

BOROUGH OF BARROW-IN-FURNESS

AUDIT COMMITTEE

Meeting, Thursday, 10th December, 2015
at 2.00 p.m. (Committee Room No. 4)

A G E N D A

PART ONE

1. To note any items which the Chairman considers to be of an urgent nature.
2. To receive notice from Members who may wish to move any delegated matter non-delegated and which will be decided by a majority of Members present and voting at the meeting.

3 **Admission of Public and Press**

To consider whether the public and press should be excluded from the meeting during consideration of any of the items on the agenda.

4 Declarations of Interest

To receive declarations by Members and/or co-optees of interests in respect of items on this Agenda.

Members are reminded that, in accordance with the revised Code of Conduct, they are required to declare any disclosable pecuniary interests or other registrable interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Members may however, also decide, in the interests of clarity and transparency, to declare at this point in the meeting, any such disclosable pecuniary interests which they have already declared in the Register, as well as any other registrable or other interests.

- 5 To confirm the Minutes of the meeting held on 24th September, 2015 (copy attached) (Pages 1-8).
6. Apologies for Absence/Attendance of Substitute Members.

FOR DECISION

- (D) 7. Internal Audit Final Reports (Pages 9-10).
- (D) 8. Internal Audit Progress Report (Page 11).

- (D) 9. External Audit - Annual Audit Letter for the year ended 31st March, 2015 (Page 12).
- (D) 10. External Audit – Committee Update (Page 13).
- (D) 11. External Audit – Grant Certification (Page 14).
- (D) 12. Monitoring Priority 1 Recommendations (Pages 15-16).
- (D) 13. Risk Management (Page 17).
- (D) 14. Audit Committee Update (Pages 18-19).

**NOTE (D) - Delegated
(R) - For Referral to Council**

Membership of Committee

Councillors Burns (Chair)
Harkin (Vice-Chair)
Callister
Gawne
Murray
Seward

For queries regarding this agenda, please contact:

Sharron Rushton
Democratic Services Officer
Tel: 01229 876321
Email: srushton@barrowbc.gov.uk

Published: 2nd December, 2015

AUDIT COMMITTEE

Meeting Thursday 24th September, 2015
at 2.00 p.m.

PRESENT:- Councillors Burns (Chairman), Harkin (Vice-Chair), Callister (in attendance to part way through Minute No. 23), Gawne, Seward and Sweeney.

Officers Present:- Sue Roberts (Director of Resources), John Penfold (Corporate Support Manager), Brook Parsons (Corporate Support Assistant) and Sharron Rushton (Democratic Services Officer).

Also present were Jackie Bellard and Neil Krajewski from Grant Thornton and Keith Jackson from Internal Audit.

14 – Declarations of Interest

Councillor Burns declared an other registrable interest in Agenda Item No. 7 – Craven House Roofing (Minute No. 17). She was a Member of Cumbria County Council.

15 – Minutes

The Minutes of the meeting held on 18th June, 2015 were taken as read and confirmed.

16 – Apologies for Absence/Attendance of Substitute Members

An apology for absence had been received from Councillor Murray.

Councillor Sweeney had attended as a substitute for Councillor Murray for this meeting only.

17 – Craven House Roofing

The Director of Resources reported that the Craven House roofing project had been previously listed as a contract audit on the Internal Audit progress report. The report summarised a report presented to the Executive Committee on 9th September, 2015 explaining the removal of the project from the Internal Audit progress report. The report also provided a summary of the project review and an amendment to the Contract Standing Orders, proposed to Council.

The Borough Council owned Craven House and had multiple tenants in occupation. When approached by the County Council to utilise the vacant top floors it became apparent that roofing works were required for the benefit of all tenants. The County Council discussed an internal refurbishment project with the Borough Council during which Borough Officers identified the roofing works. It was agreed at the Executive Committee on 20th March, 2013 that the County Council procured and managed the project as a whole.

To summarise, the project review report included:

- £1.3m scheme of internal and external refurbishment by Cumbria County Council prior to occupancy of top floors;
- Selection of contractor in line with Borough Contract Standing Orders;
- Pre-tender estimate agreed with Borough Officers;
- Budget £300k, cost £290k; and
- Borough Council holds certificate of guarantee (25 years) for the roof coating system.

The project had been delivered successfully and under budget. Usually at this stage Internal Audit would have performed a contract audit based on the Responsible Officer completing the Contract Monitoring Checklist. On this occasion the Checklist was not appropriate for various reasons including:

- The tendering was not performed by the Borough Council;
- The contract for works was not with the Borough Council;
- The contract was not managed by the Borough Council; and
- The project sign-off did not sit with the Borough Council.

These key events in a project were covered by the Contract Management Checklist. The Checklist would be largely incomplete.

The report to the Executive Committee included a proposed amendment to the Borough Council Contract Standing Orders to allow the Executive Committee to consider and approve any future Contract Standing Order arrangements with public sector bodies. Any diversion from the Borough Council Contract Standing Orders in this respect would be specified at the outset for Executive Committee approval, and would identify any project falling outside the contract audit requirements placed on Internal Audit.

For the Craven House roofing project, the Executive Committee endorsed the Contract Management Checklist exemption and as reported there had been no deviation from the Borough Council Contract Standing Orders.

The report submitted to the Executive Committee on 9th September, 2015 was attached as an appendix to the report for information.

RESOLVED:- To note the report.

18 – Internal Audit Final Reports

The Director of Resources reported that Internal Audit had completed a number of audits in accordance with the approved Annual Plan. On completion, the final reports were presented to this Committee for consideration.

The Council's Internal Audit Manager attended the meeting to present the reports to Members.

There had been three final reports appended for consideration. The reports included and their assurance levels were as follows:-

1. Car Park Meter Income – Substantial Assurance;
2. Procurement – Restricted Assurance; and
3. Mobile Computing – Substantial Assurance.

Members considered the reports and raised their concerns with the Head of Internal Audit.

RESOLVED:- To note the Internal Audit Final Reports.

19 – Internal Audit Progress Report

The Director of Resources reported that the Internal Audit Progress Report for the period 1st April, 2015 to 11th September, 2015 had been produced by the Head of Internal Audit.

The Head of Internal Audit attended the meeting to present the report to Members.

There had been six Priority 1 recommendations since the previous Audit Committee.

The report contained a Statistical Summary of the number of Audit Recommendations (42). It was noted that 41 recommendations had been Fully Accepted including all Priority 1, and 1 recommendation had been Partly Accepted. Each of the recommendations had been assigned a Priority Grade 1-3, 1 being Major Issues and 3 Minor Issues. 6 had been rated Priority 1, 28 had been rated Priority 2 and 8 had been rated Priority 3.

RESOLVED:- That the report be received.

20 – Monitoring Priority 1 Recommendations

The Corporate Support Manager reported that Internal Audit undertook reviews of the Council's Systems as defined in the Annual Audit Plan. The audit conclusion may include Priority 1 recommendations which related to major issues that needed to be brought to the attention of Senior Management. Senior Managers considered the recommendations and determined whether to accept or reject them. If the recommendation was accepted the Manager was agreeing to implement the recommendation.

To ensure all agreed Internal Audit Priority 1 recommendations were implemented in a timely manner they were now tracked by Management.

There were two Priority 1 recommendations in the kennels report:-

1. The Council should ensure that all receipt books were retained and were available for inspection when required.

The Streetcare Manager had a process in place for retaining the kennels receipt book but at this stage there wasn't a written procedure. The current receipt book was in operational use at the kennels and was available for inspection.

2. The Council should ensure that all receipts issued by Officers were from an official receipt book provided by the Finance Department.

The Streetcare Manager had been issued with an official receipt book in June 2015 which was currently in operational use at the kennels.

There was also a Priority 1 recommendation in the Housing Rents report:-

1. The Business Support Manager should provide an explanation for the apparent divergence from Government guidance regarding annual rent increases; and confirm it was an isolated case.

The Business Support Manager explained that:

The correct increase was applied. Authority to bring forward convergence to target rents was sought and granted through the correct channels. This was because the Council became aware that the opportunity to converge would end. The Council would continue to make recommendations/listen to representations which were for the good of the HRA and ultimately tenants.

The Government provide guidance on rent setting - not an instruction.

There was an outstanding priority recommendation from the Business Continuity report:-

1. The Council should produce a formally approved and up to date Business Continuity Plan.

ICT disaster recovery arrangements were in place and were being tested. A regular testing programme was being developed to ensure that the arrangements were robust. Testing would take place in October 2015.

RESOLVED:- To note the report.

21 – Risk Management

The Corporate Support Manager attached as an appendix to his report the Risk Register for 2014/15. He reported that the Register continued to focus on business critical risks which were under the control of the Council.

It was noted that Management Board had reviewed the Register and made a number of changes.

Management had agreed a number of Operational Risks and these were attached as an appendix to the Corporate Support Manager's report. Minor changes to the wording of Operational Risks 6 and 7 had been made.

RESOLVED:- To note the report.

22 – Assurance Statement

The Corporate Support Manager provided Members with the output from the analysis of the departmental assurance statements from 2014/15.

The report provided evidence to support the Annual Governance Statement Service Managers completed assurance statements to demonstrate that they were aware of assurance controls that needed to be in place.

The responses from these assurance statements had been reviewed and the outputs were detailed in the report.

This year 17 of the 17 service areas returned completed questionnaires.

The out-puts from the questionnaire were analysed by the Assurance Group. Analysis of the information indicated that there were no significant assurance issues but that there was scope for some improvement and an action plan would be developed to address this.

It was clear that all Managers undertook some form of risk assessment, financial management and performance management. They had mechanisms in place to deal with issues and complaints. Where applicable they had some mechanism for monitoring the performance of contractors.

An analysis of the questionnaires was detailed in the report.

RESOLVED:- To note the report.

23 – Statement of Accounts and Annual Governance Statement 2014-2015

The Director of Resources reported that the Accounts and Audit Regulations required the draft Statement of Accounts to be made available to the External Auditors by 30th June each year. This date had been met and the Statement had been placed on the Councils website by that date.

The Statement of Accounts 2014/15 must be approved by this Committee before 30th September, 2015.

