commercial market to generate additional income in response to continued funding cuts. The Council is relying on income generated by these companies to balance the</td>
<td>Economy, efficiency and effectiveness</td>
<td>Our approach will focus on:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>► Drawing on and updating our knowledge and understanding of arrangements in place;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>► The Council’s scenario planning and consideration of the impact of these arrangements; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>► The adequacy of the Council’s arrangements for managing</td>
</tr>
<tr>
<td>Other risks</td>
<td>Impacts arrangements for securing:</td>
<td>Our audit approach</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-----------------------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>budget. There is a risk that these companies will not generate the level of income expected.</td>
<td>the risks relating to commercial activities.</td>
<td></td>
</tr>
</tbody>
</table>

We will keep our risk assessment under review throughout our audit and communicate to the Finance, Resources, Audit and Governance Committee any revisions to the specific risks identified here and any additional local risk-based work we may need to undertake as a result.
Our audit process and strategy

5. Objective and scope of our audit

Under the Audit Commission’s Code of Audit Practice (‘the Code’) our principal objectives are to review and report on, the Council’s:

- financial statements
- arrangements for securing economy, efficiency and effectiveness in its use of resources

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We will also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.

i) Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We will also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.

ii) Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, we will rely as far as possible on the reported results of the work of other statutory inspectorates on corporate or service performance.

In examining the Council’s corporate performance management and financial management arrangements, we consider the following criteria and areas of focus specified by the Audit Commission:

- arrangements for securing financial resilience – whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- arrangements for securing economy, efficiency and effectiveness - whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

5.2 Audit process overview

Our audit involves:

- Assessing the key internal controls in place and testing the operation of these controls
- Review of the work of Internal Audit
- Reliance on the work of other auditors where appropriate
- Reliance on the work of experts in relation to areas such as pensions and property valuations
- Substantive tests of detail of transactions and amounts.
Our audit process and strategy

Processes
We intend to take a fully substantive audit approach as we believe this to be most efficient.

Analytics
We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

► help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
► give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Finance, Resources, Audit and Governance Committee.

Internal audit
As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where issues could have an impact on the year-end financial statements.

Use of experts
We will use specialist EY resource as necessary to help us to form a view on judgements made in the financial statements. Our plan currently includes involving specialists in pensions and valuations.

Mandatory procedures required by auditing standards
As well as the financial statement risks outlined in section three, we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards
► addressing the risk of fraud and error;
► significant disclosures included in the financial statements;
► entity-wide controls;
► reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
► auditor independence.

Procedures required by the Code
► reviewing, and reporting on, as appropriate, other information published with the financial statements, including the Governance Statement;
► reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO; and
Our audit process and strategy

- reviewing and examining, where appropriate, evidence relevant to the Council’s corporate performance management and financial management arrangements, and its reporting on these arrangements.

5.3 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. We have determined that overall materiality for the financial statements of the Council is £1,187,980 based on 2% of gross operating expenditure.

We will communicate uncorrected audit misstatements greater than £59,399 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

5.4 Fees

The Audit Commission has published a scale fee for all authorities. This is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for the audit of Council is £67,032.

5.5 Your audit team

The engagement team is led by Rob Murray, who has significant experience on South Norfolk District Council. Rob Murray is supported by Tina Meyer who is responsible for the day-to-day direction of audit work and is the key point of contact for the Acting Director of Business Development.

5.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the VFM work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Finance, Resources, Audit and Governance Committee’s cycle in 2014/15. These dates are determined to ensure our alignment with the Audit Commission’s rolling calendar of deadlines. From time to time matters may arise that require immediate communication with the enquiry of the Finance, Resources, Audit and Governance Committee and we will discuss them with the Committee Chair as appropriate. Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.
## Audit phase

<table>
<thead>
<tr>
<th>Audit phase</th>
<th>Timetable</th>
<th>Finance, Resources, Audit and Governance Committee timetable</th>
<th>Deliverables</th>
</tr>
</thead>
<tbody>
<tr>
<td>High level planning</td>
<td>April 2014</td>
<td>May 2014</td>
<td>Audit Fee letter</td>
</tr>
<tr>
<td>Risk assessment and setting of scopes</td>
<td>February – March 2015</td>
<td>March 2015</td>
<td>Audit Plan</td>
</tr>
<tr>
<td>Testing routine processes and controls</td>
<td>March 2015</td>
<td>May 2015</td>
<td>Progress Report (if required)</td>
</tr>
<tr>
<td>Year-end audit</td>
<td>June – July 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completion of audit</td>
<td>July 2015</td>
<td>July 2015</td>
<td>Report to those charged with governance via the Audit Results Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Audit report (including our opinion on the financial statements; and overall value for money conclusion).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Audit completion certificate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reporting to the NAO on the Whole of Government Accounts return.</td>
</tr>
<tr>
<td>Conclusion of reporting</td>
<td>October 2015</td>
<td>November 2015</td>
<td>Annual Audit Letter</td>
</tr>
</tbody>
</table>

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.
6. Independence

6.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

<table>
<thead>
<tr>
<th>Required communications</th>
<th>Planning stage</th>
<th>Final stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us;</td>
<td>A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</td>
<td>Details of non-audit services provided and the fees charged in relation thereto;</td>
</tr>
<tr>
<td>- The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review;</td>
<td></td>
<td>Written confirmation that we are independent;</td>
</tr>
<tr>
<td>- The overall assessment of threats and safeguards;</td>
<td></td>
<td>Details of any inconsistencies between APB Ethical Standards, the Audit Commission’s Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and</td>
</tr>
<tr>
<td>- Information about the general policies and process within EY to maintain objectivity and independence.</td>
<td></td>
<td>An opportunity to discuss auditor independence issues.</td>
</tr>
</tbody>
</table>

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.
6.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

**Self-interest threats**

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with the Audit Commission’s Standing Guidance.

At the time of writing, there are no fees from non-audit work.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

**Self-review threats**

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

**Management threats**

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

**Other threats**

Other threats, such as advocacy, familiarity or intimidation, may arise.

The Audit Commission’s standing guidance for auditors requires confirmation, before the start of the sixth year of an individual auditor’s work on an engagement, that there are no independence issues that would preclude an extension for an additional period of up to no more than two years. This is Rob Murray’s seventh year on the South Norfolk District Council audit. We agreed with the Audit Commission in 2013/14 that there were no independence issues that would preclude an extension for a further two years.

There are no other threats at the date of this report.
Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Rob Murray, the audit engagement Director and the audit engagement team have not been compromised.

6.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended 27 June 2014 and can be found here:

Appendix A  Fees

A breakdown of our agreed fee is shown below.

<table>
<thead>
<tr>
<th></th>
<th>Planned Fee 2014/15</th>
<th>Out-turn 2013/14</th>
<th>Published fee 2013/14</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opinion Audit and VFM Conclusion</td>
<td>67,932</td>
<td>67,932</td>
<td>67,032</td>
<td>Increase due to supplementary fee for audit work on business rates</td>
</tr>
<tr>
<td>Total Audit Fee – Code work</td>
<td>67,932</td>
<td>67,932</td>
<td>67,032</td>
<td></td>
</tr>
<tr>
<td>Certification of claims and returns *</td>
<td>29,710</td>
<td>21,648</td>
<td>21,648</td>
<td></td>
</tr>
<tr>
<td>Non-audit work</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

All fees exclude VAT.

The agreed fee presented above is based on the following assumptions:

► officers meeting the agreed timetable of deliverables;

► the Audit Commission making no significant changes to the use of resources criteria on which our conclusion will be based;

► our accounts opinion and use of resources conclusion being unqualified;

► appropriate quality of documentation is provided by the Council; and

► the Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor’s consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

*Our fee for the certification of grant claims is based on the indicative scale fee set by the Audit Commission.
Appendix B  UK required communications with those charged with governance

There are certain communications that we must provide to the Finance, Resources, Audit and Governance Committee. These are detailed here:

<table>
<thead>
<tr>
<th>Required communication</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and audit approach</td>
<td>► Audit Plan</td>
</tr>
<tr>
<td>Communication of the planned scope and timing of the audit including any limitations.</td>
<td></td>
</tr>
<tr>
<td>Significant findings from the audit</td>
<td>► Report to those charged with governance</td>
</tr>
<tr>
<td>► our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</td>
<td></td>
</tr>
<tr>
<td>► significant difficulties, if any, encountered during the audit</td>
<td></td>
</tr>
<tr>
<td>► significant matters, if any, arising from the audit that were discussed with management</td>
<td></td>
</tr>
<tr>
<td>► written representations that we are seeking</td>
<td></td>
</tr>
<tr>
<td>► expected modifications to the audit report</td>
<td></td>
</tr>
<tr>
<td>► other matters if any, significant to the oversight of the financial reporting process</td>
<td></td>
</tr>
<tr>
<td>Misstatements</td>
<td>► Report to those charged with governance</td>
</tr>
<tr>
<td>► uncorrected misstatements and their effect on our audit opinion</td>
<td></td>
</tr>
<tr>
<td>► the effect of uncorrected misstatements related to prior periods</td>
<td></td>
</tr>
<tr>
<td>► a request that any uncorrected misstatement be corrected</td>
<td></td>
</tr>
<tr>
<td>► in writing, corrected misstatements that are significant</td>
<td></td>
</tr>
<tr>
<td>Fraud</td>
<td>► Report to those charged with governance</td>
</tr>
<tr>
<td>enquiries of the Finance, Resources, Audit and Governance Committee</td>
<td></td>
</tr>
<tr>
<td>► to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</td>
<td></td>
</tr>
<tr>
<td>► any fraud that we have identified or information we have obtained that indicates that a fraud may exist</td>
<td></td>
</tr>
<tr>
<td>► a discussion of any other matters related to fraud</td>
<td></td>
</tr>
<tr>
<td>Related parties</td>
<td>► Report to those charged with governance</td>
</tr>
<tr>
<td>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</td>
<td></td>
</tr>
<tr>
<td>► non-disclosure by management</td>
<td></td>
</tr>
<tr>
<td>► inappropriate authorisation and approval of transactions</td>
<td></td>
</tr>
<tr>
<td>► disagreement over disclosures</td>
<td></td>
</tr>
<tr>
<td>► non-compliance with laws and regulations</td>
<td></td>
</tr>
<tr>
<td>► difficulty in identifying the party that ultimately controls the entity</td>
<td></td>
</tr>
<tr>
<td>External confirmations</td>
<td>► Report to those charged with governance</td>
</tr>
<tr>
<td>► management's refusal for us to request confirmations</td>
<td></td>
</tr>
<tr>
<td>► inability to obtain relevant and reliable audit evidence from other procedures</td>
<td></td>
</tr>
</tbody>
</table>
## Consideration of laws and regulations
- audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off
- enquiry of the Finance, Resources, Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Finance, Resources, Audit and Governance Committee may be aware of

### Independence
Communication of all significant facts and matters that bear on EY’s objectivity and independence
Communication of key elements of the audit engagement director’s consideration of independence and objectivity such as:
- the principal threats
- safeguards adopted and their effectiveness
- an overall assessment of threats and safeguards
- information about the general policies and process within the firm to maintain objectivity and independence

### Going concern
Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:
- whether the events or conditions constitute a material uncertainty
- whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements
- the adequacy of related disclosures in the financial statements

### Significant deficiencies in internal controls identified during the audit

### Fee Information
- breakdown of fee information at the agreement of the initial audit plan
- breakdown of fee information at the completion of the audit

### Certification work
- Summary of certification work undertaken

### Annual Report
- Annual Report to those charged with governance summarising grant certification, and
- Annual Audit Letter if considered necessary
Progress Report on Internal Audit Activity

Internal Audit Consortium Manager

This report examines progress made between 16 October 2014 and 24 February 2015 in relation to delivery of the Annual Audit Plan for 2014/15, and includes abbreviated executive summaries in respect of the audit reviews which have been finalised in the course of this period.

