



St Edmundsbury
BOROUGH COUNCIL

C452

Performance and Audit Scrutiny Committee 30 April 2012

Internal Audit Annual Report 2011/12, Review of the Effectiveness of Internal Audit, and Outline Audit Plan 2012/13

SUMMARY

This report advises members of the work of the Internal Audit Section in 2011/12, supported by background information on the role of Internal Audit, including statutory and regulatory requirements. It also seeks approval of an outline plan for 2012/13.

In addition, the council is required to conduct an annual review of the effectiveness of its internal audit, the findings of which should be considered by a committee of that body. This report covers the review arriving at an informed judgement in this respect.

PURPOSE OF THE REPORT

The report aims to provide an overview of the work of the section during 2011/12, and sets out the planned audit work for 2012/13. Members are asked to approve the outline audit plan, and consider any areas of concern which should be taken into account when conducting these audit reviews.

The report also advises members of the 2011/12 review of the effectiveness of the council's internal audit, as part of the wider review of the overall system of internal control required for the production of the Annual Governance Statement.

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Performance and Audit Scrutiny Committee
30 April 2012

Annual Internal Audit Report 2011/12 and Outline
Audit Plan 2012/13

1 Recommendations

- 1.1 The contents of the Annual Internal Audit Report for 2011/12 are noted.
- 1.2 The Outline Audit Plan for 2012/13 (**Appendix C**) be approved.
- 1.3 Consider any issues or areas of concern in respect of the planned audit work at **Appendix C** that should be taken into consideration when conducting these audit reviews.
- 1.4 Consider the findings of the review of the effectiveness of the system of internal audit for 2011/12, and note the conclusion of the review whereby the council's internal audit is considered to be operating in accordance with accepted professional practice and remains effective with the council continuing to place reliance on its internal audit arrangements for the purpose of the Annual Governance Statement.

2 Purpose of Report

- 2.1 The CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006 (the Code), which has been deemed as proper practice under the Accounts and Audit Regulations 2003, states under 'Standard 10 – Reporting' that the Audit Manager should provide a formal annual report to the organisation, and sets out a number of areas that this report must include. The purpose of this report is therefore to advise the Committee of the work of the Internal Audit section in 2011/12 and to seek approval for the Outline Audit Plan (**Appendix C**). The report also seeks to provide:
 - background information on the role of Internal Audit, including the statutory and regulatory requirements for maintenance of an effective Internal Audit function;
 - an overview of the work of the section during 2011/12 including a summary of key audit findings (**Appendix A**) and an opinion on the adequacy of the internal control environment;
 - information on the section's performance during the year;
 - details of the progress made during the year in developing anti-fraud arrangements and actions taken where fraud or misconduct has been identified (**Appendix B**);
 - details of the proposed outline Audit Plan for 2012/13 for Committee consideration and approval (**Appendix C**);
 - a list of auditable areas which are not core financial systems or fundamental review work showing which of these have been included within the draft Audit Plan (**Appendix D**); and
 - an overview of the work undertaken, primarily in the form of self-assessment checklists, to fulfil the requirement for an annual review of the effectiveness of

internal audit (covering both the Internal Audit Service and Performance and Audit Scrutiny Committee. The Audit Committee checklist is included at **Appendix E**.

3 Background

Role of Internal Audit

- 3.1 Management are responsible for the systems of internal control within the council and should set in place policies and procedures to help ensure that systems function correctly. It is the role of Internal Audit to review, appraise and report on the effectiveness and efficiency of financial and other management controls, including risk management, corporate governance, and arrangements for providing best value for money. This is achieved by undertaking audits across the full range of the council's functions in accordance with a risk based Audit Plan which outlines assignments to be carried out and the resources and skills required to deliver the Plan.
- 3.2 Internal Audit also undertake other consultancy style work at the request of management, ranging from general financial advice and assistance and financial appraisals of contractors, to involvement in major council initiatives and projects, as well as undertaking special projects and investigations, including investigations into suspected irregularities or fraud.

Requirement for Internal Audit

- 3.3 The Accounts and Audit Regulations 2006 require every local authority to maintain an adequate and effective system of internal audit.
- 3.4 Internal Audit carries out the work to satisfy this legislative requirement, reporting the outcome of its work to this Committee. The Performance and Audit Scrutiny Committee in its role as the council's audit committee has a responsibility for reviewing the council's corporate governance arrangements, including internal control and for scrutinising the Annual Governance Statement prior to its approval at Full Council. The audit work carried out is therefore a key source of assurance that the internal control environment is operating effectively.

Resources

- 3.5 Whilst Internal Audit continued to be appropriately staffed and qualified, employing four members of staff, two of the team were on maternity leave during 2011/12. Staff resource was bought in from two Suffolk local authorities to partially cover this reduction in resource to ensure that Internal Audit remained on track to achieve the statutory Audit Plan.
- 3.6 In addition to his existing role, the St Edmundsbury Internal Audit Manager has continued to perform the role of Acting Internal Audit Manager at Forest Heath.

4. Review of Internal Audit work in 2011/12

4.1 An overview of the work of Internal Audit in 2011/12 is set out below.

Corporate Work including Advice and Assistance

4.2 As in previous years, because of the section's skills and experience there continues to be a demand for Internal Audit involvement in corporate projects and initiatives. During 2011/12 this aspect of the section's work has included:

- drafting the Annual Governance Statement (AGS) as presented to this Committee on 27 July 2011, production of the AGS is a significant piece of work;
- ongoing membership and contribution to the Strategic Risk Management Group and Performance Management Group;
- attendance at Management Team meetings to brief senior managers in relation to the outcomes of work undertaken by the section where corporate issues are covered;
- responding to 42 requests for financial vetting or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts;
- acting as Independent Examiner for the 2010/11 West Stow Anglo Saxon Village Trust Accounts;
- performing appropriate work to enable the Chief Executive and Internal Audit Manager to certify to the Homes and Community Agency that the conditions attached to the Growth Fund Grant Determination for 2010/11 have been complied with;
- undertaking investigative work on behalf of the Leader of the Council;
- support was provided to the West Suffolk Local Strategic Partnership to assist with the approach to selecting a suitable sustainable legacy project for funding. Advice and guidance on funding processes and on relevant application documentation and assessment process was given. This support also included the review of funding submissions and the assessment of bids as part of a legacy project working group;
- work in support of the Audit Commission's audit of the EEDA grant claims in respect of the Cattle Market; and
- continuing to provide advice to service areas on internal controls.

Financial and Information Systems Audits

- 4.3 This work is concerned with the documentation, evaluation and testing of the effectiveness of systems of internal control within the council's financial and information systems, including compliance with the council's rules and policies and the council's overall risk management, data quality and corporate governance arrangements.
- 4.4 During 2011/12, 36 internal audit reports have been issued, comprising reviews of the following areas:

Audit Reviews

- Apex / Public Halls
- Contract Procedures
- Cash Handling Abbey Gardens
- Cash Handling Car Parks
- Main Accounting System / Budgetary Control
- Payroll
- Risk Management
- Treasury Management
- Central Government Data Requirements and Key Performance Indicators
- Corporate Governance – Registers of Interest
- Capital Accounting
- Housing and Council Tax Benefits Review
- Non Domestic Rates (NDR)
- Council Tax
- Accounts Payable
- Accounts Receivable

A number of these audit reviews were of the council's main fundamental financial systems which underpin the critical financial processes of the council. Annual reviews provide assurance to the Chief Finance Officer and the Audit Commission that controls are operating satisfactorily.

Follow Ups of Previous Audit Reviews

- Contract Procedures Follow Up
- E-commerce Follow Up
- Data Protection Arrangements Follow Up
- Emergency Planning and Business Continuity Follow Up
- Car Parks Follow Up
- Parks Follow Up
- West Suffolk House Car Parking Arrangements Follow Up
- Tourist Information Centre Cash Handling Follow Up
- Concessionary Travel Follow Up
- Moyse's Hall Cash Handling Arrangements Follow Up
- Gifts and Hospitality Follow Up
- West Stow Cash Handling Follow Up
- Grants (Paid) Follow Up
- ICT Audit (Disaster Recovery Follow Up)
- ICT Audit (Back Up Arrangements Follow Up)
- National Indicators 2010/11 (Follow Up)

- Partnerships Follow Up
- Safeguarding Children Follow Up
- Review of Human Resources (HR) Arrangements Follow Up
- West Suffolk House Health and Safety Follow Up

4.5 An overview of the conclusions and main findings of each audit, together with a brief summary of progress made, is provided at **Appendix A**.

Assurance and an Opinion on the Systems of Internal Control

4.6 Internal Audit, along with other assurance processes of the council, have a statutory obligation under the Accounts and Audit Regulations 2003 and Accounts and Audit (Amendment) (England) Regulations 2006 to provide assurance from the work they undertake in respect of the internal control systems operating within the council.

4.7 The system of internal control should help the council to manage and control the risks which could affect the achievement of the council's objectives rather than eliminate them completely. Internal Audit and the other assurance processes can therefore only provide within the Annual Governance Statement reasonable and not absolute assurance of adequacy and effectiveness.

4.8 Based on the work undertaken during the year (main areas attached as **Appendix A**), as well as assurances made available to the council by other assurance providers, Internal Audit can provide reasonable assurance that the systems of internal control within these areas of the council, as well as the risk management systems, were operating adequately and effectively. Our work has, however, identified a number of areas where existing arrangements could usefully be improved, and details of the main areas are provided at **Appendix A**.