The Statement of Accounts had been appended to the report. A revised copy of the Annual Governance Statement was distributed at the meeting for separate consideration along with the Letter of Representation for approval.

It was noted that the External Auditor was required to report to this Committee on the conclusions of the Audit, noting any adjustments made to the draft Accounts as published.

This was the Audit Findings report which had also been appended to the report with two adjustments noted at the meeting. Subject to Members agreeing the

Letter of Representation, the External Auditor would give an unqualified Audit Opinion.

The External Auditors Team had undertaken the audit in a professional and constructive manner and the Director of Resources took the opportunity to thank the Audit Team.

Statement of Accounts

The Director of Resources reported that Statement of Accounts summarised the Authority's transactions for the 2014-2015 financial year and its position at 31st March, 2015. The Statement of Accounts was intended to provide readers with clear information about the Council's finances and comply with the Code of Practice.

The audited Statement of Accounts was attached to the report for information. In approving the Statement of Accounts, Members were asked to undertake a review using their knowledge of the Council together with the External Auditor's report and raise any questions.

The Explanatory Foreword summarised the key issues in the accounting statements. The General Fund result for the year was a contribution to the Restructuring Reserve of £74k and a contribution to the fund balance of £300k; bringing the General Fund balance to the risk-assessed minimum. For the Housing Revenue Account the result was a surplus of £36k which increased the fund balance.

The Council's net worth had decreased from £94m to £92.8m. This was largely due to an increase in the pension liability offset by increases in the value of property, plant and equipment and the balance of short term investments at year-end.

The outturn for 2014-2015 was reported to the Executive Committee on 29th July, 2015 and a separate session was held with Members of the Audit Committee on 16th September, 2015.

The key areas to review in the Statement of Accounts were:-

- **Statement of Responsibilities** – this preceded the Accounting Statement and set out the responsibilities of the Authority and of the Director of Resources in respect of the Statement of Accounts. The purpose of the Statement of Responsibilities was to confirm that the Statement of Accounts had been prepared in accordance with proper practices;
- **Movement in Reserve Statement** – this showed the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (those that could be applied to fund expenditure or reduce local taxation) and unusable reserves;

- **Comprehensive Income and Expenditure Statement** – this showed the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from local taxation;
- **Balance Sheet** – this showed the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) were matched by reserves held by the Authority;
- **Cash Flow Statement** – this showed the changes in the Authority’s cash and cash equivalents during the year;
- **Notes to the Main Accounting Statements** – these included a summary of the significant accounting policies and other explanatory information;
- **Housing Revenue Account and Notes** – this reflected the statutory obligation to maintain a Revenue Account for Local Authority housing provision in accordance with Part 6 of the Local Government and Housing Act 1989; and
- **Collection Fund and Notes** – this was an agent’s statement that reflected the statutory obligation for the Authority, as a billing authority, to maintain a separate Collection Fund.

Letter of Representation

The purpose of this letter was to provide assurance to the External Auditors on relevant and significant matters relating to the financial year. The Letter of Representation was issued to disclose the material facts affecting the 2014-2015 transactions of the Council. A copy of the Letter of Representation had been appended to the report.

Annual Governance Statement

The Annual Governance Statement (AGS) needed to be published alongside the Statement of Accounts, although it did not form part of it. The Annual Governance Statement had been presented to this Committee on 18th June, 2015 and following discussions with Management Board, the Assurance Group, the Monitoring Officer, the Head of Internal Audit and the External Auditor, minor amendments had been made. A revised copy of the Annual Governance Statement had been distributed to Members at the meeting for Members to approve and authorise the Chairman of this Committee to sign on behalf of the Council.

RESOLVED:- (i) To receive the Statement of Accounts for 2014-2015;

(ii) To receive the External Auditor’s Audit Findings Report;

(iii) To approve the audited accounts and authorise the Chairman of this Committee to sign on behalf of the Council;

(iv) To receive the Annual Governance Statement;

(v) To approve the Annual Governance Statement and authorise the Chairman of this Committee to sign on behalf of the Council; and

(vi) To approve the Letter of Representation and authorise the Chairman of this Committee and the Director of Resources to sign on behalf of the Council.

24 – Local Government Ombudsman Annual Letter 2015

The Corporate Support Manager reported that the Ombudsman issued an annual review letter to Council's reviewing complaints against the Authority.

During 2014/15, a total of nine complaints/enquiries had been received. He advised that this year the Ombudsman had not provided the detailed breakdown of complaints/enquiries.

A copy of the letter and annual statistics had been appended to the report.

RESOLVED:- To note the report.

The meeting closed at 3.10 p.m.

AUDIT COMMITTEE	Part One (D) Agenda Item 7
Date of Meeting: 10th December, 2015	
Reporting Officer: Director of Resources	
<p>Title: Internal Audit Final Reports</p> <p>Summary and Conclusions:</p> <p>Internal Audit performs audits in accordance with the approved Annual Plan. Final reports are presented to Members by the Head of Internal Audit.</p> <p>Recommendations:</p> <p>Members are recommended to receive the Internal Audit Final reports and raise any questions.</p>	

Report

There are three final reports for consideration by Members:

- 15-06 Cash Floats & Receipting Controls - **Appendix 1**
- 15-10 Budgetary Control - **Appendix 2**
- 15-11 Treasury Management - **Appendix 3**

These reports will be presented by the Head of Internal Audit.

For information, the assurance and recommendations assigned to Internal Audit reports are as follows:

The assurance levels are:

None – control is weak, causing the system to be vulnerable to error and abuse.

Restricted – significant weaknesses have been identified in the system of control, which put the system objectives at risk.

Substantial – while there is a reasonable system of control, there are weaknesses, which may put the system objectives at risk.

Unqualified – there is an adequate system of control designed to achieve the system objectives.

The recommendation levels assigned to issues identified are:

Priority 1 – **major issues** that Internal Audit considers need to be brought to the attention of senior management.

Priority 2 – **important issues** which should be addressed by management in their areas of responsibility.

Priority 3 – **minor issues** which provide scope for operational improvement.

Previous issues – are issues identified in a previous audit report that have not been entirely implemented at the time of this latest audit.

Background Papers

Nil

BARROW BOROUGH COUNCIL
INTERNAL AUDIT FINAL REPORT 15-06
Cash Floats & Receipting Controls

Executive Summary

Over recent years a number of Council Departments have ceased to collect income through face to face mechanisms due to the increasing availability of electronic payment methods. In 2012 the Council introduced an electronic receipting system for utilisation by "Customer Services"; however, a small number of departments continue to receipt income manually. Where this occurs, receipts are required to be completed, issued and summarised on the appropriate Council Paying-in Sheet; this needs to be in accordance with the Council's General Procedures for Receiving Income.

In addition the Council hold a number of "cash floats" to assist with the functioning of relevant services; in total the floats amount to just over £2,000.

Audit Objectives

An audit of this system forms part of the agreed 2015/16 programme. The audit objectives were to review the internal controls over the manual and electronic receipting systems, in addition to cash float verification. The scope and objectives of the audit were discussed and agreed in advance with the Financial Services Manager.

Key Points
One Previous Recommendation

A list of all Receipt Books checked and the corresponding Department is included.

Audit Conclusion – *Substantial Assurance*

As a result of the audit we have concluded that the income receipting system appears to be sound and no new issues were identified.

Further, Internal Audit reviewed the outstanding recommendation from Audit report 07-37, dated April 2008, this recommendation has been implemented.

Internal Audit also reviewed the outstanding recommendation from Audit report 14-06, dated February 2015, which relates to, the Council ensuring that all carbonated copies within receipt books are legible and fully completed, this recommendation remains outstanding.

In addition Internal Audit successfully reconciled the cash floats held by Housing, Admin Services and the Markets, no issues were raised.

Management Response

We have received a constructive management response from the Financial Services Manager, providing an update to the one previous recommendation.

Acknowledgement

Internal Audit would like to thank staff for their co-operation and assistance during the review.

Receipt Books

Receipt Book Number	Responsible Department
Electronic receipts issued throughout 2015/16	CRM
163, 164	Market

BARROW BOROUGH COUNCIL
INTERNAL AUDIT FINAL REPORT 15-10
BUDGETARY CONTROL

Executive Summary

Introduction

The Council's Budgetary Control function is managed by the Financial Services Department. Budget preparation and control processes are documented in a detailed timetable together with written procedures. Responsibility for individual cost centre budgets is allocated to the relevant budget holder. Each Accountant monitors a number of specified cost centres and liaises with the budget holders to ensure the efficient and effective management of Council funds.

Budget and actual transactions are recorded and controlled at cost centre level via the Council's Oracle Financial System. Approved headline budgets for the financial year 2015/16 total:

- General Fund Revenue - £11,471,040
- Capital Programme - £5,455,300
- Housing Revenue Account expenditure/income - £8,751,900/£11,772,280.

Audit Objectives

An audit of this system forms part of the agreed 2015/16 programme. The audit objectives were to evaluate and test the internal controls over the Budgetary Control function. The scope and objectives of the audit were discussed and agreed in advance with the Accountancy Services Manager.

Audit work included a control evaluation of the system design and testing of the operation of key controls.

Key Points
Unqualified Assurance
No Recommendations

Audit Conclusion – *Unqualified Assurance*

As a result of the audit we have concluded that there is a basically sound system of control, and as such we have not raised any new recommendations.

Internal Audit reviewed the agreed recommendation made in the previous audit report 13-07, dated January 2014 and confirmed the recommendation has been implemented.

Management Response

We have received a constructive management response from the Accountancy Services Manager accepting the report.

Acknowledgement

Internal Audit would like to thank staff for their co-operation and assistance during the review.

BARROW BOROUGH COUNCIL
INTERNAL AUDIT FINAL REPORT 15-11
TREASURY MANAGEMENT

Executive Summary

Introduction

The Council defines Treasury Management as “the management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”. Responsibility for treasury transactions is delegated to the Director of Resources, the Accountancy Services Manager and Financial Services Manager.

The Council’s treasury function is subject to a degree of self-regulation, a key element being the Treasury Management Strategy for 2015/16, which was approved by Council on 3 March 2015. This includes a framework of borrowing limits and prudential indicators designed to ensure that treasury and capital investment decisions are prudent and affordable. The Strategy is supplemented by detailed Treasury Management Practices which demonstrate compliance with the CIPFA Code of Practice for Treasury Management.