Cabinet member(s): Garry Wheatley
Ward(s) affected: All
Contact Officer, telephone number, and e-mail: Emma Hodds 01508 533791 ehodds@s-norfolk.gov.uk

1. Background

1.1. The Finance, Resources, Audit and Governance Policy Committee (FRAG) regularly receive updates on progress made against the annual internal audit plan.

1.2. This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.

1.3. The Public Sector Internal Audit Standards require the Chief Audit Executive (Internal Audit Consortium Manager) to report to the FRAG Committee the performance of internal audit relative to its agreed plan, including any significant risk exposures and control issues.

1.4. To comply with the above the report identifies:

- Any significant changes to the approved Audit Plan;
- Progress made in delivering the agreed audits for the year;
- Any significant outcomes arising from those audits; and
- Performance Indicator outcomes to date.

2. Current Position and Issues

2.1. The current position and issues in relation to the delivery of the Internal Audit Annual Plan 2014/15 are shown within the report.
Finance, Resources, Audit and Governance Committee
7 March 2015

3. Proposal and Reasons
3.1. The Finance, Resources, Audit and Governance Committee are requested to receive and note the Progress Report. In doing so, the Committee is ensuring that the Internal Audit Service remains compliant with professional auditing standards.

4. Relevant Corporate Priorities
4.1. Driving services through being businesslike, efficient and customer aware.

5. Implications and Risks
5.1. Financial - The Internal Audit Plan is being delivered for the year within the approved budget for 2014/15.
5.2. Risks - Internal Audit reports identify risks and control weaknesses within the Council which are highlighted in this report, appropriate management action has been agreed to mitigate these risks within agreed timeframes.

6. Conclusion
6.1. Good progress is being made with the delivery of the Audit Plan, with audits currently being delivered to schedule. The audit reports finalised to date have all concluded with a positive assurance being awarded to the areas under review.

7. Recommendations
7.1. That members note the outcomes of the five completed audits finalised in the period covered by this report, and the progress made to date against the annual audit plan.

Appendices attached to this report:
Progress Report on Internal Audit Activity
CONTENTS

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2. SIGNIFICANT CHANGES TO THE APPROVED AUDIT PLAN .................................................. 2

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK ........................................... 3

4. THE OUTCOMES ARISING FROM OUR WORK ........................................................................... 3

5. PERFORMANCE INDICATOR OUTCOMES .................................................................................. 6

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APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES ......................................................... 9
1. INTRODUCTION

1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.

1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive (known in this context as the Internal Audit Consortium Manager) to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.

1.3 To comply with the above this report includes:
   - Any significant changes to the approved Audit Plan;
   - Progress made in delivering the agreed audits for the year;
   - Any significant outcomes arising from those audits; and
   - Performance Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED AUDIT PLAN

2.1 At the meeting on 7 March 2014, the Annual Audit Plan for the year was approved, identifying the specific audits to be delivered, with an amendment approved by Committee in October. Since then, the following changes have been made to the plan, as agreed with the Section 151 Officer.

<table>
<thead>
<tr>
<th>Audit description</th>
<th>Nature of the change</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNC/15/20 Leisure Review</td>
<td>Spot check of stock control requested by Management.</td>
</tr>
<tr>
<td>SNC/15/11 Corporate Governance and Risk Management</td>
<td>During the initial scoping meeting for this audit it became clear that there was minimal value in a corporate governance review due to the general elections in May next year and the new organisational structure is currently only an interim arrangement. In addition the risk management system has been stable for the last few years. In order to be able to give an opinion of Governance and Risk Management in the annual opinion these elements are covered this year through reviews, such as; CNC Building Control, Performance Management and the review of Assurance Statements in the AGS review. In addition the risk based audit approach for all audits ensures that risks are appropriately reviewed and reported upon.</td>
</tr>
<tr>
<td>SNC/15/13 Community Grants and SLAs</td>
<td>This audit has been deferred to 2015/16, in light of the recent report taken to the Growth and Localism Committee and the proposals for the scheme from 2015/16. This will allow the processes to become embedded and the proposed changes to be implemented, at which</td>
</tr>
</tbody>
</table>
point an audit review can add more value. The element of SLAs will not be included going forwards as this, along with partnerships, contract management, in-house provision, will be considered as part of each service area audit in relation to how the service is provided.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

3.1 The current position in completing audits to date within the financial year is shown in Appendix 1 and progress to date is in line with expectations. Details of any specific audit report can be provided on request.

3.2 In summary 232 days of programmed work has been completed, equating to 93% of the (revised) Audit Plan for 2013/14. The plan is on track for completion by financial year end, despite some performance issues encountered during the year, which are commented on elsewhere in this report.

4. THE OUTCOMES ARISING FROM OUR WORK

4.1 On completion of each individual audit an assurance level is awarded using the definitions shown in the table below.

<table>
<thead>
<tr>
<th>Assurance Level</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td>There is a sound system of internal control designed to achieve the client’s objectives. The control processes tested are being consistently applied.</td>
</tr>
<tr>
<td>Adequate</td>
<td>While there is a basically sound system of internal control, there are weaknesses, which put some of the client’s objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client’s objectives at risk.</td>
</tr>
<tr>
<td>Limited</td>
<td>Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The level of non-compliance puts the client’s objectives at risk</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse</td>
</tr>
</tbody>
</table>

4.2 Recommendations made on completion of audit work are prioritised using the definitions shown in the table below.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>A fundamental weakness in the system that puts the Council at risk. To be addressed as a matter of urgency, within a 3 month time frame wherever possible, or, to put in place compensating controls to mitigate the risk identified until such time as full implementation of the recommendation can be achieved.</td>
</tr>
<tr>
<td>Medium</td>
<td>A weakness within the system that leaves the system open to risk. To be</td>
</tr>
<tr>
<td>Resolution Level</td>
<td>Description</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Resolved</td>
<td>Resolved within a 4 – 6 month timescale.</td>
</tr>
<tr>
<td>Low</td>
<td>Desirable improvement to the system. To be introduced within a 7 – 9 month period.</td>
</tr>
</tbody>
</table>

4.3 During the period covered by the report Internal Audit Services have issued five final reports and the Executive Summary of these reports are attached at Appendix 2. In summary the final reports issued conclude the following:

- **SNC/15/07 Budgetary Control**
  This specific review was requested by management to gain assurance over the new Budget Data Module in Integra which was used to collate the budget for 2014/15, which was a change from the process for 2013/14. The audit reviewed the controls in place to ensure that the budget setting and monitoring process is adequate and efficient. On conclusion of the review a **Good** assurance opinion was awarded, with only one low priority recommendation raised. This referred to the need to ensure that documented evidence is available, endorsed by the parties involved in the budget setting process to provide confirmation of the discussion and reasoning for the current budget planning / setting. This has already been implemented as part of the 2015/16 budget setting process.

- **SNC/15/08 Creditors**
  This area is reviewed regularly, however this year in addition to the review of controls in relation to ordering, creditors and payments, the auditors also utilised Computer Assisted Audit Techniques (CAATs) to efficiently test certain aspects of the ordering and payments process, not already covered by controls testing. Specifically the tools interrogated the payments system for duplicate payments and to establish the validity of payments where a purchase order had not been raised. It also enabled the investigation of payments to individuals to confirm compliance with HMRC requirements for the use of self-employed consultants, contractors and casual workers.

  An **Adequate** opinion was awarded on conclusion of the review, the recommendations raised were as a result of the CAATs testing, and the controls testing indicated a stable control environment with no recommendations raised.

  The first recommendation relates to the recent Government legislation that stipulates that it is an organisations responsibility to ensure the Council (as the engaging body) is aware of the employment status of these individuals, action has been agreed with management to ensure that appropriate controls are put in place. The second (relating) recommendation was agreed with management to ensure that formally adopted procedures ensure that evidence is obtained of individual employment status in order to for the Council to comply with HMRC requirements. The third recommendation will ensure a review of the supplier list to remove any duplicates, thus reducing the risk of duplicate payments being made, and the final recommendation is to ensure that the electronic Purchase Ordering system is fully utilised for all purchases other than where such a purchase appears on the approved list of exceptions.

- **SNC/15/09 Development Control**
  The scope of the audit covered; planning applications, planning enforcement, section 106 planning agreements, Community Infrastructure Levy (CIL) and performance management. An **Adequate** assurance opinion was awarded with two medium and one low priority recommendations agreed with management. The first medium priority...
recommendation relates to; the completion of monthly reconciliations of planning fees, S106 and CIL income, between the general ledger and Uniform system. After the implementation of the new planning system, the automated link between the income system and the planning system was not reinstated, there is now a commitment to reinstate this link because it will provide reassurance that both sides agree. The second recommendation will ensure that non standard fees are subject to independent check prior to the fee letters being sent to ensure correct charging to applicants.

- **SNC/15/10 Council Tax and National Non-Domestic Rates**
  The scope of the audit covered; valuation & billing records, billing, collection of income, suspense accounts, reconciliation to the general ledger, refunds & transfers, discounts, exemptions & reliefs, arrears recovery, write offs and performance management. On conclusion of the review an **Adequate** assurance opinion was awarded, indicating an improvement in the overall level of control since arrangements were previously audited in 2012/13. Four medium and three low priority recommendations were agreed with management, the medium priority recommendations relate to: (1) the production of a formal refund and transfer policy; (2) the introduction of sample checking of Council Tax and NNDR processing covering areas such as credit balances, suppression of recovery action, transfer, exemptions and reliefs; (3) as is in place for Council Tax ensure that completed balance transfers that move between NNDR accounts are independently reviewed and reconciled; and (4) inhibit and exception reports produced from each stage of the arrears recovery process each month should be checked.

- **SNC/15/18 IDOX Uniform IT System**
  IDOX Uniform comprises a suite of modules and integrated document scanning capabilities. The modules are effectively separate applications within the same physical environment and are managed individually by the relevant departments. The modules are made up of: Building Control, Planning/Land Charges, Environment Services/Housing, Estates, Licensing; and GMS/Gazetteer.
  The scope of the audit included; access controls, data Processing, Interfaces, Management Trails, Backup & recovery; and support arrangements & change control.

  On conclusion of the audit and **Adequate** assurance opinion, with four medium and two low priority recommendations agreed with management. The medium priority recommendations relate to; introducing password controls for the Total Land Charges application, invoking the annual health checks as part of the contract; updating the Business Continuity and Disaster Recovery plans as a result of the new system; and ensuring that invoice creation and related sample checking is appropriate for the system.

  It is also worth highlighting to members the following good practice: there are system administrators in place across every module, supplemented by a Business Support function that coordinates the administration of the application. They support each other where required, which helps to reduce the risk of single points of failure caused by absence through sickness or annual leave.

