



Audit Committee

Notice of a Meeting, to be held in the Council Chamber, Civic Centre, Tannery Lane,
Ashford, Kent TN23 1PL on Tuesday, 3rd December 2013 at 7.00 pm.

The Members of this Committee are:-

Cllr. Clokie (Chairman)
Cllr. Link (Vice-Chairman)
Cllrs. Marriott, Michael, Shorter, Smith, Taylor, Yeo

NB: Under the Council's Public Participation Scheme, members of the public can submit a petition to the Cabinet if the issue is within its terms of reference or ask a question or speak concerning any item contained on this Agenda (Procedure Rule 9 refers)

Agenda

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|---|----------------------|
| 1. Apologies/Substitutes – To receive Notification of Substitutes in accordance with Procedure Rule 1.2(iii) | |
| 2. Declarations of Interest:- To declare any interests which fall under the following categories, as explained on the attached document: | 1 |
| a) Disclosable Pecuniary Interests (DPI) | |
| b) Other Significant Interests (OSI) | |
| c) Voluntary Announcements of Other Interests | |
| See Agenda Item 2 for further details | |
| 3. Minutes – To approve the Minutes of the Meeting of this Committee held on the 26 th September 2013 | |

Part I – For Decision

4. The Council's IT Continuity Arrangements – Presentation
5. Annual Audit Letter 2012/13
6. Internal Audit Interim Report
7. Internal Audit Partnership – Progress Report

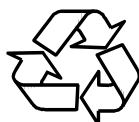


Part II – Monitoring/Information Items

8. Annual Governance Statement – Progress on Remediating Exceptions
9. Grant Thornton’s Audit Committee Update Report
10. Report Tracker and Future Meetings

DS/AEH
25th November 2013

Queries concerning this agenda? Please contact Danny Sheppard:
Telephone: 01233 330349 Email: danny.sheppard@ashford.gov.uk
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Declarations of Interest (see also “Advice to Members” below)

- (a) **Disclosable Pecuniary Interests (DPI)** under the Localism Act 2011, relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares a DPI in relation to any item will need to leave the meeting for that item (unless a relevant Dispensation has been granted).

- (b) **Other Significant Interests (OSI)** under the Kent Code of Conduct as adopted by the Council on 19 July 2012, relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares an OSI in relation to any item will need to leave the meeting before the debate and vote on that item (unless a relevant Dispensation has been granted). However, prior to leaving, the Member may address the Committee in the same way that a member of the public may do so.

- (c) **Voluntary Announcements of Other Interests** not required to be disclosed under (a) and (b), i.e. announcements made for transparency reasons alone, such as:

- Membership of outside bodies that have made representations on agenda items, or
- Where a Member knows a person involved, but does not have a close association with that person, or
- Where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position.

[Note: an effect on the financial position of a Member, relative, close associate, employer, etc; OR an application made by a Member, relative, close associate, employer, etc, would both probably constitute either an OSI or in some cases a DPI].

Advice to Members on Declarations of Interest:

- (a) Government Guidance on DPI is available in DCLG’s Guide for Councillors, at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/240134/Openness_and_transparency_on_personal_interests.pdf plus the link sent out to Members at part of the Weekly Update email on the 3rd May 2013.
- (b) The Kent Code of Conduct was adopted by the Full Council on 19 July 2012, with revisions adopted on 17.10.13, and a copy can be found in the Constitution at <http://www.ashford.gov.uk/part-5---codes-and-protocols>
- (c) If any Councillor has any doubt about the existence or nature of any DPI or OSI which he/she may have in any item on this agenda, he/she should seek advice from the Head of Legal and Democratic Services and Monitoring Officer or from other Solicitors in Legal and Democratic Services as early as possible, and in advance of the Meeting.

Audit Committee

Minutes of a Meeting of the Audit Committee held in Committee Room No.2 (Bad Münstereifel Room), Civic Centre, Tannery Lane, Ashford on the **26th September 2013**.

Present:

Cllr. Clokie (Chairman);
Cllr. Link (Vice-Chairman);
Cllrs. Marriott, Michael, Shorter.

Apologies:

Cllrs. Smith, Taylor.

Also Present:

Deputy Chief Executive, Head of Audit Partnership, Audit Partnership Manager, Investigations & Visiting Manager, Principal Accountant, Senior Member Services & Scrutiny Support Officer.

Steve Golding, Laura Leka - Grant Thornton.

150 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 27th June 2013 be approved and confirmed as a correct record.

151 Fraud Investigation Team

The paper updated the report of 5th March 2013 and advised of a number of factors influencing the creation of the Corporate Fraud Team. For several reasons the report recommended deferral of the creation of a stand-alone team with a wider corporate counter fraud focus. Most significantly was the ongoing delay to the Government's programme for the introduction of Universal Credit. The report recommended a further review in 2014. In introducing the report the Investigations & Visiting Manager advised that the Housing Department had agreed funding for the team's housing tenancy fraud work for 2014/15, so that showed confidence in the current collaborative working arrangements.

The Portfolio Holder said that the deterrent factor was just as important as the prosecution of benefit fraudsters. It was important to demonstrate that the Council did pursue fraudsters and if this deterred people from making false claims in the first place, unquantifiable savings could be generated above and beyond those generated from prosecution that the Council could document.

In response to a question the Investigations & Visiting Manager advised of corrections to the 'Successful Outcomes' columns of Appendix A to the report. The figures should be 11 for April – August 2013 and 23 for April 2012 – March 2013.

Resolved:

- That (i) **the move to create a Corporate Counter Fraud Team be deferred pending a further review and a report come back to the Committee during 2014.**
- (ii) **the performance figures provided be noted.**

152 Statement of Accounts 2012/13 and the External Auditor's Audit Findings

The report presented the 2012/13 Statement of Accounts for approval. The External Auditor's report was also appended and Mr Golding was present to introduce this and take questions. The audit had identified four primarily presentational errors as detailed in the Auditor's report with no impact on the Council's financial position. The External Auditor had issued an unqualified opinion on the accounts. Once approved, the accounts would be published with an accompanying simple summary of the key facts and outcomes for the year.

Mr Golding introduced the audit findings report from Grant Thornton which outlined the key issues arising from their audit. The outstanding matters had all now been largely resolved and Andy Mack was willing to confirm the unqualified opinion on the accounts following receipt of the Chief Financial Officer's letter of representation. In terms of the key messages from the audit, Mr Golding said that the quality of the financial statements and working papers provided was of a good standard and the Officers should be complimented for this. There were no amendments arising from the audit which impacted on the Council's reported financial performance. Mr Golding said that in terms of transparency, there was concern that declaration forms in respect of related party transactions had not been received from four Councillors at the time of this year's audit. It was noted that there were still two forms outstanding, namely from Councillors Adley and Wright.

The Chairman opened the item up to the Committee and the following responses were given to questions/comments: -

- The classification of developer contributions (Section 106 monies) had been changed in the accounts to be allocated to the relevant Services as soon as the money came in, rather than being held on the balance sheet until it was spent. This was in recognition of the Council's good administrative procedures in this regard whereby a designated Officer pro-actively monitored trigger points. Developer contributions were monitored annually by Internal Audit given the importance of this area to Ashford and Mr Golding re-iterated that this formed part of External Audit's specific audit programme too and they had been extremely impressed by the pro-active way this was managed at Ashford.

- The opinion on the effectiveness of internal control was required to be delivered by the Head of Internal Audit Partnership as part of his Annual report. This was reviewed by External Auditors but did not form part of their specific audit.
- The figures related to the estimated number of properties in the Council Tax Base were not whole numbers due to discount factors, conversions to number of Band D dwellings and timing of occupation.

The Chairman noted that this would be Steve Golding's last Audit Committee meeting after working with Ashford Borough Council during three spells dating back over 30 years. He thanked him for his dedicated and professional work and, on behalf of the Committee, wished him all the best for the future.

Resolved:

- That**
- (i) the Appointed Auditor's Audit Findings be received and noted.**
 - (ii) the basis upon which the accounts have been prepared (Going Concern) be agreed.**
 - (iii) the audited 2012/13 Statement of Accounts be approved.**
 - (iv) the Chairman of the Committee sign and date the accounts as approved by the Council, as required by Section 10(3) of the Accounts and Audit Regulations 2003.**
 - (v) the Chief Financial Officer's Letter of Representation to the Appointed Auditor be approved.**

153 Annual Governance Statement 2012/13 – Progress on Remediating Exceptions

The report explained progress against the areas for continued work which were included in the Annual Governance Statement agreed by the Committee at the last Meeting in June. It highlighted the following matters: - the Leader's wish that there be a refocusing of Council priorities and further cultural development to consolidate the direction that was currently set out in the business plan and Cabinet's previous position statement; the Leader's proposal for a further review of some aspects of the constitution to reinforce the principle of inclusivity and to clarify delegations; production of an Annual Report; updating the 2007 Code of Corporate Governance; and a procurement strategy review. These would all be ongoing matters for 2013/14.