The Council currently has £39.5m of long-term borrowing from the Public Works Loan Board, with maturity dates between 2018 and 2053. No short-term loans have been taken out to date in 2015/16.

During 2015/16, surplus funds have been invested either directly with approved counterparties or in an interest bearing deposit account with the Council’s bankers, HSBC plc. The interest earned in the first half of the year amounted to £30,000.

Audit Objectives

An audit of this system forms part of the agreed 2015/16 programme. The audit objectives were to evaluate and test the internal controls over the Treasury Management process. The scope and objectives of the audit were discussed and agreed in advance with the Accountancy Services Manager.

Our audit coverage excludes any activities on the part of the Council involving the use of derivatives or complex financial instruments.

Audit work included a control evaluation of the system design, and testing the operation of key controls.

Key Points
Unqualified Assurance
No recommendations

Audit Conclusion – Unqualified Assurance

As a result of the audit we have concluded that there is a basically sound system of control, and as such we have not raised any new recommendations.

Management Response

We have received a constructive management response from the Accountancy Services Manager accepting the report.

Acknowledgement

Internal Audit would like to thank staff for their co-operation and assistance during the review.

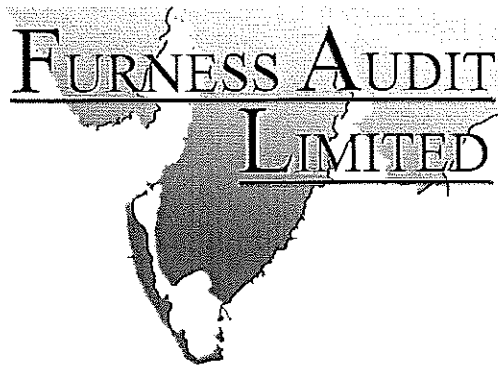
		<u>Part One</u>
AUDIT COMMITTEE		(D)
Date of Meeting: 10th December, 2015		Agenda
Reporting Officer: Director of Resources		Item
		8
<p>Title: Internal Audit Progress Report</p> <p>Summary and Conclusions:</p> <p>The Internal Audit Progress Report has been produced by the Head of Internal Audit. The Head of Internal Audit will present the report to Members.</p> <p>Recommendations:</p> <p>Members are recommended to receive the Internal Audit Progress report and raise any questions.</p>		

Report

The Internal Audit Progress Report for the period 1st April, 2015 to 1st December, 2015 is attached at **Appendix 4** and will be presented to Members by the Head of Internal Audit

Background Papers

Nil



BARROW BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT

April to December 2015

2015/16

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EXECUTIVE SUMMARY

Purpose

The purpose of the report is to update Members of the Council's Audit Committee on:

- Internal Audit work performed up to 1st December 2015, including final reports issued relating to a previous reporting period; and
- Significant issues that have arisen during this period as a result of our work.

Content

The information is presented in the following schedules:

1. *A Statistical Summary of Recommendations*

This schedule includes all audit recommendations to which Council management have responded between 1st April and 1st December 2015. The figures are analysed according to the 'priority' of the recommendations, and the extent to which each has been accepted by management for action.

2. *Accepted Priority 1 Recommendations*

This schedule provides details of all major recommendations which have been accepted by management.

3. *Rejected Recommendations*

This schedule provides details of major and significant (i.e. Priority 1 and Priority 2) recommendations, which have been rejected by Council Management.

4. *Audit Coverage*

Details of audit assignments carried out in the period, including any checks on external partner organisations.

5. *Classifications of Assurance and Recommendations*

An explanation of the classifications used for prioritising recommendations and assessing levels of assurance.

1. STATISTICAL SUMMARY OF RECOMMENDATIONS

The following table summarises the number of audit recommendations we have made in our final reports issued up to 1st December 2015; analysed by their priority, including whether accepted by management.

Recommendations	Total	Priority 1	Priority 2	Priority 3
Made	42	6	28	8
Fully Accepted	41	6	27	8
Partly Accepted	1	-	1	-
Not Accepted	0	-	-	-

2. ACCEPTED PRIORITY 1 RECOMMENDATIONS

There have been no Priority One recommendations since the previous Audit Committee.

3. REJECTED RECOMMENDATIONS

3.1 PRIORITY ONE RECOMMENDATIONS

There have been no rejected Priority One recommendations during the reporting period.

3.2 PRIORITY TWO RECOMMENDATIONS

There have been no rejected Priority Two recommendations during the reporting period.

4. INTERNAL AUDIT COVERAGE:

APRIL – DECEMBER 2015

Report Number	Audit Assignment	System Significance Band	Status	Assurance
	ANNUAL AUDITS			
15-01	Income Collection	1		
15-02	Housing Benefits	1	Draft	Substantial
15-03	Council Tax & Council Tax Support	1		
15-04	Business Rates (NNDR)	1		
15-05	Risk Management	1		
15-06	Cash Floats/Receipting Controls		Final	Substantial
15-08	Fraud & Corruption Survey		Complete	N/a
15-09	Performance Management	2	Draft	Substantial
15-10	Budgetary Control	2	Final	Unqualified
15-11	Treasury Management	2	Final	Unqualified
15-12	Car Park Meter Income	2	Final	Substantial
15-13	Payroll (inc. Expenses)	2	Ongoing	
15-14	Accounts Receivable	2		
15-15	Corporate Control/Governance	2		
15-16	Main Accounting System and Periodic Controls	2	Q2 on-going	N/a
15-17	Procurement (inc. Ordering)	2	Final	Restricted
15-18	Accounts Payable	2	Draft	Substantial
15-19	Housing Rents	2		
15-20	Standing Orders/Financial Regs/Council Plans & Policies	2		
15-21	Housing Maintenance (Day to Day Repairs)	2		
15-22	NFI		Ongoing	
15-24	Licence Fee Review		Complete	N/a
15-25	Benefit Certification		Complete	N/a

Report Number	Audit Assignment	System Significance Band	Status	Assurance
	COMMUNITY ORGANISATIONS AND MAYOR'S ACCOUNT			
-	Hawcoat		Complete	
-	Abbotsvale		Complete	
-	Dalton Community Association			
-	Barrow Playing Fields Users Association 2013-14		Complete	
15-23	Mayor's Account		Complete	
15-26	Furness Maritime Trust		Complete	
	IT ENVIRONMENT AUDITS			
IT58	Mobile Computing	1	Final	Substantial
IT59	Disaster Recovery	1		
	CONTRACT AUDIT			
CR80	Roa Island Jetty		Stage 3 review complete	
CR84	Barrow Cemetery NW Extension		Stage 4 review complete	
CR86	Town Hall Roof		Stage 4 review complete	
CR90	Re-Roofing Units 9 & 10 James Freel Close		Stage 4 review complete	
CR91	Rawlinson Street Corridor		Stage 1 review complete	
CR93	2014/17 CHP Roosegate Roofing		Stage 2 review complete	
CR94	2014 CHP Devonshire Road Improvements		Commenced	
CR95	Town Hall Ground Floor Improvements		Stage 3 review complete	

Report Number	Audit Assignment	System Significance Band	Status	Assurance
CR96	West Shore Coastal Defences		Stage 5 review complete	
CR97	Maritime Streets Landscaping Design		Stage 3 review complete	
CR99	Housing stock condition survey		Stage 2 review complete	
CR101	CHP Electrical Contract		Stage 1 review commenced	
CR102	CHP Bathroom improvements		Stage 2 review commenced	
CR103	CHP Heating improvements		Stage 2 review commenced	
CR104	CHP Kitchen improvements		Stage 2 review commenced	
CR105	CHP Painting Contract		Stage 1 review commenced	
CR106	CHP Windows and Doors		Stage 1 review commenced	
CR107	High level electrical repairs & festive lighting		Stage 1 review complete	
CR108	Electrical reactive repairs & maintenance		Stage 1 review complete	
CR109	Roofing and Ancillary Works		Stage 1 review commenced	
CR110	Housing Maintenance Responsive Repairs		Stage 1 review commenced	

Report Number	Audit Assignment	System Significance Band	Status	Assurance
CR111	Housing Management System		Stage 1 review commenced	
CR112	Housing Maintenance Gas Service Contract		Stage 1 review commenced	
15-07	IMPLEMENTATION REVIEW			
14-01	Income Collection (The Forum)			
09-23	Asset Management			
11-23	Leisure Centre			
11-28	Grounds Maintenance			
11-25	Insurance			
14-30	Dog Kennels			
IT49	Code of Connection			
IT51	Information Security Policy			
IT52	Infrastructure Management			
IT55	IT Infrastructure Library			
IT57	General Controls			

Fraud Hotline Calls

	Revenues/ Benefit related	Staff Related	Other	Total
2015/16 (April – December)	27	1	5	33
2014/15 (Full year)	71	0	4	75

5. CLASSIFICATIONS

5.1 Classification of Assurance Levels

At the conclusion of each audit, we give an overall opinion on the level of assurance, which we consider is provided by the controls in place within the system audited. The following classification of assurance levels has been adopted:

Level	Definition
1. Unqualified Assurance	The controls appear to be consistently applied.
2. Substantial Assurance	Evidence was identified to suggest that the level of non-compliance with controls may put some of the system objectives at risk.
3. Restricted Assurance	The level of non-compliance identified places the system objectives at risk.
4. None	Significant non-compliance with controls was identified leaving the system vulnerable to error and abuse.

5.2 Priority of Recommendations

Our audit recommendations are categorised by three priority levels: -

- Priority 1* Major issues that we consider need to be brought to the attention of senior management.
- Priority 2* Important issues which should be addressed by management in their area of responsibility.
- Priority 3* Detailed issues of a relatively minor nature.

6. PERFORMANCE

The Public Sector Internal Audit Standards (PSIAs) require Internal Audit to be measured in terms of performance. The indicators below provide information over the arrangements and effectiveness of Internal Audit.