Probity

4.9 The Council is a large organisation with a sizeable workforce, high levels of income and expenditure, and provides a variety of services. Despite occasional incidents, probity is judged to remain at a high level.

4.10 Managing the risk of fraud, theft, and corruption is considered in detail at **Appendix B**.

5. Performance

5.1 Internal Audit have continued to work closely with the Audit Commission by sharing systems documentation and feeding back any necessary amendments to this systems documentation arising from Internal Audit work undertaken. This closer working has become increasingly important as a result of the International Standards on Auditing which effectively increase the reliance that external audit seek to place on Internal Audit. Internal Audit therefore holds regular, scheduled formal liaison meetings with the Audit Commission to further improve this relationship.

Reporting and Consultation

5.2 A written audit report to management is provided at the completion of each audit review, containing a summary, findings, suggested actions and risk exposure, for management agreement and commitment to take necessary actions.

5.3 The section is committed to providing an excellent service to its customers. As part of our commitment to ensure that we maintain high professional standards and ensure that we continually improve the quality and usefulness of our work, we issue a customer satisfaction questionnaire with every audit report. The questionnaire asks for the auditees' opinion on a range of issues and also seeks their views on how our services can be improved and developed. A summary of the results from customer satisfaction surveys completed is provided below. The first table summarises responses received regarding key quality indicators of the audit process, while the second table records respondents overall assessment of the audit.

Table 1: Key Quality Indicators – responses from auditees

Question	Yes %	No %	Question not answered	Total %
1. Did the audit meet your expectations?	71	14	15	100
2. Were agreed actions useful?	86	14	0	100
3. Has this audit helped move the service forward?	71	14	15	100

Table 2: Overall Assessment – responses from auditees

	Very Good %	Good %	Fair %	Poor %	Total %
Overall Score	57	29	0	14	100

5.4 It is pleasing to note that satisfaction levels remain at a reasonably high level with the majority of responses falling within the “good” or “very good” categories. The one ‘poor’ assessment received from an auditee has been discussed with the relevant manager and additional efforts will be made in that audit area in future to ensure that the auditee’s perception of the audit experience improves in future audits as far as possible. It should also be noted that the section regularly receives informal feedback regarding work carried out which is generally very favourable.

Performance Indicators and Targets

5.5 Internal Audit performance against the Audit Plan is measured throughout the year, via local performance indicators. Two key performance targets have been established for the section:

- The percentage of the planned core financial and information systems audits completed during the year – these being the audits upon which assurances regarding the Annual Governance Statement are based and upon which the Audit Commission seek to place reliance for their work on the annual Statement of Accounts.

- Audit Commission opinion on Internal Audit work – based on the extent to which external audit are able to place reliance on the work of Internal Audit.

Performance against these targets is shown below.

Description	Target	Actual 2009/10	Actual 2010/11	Actual 2011/12
Completion of planned core system audits	100%	100 %	100%	100%
External audit triennial opinion on the work of Internal Audit	Able to place reliance	Able to place reliance	Able to place reliance	To be confirmed but expectation based on past experience is that the Audit Commission will be able to place reliance on Internal Audit's work where they have planned to do so.

5.6 The above table shows that 100% of planned core systems audits were completed for the year. It should also be noted that all of the planned departmental systems / probity audits were completed in the year with the exception of the planned review of the Community Infrastructure Levy (CIL). This audit was not able to be undertaken due to the fact that CIL has not yet been implemented – we understand that the deadline for implementation is 2013/14. We have also maintained a planned programme of follow up reviews to check that previously agreed recommendations are being implemented as expected.

5.7 In addition, Internal Audit performance against the Audit Plan is also monitored through the mid-year report to the Performance and Audit Scrutiny Committee in October and the third quarter progress report in January.

6. The findings of the review of effectiveness of internal audit

Introduction

6.1 Regulation 6 of the Accounts and Audit Regulations 2011 requires the council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Further it must at least once in each year, conduct a review of the effectiveness of its internal audit and have the findings considered by a committee.

6.2 All local authorities have a statutory requirement to make provision for internal audit and for the purpose of the regulations, in accordance with proper standards of professional practice, as set out in the CIPFA Code of Practice for Internal Audit in Local Government (2006).

6.3 This section of the report sets out various areas of assurance which the Performance and Audit Scrutiny Committee can look to rely on when reviewing whether internal audit is effective.

Code of Practice for Internal Audit in Local Government in the UK 2006

- 6.4 A self assessment review was conducted by the Internal Audit Manager and Senior Auditor benchmarking the discipline against best practice in the CIPFA Code of Practice. This self assessment review, as well as the Audit Committee checklist referred to below at paragraph 6.6, was also subject to independent review by an internal auditor from a neighbouring Suffolk authority.

The Code of Practice contains eleven standards as follows:

- Scope of Internal Audit
- Independence
- Ethics for Internal Auditors
- Audit Committees
- Relationships
- Staffing, Training and Continuing Professional Development
- Audit Strategy and Planning
- Undertaking Audit Work
- Due Professional Care
- Reporting
- Performance, Quality and Effectiveness

The review concluded that all eleven standards of the Code are being complied with.

Audit Committee

- 6.5 When looking at the effectiveness of internal audit this incorporates more than just the Internal Audit section. The Performance and Audit Scrutiny Committee is a key element of this process and has adopted appropriate terms of reference.
- 6.6 Members of the Committee are able to call senior officers to account when considering individual audit reports.
- 6.7 Members also monitor the performance of Internal Audit by reviewing the Internal Audit Manager's regular reports to Committee on performance against the Audit Plan and the outcomes of the audits carried out.
- 6.8 The Internal Audit Manager and Senior Auditor, with the assistance of the Scrutiny Manager, have reviewed the Performance and Audit Scrutiny Committee against the Audit Committee self assessment checklist (**Appendix E**), which forms part of the Toolkit for Local Authority Audit Committees. The toolkit is intended to provide a detailed set of advice, give examples and suggest good practice to assist both officers and members who are involved in the establishment and operation of an audit committee, whilst the checklist is designed to help audit committees assess how well they have applied good practice.
- 6.9 It has been concluded that the establishment and operation of the Performance and Audit Scrutiny Committee essentially satisfies the key requirements of the toolkit.

External audit

- 6.10 The Council's external auditors (the Audit Commission) review key financial systems audits undertaken by the Internal Audit section on an annual basis. This review enables the Audit Commission to determine the extent to which they can place reliance on the work of Internal Audit, and therefore reduce their own work in these areas.
- 6.11 The Audit Commission undertook a full review of Internal Audit against professional standards (CIPFA internal audit standards) during 2009/10 and found that Internal Audit was fully compliant with all eleven areas of the CIPFA code. We continue to monitor compliance against professional standards to ensure the service provided to the council remains effective and of a high quality, and seek continuous improvement in this respect.

Assessment and conclusions

- 6.12 Overall, the conclusion drawn is that based on the above, and evidence presented in the form of completed checklists, internal audit is effective and the opinion of the Internal Audit Manager in this Annual Report can be relied upon as a key source of evidence in the Annual Governance Statement.

7. Partnership Working

Partnership Working – Suffolk Working Audit Partnership

- 7.1 Internal Audit actively contributes to the Suffolk Working Audit Partnership (SWAP). This partnership allows local authorities in Suffolk to share resources, knowledge, and experience regarding internal audit issues in order to identify and promote the adoption of best practice, primarily through an extranet facility. The partnership identifies common training needs and initiates joint training where necessary. This is all achieved at minimal cost.
- 7.2 In addition, the Suffolk Chief Executives have identified Internal Audit as one of the services that could be delivered more efficiently across all councils through a shared approach. In order to take this forward a Suffolk Internal Audit Partnership Board has been established to lead the process. The Board members meet on a regular basis, and provide progress reports to the Suffolk Chief Finance Officers.

Partnership Working – Shared Services Forest Heath District Council

- 7.3 Internal Audit has continued to support the shared services initiative wherever possible through a number of ways. As mentioned earlier in paragraph 3.6 the St Edmundsbury Internal Audit Manager has continued to perform the role of Acting Internal Audit Manager at Forest Heath, following the departure of the previous post holder. In addition, one audit team member has provided support to the Finance workstream for shared services.
- 7.4 In early 2012 a business case for a shared internal audit service between St Edmundsbury and Forest Heath was drafted proposing that there be one audit team comprising of the Internal Audit Manager, 2 Senior Auditors and 3 Auditors working across both authorities undertaking a range of audit related work. The business case was approved with the new structure in place from early 2012/13 onwards.

7.5 The vision for the new shared service is one that will provide a cost effective, proactive, flexible, resilient, and quality internal audit service that meets the needs of internal and external stakeholders.

8. Internal Audit Plan 2012/13

8.1 In accordance with the CIPFA Code an Audit Plan has been prepared covering a period of one year (2012/13). The 2012/13 Audit Plan represents the first Audit Plan produced as a shared Internal Audit service and shows the internal audit work to be covered relevant to St Edmundsbury for the year.

8.2 The Plan provides for the annual review of all the main financial systems together with corporate governance review and support, and the audit of a number of areas which are neither core financial systems nor fundamental review type work chosen using a risk based methodology.