4.4 No high priority recommendations have been raised during the period covered by this report.

4.5 It is also pleasing to note that all audits concluded in a positive opinion being awarded, indicating a strong and stable control environment to date, with no issues that would need to be considered at year end and included in the Annual Governance Statement.
5. PERFORMANCE INDICATOR OUTCOMES

5.1 The Internal Audit Service is benchmarked against a number of Performance Indicators as part of the Internal Audit Contract with Mazars. Actual performance to date against these targets is outlined below.

5.2 To date 11 final reports have been issued. 42 recommendations have been raised to date this financial year; 41 have been agreed with management, however one was disagreed, the reasons have previously been reported to Committee.

5.3 Audit briefs should be issued to key clients at least 10 days before the fieldwork is due to start to ensure that they are well informed of the requirements of the audit. All 17 audit briefs have been issued to date, with 71% of these issued to the client with the appropriate amount of notice.

5.4 Once audits are underway it can be seen that performance in this area is good with the majority audits being completed on time.

5.5 Draft reports should be issued to key officers within 10 working days of completion of the audit fieldwork. 12 draft reports have been issued to date, seven on time and five were delayed due to internal quality review points with Mazars and also as a result of the resource issues for the Internal Audit Consortium Manager.

5.6 Final reports should then be issued to key officers within 15 working days of issue of the final report. 11 final reports have been issued to date, eight of these were issued on time and three were slightly delayed, due to a delay in management responses.

5.7 On conclusion of all audits a feedback survey is issued to the key client. The survey asks for responses in relation to; audit staff, audit planning, delivery of the audit and audit reporting. On completion an overall score of poor (1) through to excellent (6) is reported. To date nine surveys have been completed and an average score of adequate (4) achieved. Particularly poor feedback was received in relation to one audit and appropriate action has been taken by the Internal Audit Consortium Manager to deal with these issues.

5.8 In conclusion when performance is reviewed in this level of detail it is variable and simple issues can result in poor performance, however it is noted that resource issues with the current contractor have had an adverse impact. It is also noted that improvement is needed by the contractor in certain areas and this will continue to be monitored by the Internal Audit Consortium Manager for the remainder of this financial year. In addition, Committee’s attention is drawn to the 2015/16 Internal Audit Plans report, elsewhere on the agenda, which highlights the balanced scorecard approach which will be taken in monitoring the contractors performance from 1 April 2015. This brings with it a much more practical approach to performance management and one which will ensure a high quality service is provided by the contractor.
### APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

<table>
<thead>
<tr>
<th>Audit No.</th>
<th>Description of Audit</th>
<th>Frequency of Audit Coverage</th>
<th>Original Days Planned</th>
<th>Revised Days Planned</th>
<th>Days Delivered</th>
<th>Scheduling</th>
<th>Status</th>
<th>Assurance Level applicable</th>
<th>Summary Report Details presented to Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNC15/01</td>
<td>Performance management</td>
<td>3 yearly</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>May</td>
<td>Final Report issued 6 June 2014</td>
<td>Adequate FRAG 24 October 2014</td>
<td></td>
</tr>
<tr>
<td>SNC15/02</td>
<td>Building control applications, inspections and completions, fees &amp; income</td>
<td>Management request</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>May</td>
<td>Final Report issued 23 July 2014</td>
<td>Adequate FRAG 24 October 2014</td>
<td></td>
</tr>
<tr>
<td>SNC15/04</td>
<td>Sports Facilities - Wymondham Leisure Centre</td>
<td>Each centre every 3 years</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>June</td>
<td>Final Report issued 12 August 2014</td>
<td>Adequate FRAG 24 October 2014</td>
<td></td>
</tr>
<tr>
<td>SNC15/05</td>
<td>Business Improvement</td>
<td>3 yearly</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>July</td>
<td>Audit cancelled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SNC15/06</td>
<td>NF Law arrangements</td>
<td>2 yearly</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>July</td>
<td>Final Report issued 31 July 2014</td>
<td>Adequate FRAG 24 October 2014</td>
<td></td>
</tr>
<tr>
<td>SNC15/07</td>
<td>Budgetary Control</td>
<td>Management request</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>October</td>
<td>Final Report issued 4 December 2014</td>
<td>Good FRAG 6 March 2015</td>
<td></td>
</tr>
<tr>
<td>SNC15/08</td>
<td>Creditors - Electronic Ordering &amp; Payments</td>
<td>2 yearly</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>October</td>
<td>Final Report issued 18 December 2014</td>
<td>Adequate FRAG 6 March 2015</td>
<td></td>
</tr>
<tr>
<td>SNC15/09</td>
<td>Development Control</td>
<td>3 yearly</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>October</td>
<td>Final Report issued 23 December 2014</td>
<td>Adequate FRAG 6 March 2015</td>
<td></td>
</tr>
<tr>
<td>SNC15/11</td>
<td>Corporate Governance and Risk Management</td>
<td>Annual</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>December</td>
<td>Audit deferred to 2015/16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SNC15/12</td>
<td>Housing Benefit &amp; Council Tax Support</td>
<td>2 yearly</td>
<td>20</td>
<td>20</td>
<td>19</td>
<td>December</td>
<td>Final Report imminent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SNC15/13</td>
<td>Community grants and SLAs</td>
<td>2 yearly</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>December</td>
<td>Audit deferred to 2015/16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SNC15/14</td>
<td>Waste Management</td>
<td>2 yearly</td>
<td>20</td>
<td>20</td>
<td>19</td>
<td>January</td>
<td>Final Report imminent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SNC15/15</td>
<td>Payroll &amp; HR, car loans and officers expenses</td>
<td>2 yearly</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>January</td>
<td>Final Report imminent</td>
<td>Fieldwork underway</td>
<td></td>
</tr>
<tr>
<td>SNC15/16</td>
<td>Work to Support the AGS</td>
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<td>10</td>
<td>10</td>
<td>9</td>
<td>January</td>
<td>Draft Report imminent</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Systems Audit Follow Up</td>
<td></td>
<td>10</td>
<td>10</td>
<td>7.5</td>
<td>Quarter</td>
<td>Draft Report imminent</td>
<td>Quarterly validation</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL PLANNED SYSTEMS AUDIT WORK**

|                       | 224 | 196 | 181.5 | 93% |

---

Page 7 of 20
### PLANNED COMPUTER AUDIT WORK

<table>
<thead>
<tr>
<th>SNC/15/17</th>
<th>Remote access (Supplier and User)</th>
<th>3 yearly</th>
<th>8</th>
<th>8</th>
<th>8</th>
<th>June</th>
<th>Final Report issued 6 August 2014</th>
<th>Adequate</th>
<th>FRAG 24 October 2014</th>
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<tr>
<td>SNC/15/18</td>
<td>IDOX Uniform application</td>
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<td>10</td>
<td>10</td>
<td>November</td>
<td>Final Report issued 12 December 2014</td>
<td>Adequate</td>
<td>FRAG 6 March 2015</td>
</tr>
<tr>
<td>SNC/15/19</td>
<td>Disaster Recovery</td>
<td>2 yearly</td>
<td>8</td>
<td>8</td>
<td>7.5</td>
<td>January</td>
<td>Draft Report issued 5 February 2015</td>
<td>Adequate</td>
<td>FRAG 6 March 2015</td>
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<tr>
<td></td>
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<td>Annually</td>
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<td>4</td>
<td>3</td>
<td>Quarterly</td>
<td>Quarterly validation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| TOTAL PLANNED COMPUTER AUDIT WORK | 30 | 30 | 28.5 | 95% |
| TOTAL PLANNED WORK | 254 | 226 | 210 |

### EXTRA WORK REQUESTED

<table>
<thead>
<tr>
<th>SNC/15/20</th>
<th>Leisure Work</th>
<th>0</th>
<th>6</th>
<th>5</th>
<th>February</th>
<th>Draft Report imminent</th>
</tr>
</thead>
</table>

| TOTAL OF EXTRA WORK UNDERTAKEN | 0 | 6 | 5 |

| GRAND WORK TOTAL | 254 | 232 | 215 | 93% |
APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Report No. SNC/15/07 – Final Report issued 4 December 2014

Audit Report on Budgetary Control

Audit Scope

The objective of the audit was to review the systems and controls in place within Budgetary Control to help confirm that these are operating adequately, effectively and efficiently.

The audit covered the following areas:

- Budgetary Control; and
- Performance Management.

Assurance Opinion

<table>
<thead>
<tr>
<th>Unsatisfactory Assurance</th>
<th>Limited Assurance</th>
<th>Adequate Assurance</th>
<th>Good Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rationale supporting the award of the opinion

The system of internal control is, overall, deemed Good in managing the risks associated with Budgetary Control that fall within the scope of this audit. The assurance opinion has been derived as a result of one low priority recommendation being raised upon conclusion of our work. The direction of travel has indicated that the overall level of assurance has remained unchanged since the previous audit was carried out in January 2014 (SNC/14/11); this despite one low priority recommendation raised this time compared to none in the previous report, specifically with regard to Budgetary Control.

The one low priority recommendation relates to the need to record outcomes of discussions undertaken during the budget setting process between Directors, budget managers and Management Accountants.

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently, in particular:

### Budgetary Control

- Annual budgets are approved and set in accordance with agreed timescales;
- Budgetary information is uploaded to the general ledger with the finalised budget communicated to all relevant staff;
- Budgetary information, both capital and revenue, is reconciled to the general ledger;
- Budget monitoring reports are generated from the general ledger and distributed to budget managers in a timely manner for review;
- Budget Assurance Statements are completed by budget managers and are signed off in a timely manner; and
- Budget managers receive ongoing and insightful support from their Management Accountants throughout the financial year, including the achievement of any cost efficiencies, where possible.

### Performance Management

- For the two budget managers selected, both had utilised performance information generated within their service area and previous budgetary information to help manage expenditure within the year’s budget. This is then confirmed as accurate, by an appointed member of staff (on behalf of the two
budget managers selected) responsible for submitting data for that particular service area, as part of the Performance Management review conducted each month. It is also used to generate reports by the Performance Management System (Corvu) each quarter.

Control weaknesses to be addressed

During our work we have identified the following area where we believe that the processes in Budgetary Control would benefit from being strengthened, and as a result of these findings, one low priority recommendation has been made, in particular, to record outcomes of discussions of the budget setting process between budget managers, Directors and Management Accountants.

Summary of the adequacy and effectiveness of controls

<table>
<thead>
<tr>
<th>Adequacy and Effectiveness Assessments</th>
<th>Area of Scope</th>
<th>Adequacy of Controls</th>
<th>Effectiveness of Controls</th>
<th>Recommendations Raised</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>High</td>
</tr>
<tr>
<td>Budgetary Control</td>
<td>Green</td>
<td>Amber</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Performance Management</td>
<td>Green</td>
<td>Green</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

High Priority Recommendations

No high priority recommendations have been raised as a result of this audit

Management Responses

Management have accepted the recommendation raised.
Appendix 2(b)

Report No. SNC/15/08 – Final Report issued 18 December 2014

Audit Report on Creditors -

Audit Scope

The scope of the audit covered the following areas of Exchequer Services - Electronic Ordering and Payments to help confirm that the control environment is operating effectively and efficiently in relation to:

- Policy, Procedure and Systems;
- Ordering;
- Creditors; and
- Performance Management.