Resolved:

That the progress to date on resolving the governance exceptions identified in the 2012/13 Annual Governance Statement be noted.

154 Strategic Risk Review – Six Monthly Update

The report set out the position in respect of the Council's Strategic Risk Management arrangements. Tabled at the meeting were the coloured appendices for the risks which had been omitted from the original Agenda papers due to a printing error.

The Chairman opened the item up to the Committee and the following responses were given to questions/comments: -

- It was important to bear in mind that the majority of items on the Strategic Risk Register were of longer term consequence and it was hoped that the report highlighted that there was suitable and appropriate mitigation in place. This did not mean that the items should not continue to be routinely monitored, but many of the matters would continue to remain as risks because they involved matters out of the Council's direct control (economic factors etc.)
- An additional risk regarding the Chilmington Green development had been discussed at the Committee's informal Meeting in April and that would be added to the register once the outline planning application had been considered. It was noted that the risks here for the Council were more reputational than financial.
- The risks around a failure of IT systems were operational and contained within the Head of Business Change & Technology's own service risk plan rather than the Strategic Risk Register. A complete IT failure would also be covered within the Council's Disaster Recovery and Business Continuity Plans. The Cabinet Member for the Service said he had asked questions about this and had a reasonable degree of confidence in the plans. Testing of these Plans was also covered within the Internal Audit work plan. The Chairman said they always had the option of calling the Head of Business Change & Technology to a meeting to explain to the Committee how that risk was being managed.
- There was an extensive action plan and lots of work going on to inform residents about Universal Credit and Social Size Criteria. The Council Tax & Welfare Reform Task Group was gaining a lot of information and shaping the Council's response to the issues, but, as a Local Authority, there was only so much Ashford Borough Council could do in responding to this.
- With regard to Risk 2 – Volatile Income Streams, the risk plan had been re-worded to include a high level summary of the main risks to the Council with regard to strategic income. There would be an important report going to the Cabinet shortly explaining some more detail into the Government announcements of the summer and the knock on affects for Government Grants, Business Rates etc. and how the Council was going to deal with those.
- It was agreed that the Housing Revenue Account should be included within Risk 2 – Volatile Income Streams in future reports.

Resolved:

- That**
- (i) the strategic risk management arrangements in place for 2013/14 be noted.**
 - (ii) the Committee is satisfied with the action that is being taken to manage the Council's strategic risks.**
 - (iii) the Housing Revenue Account should be included within Risk 2 – Volatile Income Streams in future reports.**

155 Internal Audit Charter

The Head of Audit Partnership introduced the report which asked the Committee to consider and approve the Internal Audit Charter - a requirement of the new Public Sector Internal Audit Standards (PSIAS). The report also updated the Committee on: - the external quality assessment of Internal Audit (which was also a requirement of PSIAS); the proposal for the creation of 'One Team One Employer'; the possible extension by a further four years of the current collaboration agreement for the Audit Partnership; and the proposed arrangements for the recruitment of a new Head of Audit Partnership. He further advised that the same report was being considered by the Audit Committees at the other Authorities in the Partnership and Tunbridge Wells had considered that the Charter should contain an additional section on value for money and the role Internal Audit played in monitoring and identifying value for money. It was proposed that this be added as an addendum to the Charter once it had been to each of the four Audit Committees.

Whilst agreeing with the point about value for money, the Chairman said he also considered Overview & Scrutiny could also be doing more work of this type.

Resolved:

- That**
- (i) the Internal Audit Charter appended to the report be approved, subject to the addition of Internal Audit's role in monitoring and identifying value for money.**
 - (ii) it be noted that an external quality assessment of the conformance of Internal Audit to the Public Sector Internal Audit Standards will be carried out in January 2014.**
 - (iii) it be noted that it is proposed to adopt a one employer model for the Internal Audit Service.**
 - (iv) it be noted that it is proposed to extend the Internal Audit shared service agreement to 31st March 2019.**
 - (v) it be noted that a timetable has been put in place for the recruitment of a new Head of Audit Partnership.**

156 Mid Kent Audit Partnership – Evolution to ‘One Team One Employer’

The report gave a background to both the historical and current arrangements for the Internal Audit Partnership and proposed converting the Partnership to a ‘One Team One Employer’ model, subject to full consultation with, and agreement by, this Council's Cabinet and the agreement of the other three Councils in the Partnership. The issue had been presented by way of a client perspective from the Deputy Chief Executive on behalf of the Council as well as a more detailed report from the Head of Audit Partnership. The report further advised that moving to a ‘One Team One Employer’ model would in no way alter the operational governance arrangements for the Partnership. Each Council was represented by a Senior Officer on the Operational Board and that Board had oversight of the operational management on behalf of the four Councils. The Head of Audit Partnership updated the Committee that the reports had been considered by the Joint Consultative Committee (JCC) earlier that day and they had endorsed the proposals as an acceptable way forward.

The Chairman said he was fully supportive of the proposals and pleased to note that JCC had no objections.

A Member asked about the basis for charging by agreeing a number of ‘audit days’ and asked if there was any inherent risk that if initial estimates were wrong, there may be cost implications and the quality of audit may suffer. The Deputy Chief Executive said that there may be a risk but it would be more related to the general environment rather than anything else. The number of days required would be a product of what this Committee signed off as their audit need. As it got more complex for Ashford and Local Government more generally to respond to Government reforms, it would become a more challenging agenda for Internal Audit. Considering issues such as strategic projects and this Council as a stakeholder would require particular skills and this may mean audit requirements may have to be increased, even if there were the same or fewer risks involved. The Head of Audit Partnership said there would be an open book charging policy with each Council only paying for the number of audit days it required.

With regard to questions about the Partnership potentially considering selling auditor days outside in a more commercial way, the Head of Audit Partnership advised that this would only go as far as the four partners wanted it to. It was a Partnership owned by the four Councils and it was a decision for them if they wanted his successor to explore this route. It was right to point out though that there were opportunities. They were working to the same standards as all other public sector organisations so there may be opportunities to do work for other public sector clients for example, but only if it did not impact adversely on the core work for the four Councils. In his opinion it was more about ‘dipping a toe’ into the market to see if work was out there, but he understood the concern.

The Chairman asked about the original Partnership Agreement and the right to veto. He was concerned that one Authority could be ‘out-voted’ by the other three on major decisions. The Deputy Chief Executive said a Collaboration Agreement was in place to provide a governance framework for the Partnership and that would remain

under any new model. He was Ashford's representative on the Operational Board and at present if one Council did not want to do something, it did not go ahead. In his view any new Collaboration Agreement should stick to that principle. The Committee proposed an additional recommendation that the Chairmen of the four Audit Committees should be consulted on the new Collaboration Agreement.

Resolved:

- That (i) the Committee is supportive of the proposal to evolve the Internal Audit Partnership to a 'One Team One Employer' model and that this view should be expressed to the Cabinet when the matter is considered in October.**
- (ii) it be noted that the matter is the subject of full consultation with staff and their representatives across the four Councils.**
- (iii) the Chairmen of the four Audit Committees in the Partnership should be consulted on the new Collaboration Agreement.**

157 Report Tracker and Future Meetings

The Committee agreed that before the next Meeting on the 3rd December 2013 there should be a pre-Committee briefing at 6pm from Arlingclose, the Council's Treasury Management Advisors. This would be on current treasury management thinking and should be opened up to all Members.

Resolved:

That the report be received and noted.

DS

Agenda Item No: 4
Report To: **AUDIT COMMITTEE**



Date: **3 December 2013**

Report Title: **To receive a presentation on the Council's IT continuity arrangements**

Report Author: Head of Communications & Technology

Portfolio Holder: Cllr Neil Shorter

Summary:	Following questions raised at the last Audit Committee, a presentation will be given on the Council's arrangements for IT continuity and systems backup/restore.
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Key Decision: No

Affected Wards: None

Recommendations: The Committee be asked to note the contents of the presentation.

Policy Overview: The Council's has a duty to provide a number of statutory services. These services are reliant on the availability of IT platforms for their delivery and therefore arrangements are in place to protect those systems.

Financial Implications: None at this time as there is existing budget provision for all elements of the Council's IT continuity arrangements.

Risk Assessment NO

Equalities Impact Assessment NO

Other Material Implications: None

Exemption Clauses: **None**

Background Papers: None

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Agenda Item No: 5

Report To: **AUDIT COMMITTEE**

Date: **3 DECEMBER 2013**

Report Title: **The Annual (External) Audit Letter (for the year ended 31 March 2013)**

Report Author: Andy Mack, Director, Grant Thornton UK LLP (external auditor)
Paul Naylor, Deputy Chief Executive (covering summary)



Summary: This is the first full annual audit letter from Grant Thornton UK, our external auditors. The letter covers the auditor's findings and opinions arising from the 2012-2013 audit.