Indicator		2015/16
1	Percentage of Draft reports issued within 10 working days of completion of audit fieldwork.	100%
2	Percentage of Management Responses received within 20 working days of issue of the Draft report.	70%
3	Percentage of Final reports issued within 10 working days of receipt of management response.	100%
4	Percentage of Priority 1 and Priority 2 Recommendations acceptable to the audit client.	100%

Draft Reports issued

Ref	Audit	Date issued
15-03	Housing Benefits	18 th Nov 2015
15-09	Performance Management	18 th Nov 2015
15-18	Accounts Payable	17 th Nov 2015

APPENDIX 1 – RESTRICTED ASSURANCE AUDITS

Ref	Audit	Recommendations			Previous Recommendations			Total	Date Issued
		P1	P2	P3	P1	P2	P3		
14-30	Dog Kennels	2	4	1	n/a			7	5 th June 2015
15-17	Procurement	3	5	0	n/a			8	10 th September 2015

Part One

AUDIT COMMITTEE	(D) Agenda Item 9
Date of Meeting: 10th December, 2015	
Reporting Officer: Director of Resources	
Title: External Audit - Annual Audit Letter for the year ended 31st March, 2015	
Summary and Conclusions:	
The Annual Audit Letter for the year ended 31st March, 2015, has been produced by the External Auditors. The External Auditors will present the report to Members.	
Recommendations:	
Members are recommended to receive the External Auditors report and raise any questions.	

Report

The External Auditors have produced the Annual Audit Letter for the year ended 31st March, 2015, which summaries the key findings from the financial year 2014-2015 audit work.

The report is attached at **Appendix 5** and will be presented to Members by the External Auditors.

Background Papers

Nil



The Annual Audit Letter for Barrow Borough Council

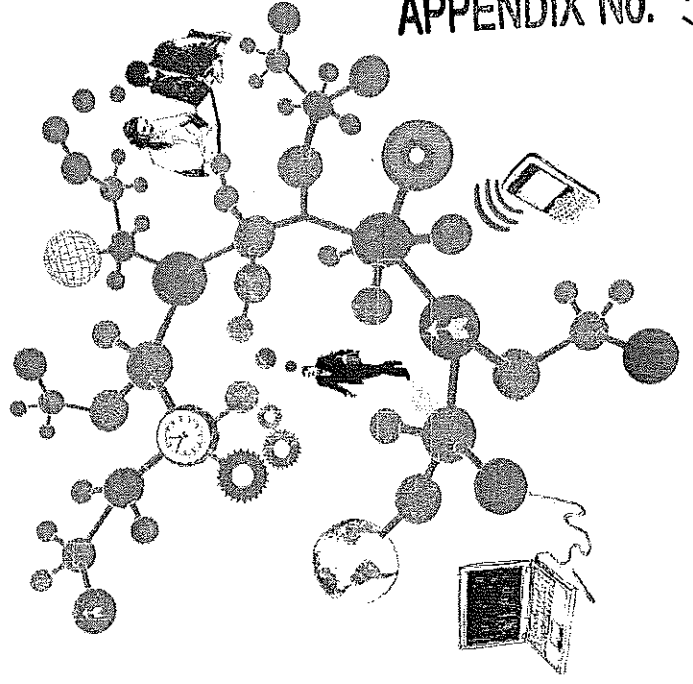
Year ended 31 March 2015

October 2015

Jackie Bellard
Engagement Lead
T 0161 234 6394
E jackie.bellard@uk.gt.com

Neil Krajewski
Engagement Manager
T 0161 234 6371
E neil.p.krajewski@uk.gt.com

Maeve Morgan
In-Charge Auditor
T 0161 953 6446
E maeve.t.morgan@uk.gt.com



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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Barrow Borough Council (the Council¹) for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan which we presented to the Audit Committee on 5 March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

<p>Financial statements audit (including audit opinion)</p>	<p>We reported the findings arising from our audit of the financial statements in our Audit Findings Report which we presented to the Audit Committee on 24 September 2015. The key message reported was that:</p> <ul style="list-style-type: none"> management continue to produce high quality financial statements which are free from material error and are supported by well-prepared working papers. <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 25 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p>
<p>Value for Money (VfM) conclusion</p>	<p>We issued an unqualified VfM conclusion for 2014/15 on 25 September 2015.</p> <p>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 2015.</p>

Key messages continued

Certification of housing benefit grant claim	<p>We are currently undertaking our work on the certification of the Council's Housing Benefits claim. The national deadline for conclusion of this work is 30 November 2015. We will report a summary of our findings in our certification report later this year.</p>
Audit fee	<p>Our fee for the annual audit of the financial statements for 2014/15 was £68,159, excluding VAT which was in line with our planned fee for the year. We have also been appointed to undertake work on certification and claims which we bill for separately. Further details are set out within appendix B.</p>

Appendix A: Key issues and recommendations

This appendix summarises the significant recommendations identified during the 2014/15 audit.

No.	Issue and recommendation	Priority	Management response/ responsible officer/ due date
1.	<p>Configuration of Main Accounting IT system</p> <p>a) Recommendation: Ensure that staff are only allocated access to the Oracle system which is commensurate with their responsibilities</p> <p>b) Recommendation: Establish audit logging within the Oracle system so that management can detect instances where users may have made inappropriate use of their access to the system.</p>	Medium	<p>A procedure and control sheet has been introduced whereby additional responsibility requests are logged. In emergency situations (usually on advice from the Managed Support provider) this will be authorised retrospectively. Additional responsibilities given will be monitored on a quarterly basis.</p> <p>Responsible officer: Financial Services Manager</p> <p>Due date: Implemented</p>
2.	<p>Value for Money – Internal Reporting</p> <p>Recommendation: Expand budget monitoring reports to the Executive Committee so that they provide details of the progress made towards achieving the savings agreed as part of the forthcoming budget strategy.</p>	Medium	<p>Advice has been sought from the Managed Service provider regarding the effect on system performance from enabling audit-logging. Key areas will be identified and audit-logging implemented accordingly.</p> <p>Responsible officer: Financial Services Manager</p> <p>Due date: November 2015</p>
3.	<p>Value for Money – Sickness Absence</p> <p>Recommendation: Produce a comprehensive action plan to address the Council's deteriorating sickness absence and ensure progress against that action plan is appropriately monitored</p>	Medium	<p>Once the Budget Strategy is established a separate section within the quarterly finances report will be established to report the achievement of savings and reductions.</p> <p>Responsible officer: Director of Resources</p> <p>Due date: July 2016</p> <p>The absence management policy and procedure is currently under review by an external consultant with the expectation that the policy changes will come through the consultation and committee during 2015-2016. These will then be rolled out with training for all managers and supervisors early in 2016.</p> <p>Responsible officer: HR Manager</p> <p>Due date: March 2016</p>

Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Per Audit plan £	Actual fees £
Council audit	67,259	68,159
Housing benefit grant certification fee	22,300	18,310
Total audit fees	89,559	86,469

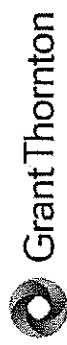
There was an error in our original audit plan concerning the audit fees. The actual fees stated above corrects that error.

Reports issued

Report	Date issued
Audit Plan	20/02/2015
Audit Findings Report	14/09/2015
Certification Report	To be confirmed (expected December 2015)
Annual Audit Letter	12/10/2015

Fees for other services

Service	Fees £
Audit related services	
• Certification of Housing Capital Receipts Return	2,500



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Part One

AUDIT COMMITTEE	(D) Agenda Item 10
Date of Meeting: 10th December, 2015	
Reporting Officer: Director of Resources	
Title: External Audit - Committee Update	
Summary and Conclusions:	
An Audit Committee Update regarding current issues and developments has been produced by the External Auditors. The External Auditors will present the report to Members.	
Recommendations:	
Members are recommended to receive the External Auditors report and raise any questions.	

Report

The External Auditors have produced an Audit Committee Update for Members, regarding current issues and developments. The report is attached at **Appendix 6** and will be presented to Members by the External Auditors.

Background Papers

Nil



Audit Committee Update for Barrow Borough Council

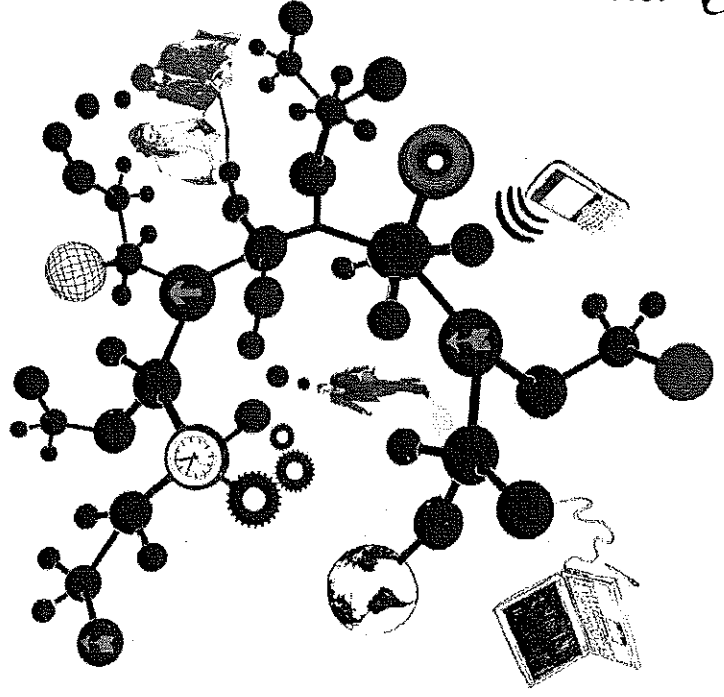
Year ended 31 March 2016

December 2015

Jackie Bellard
Engagement Lead
T 0161 234 6394
E jackie.bellard@uk.gt.com

Neil Krajewski
Engagement Manager
T 0161 234 6371
E neil.p.krajewski@uk.gt.com

Maeve Morgan
In-Charge-Auditor
T 0161 953 6446
E maeve.t.morgan@uk.gt.com



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; and
- 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 (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Making devolution work: A practical guide for local leaders
- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- All aboard? our local government governance review 2015

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.

