



Meeting: **AUDIT AND GOVERNANCE COMMITTEE**  
Date: **WEDNESDAY 15 APRIL 2015**  
Time: **5.00PM**  
Venue: **COMMITTEE ROOM**  
To: **Councillors C Pearson (Chair), Mrs C Mackman (Vice Chair), J Cattanach, J Crawford, M Dyson, J McCartney, I Nutt, Mrs S Ryder and S Shaw-Wright.**

## Agenda

### 1. Apologies for absence

### 2. Disclosures of Interest

A copy of the Register of Interest for each Selby District Councillor is available for inspection at [www.selby.gov.uk](http://www.selby.gov.uk).

Councillors should declare to the meeting any disclosable pecuniary interest in any item of business on this agenda which is not already entered in their Register of Interests.

Councillors should leave the meeting and take no part in the consideration, discussion or vote on any matter in which they have a disclosable pecuniary interest.

Councillors should also declare any other interests. Having made the declaration, provided the other interest is not a disclosable pecuniary interest, the Councillor may stay in the meeting, speak and vote on that item of business.

If in doubt, Councillors are advised to seek advice from the Monitoring Officer.

### 3. Minutes

To confirm as a correct record the minutes of the Audit Committee held on 14 January 2015 (pages 3 to 7 attached).

### 4. Chair's Address to the Audit Committee

### 5. A/14/25 – Audit Strategy Memorandum and External Audit Progress Report

To receive the report of the External Auditors, Mazars (pages 8 to 25 attached).

**6. A/14/26 – Annual Governance Statement 2014/15 – Action Plan Review**

To receive the report of the Executive Director (s151) (pages 46 to 49 attached).

**7. A/14/27 – Internal Audit Progress Report 2014/15**

To receive the report of the Audit Manager, Veritau (pages 50 to 61 attached).

**8. A/14/28 – Internal Audit Charter**

To receive the report of the Audit Manager, Veritau (pages 62 to 73 attached).

**9. A/14/29 – Internal Audit Plan 2015/16**

To receive the report of the Audit Manager, Veritau (pages 74 to 85 attached).

**10. A/14/30 – Audit Committee Annual Report 2014/15**

To receive the report of the Democratic Services Officer (pages 86 to 96 attached).

**11. A/14/31 – Audit Committee Work Programme 2015/16**

To receive the Work Programme (pages 97 to 100 attached).

**Mary Weastell**  
**Chief Executive**

Enquiries relating to this agenda, please contact Richard Besley on:  
Tel: 01757 292207 Email: [rbesley@selby.gov.uk](mailto:rbesley@selby.gov.uk)

**Recording at Council Meetings**

Recording is allowed at Council, Committee and Sub-Committee meetings which are open to the public, subject to:- (i) the recording being conducted with the full knowledge of the Chairman of the meeting; and (ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact the Democratic Services Officer on the above details prior to the start of the meeting. Any recording must be conducted openly and not in secret.

## Minutes

### Audit and Governance Committee

Venue:	Committee Room
Date:	14 January 2015
Present:	Councillors C Pearson (Chair), J Cattanach, J Crawford, M Dyson, I Nutt and S Shaw-Wright.
Apologies for Absence:	Councillor Mrs C Mackman
Also Present:	Phil Jeffrey , Veritau, Gavin Barker and Rochelle Tribe, Mazars
Officers Present:	Karen Iveson, Executive Director (s151), Gillian Marshall, Solicitor to the Council, and Palbinder Mann, Democratic Services Officer

#### **31. DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **32. MINUTES**

The Committee considered the minutes from the last meeting held on 24 September 2014.

#### **RESOLVED:**

**To APPROVE, the minutes of the Audit Committee on 24 September 2014, and they be signed by the Chair.**

#### **33. CHAIR'S ADDRESS**

The Chair explained that it was unlikely that any more training would be available concerning Audit before the election.

### **34. INFORMATION GOVERNANCE - A/14/15**

The Solicitor to the Council presented the report on information governance which set out progress towards achieving agreed actions following the review by the internal auditors, Veritau into information governance and data protection arrangements at the Council.

It was clarified that section 1.2 in the report should have read as 'Audit Committee considered the report on 16 April 2014 and asked for a progress report'. It was also clarified that section 2.6 should refer to June 2014 rather than June 2013.

The Solicitor to the Council informed the Committee that all staff had been asked to undertake mandatory training on information governance before the end of January 2015 and there was the ability to monitor which staff had completed the training.

Discussion took place on achieving the Level one standard on the HMG Information Assurance Asset Maturity model standard. The Solicitor to the Council explained that the Council would not meet this standard until the priorities listed in section 2.10 had been achieved. With regard to the standard, it was explained that this was the minimum level to be achieved however a number of aspects of the standard did not apply to local government.

**RESOLVED:**

**To note the report.**

### **35. ANNUAL GOVERNANCE STATEMENT 2013/14 – ACTION PLAN REVIEW – A/14/16**

The Executive Director (s151) presented the report which reviewed progress on the Annual Governance Statement 2013/14 Action Plan which was approved in September 2014. It was explained that satisfactory progress against the actions had been made to date and work was on track for completion by the end of the financial year.

**RESOLVED:**

**To note the Action Plan for the Annual Governance Statement 2013/14.**

### **36. COUNTER FRAUD ANNUAL REVIEW – A/14/17**

The Audit Manager, Veritau presented the report which updated the Committee on new guidance on countering fraud and corruption, counter fraud activity, and the outcomes from a self-assessment of the Council's current arrangements.

The Committee were informed that the Chartered Institute of Public Finance and Accountancy (CIPFA) had issued a new code of practice on managing the risk of fraud and corruption.

**RESOLVED:**

**To note the recent counter fraud publications, investigation activity over the last year, and the outcomes of the review of counter fraud arrangements set out in appendix D.**

**37. INTERNAL AUDIT PROGRESS REPORT 2014/15 – A/14/18**

The Audit Manager, Veritau presented the report which provided the Committee with an update on progress made on delivering the internal audit workplan for 2014/15.

Information was requested on the two cases of actions which had not been implemented following the 2013/14 audits. It was agreed that this information would be circulated to the Committee.

**RESOLVED:**

**To approve the report.**

**38. ANNUAL AUDIT LETTER 2013/14 – A/14/19**

The Senior Manager, Mazars presented the Annual Audit Letter 2013/14.

The Committee were informed that the report summarised the main outcomes from the 2013/14 audit. The Senior Manager, Mazars outlined that there were a number of future challenges for local government such as pressure on finances however it was felt that the Council was suitably prepared for future challenges.

The Senior Manager, Mazars explained that the final fee charged for certification work was £2,500 which was suitably lower than the estimated fee quoted in the report.

**RESOLVED:**

**To note the report.**

**39. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2013/14**

The Senior Manager, Mazars presented the Certification of Claims and Returns Annual Report 2013/14.

The Senior Manager, Mazars explained that the largest claims had resulted in the Housing Benefits service and from the sample testing a high number of errors had been discovered compared to previous years. The Committee was informed that had the errors been classified as local authority errors the Council would have been able to claim an additional£30k in housing benefit

subsidy. The Committee was also informed that the identified issues had been raised with the team and additional training had been provided.

**RESOLVED:**

**To note the report.**

**40. AUDIT PROGRESS REPORT – A/14/21**

The Senior Manager, Mazars presented the Audit Progress Report.

The Committee were informed that the Department for Local Government and Communities (DCLG) had proposed changes to the dates on which accounts must be submitted by, which could come into effect for the 2017/18 financial year onwards. It was explained that the proposal would mean that the Council's accounts would have to be compiled by the end of May instead of June and this would also mean that the audit timetable would be amended so the accounts were audited two months earlier by 31 July instead of by 30 September.

It was also explained that there would be a further 25% reduction in the 2015/16 audit fees for which the Council were charged.

Gavin Barker, Senior Manager, Mazars explained that he would no longer be working with the Council and would be replaced by Rochelle Tribe. He thanked the Committee and all officers for their support during his time spent working with the Council.

The Chair expressed his thanks to Gavin for this work with the Council and wished him well for the future.

**RESOLVED:**

**To note the report.**

**41. PRIVATE SESSION**

**That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business, as there will be disclosure of exempt information as defined in paragraph 3 of Part 1 of Section 12A of the Act, as amended by the Local Government (Access to Information) (Variation) Order 2006.**

**42. REVIEW OF THE RISK MANAGEMENT STRATEGY – A/14/22**

The Audit Manager, Veritau presented the report which outlined to Councillors the reviewed Risk Management Strategy.

A query was raised concerning the role of Councillor Risk Champion. It was clarified that this was the Chair of the Audit and Governance Committee.

**RESOLVED:**

**To endorse the actions of officers in furthering the progress of risk management.**

**43. REVIEW OF THE CORPORATE RISK REGISTER – A/14/23**

The Audit Manager, Veritau presented the report which updated the Committee on movements within the Corporate Risk Register.

**RESOLVED:**

**To endorse the actions of officers in furthering the progress of risk management.**

**44. REVIEW OF THE ACCESS SELBY RISK REGISTER – A/14/24**

The Audit Manager, Veritau presented the report which updated the Committee on movements within the Access Selby Risk Register.