Detailed findings are not re-stated as these were reported previously to the committee. The letter restates the unqualified opinion on last year's accounts and the audit conclusion on efficiency and effectiveness. It also highlights the auditor's positive conclusions about the council under the financial resilience test. This test applies to all councils and 2012-2013 was the first year such an examination was carried out. The auditor's overall opinion on the council's arrangements for securing value for money was again positive.

Other than the matter concerning an incomplete set of members' third party declarations for the purposes of auditing the final accounts (advised to the committee at its previous meeting) there are no further matters highlighted for attention.

Andy Mack and his colleagues will be present at the meeting to introduce the report and take questions.

Key Decision: NO

Affected Wards: None specifically

Recommendations: **The Committee is asked to note the annual audit letter for 2012-2013, after making any comment it feels is appropriate.**

Policy Overview: The council is by law subject to external audit, which, therefore, forms a very necessary part of the statutory governance framework for councils. From November 2012 the Audit Commission outsourced all of its audit work and from that date the responsibility was carried out by Grant Thornton UK LLP.

**Financial
Implications:**

The audit fee for the 2012-2013 audit was as planned. The core audit fee for next year will be similar and providing audit risks and demands remain stable, the fee will remain fixed for the current five-year term of Grant Thornton's initial contract with the Audit Commission.

**Background
Papers:**

None

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The Annual Audit Letter for Ashford Borough Council

Year ended 31 March 2013

8 October 2013

Andy Mack

Director

T 0207 728 3299

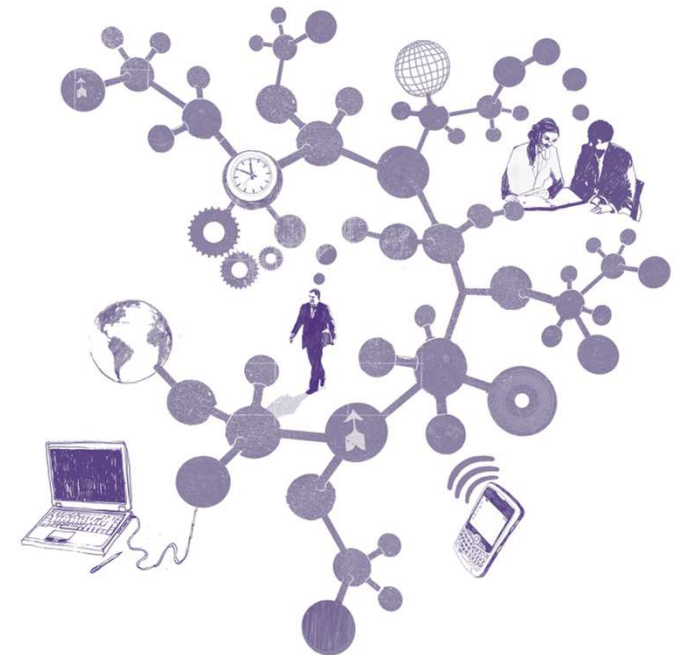
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Section 1: Executive summary

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

Executive summary

Purpose of this Letter

Our Annual Audit Letter ('Letter') summarises the key findings arising from the following work that we have carried out at Ashford Borough Council ('the Council') for the year ended 31 March 2013:

- auditing the 2012/13 accounts and Whole of Government Accounts submission (Section two)
- assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (Section three)
- certification of grant claims and returns (Section four).

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. We reported the detailed findings from our audit work to those charged with governance in the Audit Findings Report on 26 September 2013.

Responsibilities of the external auditors and the Council

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

The Council is responsible for preparing and publishing its accounts, accompanied by an Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (Value for Money).

Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in April 2013 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Audit conclusions

The audit conclusions which we have provided in relation to 2012/13 are as follows:

- an unqualified opinion on the accounts which give a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year
- an unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources
- an unqualified opinion on the council's Whole of Government Accounts submission
- we have certified two claims and returns by the end of September deadline. Our work on the Housing Benefits Subsidy claim, which has a deadline of 30 November, is still in progress.

Key areas for Council attention

We summarise here the key messages arising from our audit for the Council to consider as well as highlighting key issues facing the Council in the future.

We have now concluded our audit for 2012/13. We issued an unqualified opinion on the Council's financial statements on 27 September 2013. We also issued an unqualified value for money conclusion, and completed the certification of the Whole of Government Accounts return, on the same date.

The accounts were prepared to a sound standard and were supported by good working papers. The Council also maintains a sound financial position despite the difficult external environment.

Acknowledgements

This Letter has been agreed with the Chief Executive and Deputy Chief Executive and will be presented to Audit Committee on 3 December 2013.

We would like record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2013

Section 2: Audit of the accounts

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

Audit of the accounts

Audit of the accounts

The key findings of our audit of the accounts are summarised below:

Preparation of the accounts

The Council presented us with draft accounts on 24 June 2013, in advance of the national deadline of 30 June. Appropriate working papers were made available from the start of the audit fieldwork, which commenced in July 2013.

The key messages arising from our audit of the Council's financial statements are:

We identified four adjustments to the statements. These related primarily to classification errors, and did not impact upon the Council's net expenditure or revenue balances. We also agreed a number of changes to the disclosure notes to the accounts, to aid the clarity and presentation of the statements.

We noted that declaration forms in respect of related party transactions remained outstanding from two Councillors. We have recommended that action is taken to ensure all Members comply with requirements for next year.

Conclusion

Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance' (defined as the Audit Committee at the Council). We presented our report to the Audit Committee on 26 September 2013 and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 27 September 2013, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the accounts give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Section 3: Value for Money

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

Value for Money

Scope of work

The Code describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give a VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code:

The Council has proper arrangements in place for securing financial resilience. The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- financial governance
- financial planning
- financial control.

We found that:

- The Council's key financial indicators demonstrate a track record of strong performance and a healthy financial position. The working capital ratio is high, useable reserve levels are healthy and budgetary control is strong. Whilst long term borrowing is high for the statistical group, this is entirely due to the HRA debt. Tax revenues are slightly below the group average. Working days lost to sickness remain well below the national average.
- The Council has a strong financial planning framework. The Medium Term Financial Plan clearly sets out savings plans and risks for the coming years, and is aligned with the 5 year Business Plan.. Zero based budgeting and option appraisals have been applied as part of the budget setting process. The Council has good arrangements for financial governance. A robust audit & scrutiny framework is in place, and is operating effectively
- The Council has a strong track record on delivering budgets and savings plans, with the Budget Scrutiny Task Group playing a crucial role in budget setting and monitoring achievement of savings targets. Internal audit has given a positive opinion on controls for 2012/13 .

Value for Money

Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and whether it has achieved cost reductions and improved productivity and efficiencies.

We found that:

- The Council has good arrangements for financial governance. A robust audit & scrutiny framework is in place, and is operating effectively. It has a strong track record on delivering budgets and savings plans, with the Budget Scrutiny Task Group playing a crucial role in budget setting and monitoring achievement of savings targets.
- The Council has a strong financial planning framework. The Medium Term Financial Plan clearly sets out savings plans and risks for the coming years, and is aligned with the 5 year Business Plan.

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Section 4: Certification of grant claims and returns

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

Certification of grant claims and returns

Introduction

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

We have certified the NNDR and Housing Capital Receipts returns for the financial year 2012/13. Our work on the Housing Benefits Subsidy claim, which has a deadline of 30 November, is still in progress.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Key messages

The key messages from our certification work are summarised in the table below. Further details will be provided in our certification report planned for January 2014.

Summary of the Council's arrangements

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification		● green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)		● Green
Supporting working papers		● green

Appendices

Appendix A: Reports issued and fees

We confirm below the fee charged for the audit.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	79,515	79,515
Grant certification fee	12,700	tbc
Total fees		TBC

Our grant claim work is still in progress. We will confirm the fee for this work once our work on the Housing Benefit Subsidy claim has been completed.

Fees for other services

Service	Fees £
Review the assumptions of the financial model for the Property Company	10,000

Reports issued

Report	Date issued
Audit Plan	Apr 2013
Audit Findings Report	Sep 2013
Certification report	Planned Jan 2014
Annual Audit Letter	Oct 2013



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Agenda Item No: 6
Report To: Audit Committee
Date: 3 December 2013
Report Title: Internal Audit – Interim Report
Report Author: Brian Parsons – Head of Audit Partnership



Summary:	The report provides details of the work of the Internal Audit team between April and September 2013. The Audit Committee is asked to agree that the work provides evidence of an adequate and effective internal audit.
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Key Decision: No

Affected Wards: N/a

Recommendations: **The Audit Committee is asked to:-**

Agree that it is satisfied that the audit process is working effectively and that management is taking the necessary action to implement agreed audit recommendations.