Jackie Bellard Engagement Lead T 0161 234 6394 M 07880 456 195 Jackie.Bellard@uk.gt.com
Neil Krajewski Audit Manager T 0161 234 6371 M 07827 282 364 Neil.P.Krajewski@uk.gt.com

Progress at December 2015

Work	Planned date	Complete?	Comments
<p>2015-16 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 2015-16 financial statements.</p>	March 2016	No	We will present our Audit Plan at the Audit Committee meeting scheduled for 3rd March 2016.
<p>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 	February 2016	No	We plan to undertake our interim audit work in January and February 2016
<p>2015-16 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2015-16 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion 	June - August 2016	No	We will commence our post statements audit once the unaudited accounts are authorised for issue by the Director of Resources.

Progress at December 2015

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The arrangements relating to the conduct of our Value for Money work have been revised with effect from the 2015/16 financial year following publication of the National Audit Office's Code of Audit Practice (further details are included on pg. 13). We are required to undertake sufficient work, based on a risk assessment, to enable us to conclude whether in all significant respects, the Council has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the relevant period.</p>	September 2016	No	We will commence our value for money work in early 2016 and meet with relevant officers to inform our risk assessment.
<p>Other areas of work</p> <ul style="list-style-type: none"> • Certification of 2014-15 Housing Benefits claim 	November 2015	Yes	We recently concluded certification work on the Council's Housing Benefit claim. The claim was qualified on the basis of errors identified as part of the detailed testing which we undertook in accordance with guidance issued by the Department of Work and Pensions.

Making devolution work: A practical guide for local leaders

Grant Thornton market insight

Our latest report on English devolution is intended as a practical guide for areas and partnerships making a case for devolved powers or budgets.

The recent round of devolution proposals has generated a huge amount of interest and discussion and much progress has been made in a short period of time. However, it is very unlikely that all proposals will be accepted and we believe that this the start of an iterative process extending across the current Parliament and potentially beyond.

With research partner Localis we have spent recent months speaking to senior figures across local and central government to get under the bonnet of devolution negotiations and understand best practice from both local and national perspectives. We have also directly supported the development of devolution proposals. In our view there are some clear lessons to learn about how local leaders can pitch successfully in the future.

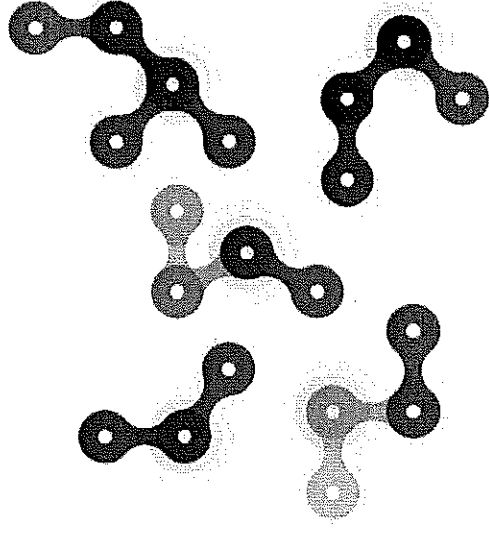
In particular, our report seeks to help local leaders think through the fundamental questions involved:

- what can we do differently and better?
- what precise powers are needed and what economic geography will be most effective?
- what governance do we need to give confidence to central government

The report 'Making devolution work: A practical guide for local leaders' can be downloaded from our website:

<http://www.grantthornton.co.uk/en/insights/making-devolution-work/>

Hard copies of our report are available from your Engagement Lead and Audit Manager



Turning up the volume: The Business Location Index

Grant Thornton market insight

Inward investment is a major component of delivering growth, helping to drive GDP, foster innovation, enhance productivity and create jobs, yet the amount of inward investment across England is starkly unequal.

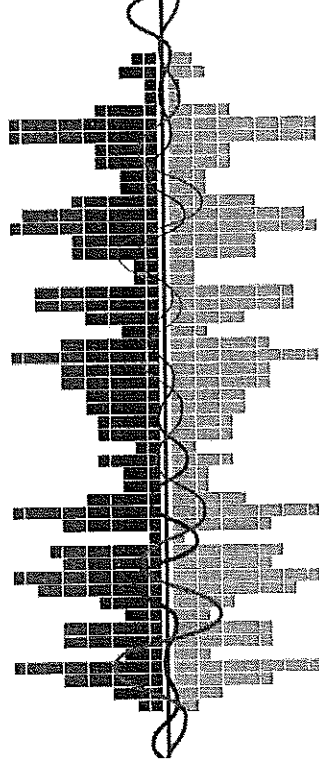
The Business Location Index has been created to help local authorities, local enterprise partnerships, central government departments and other stakeholders understand more about, and ultimately redress, this imbalance. It will also contribute to the decision-making of foreign owners and investors and UK firms looking to relocate.

Based on in-depth research and consultation to identify the key factors that influence business location decisions around economic performance, access to people and skills and the environmental/infrastructure characteristics of an area, the Business Location Index ranks the overall quality of an area as a business location. Alongside this we have also undertaken an analysis of the costs of operating a business from each location. Together this analysis provides an interesting insight to the varied geography that exists across England, raising a number of significant implications for national and local policy makers.

At the more local level, the index helps local authorities and local enterprise partnerships better understand their strengths and assets as business locations. Armed with this analysis, they will be better equipped to turn up the volume on their inward investment strategy, promote their places and inform their devolution discussions.

The report 'Turning up the volume: The Business Location Index' can be downloaded from our website: <http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2015/business-location-index-turning-up-the-volume.pdf>

Hard copies of our report are available from your Engagement Lead and Audit Manager



Knowing the Ropes – Audit Committee Effectiveness Review

Grant Thornton

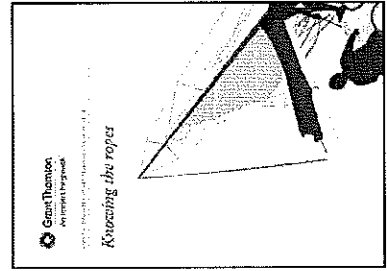
This is our first cross-sector review of audit committee effectiveness encompassing the corporate, not for profit and public sectors. It provides insight into the ways in which audit committees can create an effective role within an organisation's governance structure and understand how they are perceived more widely. It is available at <http://www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/>

The report is structured around four key issues:

- What is the status of the audit committee within the organisation?
- How should the audit committee be organised and operated?
- What skills and qualities are required in the audit committee members?
- How should the effectiveness of the audit committee be evaluated?

It raises key questions that audit committees, board members and senior management should ask themselves to challenge the effectiveness of their audit committee.

Our key messages are summarised opposite.



Frequency: meetings should be regular and the length should adapt to content.

Size: 3-5 members is an ideal size for an audit committee.

Relevance: audit committee members should be selected based on the skills and experience they bring.

Clarity: the role of the audit committee and its relationship with other committees, should be clearly defined.

Ability: training should be provided for audit committee members.

Evolution: audit committees should continually develop.

Communication: papers should strike the balance between detail and length.

Anchor: *ANCHOR: MEMBERS SURFACE*

House: *THE TWO KEY THINGS THAT AUDIT COMMITTEE MEMBERS SHOULD BE ASKING ARE:*

- 1** What is expected of the audit committee and does it reflect the specific nature of the industry in which the organisation sits?
- 2** Does the audit committee have clear terms of reference in place? Audit committees should set themselves targets for what they want to achieve and define how these will be measured to ensure they are operating effectively.

George Osborne sets out plans for local government to gain new powers and retain local taxes

Local government issues

The Chancellor unveiled the "devolution revolution" on 5 October involving major plans to devolve new powers from Whitehall to Local Government. Local Government will now be able to retain 100 per cent of local taxes and business rates to spend on local government services; the first time since 1990. This will bring about the abolition of uniform business rates, leaving local authorities with the power to cut business rates in order to boost enterprise and economic activity within their areas. However, revenue support grants will begin to be phased out and so local authorities will have to take on additional responsibility. Elected Mayors, with the support of local business leaders in their LEPs, will have the ability to add a premium to business rates in order to fund infrastructure, however this will be capped at 2 per cent.

There has been a mixed reaction to this announcement. Some commentators believe that this will be disastrous for authorities which are too small to be self-sufficient. For these authorities, the devolution of powers and loss of government grants will make them worse off. It has also been argued that full devolution will potentially drive up council's debt as they look to borrow more to invest in business development, and that this will fragment the creditworthiness of local government.

Challenge question

Have members:

- been briefed by your Executive Director on the Chancellor's "devolution revolution" announcement and its likely impact on the Council?

Councils must deliver local plans for new homes by 2017

Local government issues

The Prime Minister announced on 12 October that all local authorities must have plans for the development of new homes in their area by 2017, otherwise central government will ensure that plans are produced for them. This will help achieve government's ambition of 1 million more new homes by 2020, as part of the newly announced Housing and Planning Bill.

The government has also announced a new £10 million Starter Homes fund, which all local authorities will be able to bid for. The Right to Buy Scheme has been extended with a new agreement with Housing Associations and the National Housing Federation. The new agreement will allow a further 1.3 million families the right to buy, whilst at the same time delivering thousands of new affordable homes across the country. The proposal will increase home ownership and boost the overall housing supply. Housing Association tenants will have the right to buy the property at a discounted rate and the government will compensate the Housing Associate for their loss.

Challenge question

Have members:

- been briefed by your Executive Director on the government's new homes announcements and their likely impact on the Council?

Improving efficiency of council tax collection

Local government issues

DCLG have published "Improving Efficiency for Council Tax Collection", calling for consultation on the proposals to facilitate improvements in the collection and enforcement processes in business rates and council tax. The consultation is aimed specifically at local authorities, as well as other government departments, businesses and any other interested parties. The consultation document states that council tax collection rates in 2014-15 are generally high (at 97 per cent), however the government wishes to explore further tools for use by local authorities and therefore seeks consultation from local authorities on DCLG's proposals. The consultation closes on 18 November.

The Government proposes to extend the data-sharing gateway which currently exists between HMRC and local authorities. Where a liability order has been obtained, the council taxpayer will have 14 days to voluntarily share employment information with the council to enable the council to make an attachment to earnings. If this does not happen, the Government proposes to allow HMRC to share employment information with councils. This would help to avoid further court action, would provide quicker access to reliable information, and would not impose any additional costs on the debtor. The principle of this data-sharing is already well-established for council taxpayers covered by the Local Council Tax Support scheme, and it would make the powers applying to all council tax debtors consistent. Based on the results of the Manchester/HMRC pilot, Manchester estimate that £2.5m of debt could potentially be recouped in their area alone.