**RESOLVED:**

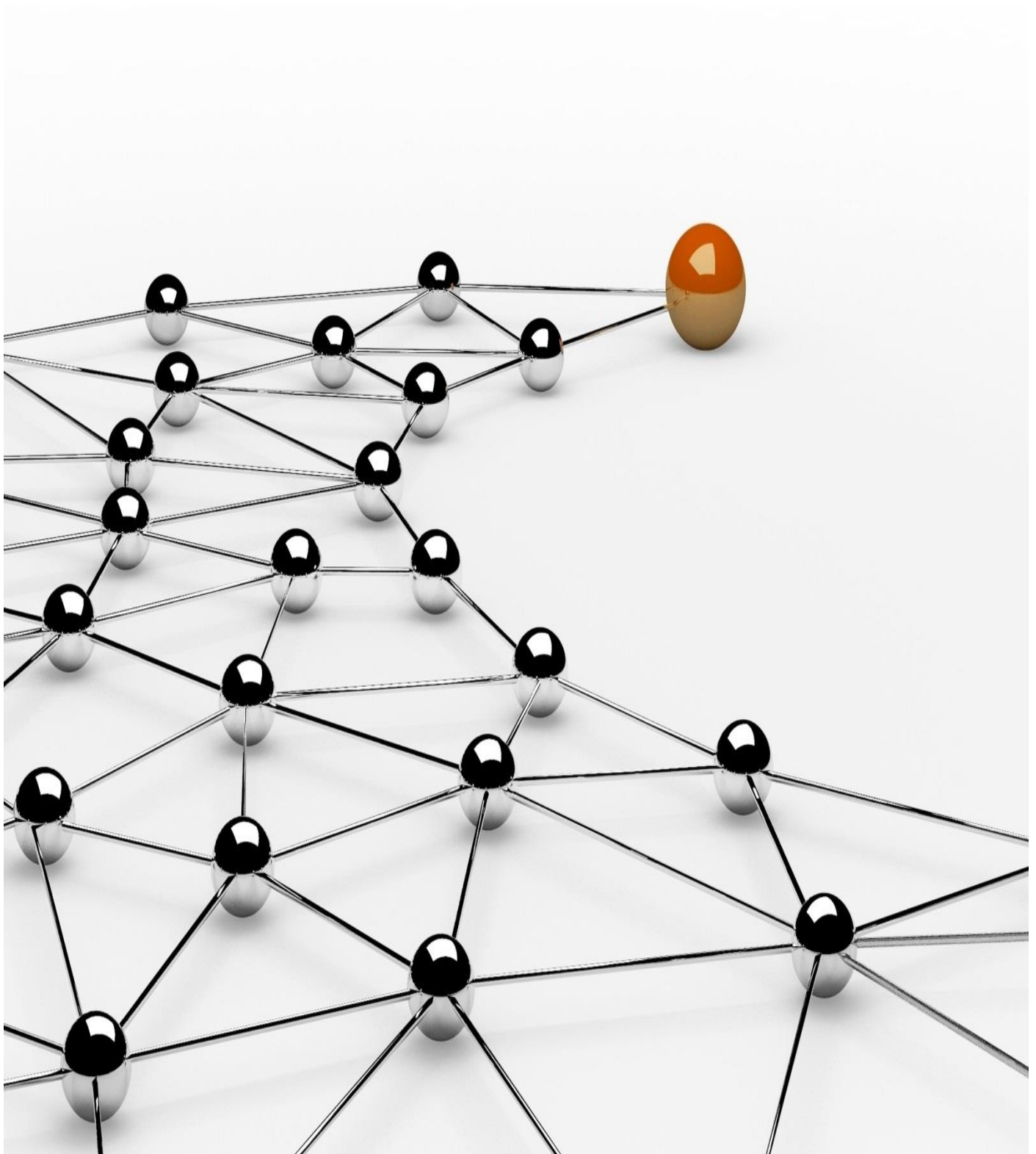
**To endorse the actions of officers in furthering the progress of risk management.**

The meeting closed at 5:36 pm

# Audit Strategy Memorandum

Selby District Council – year ended 31 March 2015

April 2015





Mazars LLP  
The Rivergreen Centre  
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Durham  
DH1 5TS

Audit Committee  
Selby District Council  
Civic Centre  
Doncaster Road  
Selby  
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April 2015

Dear Members

**Audit Strategy Memorandum for the year ending 31 March 2015**

We are delighted to present our Audit Strategy Memorandum for Selby District Council for the year ending 31 March 2015.

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. It is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, and Appendix A summarises our considerations and conclusions on our independence as auditors.

We value two-way communication with yourselves and we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion through which we can also understand your expectations.

This document will be presented at the Audit Committee meeting on 15 April 2015. If you would like to discuss any matters in more detail please do not hesitate to contact me on 0191 383 6300.

Yours faithfully

Cameron Waddell  
Director, for and on behalf of Mazars LLP

Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

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# 01 Purpose and background

## **Purpose of this document**

This document sets out our audit plan in respect of the audit of the financial statements of Selby District Council (the Council) for the year ending 31 March 2015, and forms the basis for discussion at the Audit Committee meeting on 15 April 2015.

The plan sets out our proposed audit approach and is prepared to assist you in fulfilling your governance responsibilities. The responsibilities of those charged with governance are defined as to oversee the strategic direction of the entity and obligations related to the accountability of the entity, including overseeing the financial reporting process.

We see a clear and open communication between ourselves and you as important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring as part of the two-way communication process that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the Council which might affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

Appendix B outlines the form, timing and content of our communication with you during the course of the audit. Appendix C sets out forthcoming accounting and other issues that will be of interest.

## **Scope of engagement**

We are appointed to perform the external audit of Selby District Council for the year to 31 March 2015. The scope of our engagement is laid out in the Audit Commission's Code of Audit Practice for Local Government bodies.

## **Responsibilities**

The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out our respective responsibilities as the auditor and the audited body. The Audit Commission has issued a copy of the Statement to you. The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and we undertake our audit work to meet these responsibilities.

We comply with the statutory requirements governing audit work, in particular:

- the Audit Commission Act 1998; and
- the Code of Audit Practice for Local Government bodies.

We, as auditors to the Council, are responsible for forming and expressing an opinion on the financial statements and reaching a conclusion on the arrangements you have put in place to secure economy, efficiency and effectiveness in the use of your resources (the Value for Money conclusion).

We are also required to report on the consistency of your Whole of Government Accounts submission with the audited financial statements. Our audit does not relieve management or the Audit Committee, as those charged with governance, of their responsibilities.

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK and Ireland) we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud, we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

# 02 Audit scope, approach and timeline

## Audit scope

Our audit approach is designed to provide you with an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards of Auditing (UK and Ireland) and in accordance with the Code of Audit Practice for Local Government Bodies. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas which have been found to contain material errors in the past.

## Audit approach

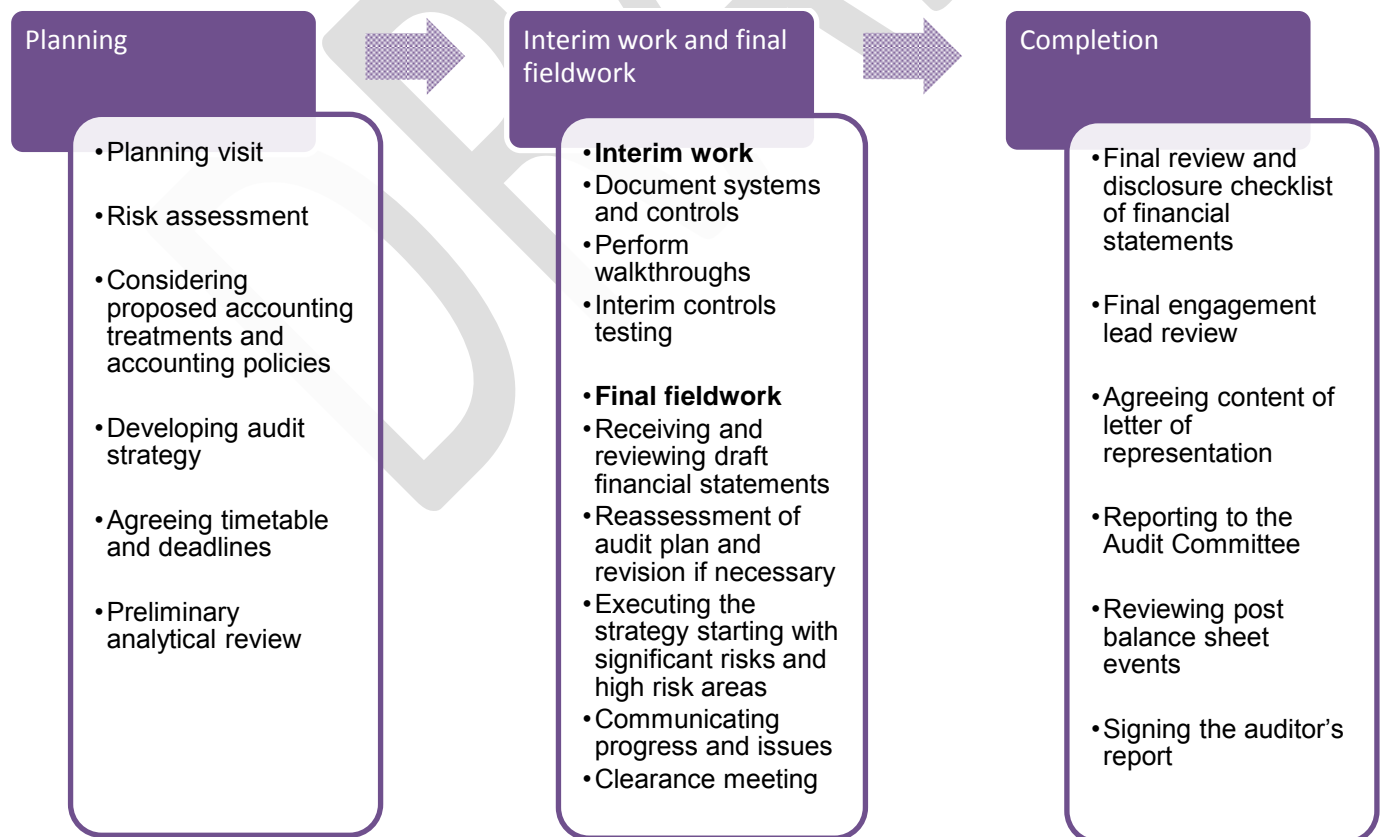
We apply a risk-based audit approach, primarily driven by the matters we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment we develop our audit strategy and design audit procedures in response to this assessment. The work undertaken will include a combination of the following as appropriate:

- testing of internal controls;
- substantive analytical procedures; and
- detailed substantive testing.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free of material misstatement and give a true and fair view. Materiality and misstatements are explained in more detail in Appendix D.

The diagram below outlines the procedures we perform at the different stages of the audit.



### Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we evaluate the work performed by the internal audit team and perform our own audit procedures to determine its adequacy for our audit.

### Reliance on other auditors

There are material entries in your financial statements where we will seek to place reliance on the work of another auditor.

Items of account	Other auditor	Nature of assurance to obtain from the auditor
The defined benefit pension scheme liability, pensions reserve and associated pensions entries and disclosures relating to the Council's participation in the North Yorkshire County Council Pension Fund.	Deloitte LLP	We have agreed a work programme of work with the Pension Fund auditor that aims to provide assurance over the accuracy of source data used by the Actuary and timetable for the receipt of information with Deloitte.

### Service organisations

We are required to assess whether there are any material entries in your financial statements where the Council is dependent on an external organisation. We call these entities service organisations.

Payroll processing is provided by North Yorkshire County Council, and we have considered this as a service organisation. Our assessment is that there are sufficient controls exercised at Selby District Council before payroll payment and after payroll payment to ensure that payroll transactions are not materially misstated. We do not need to carry out any direct work at the payroll provider.

### The work of experts

We plan to rely on the work of the experts set out in the table below.

Items of account	Management's expert	Our expert
Property plant and equipment valuations.	The Council uses an external valuer (Mouchel) to provide valuations of council dwellings, land and buildings.	Audit Commission's consulting valuer (Gerald Eve).
The defined benefit pension scheme liability, pensions reserve and associated pensions entries and disclosures relating to the Council's participation in the North Yorkshire County Council Pension Fund.	The Council uses an actuary (Mercers) to provide valuations in respect of the Local Government Pension Scheme.	Audit Commission's consulting actuary (PWC).
Disclosure of the fair value of financial instruments.	The Council uses Capita Asset Services (formerly Sector) to provide estimates of the fair value of some financial instruments.	We do not routinely use our own expert in respect of fair value disclosures.

## Timeline

The diagram below sets out the timing of the key phases of our audit work. We will communicate with management throughout the audit process and will ensure significant issues identified are communicated to those charged with governance on a timely basis.



# 03 Significant risks and key judgement areas

We have performed our planning procedures, including risk assessment, as detailed in section 02. In addition, we met with management as part of the audit planning process to discuss the risks that, in management's opinion, the Authority faces and have considered the impact on our audit risk. The risks that we identify as significant for the purpose of our audit are the risks of material misstatement that in our judgement require special audit consideration.

We set out below the significant audit risks and the areas of management judgement identified as a result of these meetings and planning procedures which we will pay particular attention to during our audit in order to reduce the risk of material misstatement in the financial statements.

## Significant audit risks

### Management override of controls

#### Description of the risk

Auditing standards state that management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits. This does not imply that we suspect actual or intended manipulation but that we approach the audit with due professional scepticism.

#### How we will address this risk

We have updated our understanding and evaluation of internal controls procedures as part of our audit planning, including completion of a fraud risk assessment. As part of this, we will seek written assurances from the Audit Committee and management on their controls and processes for assessing the risk of fraud in the financial statements and arrangements in place to identify, respond to, and report fraud.

Our testing strategy for this significant risk due to fraud will include:

- journals recorded in the general ledger and other adjustments made in preparation of the financial statements;
- consideration and review of material accounting estimates impacting on amounts included in the financial statements;
- consideration and review of any unusual or significant transactions outside the normal course of business; and
- consideration of any other local factors.

## Revenue recognition

### Description of the risk

Auditing standards include a rebuttable presumption that there is a significant risk in relation to the timing of income recognition and in relation to judgements made by management as to when income has been earned. Mazars' policy is that the scope to apply such a rebuttal is limited. As there is an inherent risk of fraud in revenue recognition we consider it to be a significant risk on all audits. This does not imply that we suspect actual or intended manipulation but that we continue to approach the audit with due professional scepticism.

### How we will address this risk

We will evaluate the design and implementation of controls to mitigate the risk of income being recognised in the wrong period. In addition, we will undertake a range of substantive procedures including:

- testing receipts in March and April 2015 to ensure they have been recognised in the right year;
- testing adjustment journals; and
- obtaining direct confirmation of year-end bank balances and testing the reconciliations to the ledger.

## Pension entries (IAS 19)

### Description of the risk

The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.

### How we will address this risk

We will discuss with key contacts any significant changes to the pension estimates prior to the preparation of the financial statements. In addition to our standard programme of work in this area, we will:

- evaluate the management controls you have in place to assess the reasonableness of the figures provided by the actuary; and
- consider the reasonableness of the actuary's output, referring to an expert's report on all actuaries nationally which is commissioned annually by the Audit Commission.



## Property, Plant and Equipment (PPE) – depreciation, revaluations and impairments / prior year errors

### Description of the risk

Accounting standards and CIPFA's Code of Practice on Local Authority Accounting require that all property, plant and equipment are depreciated, unless there is a specific exception. There are also requirements to regularly revalue assets carried at fair value on the Council's balance sheet and to carry out impairment reviews.

These involve management judgements over the useful lives and valuations of assets.

In addition, there have been material errors in accounting for property, plant and equipment in recent years that required correction.

### How we will address this risk

We will evaluate the design and implementation of controls in respect of depreciation, revaluations and impairments as part of our walkthrough of the property, plant and equipment system.

In addition, we will undertake a range of substantive procedures including:

- substantive sample testing of depreciation, revaluations and impairments per the disclosure note to the financial statements;
- review and evaluation of the work of the in-house valuer, including the valuer's report;
- consideration of regional valuation trends; and
- specific follow up of the areas subject to material error in previous years.

DRAFT

# 04 Value for Money Conclusion

We are required to reach a conclusion on your arrangements to secure economy, efficiency and effectiveness in the use of your resources.

Our conclusion on your arrangements is based on two criteria, specified by the Audit Commission:

- financial resilience – focusing on whether you are managing your financial risks to secure a stable financial position for the foreseeable future; and
- economy, efficiency and effectiveness – focusing on whether you are prioritising your resources within tighter budgets and the need to improve productivity and efficiency.

We set out below the significant risk that we will address through our work.

## VFM risk

### Description of the risk

The Council is facing continuing decreases in resources due to the current economic climate and funding reductions. As a result, the Council's Medium Term Financial Plan has forecast savings required of £0.468 million in 2015/16 and a further £1.388 million over the next two years in order to deliver a balanced budget.

The Council has a good track record of achieving savings against the backdrop of the recent period of austerity, via various initiatives. It has identified savings for 2015/16 will be delivered and has already agreed plans for delivering savings for the years after that although there remains a gap. The Council has reflected this risk in its strategic risk register and further work is ongoing.

Therefore, we are highlighting a significant risk to the financial resilience criterion in light of the savings the Council needs to achieve over the period of its Medium Term Financial Plan in order to deliver a balanced budget.

### How we will address this risk

We will review budget monitoring and reporting, focusing on areas where action plans are in place to make savings and seek to minimise any adverse impact on services. We will review the plans that are developed to deliver future savings and also plans to deliver improvements for the community, including:

- increased collaboration with North Yorkshire County Council, and
- the delivery of affordable housing through the housing trust.

# 05 Your audit team

Below are your audit team and their contact details.

Engagement Lead  
(Director)

- Cameron Waddell
- Tel: 0191 383 6314
- Email: [cameron.waddell@mazars.co.uk](mailto:cameron.waddell@mazars.co.uk)

Engagement Senior  
Manager

- Rochelle Tribe
- Tel: 0191 383 6300 or 07974 179283
- Email: [rochelle.tribe@mazars.co.uk](mailto:rochelle.tribe@mazars.co.uk)

Team Leader (Senior)

- Chris Kneale
- Tel: 0191 383 6300
- Email: [chris.kneale@mazars.co.uk](mailto:chris.kneale@mazars.co.uk)

# 06 Fees for audit and other services

Our audit fees for the audit of the financial statements and for any assurance or other services are outlined in the tables below.