Policy Overview: N/A

Financial Implications: None directly

Risk Assessment Yes

Equalities Impact Assessment No

Other Material Implications: Financial and Legal

Background Papers: Various Internal Audit reports

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Report Title: Internal Audit Interim Report

Purpose of the Report

1. The report provides details of the work of the Internal Audit team between April and September 2013. The Audit Committee is asked to agree that the work provides evidence of an adequate and effective internal audit.

Issue to be Decided

2. The Audit Committee is asked to decide whether it is satisfied that the report provides evidence of an adequate and effective Internal Audit service.

Background

3. Internal auditing 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.
4. Internal Audit is a statutory service under the Accounts and Audit Regulations 2011, which state that the Council 'must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.
5. The adequacy of the control environment is a key governance issue. Therefore, the Audit Committee needs to be satisfied with the audit arrangements and to be aware of the issues arising from audit work.
6. Within its Terms of Reference, the Audit Committee needs to consider summaries of specific audit reports. The Audit Committee needs to be satisfied that the audit process is working efficiently and that management is taking the necessary action to implement agreed audit recommendations.
7. Eight planned audit projects were completed at Ashford between April and September 2013. The Ashford auditors also completed three projects for Tunbridge Wells. The Tunbridge Wells audit team will in return undertake three projects at Ashford before 31 March 2014. The audit projects completed at Ashford are listed at Appendix 1.
8. One of the two Ashford operational auditors has been seconded to the Finance team since February 2013. His post has been filled on a temporary basis by an auditor under contract.
9. A summary of each audit project is shown at Appendix 2. The outcomes were generally positive, with control assurance for five projects being 'substantial', with only two areas providing 'limited' control assurance. The definitions for the assurance assessment are shown at Appendix 3.

10. The output during the first six months of the year is always lower than for the second half year. This is because April is used to finalise and issue reports for work that was carried out in the previous financial year and because audit staff tend to take much of their annual leave during the first half year, thereby reducing the number of productive days for that period.
11. The emphasis during the second part of the year will be strongly based around delivering the remainder of the planned audit work. Considerable management attention will be directed to ensuring that the revised plan is achieved. The remaining audit plan, covering the period October 2013 to March 2014, is attached at Appendix 4. It is considered that the plan will be fundamentally delivered by the end of March 2014.
12. A follow-up to each report is completed, usually three to six months after the date of issue of each original report. The follow-up allows progress on implementing the agreed recommendations to be assessed. Two follow-ups were completed during the period April to September and in both cases, good progress had been made in implementing the recommendations.
13. The Audit Committee considered and approved the Internal Audit Plan of work for 2013/14 at its meeting on 5 March 2013.
14. Some minor changes to the Plan have been made, to reschedule a number of audit projects to a more suitable time.
15. The six-month Interim Report is principally intended to inform the Audit Committee of the work of the Internal Audit team during the first half of the financial year. The Annual Report covering the whole of 2013/14 will be provided to the meeting of the Committee in June/July 2014. It will provide a more detailed review of Internal Audit work and will include an assessment of the Council's overall control environment, in support of the Annual Governance Statement.
16. There are no significant control weaknesses that have been identified by audit work that need to be brought to the attention of the Audit Committee.

Risk Assessment

17. Internal Audit reviews the adequacy of the controls that are in place to manage risk. An ineffective or inadequate Internal Audit service would mean that weaknesses in internal control are not identified or rectified.

Equalities Impact Assessment

18. Not applicable

Other Options Considered

19. The Audit Committee needs to have an awareness of the work of Internal Audit in the context of its Terms of Reference. The only alternative would be

to provide a less detailed report; however this would be at odds with the Council's commitment to transparency.

Consultation

20. The initial audit plan for 2013/14 was subject to consultation with Heads of Service and the Deputy Chief Executive before being agreed by the Audit Committee in March 2013. The outcomes of Internal Audit reports are discussed with the respective Head of Service who is asked to complete an action plan relating to the audit recommendations. The Head of Service is made aware of the wording that will be used to report the audit project to the Audit Committee.

Implications Assessment

21. The work of Internal Audit covers a range of services and systems that exist to support corporate plan priorities
22. Financial - Internal Audit examines a broad range of functions, systems and risk areas; however financial systems are a key element of the Audit Plan. The majority of work on financial systems is carried out in the second half of the financial year.
23. Legal - Internal Audit is a statutory requirement in accordance with the Accounts and Audit Regulations 2011.

Portfolio Holder's Views

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APPENDIX 1**Internal Audit Projects completed 1st April – 30th September 2013**

	Title	Head of Service	Status	Assurance
1	Debtors	Head of Revenues & Benefits	Issued May 2013	Substantial
2	Pest Control	Head of Culture & the Environment	Issued May 2013	Substantial
3	Social Lettings Agency	Head of Customer Homes & Property	Issued June 2013	Substantial
4	Car Mileage & Expenses	Head of Personnel & Development	Issued July 2013	Substantial
5	Rechargeable Works & Communal Recharges	Head of Customer Homes & Property	Issued August 2013	Limited
6	Car Parking income	Head of Customer Homes & Property	Issued August 2013	Substantial
7	VAT management	Deputy Chief Executive/Finance Manager	Issued September 2013	Limited
8	Greenov claim verification	Head of Planning & Development	Issued September 2013	N/A

Plus - 3 reviews undertaken for Tunbridge Wells – to be reciprocated before 31 March 2014.

Summary of Internal Audit Reports – April to September 2013

Report title: Debtors

Service: Revenues and Benefits

Report Issued: May 2013

Audit Objectives:

- Provide assurance over the adequacy of the controls for the raising of debtors accounts;
- Provide assurance that suitable steps are being taken to recover debts in accordance with the debtors recovery policy;
- Determine the accuracy and completeness of payments and the reconciliation of the debtors system;
- Determine compliance with write-off procedures

Key Findings:

The auditor concludes that officers are complying with both the Corporate Debt Recovery Policy and internal procedures to ensure that recovery action is consistent and timely. Testing also identified that procedures are being complied with when writing-off the debts that are uneconomic to collect.

The audit report recommends that service managers should be reminded of the court fees that will be charged to their budgets when requesting that a judgement be obtained on an outstanding debt and that obtaining a County Court judgement does not guarantee the recovery of the debt.

Level of Assurance Issued: Substantial

Management Response Summary: Management response is considered to be satisfactory.

Proposed Date for Follow-up: October 2013

Follow-up Assessment: N/A

Report title: Pest Control

Service: Street Scene and Open Spaces

Date of Report: May/June 2013

Audit Objectives

- Provide assurance over the adequacy of the controls for the procurement and subsequent monitoring of the pest control contract;
- Ensure that customer feedback is obtained and actioned as appropriate;
- Confirm the accuracy and completeness of payments to and by the contractor.

Key Findings

The Council let the pest control contract through an OJEU tender process. A signed contract is in place. The fees charged to residents for the Pest Control service, were agreed with the contractor prior to the contract being signed, however the fees for the service have not been formally approved by Cabinet. Suitable processes are in place to ensure that invoices to the Council for concessionary services are supported by a detailed schedule listing all work carried out during the month. However, the Council has under recovered approx. £2,000 in respect of the concession reimbursement fee, based on the gross takings in each quarter.

Level of Assurance Issued: Substantial

Management Response Summary: Report issued 24 June 2013 - awaiting response from management

Proposed Date for Follow-up: TBA

Follow-up Assessment: N/A

Report title: Social Lettings Agency
Service: Customer Homes & Property
Report Issued: June 2013

Audit Objectives:

- To provide assurance over the adequacy of the controls for the provision of the service;
- To ensure that appropriate arrangements are in place to enable the Letting Agency to deliver the services required to the Landlords;
- To confirm the accuracy and completeness of payments from landlords;
- To ensure that reputation and financial risks to the council are sufficiently controlled;

Key Findings:

The auditor concluded that suitable controls are in place regarding the governance arrangements and the related controls for ABC Lettings. Checks are carried out on landlords and the properties that are used by ABC Lettings. Procedures are in place to match tenants to suitable properties, which in turn ensures that rent arrears are kept to a minimum. Correct payments are being made to landlords.

The conditions of the contract between ABC Lettings and the landlord are complied with. A number of administrative aspects were identified where improvements can be made, all of which are low risk.

Level of Assurance Issued: Substantial

Management Response Summary:

8 out of the 8 recommendations made in the report have been accepted. The management response is considered to be adequate.

Proposed Date for Follow-up: January 2014

Report title: Car Mileage - claims and expenses
Service: Personnel and Development
Report Issued: July 2013

Audit Objectives:

- To establish whether car mileage and expenses claims are appropriate and have been made in accordance with the Council's Conditions of Service Handbook;
- To establish whether claims are adequately evidenced and authorised;
- To establish whether payments are accurately made and correctly recorded in the payroll system and the general ledger;
- To consider the general controls and structure of iTrent Self Service as it relates to expenses submission, authorisation and processing.