Challenge question

Have members:

- been briefed by your Director of Resources on the government's council tax collection consultation and the Council's response to it?

Code of Audit Practice

National Audit Office

Under the Local Audit and Accountability Act 2014 the National Audit Office are responsible for setting the Code of Audit Practice which prescribes how local auditors undertake their functions for public bodies, including local authorities.

The NAO have published the Code of Audit Practice which applies for the audit of the 2015/16 financial year onwards. This is available at <https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Final-Code-of-Audit-Practice.pdf>

The Code is principles based and will continue to require auditors to issue:

- Opinion on the financial statements
- Opinion on other matters
- Opinion on whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the "VFM conclusion".)

The NAO plan to supplement the new Code with detailed auditor guidance in specific areas. The published draft audit guidance for consultation on the auditor's work on value for money arrangements in August 2015, which is due to be finalised in November 2015. The draft guidance includes the following.

- Definition of the nature of the opinion to be given – i.e. a "reasonable assurance" opinion as defined by ISAE 300 (revised)
- Definitions of what could constitute "proper arrangements" for securing economy, efficiency and effectiveness in the use of resources
- Guidance on the approach to be followed by auditors in relation to risk assessment, with auditors only required to carry out detailed work in areas where significant risks have been identified
- Evaluation criteria to be applied
- Reporting requirements.

Grant Thornton submitted a response to the consultation which closed on 30 September 2015.

Supporting members in governance

Grant Thornton and the Centre for Public Scrutiny

We have teamed up with the Centre for Public Scrutiny to produce a member training programme on governance. Elected members are at the forefront of an era of unprecedented change, both within their own authority and increasingly as part of a wider local public sector agenda. The rising challenge of funding reductions, the increase of alternative delivery models, wider collaboration with other organisations and new devolution arrangements mean that there is a dramatic increase in the complexity of the governance landscape.

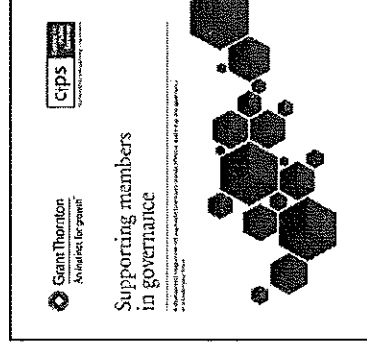
Members at local authorities – whether long-serving or newly elected – need the necessary support to develop their knowledge so that they achieve the right balance in their dual role of providing good governance while reflecting the needs and concerns of constituents.

To create an effective and on-going learning environment, our development programme is based around workshops and on-going coaching. The exact format and content is developed with you, by drawing from three broad modules to provide an affordable solution that matches the culture and the specific development requirements of your members.

- Module 1 – supporting members to meet future challenges
- Module 2 – supporting members in governance roles
- Module 3 – supporting leaders, committee chairs and portfolio holders

The development programme can begin with a baseline needs assessment, or be built on your own understanding of the situation.

Further details are available from your Engagement Lead and Audit Manager.





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AUDIT COMMITTEE	(D) Agenda Item 11
Date of Meeting: 10th December, 2015	
Reporting Officer: Director of Resources	
Title: External Audit - Certification Work	
Summary and Conclusions:	
The certification work for Barrow Borough Council for year ended 31 st March, 2015, has been completed by the External Auditors. The External Auditors have written to the Council to report their findings and will present these at the meeting.	
Recommendations:	
Members are recommended to receive the External Auditor's report and raise any questions.	

Report

The External Auditors have completed the certification work relating to the financial year 2014-2015; the Housing Benefits subsidy claim for the Department of Works and Pensions.

The External Auditors have written to the Council to report their findings and this letter is attached at **Appendix 7**. The External Auditors will present their findings to Members.

Background Papers

Nil



Sue Roberts
Director of Resources
Barrow Borough Council
Town Hall
Duke Street
Barrow-In-Furness
Cumbria
LA14 2LD

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

30 November 2015

T+44(0161) 234 6394

Dear Sue,

Certification work for Barrow Borough Council for year ended 31 March 2015

We are required to certify certain claims and returns submitted by Barrow Borough Council ('the Council'). This certification typically takes place 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.

Arrangements for certification are prescribed by Public Sector Audit Appointments Limited (formerly 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.

For Barrow Borough Council, we have certified one claim for the financial year 2014/15 relating to Housing Benefits. Full details are set out in Appendix A. Our work on this claim indicated that the Council has appropriate arrangements to compile and complete claims for audit certification on a timely basis. However, as we explain in this letter, our detailed work identified a number of errors which led us to qualify the claim.

Our work on Housing Benefits requires us to undertake a series of tests to certify the return that the Council submits to the Department of Work and Pension ('the DWP') setting out the total amount of subsidy to be claimed. The total subsidy claimed by the Council in 2014/15 was £20.79 million with corresponding expenditure of £20.86 million to claimants. The £20.79 million subsidy received includes £0.36 million for the administration of housing benefits.

In accordance with the certification instruction, we are obliged to qualify the claim and issue a qualification letter when we identify errors as part of our programme of testing. This year's claim was qualified on the basis of errors identified affecting both Rent Rebate and Rent Allowance whereby claimants in receipt of Housing Benefit had either been underpaid or overpaid.

In our initial sample of 40 cases, we found three errors. In two cases claimants had been overpaid and in the other case the claimant had been underpaid. The two overpayments arose as a result of errors in the assessment of the claimant's income and the underpayment occurred as the Council had not used the correct start date when determining the point at which the claimant became entitled to benefit.

In response to the errors identified in our initial testing we extended our audit testing to look at a further 160 cases. 40 Rent Allowance cases were tested to confirm whether the correct start date had been used. One further underpayment was identified. Our work on the other 120 cases focussed on the Council's assessment of claimant income – 80 cases relating to in-year entitlement were tested and 40 cases concerned overpayments raised in the 2014/15 financial year in respect of benefit entitlement in prior financial years. Overall, this identified 19 errors. Of these, ten had resulted in claimants being overpaid and four related to underpayments of benefit. There were five cases where our work indicated that the Council had misstated the value of overpayments raised in 2014/15 in relation to prior years.

Alongside detecting instances where claimants had been overpaid or underpaid, we identified errors whereby the Council had misclassified overpayments. These errors are also reported in our qualification letter. Overpayments are separately identified on the DWP return according to whether the overpayment was attributable to a mistake or omission on the part of the claimant or the Council. Our initial testing identified two cases where overpayments had been misclassified.

The DWP require us to undertake follow-up work where errors in the classification of overpayments are identified in the initial sample. This work consisted of testing 80 cases where overpayments had been raised. This work identified eleven errors. In two cases overpayments had been raised in error and in the remaining nine cases overpayments had been misclassified.

Our qualification letter was issued on 26 November 2015 ahead of the deadline of 30 November 2015. We note that the number of errors is similar to previous years although the value of the errors found has reduced. However, a particular problem we identified this year concerns the classification of some individually significant overpayments. We recommend that the Council undertake a quarterly review of high-value overpayments so that the Council can take assurance these have been correctly classified before the claim is submitted to the DWP.

The indicative grant claim certification fee for 2014/15 for the Council is based on the final 2011/12 certification fee, reflecting the amount of work required by the auditor to certify claims and returns in the year, as adjusted to remove fees relating to claims which no longer require certification. The indicative scale fee set by the Audit Commission for the Council for 2014/15 was £18,310 and we confirm that this is the final fee for the 2014/15 financial year. This represents a small reduction on the final fee for 2013/14 which was £18,430.

Yours sincerely

For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2014/15

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?	Certification Fee
Housing benefits subsidy claim (BEN01)	20,788,675	No	0	Yes	£18,730

AUDIT COMMITTEE		<u>Part One</u> (D) Agenda Item 12
Date of Meeting: 10th December, 2015		
Reporting Officer: Corporate Support Manager		
<p>Title: Monitoring Priority 1 Recommendations</p> <p>Summary and Conclusions:</p> <p>Monitoring the implementation of all agreed Internal Audit, Priority 1 recommendations.</p> <p>Recommendations:</p> <p>Members are invited to consider the report and determine whether further action is required.</p>		

Report

Internal Audit undertakes reviews of Council's systems as defined in the annual audit plan. The audit conclusion may include priority 1 recommendations which relate to major issues that need to be brought to the attention of senior management. Senior managers consider the recommendations and determine whether to accept or reject them. If the recommendation is accepted the manager is agreeing to implement the recommendation.

To ensure all agreed Internal Audit Priority 1 recommendations are implemented in a timely manner they are now tracked by Management.

There is one on-going Priority 1 recommendation in the kennels report 14-30.

The Council should ensure that all receipts issued by officers are from an official receipt book provided by the Finance department.

The Streetcare Manager was issued with an official receipt book in June 2015 which is currently in operational use at the kennels.

There were three recommendations in the procurement report 15-17

The Council should ensure that procurements/purchases are consistently made in accordance with the competition requirements of its Purchasing Policy.

Update: Managers have been reminded of the current Purchasing Procedure and its requirements. The Procedure will be revised again early in 2016 with operational feedback sought from across the Council. Revisions will be incorporated only where there is no detrimental impact on key internal controls.

R2: The Council should formally tender the contract for inspection and repair of the Borough's playgrounds in accordance with procurement regulations.

Update: The temporary arrangement remains in place at this time. The Assistant Director - Community Services will update the position for the March 2016 Audit Committee.

R3: The Council should ensure that correctly authorised official purchase orders are issued for all relevant supplies in accordance with the Authority's procedures.

Update: Managers have been reminded of the current Purchasing Procedure and its requirements. The Procedure will be revised again (including additional clarifications) early in 2016 with operational feedback sought from across the Council. Revisions and clarifications will be incorporated only where there is no detrimental impact on key internal controls.

Unfortunately, the 'immediate' action has slipped because I need some support to deliver these recommendations. I will get in touch with my contact at SLDC to try and get feedback on the post this week.