Area of work	2014/15 Proposed Fee	2014/15 Scale Fee	2013/14 Actual Fee
Code audit work	£59,610	*£59,610	£59,180
Certification work	£14,170	£14,170	£18,296
<b>Total fee</b>	<b>£72,880</b>	<b>£72,880</b>	<b>£74,506</b>

The Audit Commission has increased the scale fee for Code audit work by £900 since we sent our 2014/15 fee letter (dated 28 April 2014) to reflect the increase in audit work to obtain assurance over business rates. This increase has been more than offset by the removal of the requirement to certify the non-domestic rates return (£3,246 in 2012/13).

## Non-audit services

To date, we are not proposing any non-audit work in 2014/15. We did not provide any non-audit services in the previous audit year.

# Appendices

# Appendix A – Independence

We are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the Auditing Practices Board's Ethical Standards. In addition we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team who are required to rotate off a client after a set number of years; and
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement lead.

We wish to confirm that in our professional judgement, as at the date of this document, we are independent and comply with UK regulatory and professional requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Cameron Waddell, Engagement Lead.

Prior to the provision of any non-audit services the Engagement Lead will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

No threats to our independence and associated safeguards have been identified.

# Appendix B – Key communication points

ISA 260 'Communication with Those Charged with Governance' and ISA 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' require us to communicate a number of points to you.

Relevant points that need to be communicated to you at each stage of the audit are outlined below.

## **Form, timing and content of our communications**

We will present to the Audit Committee the following reports:

- our Audit Strategy Memorandum;
- our Audit Completion Report; and
- Annual Audit Letter.

These documents will be discussed with management prior to being presented to the Audit Committee and their comments will be incorporated as appropriate.

## **Key communication points at the planning stage as included in this Audit Strategy Memorandum**

- our responsibilities in relation to the audit of the financial statements;
- the planned scope and timing of the audit;
- significant audit risks and areas of management judgement;
- our independence;
- responsibilities for preventing and detecting errors;
- materiality; and
- fees for audit and other services.

## **Key communication points at the completion stage to be included in our Audit Completion Report**

- significant deficiencies in internal control;
- significant findings from the audit;
- significant matters discussed with management;
- our conclusions on the significant audit risks and areas of management judgement;
- unadjusted misstatements;
- management representation letter;
- our proposed draft audit report; and
- independence.

# Appendix C – Forthcoming accounting and other issues

The 2014/15 CIPFA Code of Practice on Local Authority Accounting (the Code) has made several changes, of which you should be aware. We provided workshops explaining these changes and invited officers from the Council responsible for preparing the financial statements. The workshops provided full details of the changes in the 2014/15 Code as well as a forward look to potential future accounting changes that may be of relevance to the Council. If you require detailed information on any of these changes or any other emerging issues, please contact any member of the engagement team.

## Forthcoming accounting issues

Early deadlines	How this may affect the Council
<p>The Government has signalled its intention to bring forward the deadlines for local authorities to produce their statements of account to 31 May from the 2017/18 financial year. The deadline for the completion of the audit will also move forward to 31 July.</p>	<p>The impacts of this change on local authorities and their auditors are anticipated to be significant and we will discuss how we will meet the challenges of the earlier deadlines with Council officers.</p>
Group Accounts	How this may affect the Council
<p>Module 9 of the 2014/15 Code Guidance Notes has been updated to reflect changes in group accounting standards.</p>	<p>The Council does not currently prepare Group Accounts, but this may change as more joint working arrangements are introduced.</p>
Transport Infrastructure Assets	How this may affect the Council
<p>It is anticipated that the measurement basis for Transport Infrastructure Assets will change from depreciated historic cost to depreciated replacement cost in 2016/17, with prior period restatement required. The impact of this change may be significant, with the value of these assets on the Council's balance sheet significantly increasing.</p>	<p>At this stage, it is not clear as to the impact that this change could have on district councils. Council officers should maintain an awareness of developments in this area and we will discuss the potential impact with officers at an early stage.</p>



# Appendix D – Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and financial statements;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

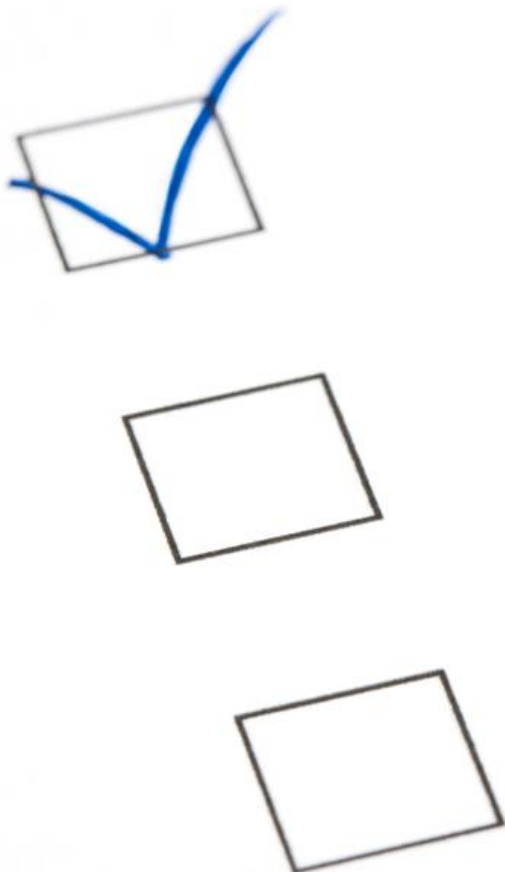
We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

We discuss with management any significant misstatements or anomalies that we identify during the course of the audit and we report in our Audit Completion Report all unadjusted misstatements we have identified other than those which are clearly trivial, and obtain written representation that explains why these remain unadjusted.

# Selby District Council

## Audit Progress Report

April 2015



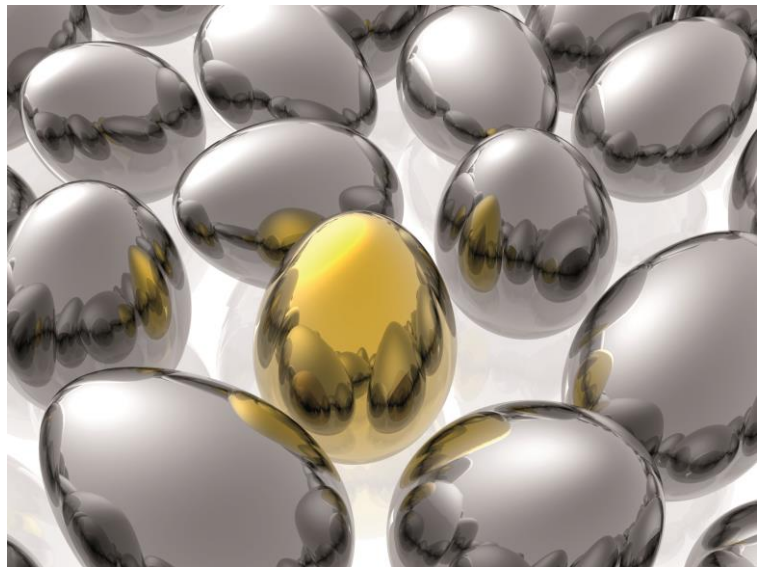
# Contents

- 01 Purpose of this paper
- 02 Summary of audit progress
- 03 Emerging issues and developments
- 04 Contact details

Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, the international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England with registered number OC308299.

# 01



## Purpose of this paper

The purpose of this paper is to update the Audit Committee on progress in meeting our responsibilities as your external auditor. We also include in this paper key emerging national issues and developments which may be of interest to members of the Committee.

If you need any additional information please contact Cameron Waddell or Rochelle Tribe using the contact details at the end of this update.

# 02

## Summary of audit progress



We have commenced work on the 2014/15 audit.

We have updated our assessment of the control environment and our fraud risk assessment and IT risk assessment. We have updated our documentation of the key financial systems and performed a walk through test of the key parts of each system. We have reviewed a range of other documentation of the Council's arrangements and met with key officers to discuss current issues and developments.

We have now completed our audit planning and our Audit Strategy Memorandum is also on the agenda for this meeting. This document sets out the risks we have identified for both the opinion on the financial statements and the value for money conclusion, and our overall approach to the audit.

We are now starting our work on housing benefits certification, and will also be starting on the detailed audit of the 2014/15 financial statements.

## **Update on financial reporting changes 2014/15**

The purpose of this section is to update the Audit Committee on changes to financial reporting that may impact on your 2014/15 financial statements. Two areas summarised in Appendix 1 are:

- key accounting changes in the latest edition of the Code of Practice for Local Authority Accounting in the UK which apply to the 2014/15 accounts; and
- any changes to accounting policies to be applied in the preparation of the Council's 2014/15 Statement of Accounts.