Key Findings:

Generally positive results were achieved from the testing of a sample of mileage and expenses claims, which confirmed that payments had been made in the required format and were properly substantiated and reimbursed at the prevailing rates. The audit did not identify any contentious or excessive claims from those selected for testing.

The iTrent Self Service system provides suitable audit trails and, at the time of the audit, retrospective checks were being undertaken by the Payroll team to provide assurance that the processes are working effectively.

The generally positive outcome to the audit is reflected in that only two recommendations are made. These relate to updating the Conditions of Service Handbook to reflect the introduction of iTrent self service module and reviewing the payment of phone rentals and the reimbursement of internet allowances.

Level of Assurance Issued: Substantial

Management Response Summary:

The audit recommendations are accepted and will be implemented.

Proposed Date for Follow-up: January 2014

Follow-up Assessment: N/A

Report title: Rechargeable Works & Communal Recharges
Service: Customer Homes & Property
Report Issued: August 2013

Audit Objectives:

- To provide assurance over the adequacy of the controls for the identification of rechargeable works;

- To ensure that tenants are accurately and promptly recharged for works completed;
- To confirm the accuracy and completeness of charges raised in respect of communal recharges including heating & lighting in sheltered units.

Key Findings:

Suitable controls are in place to make tenants aware of their responsibilities in respect of rechargeable works - that they will be recharged for the cost of work where the cause is due to misuse, abuse or accidental damage by the tenant.

There is a weakness in procedures for raising invoices for rechargeable works – at the time of the audit (August 2013), no invoices had been raised for rechargeable works since early January 2013 despite works being evident over the same period, where recharges could have been made.

Appropriate and effective processes are in place to record, calculate and collect communal charges, which are applied to individual rent accounts in the sheltered units.

Level of Assurance Issued: Limited

Management Response Summary:

3 out of the 3 recommendations made in the report have been accepted. Management response is considered to be satisfactory.

Proposed Date for Follow-up: February 2014

Report title: Car Parking Income
Service: Parking
Date Report August 2013

Audit Objectives:

- To determine the adequacy of controls over the administration and receipt of payments for season tickets;
- To establish and evaluate the financial controls over the secure collection and reconciliation of car parking pay-and-display income;
- To establish and evaluate the arrangements in place for the security and maintenance of pay-and-display machines.

Key Findings:

Suitable controls are in place for car parking pay and display income and the issue of season tickets and residential permits.

For season tickets and residential permits, procedures ensure the correct processing of applications and receipt of the charges. Sample testing of income collected from pay and display machines matched to the daily and cumulative information recorded on individual audit tickets - and to the information held in the car parking database used to record income received. The amounts recorded in the database agree with the income shown in the general ledger.

Level of Assurance Issued: Substantial

Management Response Summary:

3 out of the 3 recommendations made in the report have been accepted. The management response is considered to be adequate.

Proposed Date for Follow-up: May 2014:

Report title: Intereg Project Greenov
Service: Planning & Development (Economic Development)
Report issued September 13

The GREENOV project aims to develop the economic sector of sustainable renovation in North West Europe by stimulating the innovation capacity of Small/Medium Enterprises working in the field, by developing a cluster; one of the most effective tools for promoting competitiveness and economic development.

The partners (12) will identify technologies, know-how and best practices in the field of sustainable renovation, and will carry out investments utilising Greenov funding to stimulate the market and raise awareness among decision-makers and inhabitants.

Renovation of existing buildings, including insulation, double glazing, ventilation, etc. to improve their energy efficiency will have immediate effects on climate change, indoor air quality, re-use/recycling and other sustainability issues like safety and accessibility.

The project provides job opportunities in the building sector at the local level

Ashford Borough Council took over direct responsibility for the Greenov project from Ashford's Future in autumn 2011 and to date, Greenov funding has been utilised to install energy efficiency initiatives in St Mary's Church and the Gateway building.

This Intereg partnership initiative will continue to be funded until 2014, therefore Internal Audit will continue to carry out the 'First Line Controller role, which attracts a fee income.

Assurance assessment

The audit work consists of acting as the First Level Controller (FLC) - compiling and reviewing (auditing) the documents and the calculations relating to the claims to be submitted to the Lead Partner. Failure to submit a claim within specified timeframes or the submission of a claim that has not been subject to proper audit process would result in funds being withheld by the European Lead partner.

All claims have been submitted on time and have been properly checked and reviewed by Internal Audit. Payment from the Lead Partner is expected in the near future in relation to the most recent claim.

Level of Assurance Issued: N/A

Management Response Summary: No report was issued – no response is required

Audit title: VAT management
Service: Finance
Report issued September 2013

Audit Objectives:

- To provide assurance over the adequacy of the controls - that goods and services supplied to the Council or supplied by the Council are correctly categorised for VAT purposes;
- That suitable controls are in place to ensure that input and output VAT is accounted for accurately and in a timely manner;
- To confirm the accuracy and completeness of the monthly returns submitted to HMRC;
- Provide assurance over the completeness and accuracy of the annual VAT partial exemption calculation.

Key Findings

The Council is in a net recovery position for VAT (i.e. input tax on its expenditure is greater than output tax on its income). In 2012/13 the Council reclaimed £4,249,068 in VAT.

Guidance, which is available on the Intranet, should be improved to assist staff in the treatment of VAT, thereby helping to ensure compliance with VAT legislation when raising invoices, or receiving invoices from suppliers.

A number of areas were identified where the authority has not accounted for VAT correctly/ accurately resulting in some sums not being paid over to HMRC. Some transactions have been misclassified (i.e. exempt, zero rated etc.).

A number of instances were identified where the Council has not maximised the opportunity to recover VAT. Areas were identified where the authority could achieve year on year savings in respect of the treatment of VAT, subject to some adjustments to current practices.

The individual amounts involved are relatively small in the context of the overall amount of VAT reclaimed by the Council in a financial year. However, it is important that the accounting arrangements and the claims made to HMRC are correct.

The overall net effect of these adjustments if all options were taken up to maximise VAT recovery would be near cost neutral.

Recommendations have been made to address the above issues and management has already taken positive action to address them.

Level of Assurance Issued: Limited

Management Response Summary: Awaiting the final response from management however the majority of recommendations have already been actioned

Proposed Date for Follow-up: TBA

Follow-up Assessment: N/A

Audit Consultancy Title: Farrow Court Project

Internal Audit was requested by management to assist in contributing to the delivery of the project from a control, risk and governance perspective and to provide advice, guidance, assistance and challenge. An auditor has therefore been allocated to the role – as part of the overall project team.

Scope of work being supported by internal audit

- Compliance with the Project Management tool PPC 2000
- Procurement decisions - to evidence and verify key decisions made through either sub contracting or the supply chain decisions
- Management of identified risks (Projects Risk Register – update, control, monitoring)
- Transparency of key decision making and scheme of delegation (authority, minuting and appropriate reporting)
- Compliance with legislation
- Accuracy of Interim Payments
- Adequacy of Budgetary Control
- Arrangements for declaring conflicts of interest and gifts and hospitality offered or received

The project continues to progress, therefore internal audit support will continue to provide assurance on the governance arrangements in place. The effectiveness of the role and the value of continuing to be a part of the project team will be subject to review later in the financial year.

Definitions of Assurance Levels

Our opinion on the adequacy and effectiveness of controls for an audited activity is shown as an **assurance level** within four categories. The use of an **assurance level** is more consistent with the requirement for managers (and Members) to consider the degree to which controls and processes can be relied upon to achieve the objectives of the reviewed activity. The assessment is largely based on the adequacy of the controls over risks but also includes consideration of the adequacy of controls that promote efficiency and value for money. The definitions of assurance levels are provided below:

Controls Assurance Level	Summary description	Detailed definition
Minimal	Urgent improvements in controls or in the application of controls are required	<p>The authority and/or service is exposed to a significant risk that could lead to failure to achieve key authority/service objectives, major loss/error, fraud/impropriety or damage to reputation.</p> <p>This is because key controls do not exist with the absence of at least one critical control or there is evidence that there is significant non-compliance with key controls.</p> <p>The control arrangements are of a poor standard.</p>
Limited	Improvements in controls or in the application of controls are required	<p>The area/system is exposed to risks that could lead to failure to achieve the objectives of the area/system under review.</p> <p>This is because, key controls exist but they are not applied, or there is significant evidence that they are not applied consistently and effectively.</p> <p>The control arrangements are below an acceptable standard.</p>
Substantial	Controls are in place but improvements would be beneficial	<p>There is some limited exposure to risk which can be mitigated by achievable measures. Key or compensating controls exist but there may be some inconsistency in application.</p> <p>The control arrangements are of an acceptable standard.</p>
High	Strong controls are in place and are complied with	<p>The systems/area under review is not exposed to foreseeable risk, as key controls exist and are applied consistently and effectively.</p> <p>The control arrangements are of a high standard.</p>

APPENDIX 4

The table shows the remaining audit plan of 16 projects to be delivered 1st October 2013 – 31st March 2014.