8.3 The Audit Plan has been prepared based upon the identification and prioritisation of auditable areas and taking into account available staff resources. Factors used in the risk assessments of each audit area include:

- financial materiality – e.g. levels of income and expenditure, value of assets, volume of transactions;
- control environment - previous assessments of the soundness of internal controls, taking into account previous findings of Internal Audit, Audit Commission, and other assurance provider reviews and inspections;
- stability, complexity and vulnerability – taking into account such factors as the stability of management and staffing arrangements, complexity / changes in regulations and legislation, major system changes, new IT systems etc.;
- sensitivity – taking into account such factors as confidentiality of data, impact of failure, business risk, political interest and client / customer sensitivity; and
- date of last audit – i.e. the longer the time since the last audit the greater the risk.

8.4 The Audit Plan recognises the current economic climate and pressures from central government that have directly and indirectly impacted on the control environment which is part of the Council's governance arrangements. Councils are going through a period of change as a result of financial settlement, transformation of service delivery and staff integration, resulting in changes to how council services are organised and delivered. The audit programme of work seeks to provide members and senior management with robust audit opinions and assurance of risks and the control environment.

8.5 The CIPFA Statement on the Role of the Head of Internal Audit in public service organisations states that the Head of Internal Audit 'should provide objective challenge and support and acting as a catalyst for positive change and continual improvement in governance in all its aspects. The role is particularly important when organisations are facing uncertain or challenging times'.

For this reason, Internal Audit includes time in the Audit Plan to support and work with management / officers by providing advice and guidance on internal controls to ensure an adequate control environment is in place to mitigate significant risks. In addition, provision is also made in the Audit Plan for continued assistance with corporate projects / pieces of work relating to major developments / changes including, for example, membership of various corporate working groups.

- 8.6 The Internal Audit section leads on the corporate governance review as contained within the Annual Governance Statement (AGS), and its associated documents. The AGS is a statutory document, signed by the Leader of the Council and the Chief Executive Officer, and reported alongside the Council's annual Statement of Accounts.
- 8.7 The outline Audit Plan for 2012/13 is provided at **Appendix C**. The Plan has been compiled in consultation with stakeholders, including the Chair and Vice Chair of the Performance and Audit Scrutiny Committee, the Audit Commission, the Chief Finance Officer, Corporate Directors, and Heads of Service.
- 8.8 The Audit Plan is dynamic, requiring flexibility to reflect changing risks and priorities. Our ability to deliver the Audit Plan is dependent upon the retention of sufficient staff resources and the need to maintain an effective balance between planned audit work, unplanned activities and investigations, and the section's involvement in corporate priorities and initiatives. Shared services implications will need to be assessed throughout the year and this may influence the Plan during the year.
- 8.9 Members are asked to formally approve the contents of the Outline Audit Plan for 2012/13 (**Appendix C**) and to consider any issues or areas of concern in respect of the planned audit work that should be taken into consideration when conducting these audit reviews.

Summary of Internal Audit Reports Issued in 2011/12

1. Introduction

- 1.1 During the period, 35 audit reviews were completed to final report stage. Audit reports are issued as final where their contents have been agreed with management, in particular responsibility for actions and timescale.
- 1.2 The following sections contain a summary of the content of the internal audit reports issued during the 2011/12 financial year. Each summary provides an indication of the issues arising from the reviews, as well as action taken in response to previous audit reports. The audit summaries covered by sections 2 - 23 below were previously reported to Performance and Audit Scrutiny Committee in the October 2011 half-yearly report and January 2012 third quarter progress report. They are re-presented here for the sake of completeness and to enable the Internal Audit Manager to discharge his responsibility to present a summary of the audit work which forms the basis of the annual opinion on the overall adequacy and effectiveness of the organisation's control environment.
- 1.3 It should be noted that each summary below represents the situation at the point in time that the audit work was undertaken and therefore it is likely that a number of agreed key improvements will subsequently have been made.
- 1.4 In line with CIPFA good practice guidance, opinions are provided on the operation of control mechanisms where a full audit has been undertaken for the area reviewed. A key to these opinions can be found at the end of this appendix. Where a follow up review has been undertaken full testing of controls will not always be undertaken and therefore an opinion on the operation of controls will not normally be given.
- 1.5 Progress towards implementing agreed key improvements will be reviewed by Internal Audit during 2012/13 and reported to Performance and Audit Scrutiny Committee as appropriate.

2. Central Government Data Requirements and Key Performance Indicators

- 2.1 This is an audit review that is undertaken on an annual basis by Internal Audit. The purpose of the audit was to determine whether activities involving the collation, calculation, verification and reporting of key performance indicators is in line with recommended practice. A ***substantial assurance*** opinion was provided.

Improvements made since the previous audit

- 2.2 Performance indicators are increasingly being both collected and reported electronically, thus reducing the likelihood of calculation errors.
- 2.3 It is also not unusual to see collection spreadsheets being provided direct through government secure websites/databases and linked or recommended complementary collection systems, thus reducing the likelihood that incorrect data is recorded and reported.

Key areas where improvements are required

- 2.4 Business continuity and procedural guidance remain areas that could usefully be improved upon.

3. West Stow Cash Handling Follow Up

- 3.1 This was the second follow up of review of progress made towards completing agreed actions arising from the audit report originally issued in October 2009: the first follow up was undertaken in June 2010.
- 3.2 All previously recommended actions have now been addressed.

4. Data Protection Arrangements Follow Up

- 4.1 This was the first follow up review of progress made towards completing agreed actions arising from the audit report originally issued in September 2010.
- 4.2 The report concluded that progress had been made in tightening controls, specifically, the appointment of the Head of Legal and Democratic Services as the council's Data Protection Officer and the drafting and approval of an Information Sharing Protocol. However, there still remain areas which could usefully be further improved upon, for example, the drafting of a data protection policy to illustrate how the council endorses and seeks to adhere to the principles of data protection, as set out in the Data Protection Act 1998.

5. ICT Disaster Recovery Follow Up

- 5.1 This was the fourth follow up review to an audit report issued in December 2006: previous follow ups took place in March 2008, April 2009 and May 2010. All previously recommended actions have now been addressed.

6. ICT Backup Arrangements Follow Up

- 6.1 This was the first follow up review of progress made towards completing agreed actions arising from the audit report originally issued in January 2010. The last remaining action in respect of back up tape encryption is on hold pending the outcome of ICT Shared Services when back up methods are planned to change significantly.

7. Cash Handling Review – Abbey Gardens

- 7.1 This was the first time, in recent years, that cash handling arrangements at the Abbey Gardens had been reviewed by Internal Audit. The purpose of this audit was to review the effectiveness of controls over cash collection, retention, and banking systems to ensure that all income due or held by the council is identified, collected, receipted and banked properly and promptly. A **substantial assurance** opinion was provided.

Key areas where improvements are required

- 7.2 On occasions, a staff member can be involved in all aspects of the income and banking process, from checking floats and operating a cash register through to preparing the monies for banking.
- 7.3 Staff awareness of the council's Financial Procedure Rules could be improved.
- 7.4 Staff should be reminded that cancelled or spoilt paying in slips should be retained rather than destroyed.

8. Cash Handling Review – Car Parks

- 8.1 A similar audit to the one undertaken at Abbey Gardens also took place at Car Parks to review their cash handling arrangements. An opinion of **substantial assurance** was given.

Key areas where improvements are required

- 8.2 Wherever possible adequate separation of duties should exist between the different income and banking roles - that is, at least two staff should be involved in carrying out the various processes. Where this is not possible it has been agreed that an independent staff member carries out periodic checks between paying in slips / records and supporting information to ensure that all income has been banked.
- 8.3 Staff awareness of the council's Financial Procedure Rules could be improved.

9. Cash Handling Review – Moyse's Hall Follow Up

- 9.1 This was the second follow up review to an audit report issued in October 2009, the previous follow up was undertaken in November 2010. Significant progress has been made in tightening controls with all actions recommended previously now addressed.

10. Cash Handling Review - Tourist Information Centre Follow Up

- 10.1 A follow up has been carried out on a cash handling review which was originally issued in October 2009, this is the second follow up to be completed, with a previous follow up undertaken in June 2010.

- 10.2 The majority of the agreed actions from the initial review have been implemented; the remaining actions concern the need to further improve the management trail supporting transactions, including the handover of monies between officers.

11. Parks Follow Up

- 11.1 This was the third follow up review to audit reports issued in December 2007, July 2009 and May 2010 relating to cash handling issues at two council parks.
- 11.2 This report concluded that whilst progress had been made in tightening controls and many of the recommendations made in the previous reports have been addressed, there remains scope to further improve controls over the preparing of monies for banking.

12. Car Parks Follow Up

- 12.1 A follow up review has been completed on an audit report issued in September 2007. This is the third follow up, with previous follow up audits being completed January 2009 and May 2010.
- 12.2 The majority of the agreed actions have now been implemented, the remaining action relates to the drafting of procedural notes in respect of the Finance Service element of the reconciliation process within the General Ledger.

13. Concessionary Travel Follow Up

- 13.1 This was the second follow up review to an audit report issued in October 2009, with a previous follow up undertaken in August 2010.
- 13.2 St Edmundsbury Borough Council ceased to manage the concessionary travel service from April 2011, when full responsibility was transferred to Suffolk County Council. Whilst the majority of agreed actions had already been implemented; the remaining actions have been superseded due to the change in responsibilities for concessionary travel.