As part of this review, we have also used Computer Assisted Audit Techniques (CAATs). These specialised techniques enabled us to efficiently test certain aspects of the ordering and payments process, not already covered by controls testing. Specifically, we used IDEA software to interrogate the payments system for duplicate payments and to establish the validity of payments where a purchase order had not been raised. We also investigated payments to individuals to confirm compliance with HMRC requirements for the use of self-employed consultants, contractors and casual workers.

Assurance Opinion

<table>
<thead>
<tr>
<th>Unsatisfactory Assurance</th>
<th>Limited Assurance</th>
<th>Adequate Assurance</th>
<th>Good Assurance</th>
</tr>
</thead>
</table>

Rationale supporting the award of the opinion

The overall system of internal control is deemed adequate in managing the risks associated with Exchequer Services that fall within the scope of this audit.

The adequate assurance opinion has been derived as a result of four medium priority recommendations, which are a consequence of our CAATs audit sample testing using IDEA. This identified non-compliance with HMRC requirements whereby the Council had not obtained the requisite evidence to confirm self-employed consultants / contractors and casual workers who are responsible for their own income tax and National Insurance (NI) liabilities and three duplicate payments totalling £11,554 of which £1,114 had not been recovered. One of these payments was for £10,440 and was brought to the Council’s attention by the recipient of the duplicate payment.

Positive Findings

We found that the Council has demonstrated the following areas where sound controls are in place and operating consistently:

- Segregation of duties exists between the raising of purchase orders and approval of invoice for payment with access levels aligned to officers’ delegated levels of responsibility. Confirmation is obtained of goods received;
- Authorised purchase orders are only raised where there is an available budget provision;
- Legitimacy checks are performed on requests for changes to existing supplier details including using online or telephone directory sources to verify that requests have been made directly from the supplier, followed by written notification to the supplier confirming the amendments that have been made;
- Invoices are promptly processed with processing times continually monitored;
- BACS payments are checked for accuracy and independently authorised; and
- Reconciliations are promptly completed between the creditors control account and the general ledger.
Control weaknesses to be addressed

No recommendations relating to direct control weakness have been raised as a result of our controls testing. However, our report includes four medium priority recommendations based upon the findings of our CAATs programme and substantive work, using IDEA. These have been summarised as follows:

Compliance with HMRC Requirements – Self-employed Contractors and Consultants

Changes to Government legislation places the onus on organisations to ensure they are aware of the employment status of all individuals completing work on behalf of the Council. This ensures there is no ambiguity as to who is responsible for income tax and national assurance payments. Interrogation of payments made since April 2013, highlighted 20 named individuals paid via the creditor system. Payments to these individuals totalled £18k. We selected sample of six names to check if the Council had confirmation of their employment status. This confirmed that they were contractors and the Council does not have formal confirmation of their employment status. The Finance Manager has also confirmed there are currently no procedures in place to mitigate this risk. We therefore recommend:

- The Council should check that all individuals paid via the creditors system provide the requisite evidence of their compliance with HMRC requirements with regards declaring income tax and National Insurance liabilities.
- In addition, the Council should review the IDEA report for further payments to self-employed consultants which were not included in our sample testing, to determine whether evidence of income tax and National Insurance liabilities have been declared to the HMRC. Outcomes of this exercise should be reported back to Internal Audit.
- The Council should also routinely run reports (supplier listings) to identify any potential instances of none compliance with HMRC requirements.

If the Council fails to confirm the employment status of all persons working for the Council on a self-employed basis, there is a risk that the HMRC will impose retrospective settlements of income tax and National Insurance payments and an additional penalty of up to 100% of the Income tax and National Insurance payable and any interest payable. The risk of such penalties would be compounded with HMRC checks covering between the previous four to six-year period. This would also be a reputation risk for the Council as well as financial.

Compliance with HMRC Guidance – Adoption of Formal Checks

- The Council should formally adopt procedures which stipulate the requirement for self-employed consultants, contractors and casual workers, to provide evidence of their employment status in order for the Council to comply with HMRC requirements.

Where written guidance does not provide for the need to obtain confirmation, the Council will fail to seek the requisite information and therefore be in breach of its statutory tax requirements.

Review of Supplier Lists for Duplicate Payments

We have used CAATs (IDEA programme) to identify any potential duplicate payments and payments made with out a purchase order since April 2013. We selected the 27 most likely to be duplicate payments and the six highest value payments with out a purchase order. Our testing has identified three duplicate payments totalling £11,500, of which £1,060 has not been recovered. One of these payments was for £10,440 and was brought to the Council’s attention by the recipient of the duplicate payment. These duplicate payments were identified by substantive testing of individual transactions and from testing controls. The errors identified have been linked to controls weaknesses. We therefore recommend the following:

- The Council should review its supplier listing to mitigate the risk of duplicate payments. The report used by Internal Audit for testing purposes should also be reviewed to check for any further duplicate payments with the outcomes being reported back to Internal Audit.
Failure to maintain and regularly review supplier records increases the risk of erroneous or superfluous supplier codes being left on the system possibly resulting in duplicate payments being made.

Correct use of the Purchase Ordering System

- The Council should fully utilise the electronic Purchase Ordering system for all purchases other than where such a purchase appears on the approved list of exceptions.

By not using the Purchase Ordering system, there is a risk of duplicate or unauthorised payments being made to suppliers, which results in financial loss to the Council.

Summary of the adequacy and effectiveness of controls

<table>
<thead>
<tr>
<th>Adequacy and Effectiveness Assessments</th>
<th>Area of Scope</th>
<th>Adequacy of Controls</th>
<th>Effectiveness of Controls</th>
<th>Recommendations Raised</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Policy, procedures and systems</td>
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<td>2*</td>
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<tr>
<td>Ordering</td>
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<td>Creditors</td>
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<td>2*</td>
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<tr>
<td>Performance Management</td>
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<td>Green</td>
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</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

* All four findings are derived from issues found through our substantive testing using the IDEA audit software and can be indirectly linked to the control environment.

High Priority Recommendations

No high priority recommendations have been raised as a result of this audit

Management Responses

Management have accepted the recommendations raised.
Audit Report on Development Control

Audit Scope

The objective of the audit was to review the systems and controls in place within Development Control to help confirm that these are operating adequately, effectively and efficiently.

- The audit covered the following areas:
  - Planning Applications;
  - Planning Enforcement;
  - Section 106 Planning Agreements;
  - Community Infrastructure Levy (CIL); and
  - Performance Management.

Assurance Opinion

<table>
<thead>
<tr>
<th>Unsatisfactory Assurance</th>
<th>Limited Assurance</th>
<th>Adequate Assurance</th>
<th>Good Assurance</th>
</tr>
</thead>
</table>

Rationale supporting the award of the opinion

The overall system of internal control is deemed Adequate in managing the risks associated with the Development Control functions that fall within the scope of this audit. This opinion is based on having raised two medium and one low priority recommendations.

The two medium priority recommendations relate to: the need to reconcile planning fee income, income from S.106 Planning Agreements and income from CIL, to the general ledger and the requirement to provide an independent check of planning fee letters to confirm they contain the correct charges before they are issued for non-standard fees.

Positive Findings

We found that the Council has demonstrated the following areas where sound controls are in place and operating consistently:

- Decisions relating to planning applications are made in accordance with the correct levels of delegated authority;
- Arrangements to record and monitor key dates relating to planning applications and Section 106 Planning Agreements are in operation;
- Planning applications are processed promptly;
- S106 Planning Agreements and CIL expenditure is monitored;
- The Council has embedded arrangements to proactively monitor and report Development Control’s performance.

Control weaknesses to be addressed

During our work we have identified the following areas where we believe that the processes in Development Control would benefit from being strengthened, and as a result of these findings, two medium priority recommendations have been made, in particular:

- The Council should complete monthly reconciliations of planning fees, S106 and CIL income, between the general ledger and the Uniform system. Reconciliations should be signed and dated by the preparer and the reviewing officer. Where income reconciliations to the general ledger are not
completed or independently reviewed, there is a risk that income received is not correctly accounted for in the accounts.

- Non standard fees should be subject to independent check prior to the fee letters being sent. The Council should also recover the underpayment identified as part of our testing. By not checking fee letters, there is a risk the incorrect planning fees are charged resulting in financial loss to the Council.

During our work we have also identified one area where we believe that further enhancements could be made. In particular, the need to accurately record and report planning enforcement activity, including for the submission and reporting of performance information.

Summary of the adequacy and effectiveness of controls

<table>
<thead>
<tr>
<th>Adequacy and Effectiveness Assessments</th>
<th>Area of Scope</th>
<th>Adequacy of Controls</th>
<th>Effectiveness of Controls</th>
<th>Recommendations Raised</th>
</tr>
</thead>
<tbody>
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<td>0</td>
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</tbody>
</table>

*Please note the medium recommendation for the implementation of monthly reconciliations for planning, S106 and CIL income.

High Priority Recommendations

No high priority recommendations have been raised as a result of this audit

Management Responses

Management have accepted the recommendation raised.
Audit Report on Council Tax and National Non-Domestic Rates

Audit Scope

The scope of the audit covered the following areas of Council Tax and National Non-Domestic Rates (NNDR) to help confirm that the control environment is operating effectively and efficiently in relation to:

- Valuation and Billing Records;
- Billing;
- Collection of Income;
- Suspense Accounts;
- Reconciliation to the General Ledger;
- Refunds and Transfers;
- Discounts, Exemptions and Reliefs;
- Arrears Recovery;
- Write Offs; and
- Performance Management.

Audit testing of key controls for this area has been subject to proportionate sampling between April and December 2014 with ‘top up’ testing to be completed in quarter four as part of the audit on the Work to Support the Annual Governance Statement (AGS) - (SNC/15/16) to provide the requisite levels of coverage throughout the whole financial year.

Assurance Opinion

<table>
<thead>
<tr>
<th>Unsatisfactory Assurance</th>
<th>Limited Assurance</th>
<th>Adequate Assurance</th>
<th>Good Assurance</th>
</tr>
</thead>
</table>

Rationale supporting the award of the opinion

The system of internal control is, overall, deemed adequate in managing the risks associated with Council Tax and NNDR that fall within the scope of this audit. The direction of travel indicates an improvement in the overall level of control since arrangements were previously audited in 2012/13. The assurance opinion has been derived as a result of four medium and three low priority recommendations being raised upon conclusion of our review.

Medium priority recommendations have been made regarding the lack of a refund and transfer policy, sample checking of Council Tax and NNDR processing, the absence of reconciliations between returned direct debits and the value of reversals on the Civica system, and balance transfer reconciliations for NNDR and the lack of evidence relating to the review of arrears reports relating to the suppression of debt recovery.

Positive Findings

We found that the Council has demonstrated the following areas where sound controls are in place and operating consistently:

- Annual billing and the setting of parameters is completed by March for the coming financial year in accordance with set timescales;
- A reconciliation of total direct debit on the system and amount due for each band is completed;
- Amended accounts are raised and new bills are issued in a timely manner;
- Annual reconciliations between annual billing runs and the number of dwellings and the total rateable value are undertaken;
• Monthly reconciliations are undertaken and reviewed between the Council Tax and NNDR Civica systems and the General Ledger;
• Write offs are calculated, documented, authorised and reconciled onto the Council Tax and NNDR Civica system; and
• Revenues and benefits performance information, including collection rate targets, are accurately recorded and reported monthly, including the submission and reporting of performance information to generate reports by the performance management system (CorVu), each quarter.