	Title	Head of Service	Progress
1	Lease Cars /Cash Alternative	Head of Personnel & Development	Report about to be issued
2	Bank Arrangements	Finance Manager	Report about to be issued
3	General Ledger	Finance Manager	Report about to be issued
4	Business Continuity	Head of Communications & Technology	Brief Issued - November
5	National Fraud Initiative	Deputy Chief Executive	Fieldwork in Progress
6	Council Tax	Head of Revenues & Benefits	Brief issued – November Audit
7	Non Domestic Rates	Head of Revenues & Benefits	Brief Issued –November Audit
8	Farrow Court (ongoing audit consultancy role)	Head of Community & Housing	In Progress
9	Planning Enforcement	Head of Planning & Development	Brief Issued scheduled December
10	Creditors – Transparency Agenda	Deputy Chief Executive	Scheduled for December
11	Waste Management Contract	Head of Culture & the Environment	Scheduled for January 2014
12	Benefits	Head of Revenues & Benefits	Provisionally scheduled for February 2014
13	Housing Allocations	Head of Community & Housing	Provisionally scheduled For January 2014
14	ICT Disaster	Head of Communications & Technology	Provisionally scheduled March 2014
15	Cemetery	Head of Culture & the Environment	Brief issued – audit deferred to March 2014
16	Health & Safety	Head of Culture & the Environment	Provisionally scheduled for February 2014

Agenda Item No: 7
Report To: Audit Committee
Date: 3 December 2013
Report Title: Internal Audit – Update
Report Author: Brian Parsons – Head of Audit Partnership



Summary: The meeting of the Committee on 26 September 2013 received and considered a report on a number of matters affecting the Internal Audit service, including:

- The creation of an Internal Audit Charter
- The external quality assessment of internal audit for conformance with the new Public Sector Internal Audit Standards
- The creation of 'one team' with Ashford audit staff transferred to Maidstone Borough Council
- The extension, by a further four years, of the collaboration agreement for the audit partnership
- The proposed arrangements for the recruitment of a new Head of Audit Partnership

The current report provides an update on the action that has been taken or is planned for the coming months.

Key Decision: No

Affected Wards: N/A

Recommendations: **The Audit Committee is asked to:-**

Note the actions that have been taken (or will be taken) to develop and sustain the Internal Audit Partnership.

Policy Overview: N/a

Financial Implications: There are a number of financial implications arising from the transfer of staff. These will be addressed within a revised collaboration agreement which will be subject to the agreement of each of the four partner Councils.

Risk Assessment No

Equalities Impact Assessment No

Other Material Implications: Legal – Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2011. The service to be

provided to Ashford Borough Council is currently defined in a collaboration agreement, which will be revised to reflect the changed employment position.

Background Papers:

Report to Audit Committee – 26 September 2013 – ‘Internal Audit Charter’.

Contacts:

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Report Title: Internal Audit Update

Purpose of the Report

1. The report updates the Audit Committee on the progress that has been made to implement the service developments that were agreed or noted at the last meeting of the Committee on 28 September 2013.
2. Members are asked to note the current position relating to the Internal Audit Partnership.

Issue to be Decided

3. The Audit Committee is asked to note the actions that have been or will be taken to further develop the Internal Audit Partnership.

Background

4. The Audit Committee meeting on 26 September 2013 considered a report on the Internal Audit Charter, which also updated members of a number of service developments that will take place prior to 31 March 2014. The Committee resolved that:
 - The Internal Audit Charter appended to the report be approved, subject to the addition of Internal Audit's role in monitoring and identifying value for money.
 - It be noted that an external quality assessment of the conformance of Internal Audit to the Public Sector Internal Audit Standards will be carried out in January 2014.
 - It be noted that it is proposed to adopt a one employer model for the Internal Audit Service
 - It be noted that it is proposed to extend the Internal Audit shared service agreement to 31st March 2019.
 - It be noted that a timetable has been put in place for the recruitment of a new Head of Audit Partnership
5. The Committee also considered a report 'Mid Kent Audit Partnership – Evolution to One Team – One employer'. It was resolved that:
 - the Committee is supportive of the proposal to evolve the Internal Audit Partnership to a 'One Team One Employer' model and that this view should be expressed to the Cabinet when the matter is considered in October.
 - it be noted that the matter is the subject of full consultation with staff and their representatives across the four Councils.
 - the Chairmen of the four Audit Committees in the Partnership should be consulted on the new Collaboration Agreement.
6. The current report provides a brief update on actions taken since the last meeting.

Cabinet decision

7. The Cabinet meeting on 10 October 2013 resolved :

That subject to all four Councils agreeing on the proposal, acceptable terms being agreed on the Partnership (Collaboration) Agreement and employee consultation, it be agreed that:

- A “One Team – One Employer” employment model be adopted for the Mid Kent Internal Audit Partnership.
- The employing authority for the Mid Kent Audit would be Maidstone Borough Council.
- The timetable for the transfer of staff to the new employer as set out in the report be agreed.
- The transfer to take place under TUPE.
- An amendment be made to the collaboration agreement to reflect the new employment arrangements.
- The Partnership Agreement be extended from 1st April 2014 for five years (therefore expiring 31st March 2019).
- Delegated authority be given to a Senior Officer (The Deputy Chief Executive for Ashford) to agree any final changes.

Internal Audit Charter

8. The Internal Audit Charter has now been agreed by the four Councils and the Internal Audit service is now being delivered in accordance with the Charter.

External Quality Assessment (Public Sector Internal Audit Standards)

9. The External Quality Assessment of conformance with the Public Sector Internal Audit Standards will be carried out between the 13th and the 17th January 2014. The assessment will be by a team from the Chartered Institute of Internal Auditors. They will carry out a ‘validated self assessment’ based on evidence collated in advance by the Internal Audit Partnership. The collation process is currently underway, with the intention to finalise this before the end of December. The programme of work for the assessment team includes ‘1 day interviewing IA stakeholders – audit committee members and senior managers’. Clarification will be sought on who, specifically, the team wish to interview and when they would like to do so. Meetings will be arranged in advance on that basis.

One Employer

10. All four Councils have now decided to move forward to create one internal audit team, whereby all audit staff will in the future be employed by Maidstone. The decisions taken require that a formal consultation process

takes place with the affected staff and that the collaboration agreement between the parties is amended to reflect the new employment arrangements and their implications. The terms and conditions for staff will be protected under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE regulations).

11. The staff consultation process commenced formally on 27th November 2013 and will run to 6th January 2014. It is intended that the transfer takes place on 1 April 2014.
12. A review of the collaboration agreement is currently taking place and it intended that the review will be completed and the revised document agreed by 28th February 2014.
13. As resolved at the last meeting of the Audit Committee, the Chairmen of the four Audit Committees in the Partnership will be consulted on the new Collaboration Agreement

Extension of the current partnership agreement.

14. The four Councils have agreed to extend the period of the collaboration agreement to 31 March 2019.
15. The collaboration agreement will be amended and agreed by 28th February 2014.

Recruitment of Head of Audit Partnership

16. The post of Head of Audit Partnership was advertised on the 15th November 2013. The post has been advertised using a broad range of web sites in order to help to ensure that it is seen by a broad range of potential candidates, with various backgrounds and experience, subject to them being a qualified internal auditor or accountant. The closing date for applications is 6th December 2013.
17. Interviews will take place on the 19th December 2013. The interview panel will be Paul Naylor (Ashford) and David Edwards (Maidstone). They will be supported by Christine Parker (Head of East Kent Audit Partnership) acting as 'technical adviser' and a Human Resources officer.
18. The appointment decision is scheduled for the 20th December and will involve the two other members of the Audit Partnership Board, Mark Radford (Swale) and Lee Colyer (Tunbridge Wells). Therefore the appointment will be a joint decision on behalf of the four Councils.
19. The new Head of Audit Partnership is expected to take up the position from 1 April 2014.

Risk Assessment

20. The current report simply updates Members on previous decisions that have been taken. There are no additional risks arising.

Equalities Impact Assessment

21. Not applicable.
22. The appointment of the new Head of Audit Partnership will take full account of equalities legislation.

Other Options Considered

23. The report provides an update for the Audit Committee, no other options are appropriate.

Consultation

24. The four partner Councils (Ashford, Maidstone, Swale and Tunbridge Wells) have been consulted on all of the issues referred to in this report.
25. The internal audit staff are being formally consulted in relation to the change of employer.

Implications Assessment

26. Financial – none of the matters referred to in this report will have a direct financial impact other than the cost of the External Quality Assessment, which will be spread across the four Councils and can be funded from existing budgets.
27. Legal – the existing collaboration agreement will be rewritten to reflect the revised employment arrangements.