14. Grants Paid Follow Up

- 14.1 This was the first follow up review of progress made towards completing agreed actions arising from the audit report originally issued in August 2010. The majority of the agreed actions have been implemented, remaining actions (including one new action) concern the need to draft and sign off procedures.

15. Gifts and Hospitality Follow Up

- 15.1 This was the second follow up review to an audit report issued in October 2008, with a previous follow up undertaken in October 2009.
- 15.2 The majority of the agreed actions have been implemented, the remaining action relates to the annual drafting of a briefing paper to Corporate Management Team / Management Team reporting upon outcomes from monitoring directorate gifts and hospitality registers.

16. West Suffolk House Car Parking Arrangements Follow Up

- 16.1 A follow up review has been completed on an audit report issued in October 2009. This is the second follow up, with the previous follow up audit being completed June 2010.
- 16.2 Whilst a significant number of agreed actions have been implemented, outstanding actions remain (including a small number of new actions) around verification checks, business continuity where duties are performed by a single officer, revision of the service level agreement, and planning / actioning of the annual staff car parking price review.

17. Emergency Planning and Business Continuity Follow Up

- 17.1 This was the third follow up review to an audit report issued in April 2008, previous follow ups having been undertaken in March 2009 and March 2010.
- 17.2 All previously recommended actions have now been addressed.

18. Apex

- 18.1 An in depth audit was undertaken of the key financial areas of cash handling and transaction management, purchasing of goods and services, and stock management. As part of stock usage, we also reviewed hospitality arrangements. A *substantial assurance* opinion was provided.

Key areas where improvements are required

- 18.2 A number of suggested actions were raised as part of the audit, and agreed with management, regarding improvement of stock management, stock review and stock recording, including performing regular reconciliations, ensuring adequate separation of duties, and ensuring clear procedures are in place for stock operation and management.

19. Central Government Data Requirements and Key Performance Indicators 2010-11 Follow Up

- 19.1 This was a follow up review of the actions undertaken in respect of the 2010-11 review of National Indicators. Although these have ceased to be reported centrally, three of the four indicators are still internally collected, monitored and reported.
- 19.2 For the three indicators still internally collected, monitored, and reported all previously recommended actions have now been addressed.

20. Risk Management

- 20.1 The audit review considered the adequacy and suitability to the council's needs of current risk management arrangements, including the reasonableness of the corporate risk register, as well as risk management in respect of the shared services agenda. The work also included progress made towards implementing agreed actions arising from previous audit reviews. Arrangements continue to work well with a ***substantial assurance*** opinion provided.

Key areas where improvements are required

- 20.2 Whilst progress has been made against some actions arising from previous reviews, controls could be strengthened further, in respect of the following:
- 20.3 Suggestions have been made in respect of improving further the application of risk management for projects.
- 20.4 Improvements could be made to the consideration and recording of risk within committee reports.
- 20.5 A small number of recommendations have been suggested in respect of risk management and the council's shared services agenda.

21. Treasury Management

- 21.1 This audit review covered controls relating to the management of the council's short term and long term investments with approved organisations to achieve the best possible rate of return. Audit work undertaken resulted in a ***substantial assurance*** opinion being given.

Key areas where improvements are required

- 21.2 Controls around investments could be improved further by investment authorising officers being advised of the need to review relevant information on which to base their authorisation decision. This ensures investment proposals are appropriate and within agreed council policy. (Update: this has now been implemented)
- 21.3 The list of authorised signatories in respect of those staff who can authorise investments requires updating to ensure there are sufficient numbers of staff available for the effective transmission of funds. (Update: this has a target date of 30 June 2012 and has not yet been implemented.)

22. Contract Procedures

- 22.1 This is an audit review that is undertaken on an annual basis by Internal Audit. The purpose of the audit was to test tendering processes adopted by departments for a sample of new contracts and to review a range of framework agreements entered into, recording arrangements for 'call offs' and evidence/ document retention relating to the 'call off'. A ***substantial assurance*** opinion was provided.

Key areas where improvements are required

- 22.2 Controls could be strengthened through the creation of a single contracts register made publicly available via the website, which would streamline the recording of contracts and enable transparency in reporting.
- 22.3 In the spirit of continuous improvement a number of enhancements could be made for improving recording and framework contract processes.

23. Contract Procedures Follow Up

- 23.1 This was a follow up review to an audit report issued in February 2011. Progress has been made in tightening controls and addressing the original actions. Remaining actions include those around the advertising and review of the standing list of pre vetted companies in use within Property Services, and the need for the council's standard conditions of contract within the tender template, website and intranet being aligned so that they are consistent with one another.

24. Main Accounting System

- 24.1 The purpose of the main accounting system is to record all financial transactions and to provide the base information for budget monitoring, preparation of the annual accounts, and financial returns. As such, it is central to ensuring the financial well-being of the council. The purpose of this audit was to ensure that adequate accountancy routines exist, they are open and transparent so as to protect the integrity of the system, and that those routines are implemented in practice. A *substantial assurance* opinion was achieved.

Improvements made since the previous audit

- 24.2 The main development in 2011/12 is the change to the accounts with the introduction of the International Financial Reporting Standards (IFRS), with the council's 2010/11 accounts being the first to be produced on an IFRS basis. The production of the IFRS compliant accounts, including the production of comparative financial statements for 2009/10 on an IFRS basis has represented a significant amount of additional work, particularly for the Financial Services and Property Services Teams.

Key areas where improvements are required

- 24.3 Bank account reconciliation arrangements could be improved upon, specifically, the need for reconciliations to be completed, reviewed and agreed by senior officers in a timely manner.
- 24.4 Management should consider introducing a schedule for the review of holding accounts to ensure accountancy staff are aware of requirements and that the work distribution is achievable.

25. Payroll

- 25.1 This audit reviewed the key controls for payroll processing, including starters and leavers, amendments, verification, reconciliation and system updates. A **substantial assurance** opinion has been given.

Improvements made since the previous audit

- 25.2 All actions arising from the 2010/11 audit have been implemented.
- 25.3 The retention of HR records for staff that have left the employment of the council is moving to a more electronic process.

Key areas where improvements are required

- 25.4 Staff need to be reminded of the following in respect of manual time sheets:
- the employee and line manager to sign time sheets to confirm hours worked;
 - a minimum 20 minute break entitlement must be taken by staff working more than six continuous hours; and
 - document retention periods.
- 25.5 Action needs to be taken to ensure the signatory list of those officers authorised to make employment appointments is brought up to date, with checks made against the list to ensure that employment appointments are made by an authorised officer.

26. Accounts Receivable

- 26.1 The purpose of the audit was to review the controls around the accounts receivable system to record, collect and report on income received by the council for chargeable services provided. A **substantial assurance** opinion was provided.

Improvements made since the previous audit

- 26.2 During the summer of 2011/12 the Finance Section was due to undertake a review of the accounts receivable process in order to streamline, improve and automate processes where possible. Unfortunately, the review has not yet taken place due to lack of resources, and therefore many of the recommendations raised from previous audit reviews remain outstanding.

Key areas where improvements are required

- 26.3 The audit report should be used as a basis for the accounts receivable review and also to highlight any training issues to be addressed. Two specific areas where arrangements could usefully be improved upon are the raising of debtor accounts and debt recovery and write off, for example:
- 26.4 It would be beneficial for training to be provided to staff within directorates to cover topics such as setting up an account and searching for existing accounts, the need for invoices to be raised in advance of the service to be provided, and a clear description provided to show what the invoice has been raised for.

- 26.5 Controls around business continuity arrangements could be improved; specifically, the need for written procedures to be in place for all aspects of accounts receivable, with procedures reviewed annually and held in a location available to all appropriate staff.
- 26.6 It would be useful for a data cleansing exercise to be completed to ensure that only live debtors are held within the accounts receivable system and that address details are accurate.
- 26.7 The Council's write off policy should be reviewed and approved to ensure it remains current and up to date.
- 26.8 It would be useful if management clarified the roles and responsibilities for chasing debt to ensure staff within directorates are aware of where their and the Finance Team responsibilities start and finish. Debts need to be chased proactively in order to have a good chance of obtaining the money due.
- 26.9 In the spirit of continuous improvement the Council should look closer into methods of receiving income at the point of delivery or in advance of service delivery.

27. Accounts Payable

- 27.1 The purpose of this audit was to review the controls around the accounts payable system which is designed to record payments and to report on expenditure made on behalf of the council. A *substantial assurance* opinion was provided.

Improvements made since the previous audit

- 27.2 For the sample of transactions tested all orders and invoices were raised, approved and authorised within the correct delegation levels, with a separation of duties evident.

Key areas where improvements are required

- 27.3 The main issues identified surround the lack of compliance with Procurement Regulations. Whilst the Finance Team has tools to monitor this, it is directorates that need to enforce 'purchase order processing' use and compliance within their teams.
- 27.4 It would be useful for staff within directorates to be reminded of:
- the importance of complying with Procurement Regulations, with mechanisms in place within teams to centrally hold this information; and
 - that as far as possible orders need to be raised prior to an invoice being received, therefore allowing commitments to be accurately reflected against budget headings.
- 27.5 More efforts should be made by directorates in reviewing and investigating outstanding purchase orders, particularly those outstanding for a significant amount of time.
- 27.6 The issues detailed in paragraphs 27.4 - 27.5 are provided in a suite of monthly reports that are dispatched to buyers, Heads of Service and Finance. These reports have not

been sent for several months; with the resource that used to monitor and chase them lost and ownership not re-deployed.