Control weaknesses to be addressed

During our work we have identified areas where we believe that the processes would benefit from being strengthened, and as a result of these findings, four medium priority recommendations have been made:

• A formal refund and transfer policy should be produced to support the Council Tax Course Manual and should be available to all staff. In the absence of a refund and transfer policy being made available, there is a risk that refunds and transfers will be processed incorrectly.

• The Council should undertake sample checking of Council Tax and NNDR processing. Outcomes of checking should be formally documented and be signed and dated by the officer completing the checks. In the absence of regular sample checks and evidence retained thereof, there is a risk of loss of revenue where information, including amendments to charge payer’s accounts, has not been processed correctly or through inappropriate activity in other Council Tax / NNDR processing e.g. credit balances, suppression of recovery action, transfer, exemptions and reliefs; these being areas where further weaknesses have been identified and therefore increase the levels of risk.

• All completed balance transfers that move between NNDR accounts should be independently reviewed and reconciled weekly between the relevant charge payer’s accounts. Where reconciliation between NNDR charge payers’ accounts does not take place, there is a risk that transfers do not balance correctly or that they are deliberately or inadvertently transferred to the incorrect accounts.

• Inhibit and Exception reports produced from each stage of the arrears recovery process each month should be checked. In the absence of regular arrears recovery report checking, there is a risk that cases in arrears could be supressed without approval, leading to financial loss due to recovery action being overlooked and or delayed.

During our work we have identified three areas where we believe that further enhancements could be made, in particular, retaining documentary evidence of the reconciliation process between returned direct debits and the value of reversals on the Civica Council Tax and NNDR systems; including evidence of independent check, retaining evidence of the clearance of all suspense account items and reviewing reports produced from the Council Tax and NNDR Civica systems of all exiting Council Tax and NNDR discounts, exemptions and reliefs.

Summary of the adequacy and effectiveness of controls

<table>
<thead>
<tr>
<th>Adequacy and Effectiveness Assessments</th>
<th>Area of Scope</th>
<th>Adequacy of Controls</th>
<th>Effectiveness of Controls</th>
<th>Recommendations Raised</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Valuation and Billing Records</td>
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</tr>
<tr>
<td>Billing</td>
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<td>Green</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Collection of Income</td>
<td>Green</td>
<td>Amber</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Suspense Accounts</td>
<td>Green</td>
<td>Amber</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reconciliation to the General Ledger</td>
<td>Green</td>
<td>Green</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Refunds and Transfers | Green | Amber | - | 1 | -
Discounts, Exemptions and Reliefs | Green | Amber | - | 0 | 1
Arrears Recovery | Amber | Amber | - | 1 | -
Write Offs | Green | Green | - | - | -
Performance Management | Green | Green | - | - | -

Total | 0 | 4 | 3

**High Priority Recommendations**

No high priority recommendations have been raised as a result of this audit.

**Management Responses**

Management have accepted the recommendations raised.
Audit Report on Uniform Application

Audit Scope

The audit looked at the following aspects of the application:
- Access Controls;
- Data Processing;
- Interfaces;
- Management Trails;
- Backup and Recovery; and
- Support Arrangements and Change Controls.

Assurance Opinion

<table>
<thead>
<tr>
<th>Unsatisfactory Assurance</th>
<th>Limited Assurance</th>
<th>Adequate Assurance</th>
<th>Good Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

Rationale supporting the award of the opinion

The systems and processes of internal control are, overall, deemed adequate in managing the risks associated with the Uniform Application. This opinion is based on having raised four medium and two low priority recommendations. Three of the four medium priority recommendations relate to introducing password controls for the Total Land Charges application, invoking the annual health checks as part of the contract and updating the Business Continuity and Disaster Recovery plans as a result of the new system. In addition a fourth recommendation was raised in line with management request to ensure that invoice creation and related sample checking is appropriate for the system.

Positive Findings

We found that the Council has demonstrated the following points of good practice as identified in this review:
- There are system administrators in place across every module, supplemented by a Business Support function that coordinates the administration of the application. They support each other where required, which helps to reduce the risk of single points of failure caused by absence through sickness or annual leave.
- All users are authenticated by Uniform to the Council’s network, which removes the need to manage passwords locally within the application.
- The corporate reporting tool is connected to the Uniform database, which allows users to create and run reports directly. Users are presented with a ‘virtual’ view of the database that more closely fits the requirements of their roles and removes the need to connect to the entire database.
- Master data access is controlled by the use of a ‘Supervisor’ privilege, which grants access to an “Administration” option. This permission was found to have been adequately restricted to the system administrators and vendor support.
- Vendors cannot access the network without requesting access first.
- Backup processes were found to be adequately controlled, with incremental daily backups supplemented by a weekly full backup.
- There are support arrangements with the vendor in place, and officers also conduct weekly conference calls with the supplier.
- Any updates to the application are carried out on the server side, which presents all users with the current version at all times.
Control weaknesses to be addressed

During our work we have identified the following area(s) where we believe that the processes / arrangement within the Uniform Application would benefit from being strengthened, and as a result of these findings medium priority recommendations have been made.

- The Total Land Charges module is currently not incorporated into the Uniform Application, although is branded as Uniform. As a result, the module is not subject to the same user authentication mechanism as the rest of the Application and has no password control as a result. Weak password controls increase the risk of security vulnerabilities;
- The automated invoice creation process currently being tested in parallel with the manual process does not currently include authority process to permit each invoice to be created. Management requested audit opinion on how to best implement these processes and a recommendation on this has been raised. Weak authorisation processes increase the risk of reputational damage where invoices are issued incorrectly;
- The vendor support agreement includes two annual health checks, although none have yet been carried out. Not conducting health checks on the database and application increases the risk of database corruption, which could result in a degradation of service across multiple service areas; and
- Business Continuity and Disaster Recovery plans require review to bring them into line with the current application’s requirements. As all modules are now aligned, a single recovery time objective will apply, which means that local department plans that have defined local system recovery requirements for the legacy application require review to align them to the application.

During our audit we have also raised two low priority recommendations which will provide enhancements to the current system in relation to the Uniform Application.

Summary of the adequacy and effectiveness of controls

<table>
<thead>
<tr>
<th>Area of Scope</th>
<th>Adequacy of Controls</th>
<th>Effectiveness of Controls</th>
<th>Recommendations Raised</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Amber</td>
<td>0 1 0</td>
</tr>
<tr>
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<td>Green</td>
<td>Green</td>
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<td>Interface Controls</td>
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<td>Amber</td>
<td>0 1 0</td>
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<tr>
<td>System Support and Change Controls</td>
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<td>0 0 1</td>
</tr>
</tbody>
</table>

Total 0 4 2

High Priority Recommendations

No high priority recommendations have been raised as a result of this audit

Management Responses

Management have accepted the recommendation raised.
Agenda Item 8

Strategic and Annual Internal Audit Plans 2015/16

Internal Audit Consortium Manager

This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2015/16 to 2017/18 and the Annual Internal Audit Plan for 2015/16. The Annual Internal Audit Plan will then serve as the work programme for the Council’s Internal Audit Services Contractor; TIAA Ltd. It will also provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of South Norfolk Council’s framework of governance, risk management and control.

Cabinet member(s): Garry Wheatley
Ward(s) affected: All

Contact Officer, telephone number, and e-mail:
Emma Hodds 01508 533791
ehodds@s-norfolk.gov.uk

1. Background

1.1 The Council is required by the Accounts and Audit Regulations 2011 to maintain an adequate and effective system of internal audit of its accounting records and internal control systems in accordance with proper internal audit practices. Those proper practices are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013.

2. Current Position and Issues

2.1 The attached report contains:
- an update on the minor amendments made to the Internal Audit Charter;
- the Internal Audit Strategy, which is a strategic high level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities;
- the Strategic Internal Audit Plan, which details the plan of work for the next 3 financial years;
- the Annual Internal Audit Plan, which details the timing and the purpose of each audit agreed for inclusion in 2015/16; and
- provides the Committee with the performance measures against which the new contractor will be monitored.
3. Proposal and Reasons
3.1. The risk-based internal audit plans will add real value to the Council, have a defined and specific scope for each review and ensure that risks in relation to the service area are being reviewed by Internal Audit, thus enabling best practice to be followed.

4. Other Options
4.1. Not applicable.

5. Relevant Corporate Priorities
5.1. Driving services through being businesslike, efficient and customer aware.

6. Implications and Risks
6.1. Financial - The Internal Audit Service is provided by way of a Partnership Agreement with South Norfolk Council providing the role of the Head of Internal Audit and Contract Manager, and the service provision i.e. delivery of the audits is provided through a contract with TIAA Ltd. The 2015/16 plans have been set within the approved budget.

6.2. Risks - The Risk Based Internal Audit approach will ensure that the Council’s key risks are accurately reviewed and updated and thus the Internal Audit Service is adding value and auditing the key risk areas.

7. Conclusion
7.1. The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

8. Recommendations
8.1. That the Committee recommend that Cabinet approve:
   a) the minor amendments to the Internal Audit Charter as noted in the report;
   b) the Internal Audit Strategy for 2015/16;
   c) the Strategic Internal Audit Plans 2015/16 to 2017/18; and
   d) the Annual Internal Audit Plan 2015/16.

   and

   that the Committee notes the performance measures for the new Internal Audit Contractor.
NORFOLK INTERNAL AUDIT CONSORTIUM

SOUTH NORFOLK COUNCIL

Strategic and Annual Internal Audit Plans 2015/16

Responsible Officer: Emma Hodds – Internal Audit Consortium Manager

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1. INTRODUCTION

1.1 The Council is required by the Accounts and Audit Regulations 2011 to maintain an adequate and effective system of internal audit of its accounting records and internal control systems in accordance with proper internal audit practices. Those proper practices are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013.

1.2 The PSIAS mandate a periodic preparation of a risk-based plan, which must incorporate or be linked to a strategic high level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities, this is set out in the Internal Audit Strategy.

1.3 Risk is defined as 'the possibility of an event occurring that will have an impact on the achievement of objectives'. Risk can have a positive and negative aspect, so as well as managing things that could have an adverse impact (downside risk) it is also important to look at potential benefits (upside risk).

1.4 The development of a risk-based plan takes into account the organisation's risk management framework. The process identifies the assurance (and consulting) assignments for a specific period, by identifying and prioritising all those areas on which objective assurance is required. This is then also applied when carrying out individual risk based assignments to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.

1.5 The following factors are also taken into account when developing the internal audit plan:
- Any declarations of interest so as to avoid conflicts of interest;
- The requirements of the use of specialists e.g. IT auditors;
- Striking the right balance over the range of reviews needing to be delivered, for example systems and risk based reviews, specific key controls testing, value for money and added value reviews;
- The relative risk maturity of the Council;
- Allowing contingency time to undertake ad-hoc reviews or fraud investigations as necessary;
- The time required to carry out the audit planning process effectively as well as regular reporting to and attendance at the Finance, Resources, Audit and Governance Committee, the development of the annual report and opinion and the Quality Assurance and Improvement Programme.

1.6 In accordance with best practice the Finance, Resources, Audit and Governance Committee should 'review and assess the annual internal audit work plan'.