Portfolio Holder's Views

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Agenda Item No: 8
Report To: AUDIT COMMITTEE



Date: 03/12/2013

Report Title: **Annual Governance Statement – progress on remedying exceptions for 2013-14**

Report Author: Nicholas Clayton, Policy and Performance Officer

Summary: This short paper follows on from the report to the September meeting of the committee, and explains progress against the areas for continued work which was included in the Annual Governance Statement agreed by the committee at the June meeting. This highlighted the following matters:

- a) The Leader's wish that there be a refocusing of council priorities and further cultural development to consolidate the direction that is currently set out in the business plan and Cabinet's previous position statement
- b) The Leader's proposal for a further review of some aspects of the constitution to reinforce the principle of inclusivity and to clarify delegations
- c) Production of an annual report
- d) Updating the 2007 Code of Corporate Governance
- e) Procurement strategy review

Key Decision: NO

Affected Wards: ALL

Recommendations: **The Audit Committee be asked to note the progress to date on resolving the governance exceptions identified in the 2012-2013 Annual Governance Statement.**

Financial Implications: None

Policy Overview: Good standards of corporate governance are essential in all organisations. The council's arrangements are longstanding, well-developed and generally are found to be effective. The annual governance statement is the opportunity to review any need for change or further work. Areas highlighted are important to consider in the context of a changing policy and operating landscape, given legislative change and downward pressures on resources.

Risk Assessment The annual review of the governance statement amounts to an assessment of the adequacy of the council's overall arrangements to the management of governance and risk.

**Background
Papers:**

Annual Governance Statement 2012-13

Contacts:

Nicholas.clayton@ashford.gov.uk – Tel: (01233 330208)

Report Title: Annual Governance Statement – progress on remedying exceptions for 2013-14

Purpose of the Report

1. To explain progress with reviewing the areas of significant governance highlighted by the 2012-2013 annual governance statement

Issue to be Decided

2. Members are being asked to note progress.

Significant areas of governance requiring review

3. Five areas were highlighted in the June 2012-2013 Annual Governance Statement as continuing to need work during 2013 and beyond. Two, refocused council priorities within '*Focus 2013-15*' and a review of the council's procurement strategy, have now been completed ((a) and (e)).

(a) Refocusing council priorities and consolidating the business plan's direction

Progress: A new document, '*Focus 2013-15*', was endorsed by Cabinet in October 2013. Based on extensive consultation with residents and businesses in 2010/2011, the five year business plan was developed; this new amalgamation of business and corporate priorities looks back at the achievements between 2010 and 2013 and refocuses the council's direction for the remainder of the plan – i.e. from now until 2015. It provides justification for (and forms the basis of) all the projects and priorities that the council wishes to pursue over the next 18 months. A further consultation exercise will be undertaken prior to the production of the next corporate plan.

(b) Further review of the constitution to reinforce the principle of inclusivity and to clarify delegations

Progress: Scheduled to be completed during the remainder of 2013/14.

(c) Production of an annual report

Progress: Following commitment from the Leader within the 2012/13 Annual Governance Statement, consolidation of the council's direction within a new priorities document ('*Focus 2013-15*') would be mirrored by the production of an annual report. Following-on from endorsement of *Focus 2013-15* by the Cabinet in October, the first annual report is due to be produced for March 2014. Preliminary research and consultation is currently ongoing as to appropriate styles, potential content (particularly in terms of the balance between text and pictures), and sector-wide best practice. Concurrently, quarterly performance reporting (which will now reflect the refreshed priorities enshrined within *Focus 2013-15*) will continue to

compile performance information which will serve as a basis for at least part of the annual report.

(d) Updating the 2007 Code of Corporate Governance

Progress: Scheduled to be reported to the Audit Committee in March 2014.

(e) Procurement Strategy Review

Progress: A revised council-wide procurement strategy was agreed by the Cabinet in October.

Contact: Nicholas.clayton@ashford.gov.uk – Tel: (01233 330208)

Agenda Item No: 9

Report To: **AUDIT COMMITTEE**

Date: **3 DECEMBER 2013**

Report Title: External Auditor's 'Audit Committee Update'

Report Author: Andy Mack, Director Grant Thornton UK LLP (External Auditor)



Summary:

The attached update from our external auditor provides an update of ongoing work for the current audit year. Furthermore it provides a commentary on national emerging issues and in relation to these poses some questions for the committee.

Andy Mack will be present to introduce the report and take questions.

On the emerging issues these cover: the new and strategic focus for councils on business rate yield, a national voluntary code and toolkit to evaluate the performance of the HRA, potential procurement fraud, a continuing focus on the need to streamline councils' financial statements, and progress with the Local Audit and Accountability Bill (this bill ends the role of the Audit Commission and provides councils with the responsibility for procuring external audit services).

As the emerging issues and questions posed are far reaching the committee is being recommended to consider these at its various meetings during 2014, particularly those that have a bearing on the management of strategic risks.

The update also confirms that the fee for the 2013-2014 audit is at the same level as for the current year.

Key Decision: NO

Affected Wards: None specifically

Recommendations: **The Committee is asked to note the external auditor's update and agree that the emerging issues and questions posed be considered by the committee over the course of its meetings in 2014.**

Policy Overview: The role of external audit is statutory and is critical to public accountability and therefore sound governance. Maintaining a good working understanding between the council and its external auditor is critical also to good governance.

Financial Implications:	The audit fee for the 2013-2014 audit is as expected and therefore as planned within the draft budget. There are no further direct financial implications from this report.
Risk Assessment	The update highlights a number of potential risks, some of which are already understood by the council and are part of our risk management arrangements. It is being recommended that the committee examines the issues highlighted over the course of 2014.
Equalities Impact Assessment	Not applicable.
Other Material Implications:	None
Background Papers:	None
Contacts:	Paul.naylor@ashford.gov.uk – Tel: (01233)



Audit Committee Update for Ashford Borough Council

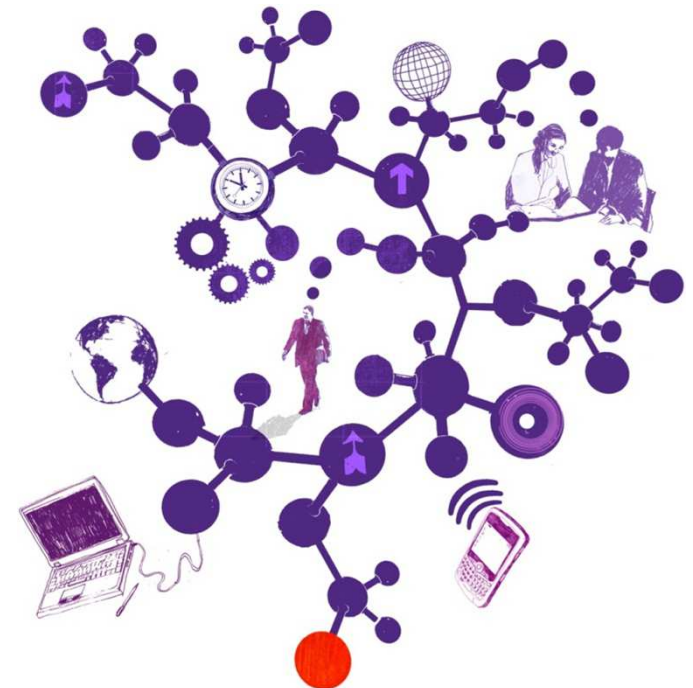
Year ended March 2014

November 2013

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a District Council
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications – 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Andy Mack	Engagement Lead	T 0207 728 3299	M 07880 456 187	andy.l.mack@uk.gt.com
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Progress at November 2013

Work	Planned date	Complete?	Comments
<p>2013-14 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2013-14 financial statements.</p>	March 2014	Not yet due	We issued the fee letter to officers in March 2013 as attached at appendix A. The Audit Commission has independently set the scale fee for all bodies. The Council's scale fee for 2013/14 is £79,515 (£79,515 in 2012/13).
<p>2013-14 Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	November 2013 – March 2014	Not yet due	The results of our interim work will be reported to the March committee meeting within the Accounts Audit Plan.
<p>2013-14 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2013-14 financial statements • proposed opinion on the Council's accounts 	July 2014 – September 2014	Not yet due	The results will be reported to the September committee meeting.

Progress at November 2013

Work	Planned date	Complete?	Comments
<p>2013- 14 Value for Money (VfM) conclusion The scope of our work to inform the 2013/14 VfM conclusion is based on the reporting criteria specified by the Audit Commission: The Council has proper arrangements in place for:</p> <ul style="list-style-type: none"> • securing financial resilience – with work focusing on arrangements relating to financial governance, strategic financial planning and financial control. • challenging how it secures economy, efficiency and effectiveness in its use of resources. 	March 2014- September 2014	Not yet due	The results will be reported to the September committee meeting.
<p>2013-14 Grant Certification We will be required to certify the following grants for the Council in 2013/14:</p> <ul style="list-style-type: none"> • Housing and council tax benefit • Pooling of housing capital receipts 	June 2014- November 2014	Not yet due	All initial testing on the housing and council tax benefit grant claim will be completed before the end of September and used to support our audit opinion on the financial statements.