28. Council Tax

28.1 This year's review of the council tax collection arrangements was the first since the service area joined the Anglia Revenue Partnership (ARP) from 1 April 2011, with the service now provided jointly with three other local authorities (Breckland District Council, East Cambridgeshire District Council and Forest Heath District Council).

28.2 The audit was undertaken as part of the agreed annual programme of audit work performed to provide assurance to the S151 Officer of the controls in place within the council tax system, for managing council tax collection from the borough's residential properties. Its purpose to ensure that adequate routines exist, are open and transparent, so as to protect the integrity of the system and that those routines are implemented in practice. An opinion of *substantial assurance* was given.

Improvements made since the previous audit

28.3 As a result of the new partnership there have been a number of changes in structure, roles and responsibilities and staffing arrangements, together with a recent software upgrade of the Academy system, during November 2011. Despite these changes a review of the actions arising from the previous audit identified that these have all been completed.

Key areas where improvements are required

28.4 It would be useful if staff were advised of how money laundering activities could occur in relation to credit balances and unusual transactions, and how and where to report concerns.

28.5 Accounts in credit should be reviewed promptly to ensure refunds are issued in a timely manner.

28.6 The Council and ARP management should consider whether it would be beneficial to adopt a policy of returning unmatched items held in the suspense account after a set period, prompting customers with open accounts to review and correct transaction data and thus increase the number of correctly posted transactions on first attempt.

28.7 Staff should be reminded to record actions accurately within the council tax system to ensure correspondence to customers is accurate.

28.8 Suggestions have been made in respect of exemptions and discounts, including consideration of a rolling programme of review (noting it is good practice to review on an annual basis), and wherever possible, exemption and discounts should be applied for in order to ensure that the customer has signed that the declaration is true and to ensure they are aware to advise ARP of any changes in circumstances which could affect the discount or exemption.

28.9 There is also scope for reconciliations to be further improved, for example:

- there should be a full audit trail of all monthly reconciliations;
- queries relating to reconciliations should be resolved in a timely manner; and
- clarity of roles, responsibilities and working practices in respect of reconciliations should be established, with clear written procedures in place.

29. Non Domestic Rates (NDR)

- 29.1 Similar to the council tax audit review, this year's review of NDR was the first since the service joined the ARP partnership.
- 29.2 The audit was undertaken to provide assurance of the controls in place within the NDR System, for managing NDR collection from the borough's commercial properties. NDR collection is an area which forms a high proportion of the income coming into the Authority. In the current economic climate, it is essential that the recovery process is robust and non-payment of NDR does not adversely affect the council's cash flow. An opinion of *substantial assurance* was given.

Improvements made since the previous audit

- 29.3 Similar to council tax, changes have taken place in respect of the ARP partnership (paragraph 28.3 refers).
- 29.4 A review of the actions arising from the previous audit identified that there is evidence that actions have been partially implemented.

Key areas where improvements are required

- 29.5 ARP management should consider whether the current monetary level set is sufficient to trigger a review in respect of possible money laundering. Further guidance in this respect should be provided by the Money Laundering Reporting Officer at SEBC.
- 29.6 It would be useful for monthly credit balances reports to be run and reviewed in order to identify any unusual overpayments and potential money laundering at an early opportunity.

- 29.7 There is scope for reconciliations to be further improved. A full audit trail of all monthly reconciliations should exist; with management review and sign off to ensure they are completed accurately and in a timely fashion.
- 29.8 It would be useful if a report of all empty properties is run in order to prioritise visits to those empty properties which have no record of having been visited for some time.
- 29.9 Consideration should be given to agreeing a strategy for the type of items within the NDR suspense account, including the reviewing and relocating of items.

30. Housing and Council Tax Benefits Review

- 30.1 The Benefits Service has undergone a significant change process with the move to working within ARP. This fundamental financial system for the assessment and administration of the council's housing and council tax benefits achieved a *substantial assurance* opinion for the period under audit.

Improvements made since the previous audit

- 30.2 Similar to council tax and NDR, changes have taken place in respect of the ARP partnership (paragraph 28.3 refers).
- 30.3 A review of the actions arising from the previous audit identified that there is evidence that these have been either implemented or are superseded.

Key areas where improvements are required

- 30.4 Similar to council tax and NDR, reconciliations is an area that can usefully be improved upon. A full audit trail of all monthly reconciliations should exist; with management review and sign off to ensure they are completed accurately and in a timely fashion.
- 30.5 It would be beneficial for the appropriate staff to undergo refresher self employed income claims training in order to provide the necessary review of self employed claims.
- 30.6 ARP management should consider periodic targeted sample checks on self employed income claims, in order to satisfy themselves that claims are being assessed and calculated accurately.
- 30.7 The report showing outstanding overpayment invoices where further action is still required should be examined on a regular basis.

31. Corporate Governance - Registers of Interest

- 31.1 This was the first time, in recent years, that this area has been reviewed by Internal Audit. The purpose of this review was to ensure the council has effective systems in place to ensure that declarations of interest are recorded, regularly updated and held within central registers in order to ensure this information is transparent and readily available in the event of enquiry. A *substantial assurance* opinion was provided.

Key areas where improvements are required

- 31.2 Whilst there are clearly defined responsibilities and systems for declaring interests, monitoring arrangements could be improved to ensure that all required declarations are made.
- 31.3 In the spirit of continuous improvement a number of suggestions have been made to improve controls and to prompt staff to consider and complete declarations on an annual basis or when they occur.

32. Safeguarding Children Follow Up

- 32.1 A follow up has been carried out on the safeguarding children review which was originally issued in October 2009. One action remains outstanding relating to the Partnership Strategy, this action will be considered when a review of the Strategy takes place.

33. Review of Human Resources (HR) Arrangements Follow Up

- 33.1 A follow up review has been completed on an audit report issued in February 2011. Progress has been made in further tightening controls, although some minor areas could usefully be further improved upon. The majority are in respect of procedures, although one relates to the arrangements in respect of notifying ICT of staff leavers.

34. West Suffolk House Health and Safety Follow Up

- 34.1 A follow up review has been completed on an audit report issued in December 2009. This is the second follow up, with the previous follow up audit being completed November 2010. Whilst the majority of agreed actions have been implemented, a small number of outstanding actions remain the most significant being that not all custodians are included on the Council's first aider training spreadsheet and are therefore not monitored to ensure their first aid training remains up to date. Officers need to be confident that first aid cover is always available during the hours the building is open for staff use.

35. Capital Accounting

- 35.1 Coverage of this audit was discussed and agreed with the Audit Commission with the approach aimed to support their audit of the 2011/12 Statement of Accounts. Focus was given to following key areas: follow up of any agreed actions outstanding from the previous audit report to ensure they have been implemented; walkthrough and update of flow charts to reflect the use of Asset 4000; ensuring that the rolling revaluation plan was appropriately actioned; and to check whether information produced is IFRS compliant A *substantial assurance* opinion was provided.

Improvements made since the previous audit

- 35.2 The Asset 4000 system has been in operation for just over 12 months with the application of IFRS and the re-statement of 2008/09 and 2009/10 balance sheets having been completed. The requirement to componentise 'significant' assets in line with an approved policy has been completed with all new assets treated in this way.

Key areas where improvements are required

- 35.3 Business continuity and procedural guidance remain areas that could usefully be improved upon.
- 35.4 It would be useful if Finance performed a review of the completeness of revaluations detailed within the revaluation spreadsheet produced by Property.
- 35.5 Controls can be further strengthened through sample checks / verification being performed on large differential revaluations or material asset revaluations.
- 35.6 It would be beneficial for the rounding policy and approaches applied to the revaluation process to be included within the Revaluation Report.

36. Partnerships Follow Up

- 36.1 This was the second follow up review to an audit originally undertaken in July 2008, with the previous follow up undertaken in May 2010. Significant progress had been made with only one action outstanding, for the Constitution document to be updated to reflect partnership arrangements.

37. E-Commerce Follow Up

- 37.1 This was the third follow up, with previous follow ups undertaken in March 2009 and April 2010. The remaining action is the development of an ICT Strategy which has been on hold pending the outcome of ICT Shared Services.

Meaning of words used: -	
Full Assurance	The full assurance opinion is given where no significant or fundamental recommendations have been made and where controls within the system should provide full assurance that the risks material to the achievement of the system objectives are adequately managed.
Substantial Assurance	The substantial assurance opinion is given where a small number of significant, but no fundamental recommendations have been made and where controls within the system should provide substantial assurance that the risks material to the achievement of the system objectives are adequately managed.
Limited Assurance	The limited assurance opinion is given where a small number of fundamental and also a number of significant recommendations have been made and where controls within the system provide limited assurance that the risks material to the achievement of the system objectives are adequately managed.
No Assurance	The no assurance opinion is given where little or no assurance could be gained from a system where a large number of both fundamental and significant recommendations were proposed and where controls within the system provide little or no assurance that the risks material to the achievement of the system objectives are adequately managed.