This is intended to help the Committee to maintain an understanding of internal and external reporting requirements. It is good practice for the Audit Committee to be made aware of changes in accounting and accounting policies, and this could be used by the Council as a basis for reports in future years.

## **Protecting the Public Purse - 2013/14 Fraud Briefing**

Members will recall the fraud and law & regulations briefing provided by Mazars and Veritau, your internal auditors, after the June 2014 meeting of the Committee. Part of the briefing at that time included the outcomes in terms of identified fraud for the 2012/13 financial year.

The Audit Commission has now published its briefing on 2013/14 outcomes, and the slide pack for this is attached as Appendix 2.

Key to note when reviewing this information is that the levels of identified fraud are a matter of fact and are not in themselves a good indicator of the strength of your arrangements in this area. The briefing is attached for Members' information, but needs to be considered in the context of the Council's overall arrangements, which were the subject of the presentation last June.

# 03

## Emerging issues and developments



There have been few developments since the last Audit Committee meeting.

The Audit Commission closes on 31 March 2015.

Pages 7 to 9 below are an extract from the Audit Commission's website which explains how its current functions will be discharged after it closes from 1 April 2015.

## **Future of Local Audit**

In August 2010, the Department for Communities and Local Government (DCLG) announced plans to put in place new arrangements for auditing England's local public bodies.

### **Local Audit and Accountability Act 2014**

The Act received Royal Assent on 30 January 2014. The Act makes it possible for the Audit Commission to close, in line with Government expectations, on 31 March 2015, 30 years after it was established.

Several of the Commission's functions will continue after its closure.

### **Management of audit contracts**

An independent company created by the Local Government Association (Public Sector Audit Appointments Limited) will be responsible for overseeing the Commission's current external audit contracts with audit firms from 1 April 2015 until December 2017 or up to 2020. It will manage the contracts and exercise statutory powers to appoint auditors, set and determine fees, and to make arrangements for housing benefit subsidy certification.

The professional conduct of auditors will continue to be regulated by the professional accountancy bodies. From 2017 or up to 2020, Recognised Supervisory Bodies will determine the eligibility of local public auditors and register them and, in turn, they will be recognised and supervised by the Financial Reporting Council.

The Financial Reporting Council's Audit Quality Review team will monitor the local public audits carried out by auditors through new regulatory arrangements.

*Source: Audit Commission website*



## **Grant certification**

The role of making arrangements for housing benefit subsidy certification will transfer to Public Sector Audit Appointments Limited from 1 April 2015. It is intended that this role will continue until housing benefit is rolled into Universal Credit, or until the audit contracts end – whichever happens first. The independent company will not have a role in relation to the certification of other grant claims.

## **Code of Audit Practice**

The National Audit Office will produce and maintain the Code of Audit Practice and provide supporting guidance to auditors from 1 April 2015.

## **Whistleblowing**

The Comptroller and Auditor General will be a prescribed person to whom whistleblowing disclosures can be made in respect of local public bodies under the Public Interest Disclosure Act 1998 from 1 April 2015. Appointed auditors retain their status as a prescribed person under the Act.

## **National Fraud Initiative**

The Audit Commission powers to conduct the National Fraud Initiative will pass to Cabinet Office on the 1st of April 2015, and the NFI will run under Cabinet Office powers from that date onwards. The NFI matches data provided by some 1,300 participating organisations from across the public and private sectors against data provided by other participants, and key data sets provided by government departments and other national agencies, to prevent and detect fraud.

## **Counter fraud**

To preserve the legacy of the Audit Commission's counter-fraud work we will publish relevant counter-fraud tools and outputs online with open access before the Commission closes at the end of March 2015.

*Source: Audit Commission website*

## **Provision of information about audit**

The National Audit Office will publish information previously provided by the Audit Commission. The NAO will become the owner of *Council Accounts: A Guide to Your Rights*, often referred to as the guide to the electorate's rights with regard to the audit of their local authority. Public Sector Audit Appointments Limited will continue to publish Auditing the Accounts and quarterly and annual reports on auditor compliance and audit quality.

## **Analytical tools**

Three of the Audit Commission's analytical tools that are primarily maintained to support audit contracts will transfer to Public Sector Audit Appointments Limited and will continue until the end of the current audit contracts: the two Value for Money Profiles Tools (for councils and for fire authorities), and the Audit Fees Comparator Tool. The Financial Ratios Tool is also likely to continue, although arrangements are yet to be finalised.

## **National value for money studies**

Building on its existing work, including in the Health sector, the National Audit Office now also carries out studies which consider the value for money of services delivered by the local government sector.

## **Best value inspections**

The power to carry out Best Value inspections (not exercised by the Audit Commission since 2010) transferred to the Secretary of State for Communities and Local Government on 4 April 2014.

## **Audit Commission historic reports and information**

The National Archives preserves copies of the Audit Commission's website and these are available at

[http://webarchive.nationalarchives.gov.uk/\\*/http://audit-commission.gov.uk/pages/default.aspx](http://webarchive.nationalarchives.gov.uk/*/http://audit-commission.gov.uk/pages/default.aspx). For copies of the Commission's past reports you may view these on the National Archives website.

*Source: Audit Commission website*

# 04

## Contact details



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# Appendix 1

## Changes to the Code of Practice for Local Authority Accounting in the UK for 2014/15

### Background

The *Code of Practice for Local Authority Accounting in the UK* (the Code) is based on International Financial Reporting Standards (IFRS), and has been developed by the CIPFA/LASAAC Code Board overseen by the Financial Reporting Advisory Board. It is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.

The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance. The latest edition of the Code applies for accounting periods commencing on or after 1 April 2014. It supersedes the 2013/14 Code.

In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003.

The CIPFA/LASAAC Code Board, overseen by the Financial Reporting Advisory Board, is in a position to issue mid-year updates to the Code. This will only be done in exceptional circumstances. The Code is thus intended to provide a comprehensive framework.

### Changes to the Code

The table below provides a summary of the changes in the 2014/15 CIPFA Code and their applicability to the Council.

Change	Relevant to Selby District Council
The provisions of section 2.5 of the Code (accounting for local government reorganisation and other combinations) have been clarified and augmented including a new definition of a function, clarification of the requirements for a transfer by absorption or a transfer by merger and relevant disclosure requirements.	No
The 2014/15 Code includes amendments to section 3.4 on the presentation of financial statements to reflect the amendments to IAS 1 as required by the Annual Improvements to IFRS 2009–2012 Cycle issued in May 2012 and also to include local authority statutory reporting requirements in the complete list of financial statements.	Yes
Section 6.4 of the 2014/15 Code includes clarification of the adaptation for the determination of the net defined benefit liability (asset) of the term 'sufficient regularity' that the period between the formal actuarial valuations is every four years for police and firefighters' pension funds.	No – applies only to police and firefighters' pension funds. Formal actuarial valuations are already required every three years for local government pension scheme funds.
Section 6.5 of the 2014/15 Code includes clarification on the reporting requirements for the Statement on the System of Internal Financial Control for pensions administering authorities in Scotland.	No – applies only to local authorities in Scotland
Section 7.4 of the 2014/15 Code includes the amendments to IAS 32 Financial Instruments: Presentation (Offsetting Financial Assets and Liabilities), December 2011, requiring reference to the amended application guidance for offsetting financial assets and liabilities, where applicable.	Yes – but the Council already separately discloses losses and gains in the Comprehensive Income and Expenditure Statement
Chapter 9 of the Code includes the introduction of the requirements of the five new or amended standards introduced by the IASB in May 2011, i.e. IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Ventures, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements (as amended in 2011) and IAS 28 Investments in Associates and Joint Ventures (as amended in 2011).	No – the Council does not currently prepare Group Accounts, but this may change as more joint working arrangements are introduced
A new Appendix D has been introduced in the 2014/15 Code to confirm for authorities the changes to the future editions of the Code for the measurement of transport infrastructure assets.	No – the impact of this change on district councils is not clear, and officers should maintain an awareness of developments in this area
CIPFA/LASAAC has decided to defer adoption of IFRS 13 Fair Value Measurement until the 2015/16 Code while it reviews its application of the standard for local government circumstances.	Yes – for future adoption
<p>The 2014/15 Code introduces a new Appendix E confirming the position for local authority maintained schools.</p> <p>A Local Authority Accounting Panel Bulletin (LAAP 101 – Accounting for Non-Current Assets Used by Local Authority Maintained Schools) focuses on the accounting treatment for non-current assets used by schools.</p>	No

## Changes to accounting policies for application in the 2014/15 financial statements

### Background

It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2011 for the Statement of Accounts to be produced in accordance with proper accounting practices.