There is an outstanding priority recommendation from the Business Continuity report 11-08:

The Council should produce a formally approved and up to date Business Continuity Plan.

ICT disaster recovery arrangements are in place and are being tested. A regular testing programme is being developed to ensure that the arrangements are robust. Testing will take place in October 2015.

The IT service team has carried out testing and has confirmed that data can be recovered from the back up servers. We cannot confirm that the data can be accessed from the Park Leisure Centre at this stage because the upgrade of the crematorium building prevents us from using the microwave repeater which forwards the data.

Background Papers

Nil.

		<u>Part One</u>
AUDIT COMMITTEE		(D)
Date of Meeting: 10th December, 2015		Agenda
Reporting Officer: Corporate Support Manager		Item
		13
<p>Title: Risk Management</p> <p>Summary and Conclusions:</p> <p>Provide Members with an update on changes to the Council's risk register.</p> <p>Recommendations:</p> <p>Members are invited to consider the report and determine whether further action is required.</p>		

Report

The latest risk register for 2014/15 is attached as **Appendix 8** it continues to focus on those business critical risks which are under the control of the Council.

The risk register was reviewed by Management Board at their meeting in November 2015 and the following change was agreed:

Operational risks

Management Board has agreed two additional

In response to an Internal Audit recommendation IT services have identified three operational risks:

- Breach of IT net work
- Significant system failure
- Unmanaged access to network.

The assessments relating to these risks are in the operational risk register as O10, O11 and O12 and are highlighted.

The Operational risk register is attached as **Appendix 9**.

Background Papers

Nil.

Threat	Likelihood	Impact	Score	Potential impact	Mitigating actions	Responsible Officer	Likelihood	Impact	Score
C1 Legislative changes will impact on the Housing Revenue Account Income.	5	5	25	Imposed 1% rent reduction year on year for 4 years. (est total loss in budget of c10% over the 4 years) - welfare reform changes, in particular the continued impact of the bedroom tax, and the implementation of universal credit. (70% of tenants are dependant on welfare benefits, and for example, we estimate c£116k of rent arrears are attributable to bedroom tax. Although the numbers on universal credit remain low experience is showing it is proving difficult to collect rent from such recipients)	The Housing Service is drafting its next Business Plan which will agree The Service will deal with The threats to income over The next four years in particular. - The Housing Service has and is implementing a range of initiatives within its operational arrangements to deal with welfare reform. This ranges from The change in focus of Housing officers and up-skilling to engagement with potential residents with emphasis on ensuring they have budget plans in place from The start of their new tenancy. Equal priority is also afforded to existing tenants to ensure they have The necessary budget plans and arrangements in place to meet their Housing costs. new Technology solutions are also being progressed to improve The management of tenancies.	Assistant Director - Housing	5	4	20

C2	Future financial stability and sustainability of the Council.	5	5	25	<p>Without sufficient funding plans discretionary services may be at risk of reduction or closure.</p> <p>Statutory services may be delivered with reduced service levels.</p> <p>Staff redundancies may not be avoidable.</p> <p>Funding to external bodies may be reduced.</p> <p>The Council's capital programme and treasury management strategy must be affordable and reduced revenue resources may impact on the Council's plans.</p> <p>The overall capacity of the Council to deliver services may need to be scaled down and may fall below users expectations.</p>	<p>The Council has an approved Budget Strategy to 2015-2016. The policies within the Strategy are the basis for the Council's General Fund revenue budget and its Medium Term Financial Plan.</p> <p>The Budget Strategy led to a restructuring of services and the Council as a whole, but recognised that further restructuring was required to achieve the desired balanced budget by 2015-2016.</p> <p>The Council has planned to use its reserves to set the pace of change but should its main funding reduce further than expected, this will impact on its plans.</p> <p>The Council produced a longer term financial plan in 2014-2015</p> <p>The impact of restructuring is closely monitored by Management Board, including recruitment and resourcing challenges in statutory services. The Council has a Workforce Strategy.</p> <p>The Council continues to bid for funding of all kinds when it becomes available and although this is not sustainable funding, it does support the delivery of the Councils Priorities.</p> <p>The incoming Administration of May 2015 will agree a new Budget Strategy for 2016-2017 to 2019-2020.</p>	Executive Director and Director of Resources	4	4	16
C3	Failure of external partner, service providers or contractors	3	5	15	<p>This is likely to result in the suspension of some service while alternative service providers are identified</p>	<p>The Council monitors the position of service providers through regular client meetings and will undertake company checks on our contractors</p> <p>The Council retains the intellectual property and assets that will support continuity of services</p>	Management Board	3	4	12

C4	Level of sickness worsens	4	4	16	A significant increase may impact on the Council's capacity to deliver services.	The Council has put a number of measures in place to reduce the current levels of sickness. Details of sickness management will be reported to Management Board on a quarterly basis. The Council will undertake an external review of its sickness absence policy. The Council will undertake an external review of its occupational health provision.	Director of Resources	4	3	12
C5	Performance of service delivery contractors.	3	3	9	Failure to deliver key services. Public dissatisfaction with the service. Public health risk.	The Council has agreed contingency plans with the contractor which are incorporated in the contracts. Protracted industrial action is covered in the contract. The Council is proactively monitoring service delivery and development	Assistant Director - Community Services	3	3	9
C6	Impact of Welfare Reform changes	4	4	16	Increasing numbers of residents experience low incomes and risk homelessness.	<ol style="list-style-type: none"> 1. Continue to support and work with advice agencies throughout the Borough to assist residents to receive appropriate advice. 2. Maximise the Discretionary Housing Payments fund and assist residents in the most challenging financial circumstances to look for longer-term solutions to their problems. 3. The Council has developed a Homeless Strategy based on our approach of preventative work to assist residents under threat of losing their homes and assist those who are homeless, to resolve their issues. Reduced grants for Local Government Council Tax Reduction Scheme are not passed on as reduction in entitlement. Continue to invest in group repair schemes to enhance the properties and environment. Continue to offer disabled facilities grants and disabled adaptations. 	Assistant Director - Housing	4	3	12

C7	Delivery of the water front regeneration programme	4	4	16	Failure to deliver the programme will damage the profile of Barrow as a place to live and work. There will be a loss of local confidence and ineffective use of private sector resources	The Council is committed to complete the site assembly. The project can progress in phases subject to the availability of funding. The Council has commissioned market research from Gerald Eve and Bruce Owen. The LEP have secured 750k to provide initial access into the site.	Executive Director	3	4	12
C8	Not having appropriate governance arrangements in place	2	3	6	The Council may lose focus on the purpose of the authority and the wider outcomes for the community The Council may face legal challenge, receive an adverse opinion from the external auditors or experience reputational damage.	The Constitution, Local Code of Governance and Annual Governance Statement. The Council continues to monitor and strengthen its governance arrangements. These include: Audit and scrutiny functions. Treasury management Asset management Resource management through the workforce development strategy Performance management Risk management	Executive Director	2	2	4
C9	Maintain H&S arrangements	2	5	10	Members of the public and Council employees could be put at risk by Council operations	The establishment of the Technical Services Team and the Health & Safety Management Group has strengthened the Council's H&S arrangements. Health & Safety systems will be kept under review. All staff have received electronic H&S training. Agreed H&S improvement plan in the process of implementation.	Executive Director	2	3	6
C10	Capacity to undertake statutory inspections, investigations and enforcement action.	5	5	25	Compliance with statutory targets may be compromised. Response time for investigations and enforcement action may be compromised.	Consultancy services are brought in as required for specific issues or to backfill where Council officers deal with complex cases	Assistant Director - Regeneration and Built Environment	4	4	16

C11	Legal challenge to Procurement of contracts	2	3	6	Unexpected legal costs and fines. Potentially no agreed contract to cover service due to previous contract lapsing.	Training of staff involved in high value procurement and audit checklists. The Council has introduced corporate logging of contracts	Assistant Director - Regeneration and Built Environment	1	3	3
C12	Information Technology security breach	3	5	15	Corrupt systems and loss of data. Withdrawal of Public Sector Network access. System downtime impacting on service delivery.	Up-to-date Information Security Policy. Staff using email and internet sign up to the Policy. Management overview of email and internet usage. Individual virtual servers for discrete business areas. Business continuity plan. Symantec has been set up on all windows machines to provide a level of protection against virus', spyware and other threats. E-training for email and internet vigilance has been delivered to all staff. Virtual desktops provide more controlled environment which further limits the possibility of breaches.	Director of Resources	1	3	3
C13	Incidents of fraud, bribery or corruption	2	2	4	It would indicate a failure of the Council's systems. Loss of money. Loss of reputation and confidence.	Fraud and corruption policy in place for staff and Members. Effective whistle blowing policy in place. Monitoring of standards and checks by Internal Audit	Director of Resources	1	2	2
C14	Major incident affecting service delivery	1	5	5	Widespread damage due to fire, flooding or severe weather.	Business continuity plan. Contingency plans. Remote access to Council systems	Executive Director	1	4	4
C15	Major incident affecting ICT systems	1	4	4	Damage to Council's ICT infrastructure due to fire or flooding. Failure of ICT systems may adversely affect service delivery.	Disaster recovery plan Business continuity plan. Contingency plans. Remote access to Council systems Offsite replicate server has been established.	Director of Resources	1	3	3

Operational risks November 2015

	Threat	Likely hood	Impact	score	Potential impact	Mitigating actions	Responsible	Likely hood	Impact	score
O1	Not having adequate staffing to deliver key services.	4	5	20	Key services, including statutory services and demand led services cannot be delivered.	<p>The main key services apart from housing, leisure and enforcement are contracted out.</p> <p>Management Board co-ordinate leave to ensure that senior management is available.</p> <p>Staff holiday planning is undertaken by the managers within departments.</p> <p>Consultancy services are used where unplanned absences will result in statutory services being adversely affected. The Council has also agreed mutual aid arrangements for professional support with other local authorities.</p>	Management Board	3	4	12
O2	Access to operational buildings.	2	5	10	Key services, including statutory services and demand led services cannot be delivered.	<p>The Council has a Business Continuity Plan.</p> <p>Services that are contracted out do not depend on the Council's premises being accessible.</p> <p>The leisure services are not statutory - no access would be inconvenient and prevent users from enjoying the facilities.</p> <p>Key back office functions performed in the Town Hall can be carried out from other operational buildings.</p> <p>There are several key holders for each operational building.</p>	Executive Director	1	3	3