Managing the Risk of Fraud, Theft and Corruption

1. Introduction

- 1.1 St Edmundsbury Borough Council spends millions of pounds of public money each year on essential local services. It is essential that the council protects and preserves its ability to provide these services by ensuring that its assets are protected against all risks of loss and damage.
- 1.2 The council has traditionally encountered low levels of fraud and corruption. However, the risk of loss through theft, fraud or corruption both internally and externally, is recognised nationally as a part of business life that needs to be managed effectively.
- 1.3 The council is committed to creating a culture of zero tolerance of fraud, theft and corruption and maintaining high ethical standards in its administration of public funds.
- 1.4 The corporate framework, which underpins the operation of the council, has a number of facets that exist to protect the council against fraud and corruption. The anti-fraud and anti-corruption strategy underpins this framework.
- 1.5 The following narrative provides information and progress on the council's arrangements for managing the risk of fraud, theft and corruption during 2011/12.

2. The Risk of Fraud

- 2.1 All organisations are susceptible to fraud, theft and corruption regardless of their size or nature. That risk can come from many directions, internally from employees, or by individuals or companies dealing with an organisation from outside. Local authorities are no different and given the wide range and diversity of their activities and the individuals connected with them, the risks come from a variety of sources.
- 2.2 As a result, everyone involved with the council has an important role to play in the management of risks. We all want to reduce risks and hence eliminate unnecessary costs to our services.
- 2.3 Fraud, theft and corruption are costly, both in terms of reputational risk and financial losses. As a result, the risk of safeguarding the council's monetary and physical assets continues to be included on the corporate risk register and so is subject to corporate monitoring and review arrangements. The corporate risk register links to the council's corporate priorities through service plans, requiring managers to identify mitigating actions for risks and to keep these under review.

3. Protecting the Public Purse

- 3.1 The Audit Commission published a report in November 2011 entitled 'Protecting the Public Purse – Fighting Fraud against Local Government' which provides useful information on the detection of fraud in local government. It considers the key fraud risks and pressures facing councils, along with identifying good practice and markers to future issues.
- 3.2 The report includes an updated fraud checklist which will be completed early in the financial year 2012/13 to assess the effectiveness of the council's governance and counter fraud arrangements. The original checklist was completed by the Internal Audit Manager during 2009/10 and illustrated that the council was already substantially complying with requirements.

4. Corporate anti-fraud, theft, bribery and corruption arrangements

4.1 Awareness

- 4.1.1 The council has in place an anti-fraud and anti-corruption strategy. Its purpose is to outline the council's approach, as well as defining roles and responsibilities, for dealing with the threat of fraud and corruption, both internally and externally. This is available on both the council's website and intranet.
- 4.1.2 The bi-annual fraud awareness newsletter continues to be published to staff. It is designed to highlight areas of fraud in the workplace and to help staff understand why we need to combat it effectively.
- 4.1.3 A number of messages have been included in the council's internal bulletin to remind staff of their responsibilities regarding:-
- Declaration of interests, gifts and hospitality;
 - Expenses claims; and
 - Information security.
- 4.1.4 Annual reminders continue to appear in the Members' Bulletin reminding members of the need to report anything within the council they are concerned with.
- 4.1.5 Following an internal audit review of arrangements in respect of the disclosure of interests, forms and guidance have been reviewed and updated, together with a reminder sent out to staff via payslips. The process will be further streamlined with online reminders and an online register as systems are developed further by the ICT section.
- 4.1.6 St Edmundsbury Borough Council is committed to being a transparent and open council. The Code of Recommended Practice for Local Authorities on Data Transparency published by CLG (Communities and Local Government) sets out data publishing requirements on Local

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Authorities, including those relating to expenditure over £500, (including supplier, costs and transaction information). This information is published on the council's website allowing the public to view how their money is being spent. Management Team receive a monthly report generated by Finance of payments over £500, reviewing this expenditure with a view to challenging the spend culture, as well as highlighting unusual expenditure which warrants further investigation.

4.1.7 The Bribery Act 2010 modernises the law on bribery and came into force on 1 July 2011. Guidance issued by the Secretary of State for Justice relating to the Bribery Act identified 6 principles that councils should assess themselves against when measuring the arrangements they have in place for preventing bribery. In response Internal Audit undertook a focussed review to determine current adherence to the requirements of the Bribery Act 2010. Overall, the assessment showed the council was already well placed to minimise the risk of fraud and corruption including bribery. However, actions were introduced to further strengthen the council's arrangements, specifically relating to the Bribery Act requirements. Actions included:

- drafting bribery messages which have been published via the internal staff and member bulletins and the council's website;
- sourcing an e-learning bribery module describing the main features of the Act and also the duties and responsibilities of all employees;
- revising the council's Anti-Fraud and Anti-Corruption Strategy to reflect the implications of the Bribery Act; and
- suggesting amendments to council documents, including the Pre Qualification Questionnaire used for contract tenders, to ensure all business relationships entered into are transparent and ethical.

4.18 The council is a member of the National Anti-fraud Network (NAFN), its membership open to any organisation which has responsibility for managing public funds and assets. NAFN is recognised by members and key stakeholders as a centre of excellence dedicated to supporting its members in protecting the public purse from fraud, abuse and error. Internal Audit receives regular alerts which are viewed with action taken where necessary.

5. Benefits fraud arrangements

5.1 Awareness

5.1.1 All new staff recruited to the revenues and benefits section are given a half day fraud awareness session which includes an awareness of key documents, the role of the benefits fraud team and the types of fraud that they uncover. Fraud awareness refresher training is provided to all Revenues and Benefits staff annually.

5.2 Reported suspicions

- 5.2.1 Department for Work and Pensions (DWP) campaign posters are on display at the benefits counters in the Haverhill office, detailing the council's benefits fraud hotline number.
- 5.2.2 Business cards are available which customers are able to pick up and take away from both the Haverhill and West Suffolk House offices. In addition, business cards are also on display within the staff breakout areas of West Suffolk House which provide details of the benefit fraud hotline number.
- 5.2.3 The benefits fraud hotline is included within the staff weekly newsletter.
- 5.2.4 Reports are written for the local newspaper each time there is a successful prosecution. Prosecutions are also reported via the Magistrate Court listings within the local newspaper.

5.3 Successful investigations

- 5.3.1 In all cases recovery is sought from the claimant either by sundry debtor invoice or collection from ongoing benefit, if still entitled.
- 5.3.2 Examples of successful benefit fraud prosecutions for 2011/12 include (note figures have been rounded):
 - Mr A made a claim for benefits but failed to declare that he was in paid employment. This resulted in an overpayment of housing benefit of £3675 and Council Tax benefit of £546. Mr A was sentenced to 12 weeks custody. The aggravating factor in this case was that Mr A had previously been prosecuted for a similar benefit fraud offence and was sentenced to a conditional discharge. This latest period of undeclared work was undertaken during the time that he was serving the conditional discharge.
 - Mr and Mrs B made a claim for housing and council tax benefit but failed to declare that Mr B was in paid employment. The claim form they submitted in their claim for benefit contained a false statement. This resulted in an overpayment of housing benefit of £9824 and council tax benefit of £2755. Mr B was sentenced to a 12 month community order to include 240hrs unpaid work.
 - Miss C failed to declare that her partner was resident with her at the address where she was claiming to be living as a single parent. Her partner was in full time paid employment. This resulted in an overpayment of Housing benefit of £1485 and council tax benefit of £364. She was sentenced to a 6 month community supervision order.

5.4 Sanctions applied

5.4.1 For the 2011/2012 financial year there have been 17 prosecutions and another 11 pending, 28 formal cautions and 14 administrative penalties.

5.4.2 These compare with last year's figures which were 15 prosecutions, 25 cautions and 13 administrative penalties.

5.4.3 Most investigations do not result in a sanction but the investigation itself stops or reduces the amount of benefit paid. Investigations are sometimes closed without a sanction because it is considered to be a genuine error or because there is insufficient evidence of fraud or because the health of the individual at the time the fraud is discovered is worse than at the time of the interview. In these instances the benefit has been corrected and recovery action on any overpayment is taken so a saving to the tax payer has been made although not recorded as a fraud.

5.5 Financial loss recovered and (where appropriate) financial savings

5.5.1 Every effort is made to recover debt caused by fraud in line with Department for Work and Pensions (DWP) guidance.

5.5.2 The in year collection of fraud debt for the financial year 2011/2012 is as follows:

Total overpayments attributed to fraud	Prosecutions	Cautions	Administrative Penalties
Housing Benefit £88,393.94	£47,807.52	£22,483.15	£18,103.27
Council Tax Benefit £22,330.50	£12,050.40	£6109.40	£4170.70

This compares with the 2010/2011 figures which were:

Total overpayments attributed to fraud	Prosecutions	Cautions	Administrative Penalties
Housing Benefit £55,194.73	£30,410.06	£17,227.70	£7,556.97
Council Tax Benefit £15,164.60	£8,426.89	£3,495.98	£3,241.73

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- 5.5.3 In the next financial year the Revenues and Benefits compliance team, as part of Anglia Revenues Partnership will be undertaking proactive work with regard to false claims to Single Person Discount for Council Tax which could lead to court action. This follows on from work carried out in the current year of checking data sources and information received from the public.