2. AUDIT CHARTER

2.1 The Audit Charter was developed as part of the planning process in 2014/15 and incorporated the requirements of the PSIAS. There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter will therefore be reviewed annually by the Internal Audit Consortium Manager to confirm its ongoing validity and completeness. In addition the Charter will be presented to the Section 151 Officer, senior management and the Audit Committee every 2 years for review.

2.2 As part of the review in developing the internal audit plan for 2015/16, minor amendments were made to reflect the new contractor from 20151/6. In addition the current Audit Charter
has been reviewed by the new Contractor to ensure that this reflects the way that the company works. The only change is the introduction of formal exit meetings upon issue of the draft report, in addition to the debrief meetings that are held towards the end of the fieldwork. The use of exit meetings ensures that a robust and thorough discussion can be held on the conclusion of the review and ensures that the action proposed by management to implement the recommendation(s) ensures that the risks are appropriately mitigated.

2.3 The Audit Charter will be further reviewed and refreshed once the new contract has been in operation for 6 months, and an updated Audit Charter will be presented to the Committee with the audit plans for 2016/17.

2.4 As part of the review of the Audit Charter the Code of Ethics are also reviewed by the Internal Audit Consortium Manager, and it is ensured that the Internal Audit Services contractor staff, as well as the Internal Audit Consortium Manager adhere to these, specifically with regard to; integrity, objectivity, confidentiality and competency.

3. INTERNAL AUDIT STRATEGY

3.1 The Strategy (see Appendix 1) sets out how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities. The purpose of the Internal Audit Strategy is to confirm:

- Internal Audit objective and outcomes;
- Internal Audit Annual Planning;
- How the annual internal audit opinion will be formed and evidenced;
- How Internal Audit will identify and address local and national issues and risks;
- How the service will be provided; and
- The resources and skills required to deliver the service.

4. STRATEGIC INTERNAL AUDIT PLAN

4.1 The overarching objective of the Strategic Audit Plan (see Appendix 2) is to provide a comprehensive programme of review work over the next three years, with each year providing sufficient audit coverage to give annual opinions, which can be used to inform the organisation’s Annual Governance Statement.

4.2 As the Internal Audit Strategy suggests the 3-year plan of audits ensures the timing of the audit reviews are appropriate, and that the audit steer addresses key issues and risks at the right time. Considerable discussion was held with Senior Management to ensure that the balance of audits over the 3 year plan delivered value-added audits at a time when the outcome from the reviews would provide the most benefit and also ensures that the balance of audits enables the Annual Opinion to be provided.

4.3 The Corporate Governance and Risk Management audit has been deferred in light of discussions with Senior Managers, which confirmed that it would be appropriate for the interim structural arrangements to be confirmed and bedded in before a review was to take place. In addition the risk management system has been stable for the last year, indicating that this area can also be looked at in 2015/16 in conjunction with corporate governance.

4.4 The Community Grants audit has been deferred to 2015/16, in light of the recent report taken to the Growth and Localism Committee and the proposals for the scheme from 2015/16. This will allow the processes to become embedded and the proposed changes to be implemented, at which point an audit review can add more value.
4.5 The IT audits currently proposed for 2015/16 were as a result of a Computer Audit Needs Assessment, undertaken by Mazars PSIA Ltd. As highlighted in the Internal Audit Strategy in order to be more efficient and to ensure that all planning considerations can be taken into account at the same time, this will now form part of the normal planning process. However the new contract does not start until 1 April 2015; therefore the IT audits currently reflected in the plan are draft and will be discussed in detail early in April with the ICT Operations Manager and the contractors IT Audit Manager (TIAA Ltd) to ensure that IT audit meets the requirements of the Council. The current audits and timings are therefore provisional and will be confirmed post these discussions.

5. ANNUAL INTERNAL AUDIT PLAN

5.1 Having developed the Strategic Audit Plan, the Annual Audit Plan is an extract of this for the forthcoming financial year (see Appendix 3). This details the areas being reviewed by Internal Audit, the number of days for each review, the quarter during which the audit will take place and a brief summary / purpose of the review.

5.2 The Annual Audit Plan for 2015/16 totals 175 days, which encompasses the following:
- 12 service area audit assignments provided by TIAA Ltd;
- IT audits – the number of which are currently drafted as 3, but are subject to review and will be provided by TIAA Ltd assignments;
- advice and guidance to be provided as and when needed to the Managers responsible for Leisure and for Temporary Accommodation; and
- audit verification work concerning audit recommendations implemented to improve the Council’s internal control environment.

6. PERFORMANCE MANAGEMENT

6.1 The new Internal Audit Services contract includes a suite of key performance indicators (see Appendix 4) against which the new contractor will be reviewed on a quarterly basis. There are a total of 13 indicators, over 4 areas. From the first year of the contract records will be maintained for all 13, however performance can only be recorded on 11 of these as base line data is required for the final 2.

6.2 There are individual requirements for performance in relation to each indicator; however performance will be assessed on an overall basis as follows (for the first year):
- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed and agreed with the contractor to ensure that appropriate action is taken.

6.3 Performance in relation to these indicators will be reported to the Committee as part of the Progress Reports and the Annual Report and Opinion, ensuring that Members are kept up to date on a regular basis.
APPENDIX 1 – INTERNAL AUDIT STRATEGY 2015/16

1. Introduction

1.1 The Internal Audit Strategy is a high level statement of how the internal audit service will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisational objectives and priorities. The provision of such a strategy is set out in the Public Sector Internal Audit Standards (PSIAS).

1.2 The purpose of the strategy is to provide a clear direction for internal audit services and creates a link between the Charter, the strategic plan and the annual plan. In particular the strategy confirms:
- Internal Audit objective and outcomes;
- Internal Audit Annual Planning;
- How the annual internal audit opinion will be formed and evidenced;
- How Internal Audit will identify and address local and national issues and risks;
- How the service will be provided; and
- The resources and skills required to deliver the service.

2. Internal Audit objective and outcomes

2.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council’s operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2.2 The outcomes of the internal audit service are detailed in the Internal Audit Charter and can be summarised as; delivering a risk based audit plan in a professional, independent manner, to provide the Council with an opinion on the level of assurance it can place upon the internal control environment, systems of risk management and corporate governance arrangements, and to make recommendations to improve these provisions, where further development would be beneficial.

2.3 The reporting of the outcomes from Internal Audit is through direct reports to Senior Management in respect of the areas reviewed under their remit, in the form of an audit report. The Finance, Resources, Audit and Governance Committee and Section 151 Officer also receive:
- The Audit Plans report, which is based on a risk assessment of the Council and forms the next financial years plan of work;
- The Progress Reports which provide summaries of the work achieved throughout the year and the individual opinions awarded on conclusion of reviews;
- The Follow Up Reports which detail the level of management action taken in respect of agreed internal audit recommendations; and
- The Annual Report and Opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control.

3. Internal Audit Planning

3.1 In preparing the Internal Audit Plans, both strategic and annual, awareness of local and national issues and risk is maintained, as explained in section 5.

3.2 An annual audit needs assessment has historically been developed in relation to the service areas under review as part of the planning process. Seven key risk factors were identified which were then applied to potential audit areas and their impact on the Council, these are;
materiality (value), materiality (volume), significance, complexity, change, inherent risk and profile. These risk factors were then weighted to produce a risk score, which translates into very high, high, medium and low, which in turn indicates the frequency of review.

3.3 The above outcomes are reviewed each year to ensure that the initial risk assessment applied to each area is correct. Also now in addition the previous assurance ratings applied to the area are also considered in deciding upon the frequency of review, as are current developments and changes within service areas to ensure that value is added through each internal audit review.

3.4 Going forwards the IT element of the plans will now be discussed and agreed at the same time as the overall plans. This was historically completed as a separate review by the contractor and resulted in additional reporting to the Finance, Resources, Audit and Governance Committee. However in order to be more efficient and to also ensure that all planning considerations can be taken into account at the same time, this will now form part of the normal planning process. The new contract does not start until 1 April 2015; therefore the IT audits currently reflected in the plan are draft and will be discussed in detail early in April with the ICT Operations Manager at South Norfolk, and the IT Audit Manager to ensure that IT audit meets the requirements of the Council.

3.5 The outcomes of the awareness of risks and issues, and the risk assessment of the Council then formulate a Strategic Internal Audit plan, and the resulting Annual Internal Audit Plan. Consultation with the Section 151 Officer, Directors and Senior Managers then took place through specific meetings during which current and future developments, changes, risks and areas of concerns were discussed and the plan amended accordingly to take these into account.

3.6 The resulting draft Strategic and Annual Internal Audit Plans were then discussed with and approved by the Senior Leadership Team prior to these being brought to the Finance, Resources, Audit and Governance Committee. In addition External Audit are also provided with early sight of the plans.

4. Internal Audit Annual Opinion

4.1 The annual opinion provides Senior Management and the Finance, Resources, Audit and Governance Committee with an assessment of the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control.

4.2 The opinion is based upon:
- The summary of the internal audit work carried out;
- The follow up of management action taken to ensure implementation of agreed action as at financial year end;
- Any reliance placed upon third party assurances;
- Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
- The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.

4.3 In order to achieve the above Internal Audit operates within the PSIAS and uses a risk based approach to audit planning and to each audit assignment undertaken. The control environment for each audit area reviewed is assessed for its adequacy and effectiveness of
the controls and an assurance rating applied. As mentioned the progress with the plan is regularly reported to the Finance, Resources, Audit and Governance Committee.

5. **Local and National Issues and Risks**

5.1 The annual audit planning process ensures that new or emerging risks are identified and considered at a local level. This strategy ensures that the planning process is all encompassing and reviews the records held by the Council in respect of risks and issue logs and registers, reports that are taken through the Council Committee meetings, a review of the audit needs assessment retained by Internal Audit and through extensive discussions with Senior Management.

5.2 Awareness of national issues is maintained through the contract in place with the external contractor through regular “horizon scanning” updates being provided, and annually a particular focus provided on issues to be considered during the planning process. Membership and subscription to professional bodies such as the Institute of Internal Auditors and the CIPFA on-line query service, liaison with External Audit, and networking with colleagues through the Norfolk Chief Internal Auditors Group, all help to ensure developments are noted and incorporated where appropriate.

6. **Provision of the Service**

6.1 The Role of the Head of Internal Audit and contract management is provided by South Norfolk Council (the Internal Audit Consortium Manager) to; Breckland, Broadland, North Norfolk and South Norfolk District Councils, Great Yarmouth Borough Council and The Broads Authority. All Authorities are bound by a Partnership Agreement.

6.2 The delivery of the audit plans for each Authority is provided by an external audit contractor, who reports directly to the Internal Audit Consortium Manager. The current contract is with TIAA Ltd, and commences on 1 April 2015, for an initial period of 5 years.

7. **Resources and Skills**

7.1 Through utilising an external audit contractor the risk based audit plan can be developed without having to take into account the existing resources, as you would with an in-house team, thus ensuring that audit coverage for the year is appropriate to the Council needs and not tied to a particular resource.

7.2 That said the external contractor does supply a core team of staff to deliver the audit plan, and these are staff bring with them considerable public sector knowledge and experience. These core staff can be supplemented with additional staff should the audit plan require it, and in addition specialists, e.g. computer auditors, contract auditor, fraud specialists, can be drafted in to assist in completing the plan and focusing on particular areas of specialism.