Operational risks November 2015

	Threat	Likely hood	Impact	score	Potential impact	Mitigating actions	Responsible	Likely hood	Impact	score
O3	Inadequate cashflow for operational purposes.	2	5	10	<p>Unable to make payments to benefit recipients, pay staff, pay contractors or suppliers.</p> <p>See item O5 relating to benefit payments.</p> <p>Services may be suspended or withdrawn should the Council not pay its debts.</p>	<p>The Council's cashflow is monitored daily against projections that are made for the year.</p> <p>The Council pays by BACS and CHAPS and does not issue cheques which can cause fluctuations in cashflow depending on when they are presented by the payee.</p> <p>The Council has an overnight account with its bank with a sufficient balance to cover unexpected payments.</p> <p>It is possible to call investments back before maturity, this incurs a penalty.</p> <p>The Council has headroom within its borrowing limit to draw down either a temporary or long term loans.</p>	Director of Resources	1	2	2
O4	Unable to collect household waste.	3	5	15	<p>Households would potentially have side waste if the refuse container filled up due to delays in collections.</p> <p>There are health and safety issues with holding waste and particularly side waste for householders.</p>	<p>The waste collection service is contracted out.</p> <p>There is a waste management snow plan.</p> <p>There is capacity within the week to put on additional collections to catch up from any delays.</p>	Assistant Director - Community Services	2	3	6
O5	Unable to pay housing benefits to claimants.	3	5	15	<p>Housing benefit recipients would be unable to pay their rent and this may jeopardise their tenancies.</p>	<p>The BACS file is produced by the Council's contractor a day ahead of time.</p> <p>The Council has support for BACS from its supplier and from its bank.</p> <p>Payments can be made by alternative methods in exceptional circumstances.</p>	Director of Resources	2	2	4

Operational risks November 2015

	Threat	Likely hood	Impact	score	Potential impact	Mitigating actions	Responsible	Likely hood	Impact	score
O6	Reduced income may challenge the Council's ability to focus on any more than the decent homes standard and delay investment in the wider environment or the upkeep of communal areas on estates	2	5	10	The Housing Service seeks to ensure the majority of its investment is delivered through a procurement club which adds value, capacity and ensure value for money.	Regular stock surveys are completed and communication with tenants ensures available resources are focused appropriately.	Assistant Director - Housing	1	3	3
O7	Welfare reform changes will impact on the cost of the Council providing temporary accommodation and the up-turn in the local economy is impacting on the availability of the private sector accommodation such as Bed and Breakfast.	4	4	16	The Council will find it increasing difficult to provide suitable temporary accommodation.	The Council will carryout a review of the options of providing temporary accommodation and seek a model that ensures suitable accommodation is provided and full cost recovery from recipients.	Assistant Director - Housing	4	3	12
O8	Unplanned outage of the cremator.	2	5	10	Services are pre-booked and there would be disruption to users in rescheduling or transferring the services. There would be a loss of income.	The cremator is regularly checked by crematorium staff and by the contracted maintenance provider. Arrangements exist with a neighbouring crematorium for the planned outage that occurs when the Council's cremator is re-lined.	Assistant Director - Community Services	2	3	6

Operational risks November 2015

	Threat	Likely hood	Impact	score	Potential impact	Mitigating actions	Responsible	Likely hood	Impact	score
O9	Failure of swimming pool filters or other breakage.	2	4	8	<p>The swimming pool would be unavailable to users until fixed.</p> <p>If the outage ran over weeks, the gym & swim members may request a partial refund.</p> <p>There would be a loss of income.</p>	<p>The daily checks carried out on the swimming pool and associated plant would identify potential areas of concern and the appropriate contractor would be brought in to address the issues raised.</p>	Assistant Director - Community Services	2	3	6
O10	Significant breach of the Council IT network	5	5	25	<p>Unauthorised access to sensitive financial information which may result loss of monies. Unauthorised access to personal data which may leave to Council vulnerable to litigation. Infection of the Council's network by malicious viruses which may prevent the Council carrying its normal duties. The Council loses access to the Public Sector Network which increase operating costs and impact on us delivering Council services effectively.</p>	<p>The Council has implemented the controls required to comply with the Public Sector Network requirements including robust penetration testing to identify and address weaknesses. Installation of Semantec mail filtering, Bloxx web filtering, robust firewalls, antivirus software. Third party support which includes installing up to date versions and patches to reduce the risk of unauthorised access or infections. E-learning programme on IT security for all staff</p>	IT Team Leader	1	5	5
O11	Significant system failure	2	3	6	<p>Unable to effectively conduct normal business activities. Loss of historical work and data. Failure to meet deadlines</p>	<p>On-going monitoring of system performance. Disaster recovery arrangements in place with off-site real time replication of data. External support and maintenance contacts in place with appropriate Service Level Agreements</p>	IT Team Leader	1	3	3
O12	Unmanaged access to Council network	3	2	6	<p>Uncontrolled interventions which may inadvertently impact on the Council's network leading to system downtime.</p>	<p>Change control procedure in place. External access by third parties is risk assessed.</p>	IT Team Leader	1	2	2

		Part One
AUDIT COMMITTEE		(D) Agenda Item 14
Date of Meeting:	10th December, 2015	
Reporting Officer:	Director of Resources	
<p>Title: Audit Committee Update</p> <p>Summary and Conclusions:</p> <p>This report contains an update on the 2015-2016 Accounts and an update on current issues and developments.</p> <p>Recommendations:</p> <p>Members are recommended to receive the report and raise any questions.</p>		

Report

Statement of Accounts

The timetable for preparing the Statement of Accounts 2015-2016 will be agreed in January 2016 and will reflect any adjustments that were identified during the 2014-2015 process. Each year the Accountancy Services Manager monitors the closedown process and then re-orders certain events and tasks, and addresses any bottlenecks. Sometimes these are caused by external factors, but plans are developed to mitigate these as far as possible.

From 2017-2018 the audited Statement of Accounts will be published by 31st July, with 31st May as the date to issue the draft Statement. This is currently 30th September and 30th June. In order to meet this challenge, the Accountancy Services Manager will be timetabling for an earlier closedown of 2015-2016, however we are holding onto 30th June, 2016, as the date to issue the draft Statement – we are using this year as a dry run in preparation of the reduction in time over the next couple of years.

An area where changes are being made to speed up the closedown process is pension accounting. In order to receive pension valuation certificates before the usual mid-May time, there will be more estimation in the figures provided to the Actuary. The estimates in terms of the Council's pension contributions are robust and straight forward to prepare, it's the estimates of assets and future liabilities that the Pension Section prepares for the whole fund where the large figures come from.

A change in the Accounting Code of Practice that we are currently working through relates to the measurement of fair value. The Code requires assets and liabilities to be measured and disclosed in accordance with IFRS 13 *Fair Value Measurement*. Property, plant and equipment that are operational and therefore providing service potential are measured for their service potential rather than fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For 2016-2017 the measurement of transport infrastructure assets will be adopted by the Code. This means that assets such as roads and street furniture will be measured or valued in accordance with the Code. There are some disclosure requirements for the 2015-2016 Statement of Accounts relating to this change. As Cumbria County Council is the highways authority, it has been proposed that the un-adopted highways assets held by the Borough Council are valued as part of the exercise that the County Council will be carrying out for their Statement of Accounts. That would be the most efficient way for the Borough Council to obtain this information and the possibility of adoption for the major asset we hold is being actively pursued with County officers.

Actions from 2014-2015

The actions from the Annual Governance Statement and Annual Governance Report are being monitored for me by our Corporate Support Assistant, Brooke Parsons. The actions and the updated Management responses are attached as **Appendix 10**.

Council Tax Collection

The Government have consulted on improving the efficiency of council tax collection. The summary of proposals is set out in the update from the External Auditors. The Councils' council tax collection rate has been between 96.6% and 96.8% for the last six years. Any efficiencies coming from the consultation are welcomed.

Training

Furness Audit provided training on 10th November, 2015. I would like to thank the Head of Internal Audit for providing the training for Members. Should Members require any further training; this can be raised through the Personal Development Plan process or with me for specific Audit Committee requirements.

Background Papers

Nil

<u>Rec No.</u>	<u>Action</u>	<u>Management Response</u>	<u>Due Date</u>	<u>Responsibility</u>	<u>Completed</u>
1	Testing of disaster recovery arrangements.	Partial testing has been carried out. Full testing can't be carried out until the Crematorium upgrade is complete. This was to dovetail with the recruitment of a Procurement and Contracts Officer, however, that position is taking longer to resolve than first anticipated. A reminder of the current procedure was issued in November 2015; the procedure review and training will be rescheduled into early 2016 when the Officer is in post.	Oct-15 Revised March 2016	John Penfold	
2	Review purchasing procedure and provide training.		Oct-15	Sue Roberts	
3	Recruit procurement and contracts officer.	Awaiting Management Board approval.	Nov-15	John Penfold	
4	Establish audit logging within the Oracle System.	This is enabled on my PC but hasn't been progressed further pending the database and Java upgrade which was carried out on 14/15 November. Once the teething troubles from this are rectified then logging can be enabled "across the board" depending on any reduction in system performance (none noted on my PC). Hope to have in place by mid-December at the latest.	Nov-15	Chris Butler	
5	Cascade of Business Continuity Plan.		Jan-16	John Penfold	
6	Produce action plan for sickness and review absence policy.	Review of sickness absence policy carried out in September 2015. Seeking Council approval of new policy by January 2016 and rolling out managers workshops and employee briefings in the New Year to enable implementation of new policy from April 2016.	Jan-16	Cathy Hornby	
7	Ensure compliance with purchasing and contracting.		Mar-16	John Penfold	

<u>Rec No.</u>	<u>Action</u>	<u>Management Response</u>	<u>Due Date</u>	<u>Responsibility</u>	<u>Completed</u>
8	Prepare budget strategy.	The Council is awaiting the outcome of the Government spending review and Local Government settlement. This is still the target date for completion of the Budget Strategy 2016-2020.	July-16	Sue Roberts	