6. Policies and Procedures

- 6.1 The council is committed to ensuring that any opportunity for fraud and corruption is minimised, and has in place a strong framework of processes and responsibilities which make fraud and corruption hard to perpetrate, and are likely to expose fraud and corruption at the earliest opportunity.
- 6.2 The council has adopted a culture in which all employees and members can help the organisation maintain a proactive attitude towards preventing fraud and corruption by reporting dishonest, unethical or corrupt behaviour. This is supported by the anti-fraud and anti-corruption strategy, whistleblowing guide, anti-money laundering policy and notes and other guidance available on the council's intranet.
- 6.3 The council maintains a separate fraud and prosecutions policy for combating benefits fraud and employs a team of officers to visit, provide help and investigate suspected or alleged offences. The public and staff are encouraged to raise concerns relating to benefits fraud through the benefit fraud telephone hotline.

7. National Fraud Initiative

- 7.1 The National Fraud Initiative (NFI) is a rolling programme of electronic data extraction, data matching, review of and investigation of matched reports and reporting on outcomes. The extracted St Edmundsbury data is matched with other data from within public sector organisations to highlight potentially fraudulent activity. Organisations participating include police authorities, local probation boards, pension authorities, housing associations, a number of government offices and fire and rescue authorities, as well as all local authorities.
- 7.2 From 2008, the Audit Commission has conducted the NFI exercise under the statutory powers given to it under the Serious Crimes Act 2007. All mandatory participants, including St Edmundsbury Borough Council must provide data, with failure to do so a criminal offence.
- 7.3 Internal Audit takes a leading role in co-ordinating this exercise, the current round commenced in October. The submitted data has been matched with data from other bodies and central government organisations and work has commenced on the NFI data matching reports to investigate potential errors and fraud.
- 7.4 There are 45 reports for the council, each report containing a list of matches where it is highlighted that a potential error or fraud has

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occurred. Examples include where a taxi driver does not have the right to work in the UK or where a benefits recipient is in receipt of a salary. Of the 45 reports, 16 have been closed with 12 reports still open with matches under investigation (the majority of these reports require review by the Fraud Investigation Team at Anglia Revenues Partnership). The remaining reports are of a lesser quality and should be reviewed if resources permit.

- 7.5 As at the end of March 2012, 1354 matches have been reviewed and there are currently 28 matches under investigation. 1324 matches have been cleared with 2 frauds and 28 errors having been identified relating to £35,732.15. 15 matches required the recovery of £17,680.88 relating to benefit claims.
- 7.6 In August 2010, the Department for Communities and Local Government announced plans to put in place new arrangements for auditing England's local public bodies. No decision has yet been made regarding whether the National Fraud Initiative will remain under the Audit Commission or whether this will be transferred to another Body. However, due to its success, it is almost certain to continue in the future in some form.

8. Internal Audit

- 8.1 Fraud and corruption risks are identified as part of the annual audit planning process, with the annual Internal Audit Plan including resources to undertake special irregularity investigative work, co-ordination of the NFI data matching exercise, and proactive anti-fraud and corruption work.
- 8.2 In addition, the Internal Audit Section work in partnership with other Suffolk Council's through the Suffolk Audit Working Partnership. This partnership allows local authorities in Suffolk to share resources, knowledge, and experience regarding internal audit issues in order to identify and promote the adoption of best practice. For example, the Interim Head of Audit Services at Suffolk County Council holds The Chartered Institute of Public Finance and Accountancy (CIPFA's) Advanced Certificate in Investigative Practice and acts as the partnership's 'centre of excellence' on fraud matters.

9. Conclusion

- 9.1 The council is committed to creating a culture of zero tolerance of fraud, theft and corruption and maintaining high ethical standards in its administration of public funds.
- 9.2 It has in place a sound network of systems and procedures. However, the council will remain alert to the risks to which it could be exposed, to ensure its arrangements remain effective and uphold the strongest possible standards of governance.

Outline Internal Audit Plan 2012/13

(1) Work on behalf of Chief Finance Officer:

- Dealing with "non audit" & wider finance matters at request of the Chief Finance Officer
- Liaison with Audit Commission
- Financial Vetting of Contractors
- Audit of voluntary bodies accounts if necessary
- Raising fraud awareness / anti-money laundering
- Growth Fund Allocation audit
- Contribute to corporate groups including Strategic Risk Management Group and Performance Management Group
- Final Accounts (audit of certificate of final payments on contracts)

(2) Audit Advice and Assistance to all Directorates

(3) Special Projects

This provides for input to corporate projects and reviews

(4) Provision for Unplanned Projects, Investigations and Irregularities, Shared Services

(5) Core Financial Systems and Fundamental Review Work:

- Accounts Payable
- Accounts Receivable
- Main Accounting System
- Budgetary Control
- Capital Accounting System
- Payroll
- National Fraud Initiative
- Treasury Management
- Computer Audit
- Key Performance Indicators
- Action Plan Follow Up Audits
- Cash Handling
- Overall Risk Management Arrangements
- Also Council Tax, Non Domestic Rates, Housing and Council Tax Benefits audits, covered under (7) below

(6) Non Fundamental Systems Audits:

- Contract Procedures
- Fees and Charges
- Museums
- Markets
- Information Governance

(7) Audits specific to / generated by the Internal Audit shared service

- Housing and Council Tax Benefits, Council Tax, and Non Domestic Rates audits undertaken for all four partner authorities
- ARP Governance

(8) Corporate Governance Arrangements:

- Lead the council's work on the Annual Governance Statement

Note: the core systems and fundamental review work should all be completed within the year as these form the bulk of our assurance work, and have a higher priority than the departmental systems / probity audits.

Non Fundamental Systems Audits INCLUDED within the 2012/13 Draft Internal Audit Plan

Audit	Overall Risk Rating	2012/13 - Monetary Value (nearest £10k)	Risks
Contract Procedures	High	Annual value of contracts to be tendered in 2012/13 – approximately £700k	<p>Contracts to be tendered in 2012/13 include the following contracts:</p> <ul style="list-style-type: none"> • Managed Tyre • Property Maintenance Services • Print • Design • IT Hardware and Software • Other <p>Statutory and financial risks around non-compliance with contract procedure rules, including ensuring procedures for receiving and recording tenders are clear and strictly followed, specific issues may arise from e-tendering.</p> <p>Best practice suggests that contracts audit should be included annually within the Audit Plan.</p>
Fees and Charges	Medium	Income approx £10m	<p>The audit will consider a number of issues including whether:</p> <ul style="list-style-type: none"> • fees and charges have been reviewed and increased in line with the Fees and Charges Policy; • the scope for charging has been considered in all relevant areas; • fees and charges are appropriately recorded on the website; and • opportunities to obtain income at point of service are being maximised.
Museums	Medium	Approx £6m heritage assets likely to be included in 2011/12 accounts	<p>The audit is likely to consider arrangements in place regarding the council's collections, artefacts and exhibits many of which are both valuable and rare. These assets are currently not recognised in the Council's financial statements but will need to be disclosed in the balance sheet from 2011/12 onwards.</p>
Information Governance	Medium	Not Applicable	<p>The Information Commissioner's Office (ICO) wrote to all local authorities in January 2012 advising of the 'importance of good information governance in ensuring transparency, providing people with confidence that their personal information is being</p>

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			handled properly, and in protecting the vulnerable'. The ICO also drew local authorities attention to the fact that fines of up to £500k can now be levied on organisations who are found to be in serious breach of data protection principles. The audit will look at relevant arrangements in place at the Council in this area.
Markets	Medium	Income approx £450k	The audit will consider a number of areas including records maintained of all markets and lettings, and amounts due, correctness of charges made in respect of each letting, amounts due are collected, recorded and brought into account accurately and promptly.

Non Fundamental Systems Audits NOT INCLUDED within the 2012/13 Draft Internal Audit Plan

Auditable Area	Overall Risk Rating	Auditable Area	Overall Risk Rating
Registers of Interests	Medium	Grant Payments	Medium
Emergency and Business Continuity Planning	Medium	Vehicles and Plant	Medium / Low
Section 106 Agreements	Medium	Bury Festival	Medium / Low
Commercial Property Management	Medium	Bus Station	Low
Parks and Gardens	Medium	Cemeteries	Low
Public Halls	Medium	Mayoralty	Low
Car Parks	Medium	Gifts and Hospitality	Low
Cleansing and Refuse	Medium	Land Charges	Low
Information Management	Medium	Banking Terms and Arrangements	Low
Criminal Records Bureau (CRB) Checks	Medium	Payment Cards	Low
West Suffolk House	Medium	Safeguarding Children	Low
Planning and Building Control Fees	Medium	Insurances	Low
Regulation of Investigatory Powers Act (RIPA)	Medium	Car Loans / Car Leasing	Low
Electoral Registration / Election Account	Medium	Security	Low
Partnerships	Medium	Tourist Information Centre	Low
Human Resources	Medium	Homelessness	Low

Audit Committee self-assessment checklist 2011-12

ESTABLISHMENT, OPERATION AND DUTIES				
Role and remit				
Issue	Yes	No	N/a	Comments/action
1.Does the audit committee have written terms of reference?	Y			
2.Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?	Y			
3.Are the terms of reference approved by the council and reviewed periodically?	Y			Should a need be identified, the Chairman of the Committee would take a report through Democratic Renewal Working Party and arrange for the necessary changes to the Constitution.
4.Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Y			
5.Can the audit committee access other committees and full council as necessary?	Y			The Committee is unable under its Terms of Reference to carry out reviews, but is able to recommend that the Overview and Scrutiny Committee or Cabinet do so, where it identifies issues.
6.Does the authority's annual governance statement include a description of the audit committee's establishment and activities?	Y			
7.Does the audit committee periodically assess its own effectiveness?	Y			
8.Does the audit committee make a formal annual report on its work and performance during the year to full council?	Y			
Membership, induction and training				