7.3 All audit professionals are encouraged to continually develop their skills and knowledge through various training routes; formal courses of study, in-house training, seminars and webinars. As part of the contract with TIAA Ltd the contractor needs to ensure that each member of staff completes a day’s training per quarter.
## APPENDIX 2 – STRATEGIC INTERNAL AUDIT PLAN 2015/16 to 2017/18

<table>
<thead>
<tr>
<th>Audit Area</th>
<th>Last review &amp; assurance</th>
<th>Associated Risk</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
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<td><strong>Annual Opinion audits</strong></td>
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<td>Corporate Governance and Risk Management</td>
<td>2013/14 - CG - Good &amp; RM - Adequate</td>
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<td>7.5</td>
<td>7.5</td>
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<td>Key Controls and Assurance</td>
<td>Annual - various</td>
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<td><strong>Fundamental Financial Systems</strong></td>
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<tr>
<td>Accountancy Services including control accounts, banking, bank reconciliation, asset register, budgetary control, insurances and treasury management</td>
<td>2013/14 - Adequate</td>
<td>High</td>
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<td></td>
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<td>Accounts Payable</td>
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<tr>
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<td></td>
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<tr>
<td>Local Council Tax Support and Housing Benefit</td>
<td>2012/13 - Adequate Due 2014/15</td>
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<tr>
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<tr>
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<tr>
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<td>Chief Executives</td>
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<tr>
<td>Performance Management</td>
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<td>Medium</td>
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<tr>
<td>Customer Focus including marketing and communications</td>
<td>2013/14 - Adequate</td>
<td>Medium</td>
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<tr>
<td>Election and Electoral Registration</td>
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<td>Medium</td>
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<tr>
<td>Business Development</td>
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<tr>
<td>Procurement</td>
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<td>10</td>
<td></td>
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<td>Property Valuation, management, investment and development (asset management, street lighting &amp; naming, office security and facilities management)</td>
<td>2014/15 - Adequate</td>
<td>High</td>
<td></td>
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<tr>
<td>Leisure</td>
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<td>Service Area</td>
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<td>Level</td>
<td>Notes</td>
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<tr>
<td>Growth and Localism</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Development Management</td>
<td>2014/15 - Adequate</td>
<td>Medium</td>
<td></td>
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<tr>
<td>Tourism and Economic Development</td>
<td>new area</td>
<td>Medium</td>
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<tr>
<td>Licensing, Food Safety and Health and Safety</td>
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<td>8</td>
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<tr>
<td>Car Parks</td>
<td>2012/13 - Adequate</td>
<td>High</td>
<td>10</td>
<td></td>
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<td>Environment and Housing</td>
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<tr>
<td>Democratic Services - members services, training, allowances and expenses</td>
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<td>Low</td>
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<td>NPLaw Arrangements</td>
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<td>Medium</td>
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<td>Community Grants</td>
<td>Localism 2013/14 - Adequate</td>
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<tr>
<td>Waste Management includes refuse collection, street cleansing, recycling, clinical waster, abandoned vehicles and grounds maintenance</td>
<td>2012/13 - Adequate Due 2014/15</td>
<td>High</td>
<td>15</td>
<td></td>
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<tr>
<td>Emergency Planning, Environmental Protection, Pest Control, Dog Warden &amp; Pollution Control</td>
<td>new area</td>
<td>Medium</td>
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<tr>
<td>Housing Standards includes DFGs and discretionary grants</td>
<td>2012/13 - Adequate</td>
<td>Medium</td>
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<tr>
<td>Housing Strategy, Homelessness, Affordable Housing &amp; Temporary Accommodation</td>
<td>2012/13 - Adequate (Strategy) 2013/14 - Adequate (Affordable Housing)</td>
<td>Medium</td>
<td>5</td>
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<td>ICT Audits</td>
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<td>Audits to be confirmed</td>
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<td>Telecoms/VoIP</td>
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<td>High</td>
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<td>Exchange and email</td>
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<td>High</td>
<td>8</td>
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</tr>
<tr>
<td>Revenues and benefits</td>
<td></td>
<td>High</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virus Protection / Spyware</td>
<td></td>
<td>High</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arbitras Choice Based Lettings</td>
<td></td>
<td>Medium</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integra</td>
<td></td>
<td>Medium</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follow Up of audit recommendations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Systems Audit Recommendations</td>
<td></td>
<td></td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Audit Recommendations</td>
<td></td>
<td></td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of days</td>
<td>175</td>
<td>192.5</td>
<td>170</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX 3 – ANNUAL INTERNAL AUDIT PLAN 2015/16

<table>
<thead>
<tr>
<th>Audit Area</th>
<th>No. of days</th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
<th>TBC</th>
<th>Summary / purpose of audit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Opinion audits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Governance and Risk Management</td>
<td>8</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Annual review required to gain assurance on the Council's governance and risk management arrangements.</td>
</tr>
<tr>
<td>Key Controls and Assurance</td>
<td>15</td>
<td></td>
<td></td>
<td>15</td>
<td></td>
<td></td>
<td>Annual review of the key controls at the Council that feed into the Statement of Accounts and the Annual Governance Statement.</td>
</tr>
<tr>
<td><strong>Fundamental Financial Systems</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountancy Services including control accounts, banking, bank reconciliation, asset register, budgetary control, insurances and treasury management</td>
<td>18</td>
<td></td>
<td></td>
<td>18</td>
<td></td>
<td></td>
<td>Key financial systems that feeds into the Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls in these key areas</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>10</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remittances</td>
<td>8</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Directorate audits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement</td>
<td>10</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The audit will incorporate a review of the new Procurement Guidelines and how these have been incorporated and embedded at the Council.</td>
</tr>
<tr>
<td>Leisure</td>
<td>5</td>
<td></td>
<td></td>
<td>5</td>
<td></td>
<td></td>
<td>Advice and guidance for service areas to draw down from as the Leisure projects progress through 2015/16.</td>
</tr>
<tr>
<td><strong>Growth and Localism</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism and Economic Development</td>
<td>10</td>
<td></td>
<td></td>
<td>10</td>
<td></td>
<td></td>
<td>This review will focus on the Market Town Initiatives and how local business and tourism is being promoted.</td>
</tr>
<tr>
<td>Car Parks</td>
<td>10</td>
<td>10</td>
<td>A review is regularly undertaken due to the risks associated with the area. This review focuses on the arrangements in place with Gt Yarmouth Borough Council, car parking income, season tickets, and penalty charge notices.</td>
<td></td>
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<table>
<thead>
<tr>
<th>Environment and Housing</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Grants</td>
<td>8</td>
<td>8</td>
<td>This audit has been carried forward from 2014/15 and will focus on the new processes in place for the Community Grant Scheme.</td>
</tr>
<tr>
<td>Democratic Services - members services, training, allowances and expenses</td>
<td>8</td>
<td>8</td>
<td>It is vitally important that Members are provided with the necessary tools, techniques and support to fulfil their role as Councillors. This review will assess what is in place and how this area is delivered.</td>
</tr>
<tr>
<td>Emergency Planning, Environmental Protection, Pest Control, Dog Warden &amp; Pollution Control</td>
<td>12</td>
<td>12</td>
<td>This area has recently been re-aligned within Directorates and this audit will focus on the efficient and effective delivery of these services to the public.</td>
</tr>
<tr>
<td>Housing Standards includes DFGs and discretionary grants</td>
<td>10</td>
<td>10</td>
<td>DFGs are statutory in nature and the Council has a responsibility to ensure that the grants get to the right people and that these are correctly administered. The budget (both from the County and matched by SNC is significant) and it is important that the process is fair and equitable and that the budget meets the needs of the residents.</td>
</tr>
<tr>
<td>Housing Strategy, Homelessness, Affordable Housing &amp; Temporary Accommodation</td>
<td>5</td>
<td>5</td>
<td>Advice and guidance for service area to draw down as the review of temporary Accommodation progresses.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ICT Audits</th>
<th></th>
<th></th>
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</thead>
</table>
The IT audits were proposed as a result of a Computer Audit Needs Assessment. The IT audit approach will be reviewed early in April 2015 and discussion had to ensure that coverage is appropriate to the Council. Coverage is only indicative at this time and will be refreshed in the new year.

<p>| | | | | | |</p>
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</thead>
<tbody>
<tr>
<td></td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Telecoms/VoIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange and email</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Revenues and benefits</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td>11</td>
</tr>
</tbody>
</table>

**Follow Up of audit recommendations**

<table>
<thead>
<tr>
<th></th>
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<th>2</th>
<th>2</th>
<th>2</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems Audit Recommendations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Audit Recommendations</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Total number of days 175 13 21 39 66 36

Follow Up of agreed recommendations to provide officers and members with an up to date position on the control environment.
## APPENDIX 4 – PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Area / Indicator</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit Committee / Senior Management</strong></td>
<td></td>
</tr>
<tr>
<td>1. Audit Committee Satisfaction – measured annually</td>
<td>Adequate</td>
</tr>
<tr>
<td>2. Chief Finance Officer Satisfaction – measured quarterly</td>
<td>Good</td>
</tr>
<tr>
<td><strong>Internal Audit Process</strong></td>
<td></td>
</tr>
<tr>
<td>3. Each quarters audits completed to draft report within 10 working days of the end of the quarter</td>
<td>100%</td>
</tr>
<tr>
<td>4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter</td>
<td>100%</td>
</tr>
<tr>
<td>5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager)</td>
<td>100%</td>
</tr>
<tr>
<td>6. Compliance with Public Sector Internal Audit Standards</td>
<td>Full</td>
</tr>
<tr>
<td>7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Clients</strong></td>
<td></td>
</tr>
<tr>
<td>8. Average feedback score received from key clients (auditees)</td>
<td>Adequate</td>
</tr>
<tr>
<td>9. Percentage of recommendations accepted by management</td>
<td>90%</td>
</tr>
<tr>
<td><strong>Innovations and Capabilities</strong></td>
<td></td>
</tr>
<tr>
<td>10. Percentage of qualified (including experienced) staff working on the contract each quarter</td>
<td>60%</td>
</tr>
<tr>
<td>11. Number of training hours per member of staff completed per quarter</td>
<td>1 day</td>
</tr>
<tr>
<td>12. Number of high and medium priority recommendations made per quarter</td>
<td>To decrease over the life of the contract (from year 2)</td>
</tr>
<tr>
<td>13. Number of audits which are considered to add value</td>
<td>To increase over the life of the contract (from year 2)</td>
</tr>
</tbody>
</table>
Internal Audit Contract Award

Internal Audit Consortium Manager

This report provides Members with the final update on the award of the Internal Audit Services Contract, following approval by Cabinet on 24 October 2014 to enter into a five year contract with TIAA Ltd.

<table>
<thead>
<tr>
<th>Cabinet member(s):</th>
<th>Ward(s) affected:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garry Wheatley</td>
<td>All</td>
</tr>
</tbody>
</table>

Contact Officer, telephone number, and e-mail: Emma Hodds 01508 533791 ehodds@s-norfolk.gov.uk

1. **Background**

1.1 The Finance, Resources, Audit and Governance Committee have been regularly updated in relation to the procurement exercise for the provision of Internal Audit Services to the Consortium.

1.2 The Consortium currently comprises of South Norfolk, Breckland, Broadland and North Norfolk District Councils, Gt Yarmouth Borough Council and the Broads Authority. South Norfolk Council, as the contracting authority, managed the Procurement process on behalf of the Consortium.