Accounting policies are defined in the Code as “the specific principles bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements”. Accounting policies need not be applied if the effect of applying them would be immaterial. Materiality is defined in the Code as it applies to omissions and misstatements:

*Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.*

### New and Amended Accounting Policies

The need for changes in accounting policy can arise from:

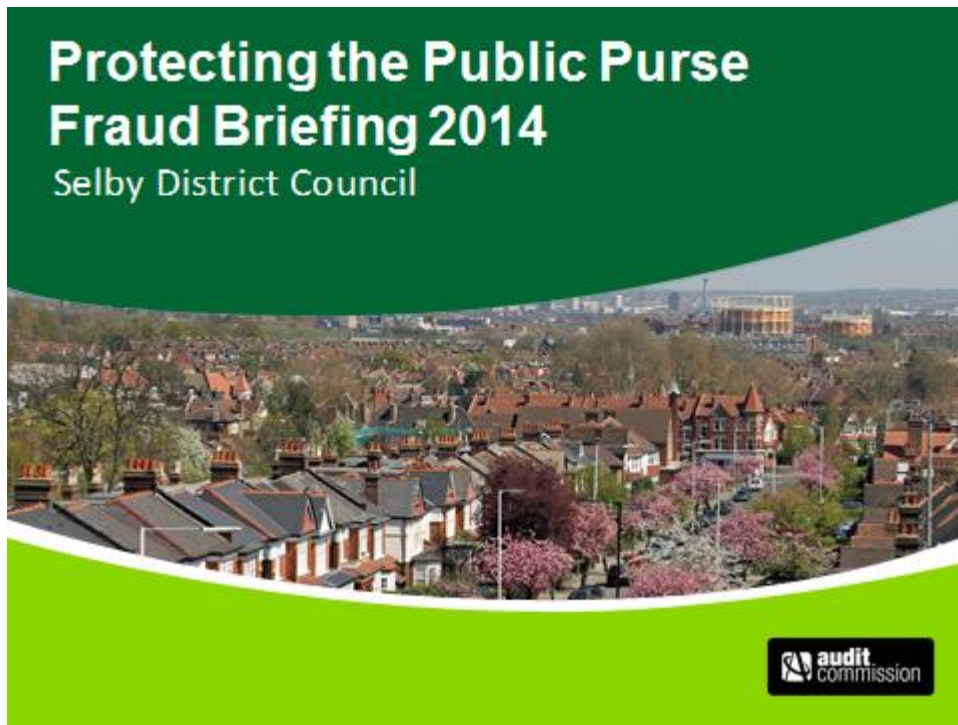
- mandatory changes under the annual Code of Practice on Local Authority Accounting which require a new or revised accounting policy to be adopted by all local authorities; and
- changes within the overall framework of the Code, but where the policy to be adopted is discretionary and is dependent upon interpretation of local circumstances.

Changes reflected in the 2014/15 updated Code and any subsequent supplementary updates do, on the whole, have to be incorporated into the Council’s accounts but do not necessarily impact on the accounting policies. This is because the changes for 2014/15 are principally around additional or changed disclosure notes, points of clarification and additional guidance. Page 11 of this report outlines areas where changes in the Code may have an impact on the Council’s financial statements. None of these require associated changes in accounting policy, and we expect that the 2014/15 accounting policies should be in line with those used in the preparation of the 2013/14 accounts.

We do not anticipate any new accounting policies.

The Council's finance team will be able to provide a full list of accounting policies the Council proposes to disclose in its notes to the Statement of Accounts and to use in preparing those accounts. In future, the proposed accounting policies could be presented to the Audit Committee in advance of preparing the accounts.

# Appendix 2



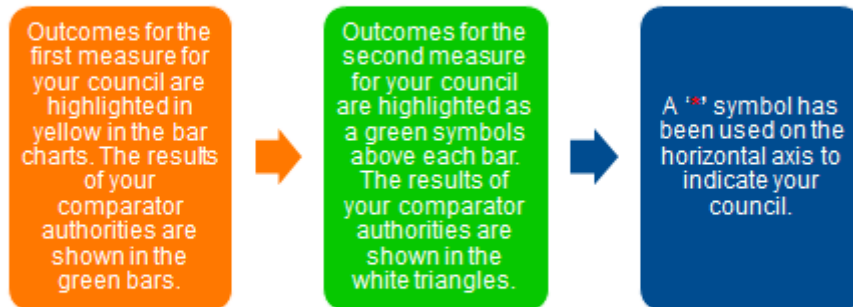
## Purpose of Fraud Briefing

-  Provide an information source to support councillors in considering their council's fraud detection activities
-  Extend an opportunity for councillors to consider fraud detection performance, compared to similar local authorities
-  Give focus to discussing local and national fraud risks, reflect on local priorities and the proportionate responses needed
-  Be a catalyst for reviewing the council's current strategy, resources and capability for tackling fraud





## Understanding the bar charts



All data are drawn from council submissions on the Audit Commission's annual fraud and corruption survey for the financial year 2013/14.

In some cases, council report they have detected fraud and do not report the number of cases and/or the value. For the purposes of this fraud briefing these 'Not Recorded' records are shown as Nil.



## Comparator group

Babergh  
Craven  
Daventry  
East Northamptonshire  
Forest of Dean  
Hambleton  
Harrogate  
High Peak  
Lichfield  
Mendip  
Mid Suffolk  
Newark and Sherwood  
North Warwickshire  
Richmondshire  
Ryedale  
Scarborough  
Selby  
South Derbyshire  
South Kesteven



## Interpreting fraud detection results



Contextual and comparative information needed to interpret results



Detected fraud is indicative, not definitive, of counter fraud performance (*Prevention and deterrence should not be overlooked*)



No fraud detected does not mean no fraud committed (*Fraud will always be attempted and even with the best prevention measures some will succeed*)

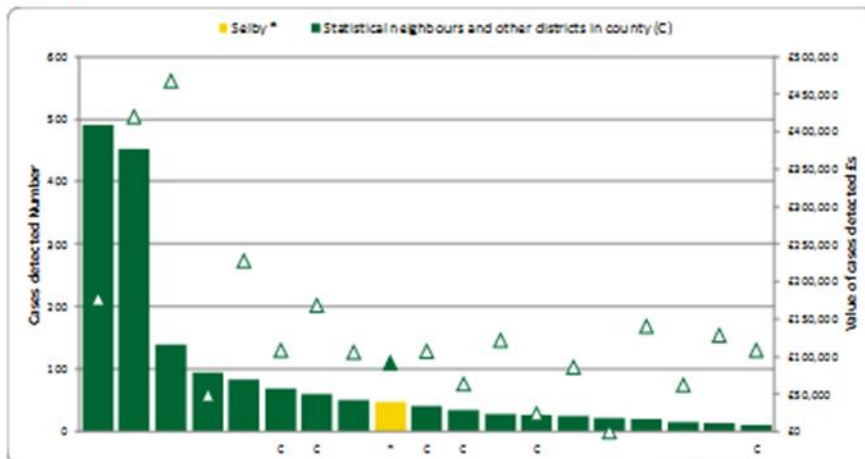


Councils who look for fraud, and look in the right way, will find fraud (*There is no such thing as a small fraud, just a fraud that has been detected early*)



Total detected cases and value 2013/14  
(Excludes Housing tenancy fraud)

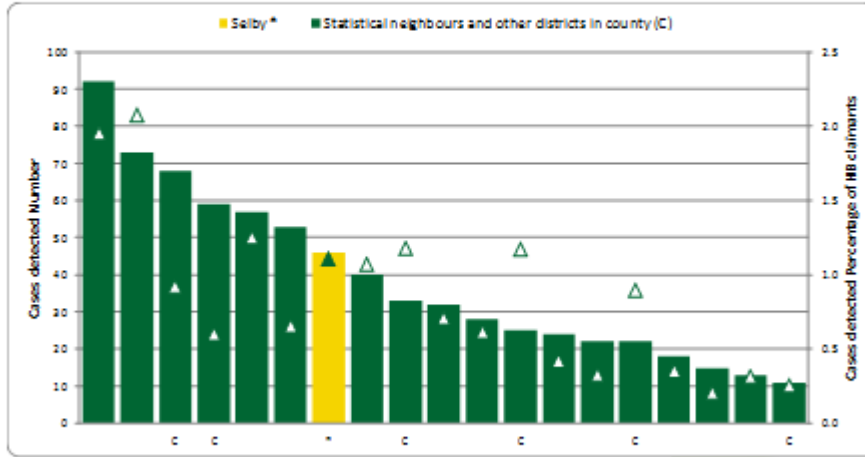
### Selby



Selby detected 47 cases of fraud. The value of detected fraud was £91,860.  
Average for statistical neighbours and county: 93 cases, valued at £142,796



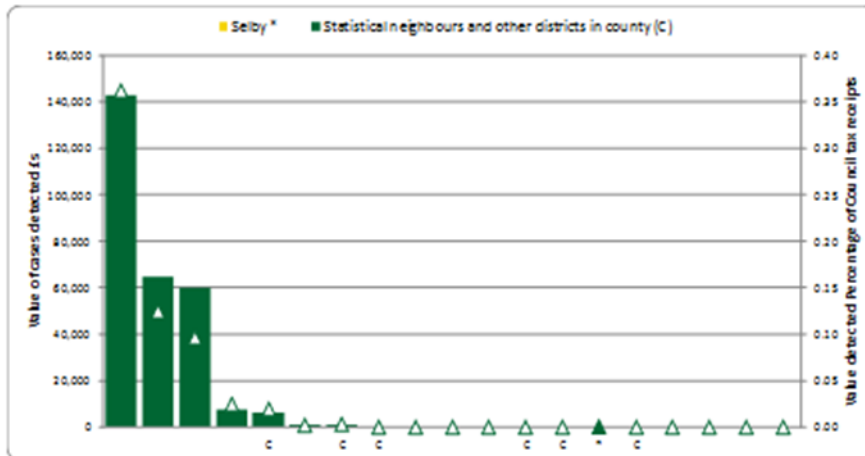
Housing Benefit (HB) and Council Tax Benefit (CTB) 2013/14  
 Total detected cases, and as a proportion of housing benefit caseload  
**Selby**