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9. Has the membership of the audit committee been formally agreed and a quorum set?	Y			
10. Is the chair independent of the executive function?	Y			
11. Has the audit committee chair either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?			Partial	<p>'Bite size' training sessions are given on an occasional basis as the need arises. For example, at the July 2011 meeting the Senior Auditor undertook a presentation to the Committee which outlined the history and importance of corporate governance and the background to the annual governance review, and the Audit Commission gave a briefing on International Financial Reporting Standards. At the January 2012 meeting a presentation was given on how Members can access the Covalent Performance Management System, which enables them to more closely monitor Key Performance Indicators between meetings.</p> <p>Also, the Chair of the Committee worked in the financial sector, until his retirement in 2009. Whilst the Vice Chair was in the accounting profession prior to his retirement.</p> <p>The Chair and Vice Chair of Performance and Audit Scrutiny Committee attended an introduction to treasury management training course in 2010 provided by Sector Treasury Services. They also attended a course put on in-house provided by LG Futures called Treasury Management Explained (which was attended by councillors from other authorities also), and they received some training from the Deputy Chief Finance Officer on more specific treasury management issues relating to SEBC.</p> <p>Additionally, the Chairman and Vice Chairmen attended Centre for Public Scrutiny Parliamentary Select Committee seminars, and the Chairman is due to attend another of these in March 2012.</p>
12. Are new audit committee members provided with an appropriate induction?	Y			<p>Following the Borough Council elections in May 2011 the Committee has seen some changes in its Membership. An Audit and Treasury Management training session took place before the Committee's first scheduled meeting of the civic year, which covered the basic requirements of an effective Audit Committee, Members' responsibilities and the nature and scope of internal and external audit. A separate induction session on Local Government Finance was also held.</p>
13. Have all members' skills and experiences been assessed and training given for identified gaps?	Y			<p>All councillors are given the opportunity to assess their level of expertise under a number of skills via an annual Training Needs Analysis. The Member Development Programme is set following analysis of these forms, and there is a budget for member training.</p>

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14.Has each member declared his or her business interests?	Y			
15.Are members sufficiently independent of the other key committees of the council?	Y			
Meetings				
16.Does the audit committee meet regularly?	Y			
17.Do the terms of reference set out the frequency of meetings?	Y			
18.Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	Y			
19.Are members attending meetings on a regular basis and if not, is appropriate action taken?	Y			
20.Are meetings free and open without political influences being displayed?	Y			
21.Does the authority's S151 officer or deputy attend all meetings?	Y			
22.Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	Y			
INTERNAL CONTROL				
23.Does the audit committee consider the findings of the annual review of the effectiveness of the system of internal control (as required by the Accounts & Audit Regulations) including the review of the effectiveness of the system of internal audit?	Y			

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24. Does the audit committee have responsibility for review and approval of the AGS and does it consider it separately from the accounts?	Y			<p>As a result of discussions with the Audit Commission it has been agreed that from 2011/12, the AGS will be considered at the July meeting of the Performance and Audit Scrutiny Committee.</p> <p>The Statement of Accounts will be presented to Performance & Audit Scrutiny Committee at the September meeting.</p>
25. Does the audit committee consider how meaningful the AGS is?	Y			
26. Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	Y			
27. Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?			N/A	Risk Management is an agenda item of the Performance & Audit Scrutiny Committee
28. Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"	Y			<p>The council's Anti-Fraud and Anti-Corruption Strategy was revised in July 2009 (approved Full Council September 2009). The Strategy was revised to meet current good practice as set out in the CIPFA Better Governance Forum guidance 'Managing the Risk of Fraud: actions to counter fraud and corruption'. Amendments were made to the Anti-Fraud and Anti-Corruption Strategy in July 2011 to reflect the implications of the Bribery Act 2010, which came into force on 1 July 2011.</p> <p>A self assessment of how the council compares to the requirements of the above mentioned guidance has been carried out, involving both internal audit and benefits fraud staff.</p> <p>An appendix of the Annual Internal Audit Report 2010/11 and Outline Audit Plan 2011/12 (presented at the 26/04/11 meeting of the Performance & Audit Scrutiny Committee) relates to fraud and demonstrates the progress made by the council during 2010/11 in developing anti-fraud arrangements; and publicises the actions taken where fraud or misconduct has been identified.</p> <p>The same approach will be followed again this year with the report / appendix being presented at the Performance & Audit Scrutiny Committee meeting on the 30/04/12.</p>

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29. Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	Y			Please see above.
30. Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	Y			
31. Does the audit committee review the authority's strategic risk register at least annually?	Y			
32. Does the audit committee monitor how the authority assesses its risk?	Y			
33. Do the audit committee's terms of reference include oversight of the risk management process?	Y			
FINANCIAL REPORTING AND REGULATORY MATTERS				
34. Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	Y			
35. Does the audit committee consider specifically: <ul style="list-style-type: none"> • the suitability of accounting policies and treatments • major judgements made • large write-offs • changes in accounting treatment • the reasonableness of accounting estimates • the narrative aspects of reporting? 			Partial	<p>The Performance and Audit Scrutiny Committee reviews and challenges the draft accounts before recommending to Full Council. This challenge may include any of the bullet points but it is considered unrealistic for example for Members to have the detailed technical knowledge to challenge suitability of accounting policies.</p> <p>During 2009/10 the Audit Committee received a presentation on the introduction of IFRS which local authorities would have to comply with in respect of the 2010/2011 Accounts.</p> <p>In April 2011 the Committee received an update on the Council's preparations for implementation of IFRS, and information on the changes in arrangements for the reporting of financial statements to Members.</p> <p>In July 2011 the Audit Commission made a presentation to Members on the accounting framework, form and content of local authority accounts, and the Member role in this.</p>

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36. Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Y			
37. Does the audit committee review management's letter of representation?	Y			Included within Audit Commission's Annual Audit Letter (most recent being that reported to Performance and Audit Scrutiny Committee in January 2012).
38. Does the audit committee annually review the accounting policies of the authority?		N		See response to earlier related question.
39. Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Y			
40. Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?	Y			A specific duty of a member of the Performance and Audit Scrutiny Committee is to be aware of national developments and best practice relating to scrutiny and to keep the effectiveness of the process under review. Additionally, any new legislative requirements affecting the Committee would always be made known to it via a report.
INTERNAL AUDIT				
41. Does the audit committee approve, annually and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?	Y			
42. Does internal audit have an appropriate reporting line to the audit committee?	Y			

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43. Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	Y			
44. Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	Y			
45. Does the audit committee hold periodic private discussions with the Head of Internal Audit?	Y			Internal Audit Manager attends Chair's briefing before Committee. During 2011/12 the Internal Audit Manager and Chief Finance Officer met privately with the Chair and Vice Chair of the Committee to discuss the audit planning process, and to consult with them on the outline Audit Plan for 2012/13.
46. Is there appropriate cooperation between the internal and external auditors?	Y			
47. Does the audit committee review the adequacy of internal audit staffing and other resources?	Y			
48. Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal audit in Local Government in the United Kingdom?	Y			
49. Are internal audit performance measures monitored by the audit committee?	Y			
50. Has the audit committee considered the information it wishes to receive from internal audit?	Y			

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EXTERNAL AUDIT				
51. Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	Y			
52. Does the audit committee hold periodic private discussions with the external auditor?		N		Believed not to be the case – but could if felt necessary.
53. Does the audit committee review the external auditor's annual report to those charged with governance?	Y			
54. Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	Y			The Internal Audit Manager does this and would build into internal audit work / action plans where necessary – Internal Audit performance reports cover areas of improvement still required.
55. Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?	Y			
56. Does the audit committee assess the performance of external audit?	Y			
57. Does the audit committee consider and approve the external audit fee?	Y			The Performance and Audit Scrutiny Committee receives and notes the Annual Audit Fee Letter which confirms the audit work the Audit Commission proposes to undertake during the financial year, setting out the estimated fee for that work. The council is advised of the Annual Audit Fee Letter through the Performance and Audit Committee Chairman's report.
ADMINISTRATION				
Agenda management				
58. Does the audit committee have a designated secretary from Committee/Member Services?	Y			

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59. Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Y			
60. Are outline agendas planned one year ahead to cover issues on a cyclical basis?	Y			
61. Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?			N/A	There is a statutory prohibition against the transaction of business not on an agenda in the case of principal councils (LGA 1972), although urgent issues may be considered with the approval of the Chairman of the Committee, but these must be genuinely urgent, for example the inadvertent omission from an agenda of business required by law to be done at that meeting.
Papers				
62. Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	Y			
63. Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	Y			Both scrutiny committees require a summary of any reports to be provided, and the purpose of the report, i.e. exactly what is being asked of members. For the bulk of the report, it is left to officers to use whichever format they feel is most useful to get the message across.
Actions arising				
64. Are minutes prepared and circulated promptly to the appropriate people?	Y			
65. Is a report on matters arising made and minuted at the audit committee's next meeting?	Y			
66. Do action points indicate who is to perform what and by when?	Y			