1.3 The Procurement was also developed to offer all members of the Consortium two options on service delivery. The first option was a fully outsourced service, with the Head of Internal Audit role undertaken by the Contractor as well as the delivery of the annual Internal Audit work plan, and the contract management element undertaken by the individual Authority. The second option, as currently provided, was for the Head of Internal Audit role and contract management (Interface Services) to be provided by South Norfolk Council, and the delivery of the annual Internal Audit work plan by the successful bidder. Bidders were requested to submit tenders for both options.

2. **Procurement**

2.1 An OJEU tender, utilising the competitive dialogue route, was undertaken due to the value of the work to be contracted. A PIN (Prior Information Notice) was issued and soft market testing took place prior to tender documents being issued
and formal tenders being submitted, following competitive dialogue with interested suppliers.

2.2. Tenders were evaluated for quality (60%) and price (40%) via the consideration of method statements and bill of quantities respectively.

2.3. Three suppliers submitted final bids and Cabinet were recommended to award the contract to TIAA Ltd based on the above assessment and their submission of the most economically advantageous tender overall.

3. **Interface Options**

3.1. All current members of the Consortium have decided to stay with the current “Interface Service” approach, with the Head of Internal Audit role and contract management provided by South Norfolk Council. In conjunction with the Legal Team a Partnership Agreement will now be drawn up binding the delivery of this service from South Norfolk Council to the aforementioned authorities.

4. **TIAA Ltd Contract from 1 April 2015**

4.1. Although the new contract is due to start on 1 April 2015, the procurement exercise ensured that a mobilisation period was built into the contract to ensure that key stages and timescales for implementing the Contractual arrangements were confirmed. This includes how resources are to be put in place to commence services from 1 April 2015, and in particular how the time in between the contract award and the operational Commencement Date of the Contract will be utilised to prepare for high quality service delivery from day one. The provision of this has been at no cost to the Consortium.

4.2. TIAA Ltd has been operating for over eighteen years and started as the internal audit services for a consortium of housing associations. Over the years the company has grown into being one of the largest specialist internal audit providers in the UK. TIAA is an employee-centred organisation with staff being the majority shareholders. The Board of the company includes a non-executive Chair and non-executive company secretary and they have adopted the public sector principles of governance and accountability. The company has a strong presence in East Anglia with an existing regional office in Ipswich.

4.3. TIAA Ltd has confirmed a timescale for mobilisation between November 2014 and March 2015 to ensure that they are ready to commence delivery on the first day of the contract. The detailed requirements are part of the agreed contract and delivery against these key tasks will be monitored, and progress to date is on track. Key improvements in service delivery will include:

- Risk Based Internal Audit Planning at a strategic level and at individual audit level
- Audit opinions based on 4 distinct stages (the first 2 being the traditional approach and the last 2 bringing added value)
  1. Strategic Direction – consideration of the extent to which process is directed by proper procedure
  2. Operational Compliance – consideration of the extent to which staff comply with the procedures
  3. Operational Effectiveness – consideration of the extent to which process provides efficient and effective delivery
4. Reputation Awareness – consideration of the extent to which customer / regulator requirements are met
   • Outcomes reported as a result of audit reviews will include recommendations as required, however an Operational Efficiency Action Plan is also included which sets out matters identified during the audit where there may be opportunity for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.
   • Audit software that provides an integrated solution for delivering the Internal Audit vision

5. Relevant Corporate Priorities
5.1. Driving services through being businesslike, efficient and customer aware.

6. Implications and Risks
6.1. Financial - The successful tender was the most economically advantageous tender to the Council.
6.2. Legal - Contract Documentation has been agreed with the successful bidder and will form the basis of the contract monitoring and management.

7. Conclusion
7.1. The procurement of Internal Audit Services has been delivered within the agreed timescale and has resulted in a contract which is the most economically advantageous to the Council and Consortium Members. In addition all consortium members have decided to continue the current arrangements of the role of the Head of Internal Audit and contract management being delivered through South Norfolk Council.

8. Recommendations
8.1. Committee are required to note this update report.
Annual Report of the Finance, Resources, Audit and Governance Committee 2014/15

Internal Audit Consortium Manager

The report is to update members on the work of the Finance, Resources, Audit and Governance Committee for the financial year 2014/15.

<table>
<thead>
<tr>
<th>Cabinet member(s):</th>
<th>Ward(s) affected:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garry Wheatley</td>
<td>All</td>
</tr>
</tbody>
</table>

Contact Officer, telephone number, and e-mail: Emma Hodds 01508 533791 ehodds@s-norfolk.gov.uk

1. Background

1.1. South Norfolk Council’s Finance, Resources, Audit and Governance Committee has been in operation since 2012 and held its inaugural meeting on 28 June 2012. This annual report will look back on the activity for the financial year 2014/15.

2. Current Position and Issues

2.1. The Terms of Reference of the Committee are established in the Council’s Constitution, and the key features include reviewing:

- The draft and final statement of accounts;
- The external auditors report on the statement of accounts;
- The Head of Internal Audit’s annual report and opinion, including the effectiveness of the internal audit service;
- The internal auditors plans and progress against these; and
- The external auditors plans.

The Committee is also required to approve the statement of accounts and the annual governance statement.

2.2. The Committee has met on four occasions, and comprises of seven elected members. Member attendance at this Committee is high, with substitutes attending where appropriate. The Portfolio Holder for Finance and Resources also attends all meetings of the Committee. There is a consistent strong officer
Finance, Resources, Audit and Governance Committee
Council
6 March 2015
1 June 2015

attendance throughout the year, with regular representation from Accounts, Finance and Internal Audit, and the Council’s External Auditors.

2.3. The Committee also ensures that it operates to the highest standards, and with this in mind, an annual self-assessment exercise is undertaken, with the most recent one on 24 October 2014. In addition a work programme is in place which is reviewed and discussed at each formal meeting.

2.4. Overview of key items considered and reviewed during the year

2.4.1 Statement of Accounts 2013/14 and Annual Governance Statement

An informal drop in session was provided for members on production of the draft statement of accounts, whereby members were able to meet with officers and resolve any detailed queries that they had on the accounts. The final statement of accounts was presented to the Committee on 25 July 2014 and final queries were resolved at this meeting, with the accounts being noted. At this meeting in July the Annual Governance Statement was also considered by the Committee and approved for signature by the Chief Executive and Leader.

2.4.2 Internal Audit

On an annual basis the Committee reviews and recommends that Cabinet approves the Strategic and Annual Internal Audit Plans for the forthcoming year. The Committee received regular updates in relation to the progress of the completion of the annual plan and updates on the implementation of audit recommendations raised on conclusion of the audit reviews. Finally at the end of the financial year the Annual Report and Opinion of the Internal Audit Manager was considered by the Committee in terms of the conclusion made in relation to the overall adequacy and effectiveness of the Council’s governance, risk and control framework.

2.4.3 External Audit

Throughout the financial year the Committee has received reports from the Councils External Auditors, Ernst Young. The Committee are provided with the plan of work in March, and the results of this are then reported through to the Committee in July, alongside the statement of accounts reported by the Accounts Team. The outcome from the certification of claims and returns was also reported through to the Committee. In addition Ernst Young provided a local government briefing note for the Committee, which highlights areas and developments that the Committee need to be aware of.

2.4.4 Procurement Exercises

During 2014/15 an OJEU procurement was underway to procure an external provider for the provision of Internal Audit Services to South Norfolk Council, and existing members of the Consortium, with a view to grow the membership post contract award. The Committee received verbal updates twice over the course of the financial year to ensure it was kept up to date with the progress being made. Formal reports were also provided to (a) approve the extension of the existing contract to ensure that the procurement exercise could be delivered and (b) to formally report to the Committee on the conclusion of the procurement.
The Committee also received a report on the award of the Banking Services Contract, which detailed the decision taken to transfer the Council’s banking services to Barclays Bank plc and described the draft plans for implementation of the transfer.

2.4.5 Counter Fraud

In June 2014 the Committee considered the report on Counter Fraud Activity and noted the work performed by officers to mitigate both the internal and external threats faced.

3. Proposal and Reasons

3.1. This report looks back over the 2014/15 financial year and has reported on the range of reports that have been brought to the Committee’s attention. The report highlights the breadth of information that is received by the Committee both formally and informally in ensuring that the Committee carries out its Terms of Reference.

4. Other Options

4.1. Not applicable.

5. Relevant Corporate Priorities

5.1. The work undertaken by the Committee serves to support the Council in delivering all corporate priorities.

6. Implications and Risks

6.1. Not applicable to this report.

7. Conclusion

7.1. This report highlights that the Committee operates in accordance with best practice requirements and plays an important role in the Council’s governance framework.

8. Action Required

8.1. That members note the contents of the Annual Report, and that it is taken forward to Full Council.
## FRAG Work Programme

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Agenda Item</th>
<th>Officer Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-15</td>
<td>Annual Report on Counter Fraud Activity 2014/15</td>
<td>Emma Goddard</td>
</tr>
<tr>
<td></td>
<td>Internal Audit Activity Report</td>
<td>Emma Hodds</td>
</tr>
<tr>
<td></td>
<td>Internal Audit Follow Up Report</td>
<td>Emma Hodds</td>
</tr>
<tr>
<td></td>
<td>Internal Audit Consortium Manager's Annual Report and Opinion for 2014/15, including Review of the Effectiveness of Internal Audit</td>
<td>Emma Hodds</td>
</tr>
<tr>
<td></td>
<td>Draft Annual Governance Statement 2014/15</td>
<td>Debbie Lorimer</td>
</tr>
<tr>
<td></td>
<td>Review of Draft Statement of Accounts 2014/15 including group accounts</td>
<td>Debbie Lorimer</td>
</tr>
<tr>
<td>Jul-15</td>
<td>Statement of Accounts 2014-15 including group accounts</td>
<td>Debbie Lorimer</td>
</tr>
<tr>
<td></td>
<td>Annual Governance Statement 2014-15</td>
<td>External Audit</td>
</tr>
<tr>
<td></td>
<td>Audit Results Report</td>
<td></td>
</tr>
<tr>
<td>Sep-15</td>
<td>Internal Audit Activity Report</td>
<td>Emma Hodds</td>
</tr>
<tr>
<td>Nov-15</td>
<td>Internal Audit Activity Report</td>
<td>Emma Hodds</td>
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<tr>
<td></td>
<td>Internal Audit Follow Up Report</td>
<td>Emma Hodds</td>
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<td>Self Assessment of the FRAG Committee</td>
<td>Emma Hodds</td>
</tr>
<tr>
<td></td>
<td>Annual Audit Letter</td>
<td>External Audit</td>
</tr>
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<td></td>
<td>External Audit Plan 15/16</td>
<td>External Audit</td>
</tr>
<tr>
<td>Mar-16</td>
<td>Certification of Claims and Returns Annual Report 14/15</td>
<td>External Audit</td>
</tr>
<tr>
<td></td>
<td>Internal Audit Activity Report</td>
<td>Emma Hodds</td>
</tr>
<tr>
<td></td>
<td>Strategic and Annual Internal Audit Plans 2015/16</td>
<td>Emma Hodds</td>
</tr>
<tr>
<td></td>
<td>Annual Report of the FRAG Committee</td>
<td>Emma Hodds</td>
</tr>
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</table>