Emerging issues and developments

Local government guidance

Business rate collection

In April 2013, the government introduced a business rates retention scheme. Local authorities as a whole will now be able to keep half of the business rates income they collect rather than paying it all into the national pool. As business rate income grows, authorities will keep half of the growth.

In October, the Audit Commission published '[Business rates: using data from the VFM profiles October 2013](#)'. This briefing has been drawn from the Commission's Value for Money (VFM) profiles and shows an analysis of English council's collection rates and costs of collecting business rates.

The Audit Commission also highlights the following steps councils could take to maximise business rates:

- supporting existing business to do well and attracting new businesses to the area
- identifying and billing all business properties with a rateable value promptly
- using discretionary relief in an effective way, targeting businesses most in need
- preventing and tackling fraudulent claims for relief
- improving collection rates
- reducing collection costs.

Challenge questions:

- Have your officers reviewed the costs and performance of your authority against similar organisations?
- Are you satisfied that your authority has made a robust estimate for its provision for business rate appeals?

Emerging issues and developments

Local government guidance

Voluntary Code of Practice on the Housing Revenue Account

In October, CIPFA and the Chartered Institute of Housing (CIH) issued the ['Voluntary Code for a Self-financed Housing Revenue Account'](#).

The voluntary code aims to give authorities the tools necessary to control and evaluate the performance of their HRA and increase the value it returns to both councils and rate payers. It will also help authorities to assess and develop effective governance and financial management frameworks for their HRA.

This code is designed to be self-regulatory and compliance is not formally required.

Challenge questions:

- Has your authority reviewed the HRA in light of this new guidance?

Emerging issues and developments

Grant Thornton

Potential for procurement fraud

The Chancellor's Spending Round announcement earlier this summer has forced authorities to make further cuts to their budgets and operate under tighter constraints.

As Chris Clements, Head of Public Sector Forensics at Grant Thornton UK LLP, wrote in Local Government News, the National Fraud Authority estimates that in the wider public sector, the cost of fraud reached a staggering £19.9bn this year. Procurement fraud in local government accounted for £876m of this amount and therefore a properly functioning procurement process is key to mitigating much of this risk of loss.

'Helping ensure people are not in a position where they are tempted by an opportunistic gain is vital. Employees feeling undervalued – either financially or on account of other motivating factors – can breed an atmosphere of despondency which allows for procurement fraud. Sometimes all it takes is one exploratory incident by an individual to snowball into a culture wide acceptance of fraud, where employees not only rationalise the activity, but are spurred on by other actions.'

Challenge questions:

- Does your authority have a properly functioning procurement process, where duties are clearly segregated?
- Does your authority maintain an adequate whistleblowing mechanism for whistleblowing, whereby employees feel they are able to report their suspicions in a safe and secure manner?

If you have any queries on procurements processes and/or procurement fraud, talk to your audit manager to see how Grant Thornton could help.

Emerging issues and developments

Accounting and audit issues

Simplifying and streamlining the presentation of local authority financial statements

Both HM Treasury and CIPFA/LASAAC have recently consulted on how to streamline and simplify local authority financial statements. In our response, we set out our view that streamlining is a collaborative process involving standard setters, preparers of the accounts and auditors. This requires a much needed change in culture and attitude from the accounting and auditing profession as a whole.

However, there is much that can be done now. In his October article in [Room 151](#), the on-line local authority finance publication, Graham Liddell, Grant Thornton's National Technical Lead sets out the practical steps local authorities can take to:

- learn the lessons from 2012/13 to improve the preparation and audit of the financial statements for future years
- de-clutter their accounts using the previous year's financial statements as the starting point

Graham notes that Grant Thornton has been working with a range of local authorities to achieve these goals. One council audited by Grant Thornton succeeded in producing a set of financial statements in 2012/13 that were only half the length of those for 2011/12 and were much easier to follow.

Challenge questions:

- How are you planning to improve the preparation of your financial statements for 2013/14?
- Do your financial statements provide a clear overall picture of the financial performance of your authority?

Emerging issues and developments

Accounting and audit issues

Public briefing on the Local Audit and Accountability Bill

In September, the Audit Commission published a [briefing note on the Local Audit and Accountability Bill](#). The Bill is currently going through Parliament.

The briefing provides background information on the Bill as well as a view on the areas where the Audit Commission believe that the Bill can be further improved. These areas are:

- collective procurement arrangements
- audit appointment arrangements
- the National Fraud Initiative
- small bodies
- supporting accountability to Parliament and the public
- reporting on arrangements to secure value for money
- updating the legislative framework governing local public audit.

Challenge question:

- Have you considered how the proposed audit arrangements under the Draft Local Audit Bill will affect you?



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16 April 2013

Dear John

Planned audit fee for 2013/14

The Audit Commission has set its proposed work programme and scales of fees for 2013/14. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The Council's scale fee for 2013/14 has been set by the Audit Commission at £79,515, which compares to the audit fee of £79,515 for 2012/13.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at www.audit-commission.gov.uk/audit-regime/audit-fees/201314-fees-work-programme.

The audit planning process for 2013/14, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

Chartered Accountants

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- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and a separate report of our findings will be provided.

Certification of grant claims and returns

The Council's composite indicative grant certification fee has been set by the Audit Commission at £12,600.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2013	19,878.75
December 2013	19,878.75
March 2014	19,878.75
June 2014	19,878.75
Grant Certification	
June 2014	12,600
Total	12,600

Outline audit timetable

We will undertake our audit planning and interim audit procedures from December until March. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in July 2014 and work on the whole of government accounts return in August 2014.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2013 to March 2014	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to Sept 2014	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.

VfM conclusion	Jan to Sept 2014	Audit Findings (Report to those charged with governance)	As above
Financial resilience	Jan to Sept 2014	Financial resilience report	Report summarising the outcome of our work.
Whole of government accounts	September 2014	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2014	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2014	Grant certification report	A report summarising the findings of our grant certification work

Our team

The key members of the audit team for 2013/14 are:

	Name	Phone Number	E-mail
Engagement Lead	Andy Mack	02077 283299	andy.l.mack@uk.gt.com
Engagement Manager	Steve Golding	01293 554069	steve.h.golding@uk.gt.com
Audit Executive	Laura Leka	01293 554084	laura.leka@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Paul Dossett, our Public Sector Assurance regional lead partner paul.dossett@uk.gt.com .

Yours sincerely

Andy Mack

Director
For Grant Thornton UK LLP

Audit Committee - Future Meetings

Date 18/03/2014			
Publish by 10/03/14			
Reports to Management Team by 6th March		Council 24/04/14	
1	Grant Thornton's Progress Report Ahead of 2013/2014 Audit	Gr Th	
2	Certification of Grant Claims – Annual Report	Gr Th	
3	Presentation of Financial Statements	MN	
4	Strategic Risk Management – 6 Monthly Update	BP	
5	Annual Governance Statement – Progress on Remedying Exceptions	PN	
6	Internal Audit Operational Plan 2014/15	BP	
7	Whistleblowing Policy	BP	
8	Anti-Fraud and Corruption Policy	BP	
9	Money Laundering Policy	BP	
10	Report Tracker for Future Meetings	DS	

Date 26/06/2014			
Publish by 18/06/14			
Reports to Management Team by 12th June		Council 17/07/14	
1	Internal Audit Annual Report 2013/14	BP/IC	
2	Annual Report of the Audit Committee 2013/14	IC	
3	Approval of Annual Governance Statement 2013/14	PN	
4	Creation of a Corporate Fraud Investigation Team	PN/HD	
4	Report Tracker for Future Meetings	DS	

Date 25/09/2014			
Publish by 17/09/14			
Reports to Management Team by 11th September		Council 16/10/14	
1	Fraud Annual Report 2013/14	PN/ Hannah Davies	
2	Annual Governance Statement – Progress on Remedying Exceptions	PN/NC	
3	Statement of Accounts 2013/14 and the External Auditor's Audit Findings Report	Gr Th (cover by PN/BL)	
4	Strategic Risk Management – 6 Monthly Update	IC	
5	Report Tracker & Future Meetings	DS	

Date 2/12/2014			
Publish by 24/11/14			
Reports to Management Team by 20th November		Council 11/12/14	
1	Annual Governance Statement – Progress on Remedying Exceptions	PN	
2	Annual Audit Letter 2013/14	Gr Th (cover by PN)	
3	Internal Audit Interim Report	IC	
4	Internal Audit Partnership – Progress Report	BP	
5	Report Tracker & Future Meetings	DS	

25/11/2013