Selby detected 46 cases of this type of fraud. The value of detected fraud was £88,413.  
 Average for statistical neighbours and county: 38 cases, valued at £128,764



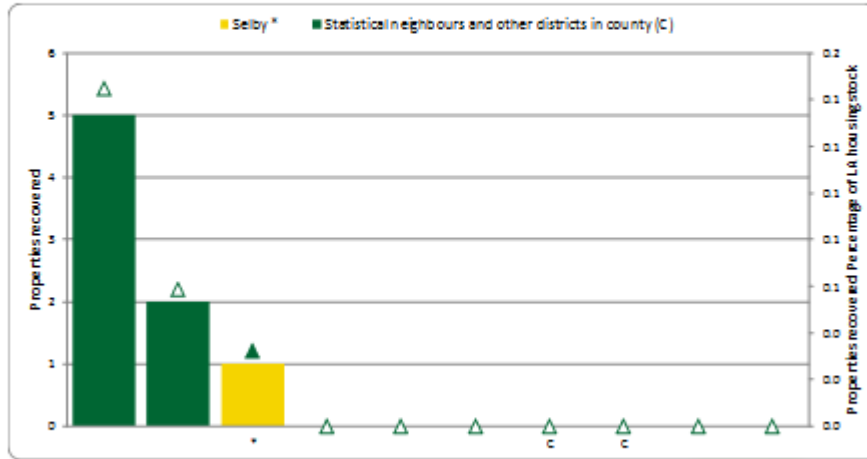
Council tax discount fraud 2013/14  
 Total detected cases, and as a proportion of council tax income  
**Selby**



Selby did not detect any cases of this type of fraud.  
 Average for statistical neighbours and county: 51 cases, valued at £15,752



Social Housing fraud (only councils with housing stock) 2013/14  
 Total properties recovered, and as a proportion of housing stock  
**Selby**



Selby recovered 1 property.  
 Average for statistical neighbours and county with housing stock: 1 case



Right to buy fraud (only councils with housing stock) 2013/14  
 Right to buy cases and value  
**Selby**



Selby did not detect any cases of this type of fraud.  
 Average for statistical neighbours and county with housing stock: 0.2 cases



## Other frauds 2013/14

### Selby

Procurement: Selby did not detect any cases of this type of fraud.  
Total for statistical neighbours and county: 2 cases, valued at £50,585

Insurance: Selby did not detect any cases of this type of fraud.  
Total for statistical neighbours and county: 3 cases, valued at £99,225

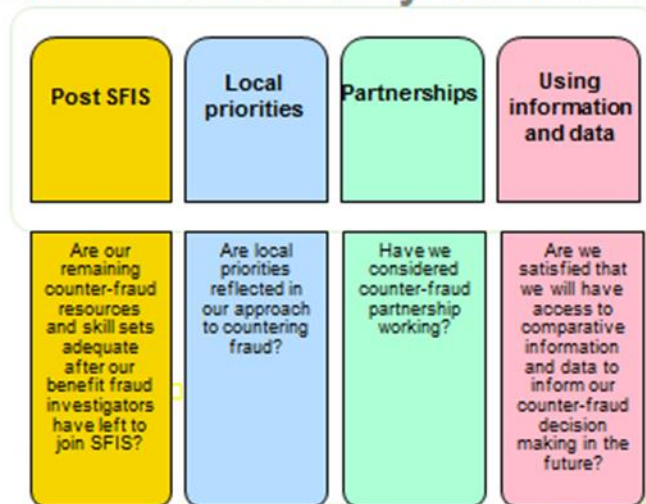
Economic and third sector: Selby did not detect any cases of this type of fraud.  
Total for statistical neighbours and county: 0 cases

Internal: Selby detected this type of fraud and did not report the number of cases.  
Total for statistical neighbours and county: 2 cases, valued at £9,785

*Correctly recording fraud levels is a central element in assessing fraud risk.  
It is best practice to record the financial value of each detected case*



## Questions elected members and decision makers may wish to ask





Report Reference Number: A/14/26

Agenda Item No: 6

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**To:** Audit and Governance Committee  
**Date:** 15 April 2015  
**Author:** Karen Iveson; Executive Director (s151 Officer)  
**Lead Officer:** Karen Iveson; Executive Director (s151 Officer)

---

**Title:** Annual Governance Statement 2013/14 – Action Plan Review

**Summary:** To review progress on the Annual Governance Statement (AGS) 2013/14 Action Plan approved in September 2014.

**Recommendation:**

**It is recommended that progress against the Action Plan for the Annual Governance Statement for 2013/14 be noted.**

**Reasons for recommendation:**

To ensure the necessary actions have been carried out in accordance with the approved Annual Governance Statement and action plan.

**1. Introduction and background**

- 1.1 Good governance is important to all involved in local government; however, it is a key responsibility of the Leader of the Council and of the Chief Executive.
- 1.2 The preparation and publication of an annual governance statement in accordance with the Cipfa/SOLACE Framework was necessary to meet the statutory requirements set out in Regulation 4(2) of the Accounts and Audit Regulations which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices”.
- 1.3 To meet the requirement to review the AGS an Action Plan has been agreed and is subject to half yearly review by the Audit Committee.

## **2. The Report**

- 2.1 The present Action Plan for review is attached as Appendix A. Progress against the approved action plan has been made and it is pleasing to note the improvements in reconciliations and the significant work to support the Council's Information Governance arrangements.
- 2.2 Work on embedding our Information Governance procedures will continue during 2015/16 and the Audit and Governance Committee will receive an annual report in January 2016.

## **3. Legal/Financial Controls and other Policy matters**

### 3.1. Legal Issues

- (a.) None.

### 3.2. Financial Issues

- (a.) None.

## **4. Conclusion**

- 4.1. The AGS and scrutiny of the Action Plan represents progress towards setting the highest Corporate Governance standards and meets the requirements of the Accounts and Audit Regulations.

## **5. Background Documents**

**Contact Officer:** *Karen Iveson, Executive Director (and s151);*  
[kiveson@selby.gov.uk](mailto:kiveson@selby.gov.uk)  
*01757/292056*

**Appendices:** **Appendix A – AGS 2013/14 Action Plan**

## Appendix A

Year	Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
2012/13	ICT 2011/12. Risks have been identified around disaster recovery, security and back-up arrangements. As IT is fundamental to the Council achieving its goals it is important that systems and processes are robust.	Internal Audit report.	The IT Manager will ensure that agreed actions are implemented.	IT Manager	Disaster recovery arrangements are in place.  Business Continuity Plans have been subject to audit during 2014/15 Substantial assurance was given although recommendations for improvement were made.
2013/14	Again, reconciliations of bank accounts and feeder systems have been undertaken although some delays have been seen.	Internal Audit Report	The Lead Officer - Finance will ensure that reconciliations are maintained up-to-date.	The Lead Officer - Finance and Access Selby Directors Immediate	Training has been provided where needed to ensure timely and accurate reconciliations can be carried out. Reconciliations are up to date (to February 2015 as at Audit Committee date).
2013/14	Information Governance and breaches in Data Protection are not adequately managed.	Internal Audit Report	Solicitor to the Council Plans are now in place to: <input type="checkbox"/> Assign clear roles and responsibilities; <input type="checkbox"/> Approve and implement the necessary policies and procedures; <input type="checkbox"/> Deliver a targeted training	Executive Director (s151) June 2014	The Executive Director (s151) has been as designated Senior Information Risk Owner (SIRO). A project managed by the Solicitor to the Council has been



Year	Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
			<p>programme;</p> <p><input type="checkbox"/> Ensure adequate reporting arrangements; and</p> <p><input type="checkbox"/> Consider appropriate disciplinary procedures for data breaches.</p> <p>Internal Audit to assist/advise.</p>		<p>established and an action plan produced. As at the year-end, 6 of the 9 actions have been completed with tow of the outstanding matters almost completed. Work is on-going in relation to the updating of the information Asset Register and some minor matters relating to standard contractual terms</p>

**To:** **Audit Committee**  
**Date:** **15 April 2015**  
**Author:** **Phil Jeffrey; Audit Manager; Veritau**  
**Lead Officer:** **Karen Iveson; Executive Director (s151 Officer)**

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**Title:** **Internal Audit Progress Report 2014/15**

**Summary:** The purpose of the report is to provide an update on progress made in delivering the internal audit workplan for 2014/15.

**Recommendations:**

**It is recommended that the attached report be approved.**

**Reasons for recommendation**

It is recommended that the report is considered by the Audit Committee as it summarises the audit work undertaken during the year to date.

**1. Introduction and background**

- 1.1. The provision of Internal Audit is a statutory requirement (Accounts & Audit Regulations 2011).
- 1.2. The Audit Committee approved the internal audit plan for 2014/15 at its meeting held on the 16 April 2014. The purpose of this report is to inform Members of the progress made to date in delivering the 2014/15 Internal Audit Plan and any developments likely to have an impact on the Plan throughout the remainder of the financial year.

**2. The Report**

- 2.1. Within the report there is a summary of progress made against the plan.
- 2.2. Veritau carries out its work in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.3. There is no direct linkage to any of the Council's Priorities, as internal audit is a support service, providing assurance on corporate

governance arrangements, internal control and risk management to the Council's and Access Selby's managers in respect of their services, and specifically to the Council's S151 Officer on financial systems.

### **3. Legal/Financial Controls and other Policy matters**

#### **3.1. Legal Issues**

3.1.1 There are no legal issues.

#### **3.2. Financial Issues**

3.2.1 There are no financial issues.

### **4. Conclusion**

4.1 Currently, two 2014/15 audits are at draft report stage and a further twelve are in progress. Five reports have been finalised since the last report to this committee. It is anticipated that the 93% target will be exceeded by the end of April 2015 (the cut off point for 2014/15 audits).

### **5. Background Documents**

**Contact Officer: Phil Jeffrey Audit Manager; Veritau**  
**Phil.jeffrey@veritau.co.uk**  
**01904 552926/01757 292281**

**Richard Smith; Deputy Head of Internal Audit;**  
**Veritau**  
**Richard.smith@veritau.co.uk**

**Appendices: - Appendix A – Internal Audit Progress Report**

## **Selby District Council**

# **Internal Audit Progress Report 2014-15**

**Audit Manager:** Phil Jeffrey  
**Deputy Head of Internal Audit:** Richard Smith  
**Head of Internal Audit:** Max Thomas  
**Date:** 15<sup>th</sup> April 2015

## Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2011 and the Public Sector Internal Audit Standards (PSIAS). The Head of Internal Audit is required to regularly report progress in the delivery of the internal audit plan to the Audit Committee and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members approved the Annual Internal Audit Plan 2014/15 at their meeting on the 16 April 2014. The total number of planned audit days for 2014/15 is 355. The performance target for Veritau is to deliver 93% of the agreed Audit Plan by the end of the year. This report summarises the progress made in delivering the agreed plan.

## Internal Audit Work Carried Out 2014/15

- 3 A summary of the audit work completed in the year to date is attached at **Appendix A**.
- 4 Veritau officers are involved in a number of other areas relevant to corporate matters:
  - **Support to the Audit Committee**; this is mainly ongoing through our support and advice to Members. We assist by facilitating the attendance at Committee of managers to respond directly to Members' questions and concerns arising from audit reports and the actions that managers are taking to implement agreed actions.
  - **Contractor Assessment**; this work involves supporting the assurance process by using financial reports obtained from Dunn & Bradstreet (Credit Rating Agency) in order to confirm the financial suitability of potential contractors.
  - **Risk Management**; Veritau facilitate the Council's risk management process and advise Access Selby on their processes.
  - **Systems Development**; Veritau attend development group meetings in order to ensure that where there are proposed changes to processes or new ways of delivering services, that the control implications are properly considered.
  - **Investigations**; Special investigations into specific sensitive issues.
- 5 As with previous audit reports an overall opinion will be given for each of the specific systems under review.
- 6 The opinions used by Veritau are provided below:

### High Assurance

Overall, very good management of risk. An effective control environment appears to be in operation.

### Substantial Assurance

Overall, good management of risk with few weaknesses identified. An effective control environment is in operation

but there is scope for further improvement in the areas identified.

**Reasonable Assurance** Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.

**Limited Assurance** Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.

**No Assurance** Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

7 The following priorities are applied to individual actions agreed with management:

**Priority 1 (P1)** – A fundamental system weakness, which represents unacceptable risk to the system objectives and requires urgent attention by management.

**Priority 2 (P2)** – A significant system weakness, whose impact or frequency presents risk to the system objectives, which needs to be addressed by management.

**Priority 3 (P3)** – The system objectives are not exposed to significant risk, but the issue merits attention by management.

8 It is important that agreed actions are formally followed-up to ensure that they have been implemented. Agreed actions are recorded within Covalent therefore assurance should be gained through the performance management framework, with further testing carried out as appropriate.

9 A total of 28 agreed actions from 2013/14 audits have been followed up with responsible officers. 26 had been satisfactorily implemented. In a further 2 cases, the actions had not been implemented by the target date but a revised date was agreed. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable (e.g. due to unexpected difficulties or where actions are dependent on new systems being implemented). These actions will be followed up after the revised target date. The remaining 4 actions agreed in 2013/14 audits have not yet been followed up either because the target dates have not yet passed or because follow up work is still in progress. A summary of this follow up work is included below:

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	26	1	15	10
Revised date agreed	2	0	2	0
Follow up in progress	2	0	1	1
Not yet followed up	2	0	2	0
<b>Total agreed actions</b>	<b>32</b>	<b>1</b>	<b>20</b>	<b>11</b>

- 10 A total of 9 agreed actions from completed 2014/15 audits have been followed up with the responsible officers. All 9 have been satisfactorily implemented. The remaining 9 actions agreed in 2014/15 audits have not yet been followed up because the relevant target date has not passed. A summary of this follow up work is included below:

<b>Action status</b>	<b>Total No.</b>	<b>Action Priority</b>		
		<b>1</b>	<b>2</b>	<b>3</b>
Actions now implemented	9	0	3	6
Revised date agreed	0	0	0	0
Follow up in progress	0	0	0	0
Not yet followed up	9	0	3	6
<b>Total agreed actions</b>	<b>18</b>	<b>0</b>	<b>6</b>	<b>12</b>

- 11 Currently, two 2014/15 audits are at draft report stage and a further twelve are in progress. Five reports have been finalised since the last report to this committee. It is anticipated that the 93% target will be exceeded by the end of April 2015 (the cut off point for 2014/15 audits).

## Appendix A

### Table of 2014/15 audit assignments status

Audit	Status	Audit Committee
<b>Corporate Risk Register/Access Selby RR</b>		
Savings Delivery	In progress	
Partnerships	In progress	
Performance Management and Data Quality	In progress	
Government Legislation	<b>High Assurance</b>	January 2015
<b>Fundamental/Material Systems</b>		
Housing Rents	<b>Substantial Assurance</b>	January 2015
Council Tax/NNDR	In progress	
Sundry Debtors	<b>High Assurance</b>	April 2015
Benefits	In progress	
Council House Repairs	In progress	
Creditors	<b>Substantial Assurance</b>	April 2015
Income/Receipting Systems	In progress	
Payroll	<b>High Assurance</b>	April 2015
General Ledger (budgetary control & reconciliations)	In progress	
Capital Accounting/Asset Management	In progress	
<b>Regularity Audits</b>		
Civil Contingencies Act/Business Continuity	<b>Substantial Assurance</b>	January 2015
Safeguarding Children	<b>Substantial Assurance</b>	April 2015
Taxi Licensing	<b>Reasonable Assurance</b>	January 2015
<b>Technical/Project Audits</b>		
ICT – Network / COA access	In progress	
ICT – PCI DSS compliance	Draft report issued	
Programme for Growth	To join Project Board in 2015/16	
Contract Audit/Procurement	Draft report issued	
Housing Trust	Ongoing support provided - no report issued	



Audit	Status	Audit Committee
Business Transformation	Ongoing support provided – no report issued	
Better Together Information Governance Support	In progress Support provided - no report issued	
<b>Contingency</b> - Car Park Income - Document Management	<b>No opinion given</b> In progress	April 2015
<b>Follow Ups:</b>	Ongoing	

Summary of Key Issues from audits completed to 27 March 2015; previously not reported

Audit	Opinion	Area Reviewed	Date Issued	Comments	Number of Agreed Actions	
					Total	Priority 1
Sundry Debtors	High Assurance	This audit examined the systems for processing debtors' transactions as well as debt recovery procedures.	19 February 2015	<p><b>Strengths</b> Income due to the council was allocated to the correct income accounts in all instances, suitable and timely recovery action had been taken for all aged debts and write offs were authorised appropriately and for valid reasons.</p> <p><b>Weaknesses</b> No significant control weaknesses identified.</p>	0	0
Payroll	High Assurance	This audit looked at the key risks in relation to the payroll functions carried out by the council.	27 March 2015	<p><b>Strengths</b> The checking carried out provides assurance that payments being made are calculated correctly in accordance with contracts of service and agreed rates of pay, and have been authorised.</p>	3	0

Audit	Opinion	Area Reviewed	Date Issued	Comments	Number of Agreed Actions	
					Total	Priority 1
				<b>Weaknesses</b> The Service Level Agreement with North Yorkshire County Council (NYCC) has not been renewed, although NYCC continue to provide payroll services for the council.		
Safeguarding Children	Substantial Assurance	This audit looked at the council's responsibilities in relation to safeguarding children.	20 January 2015	<b>Strengths</b> It was found that in most areas the council was fulfilling its safeguarding responsibilities.  <b>Weaknesses</b> The Safeguarding Policy had not been reviewed since 2011.	3	0
Creditors	Substantial Assurance	This audit looked at the Creditors system including payments for goods and services.	27 March 2015	<b>Strengths</b> Valid purchase orders and goods received notes were observed, amounts paid out by the council to suppliers matched their respective	3	0

Audit	Opinion	Area Reviewed	Date Issued	Comments	Number of Agreed Actions	
					Total	Priority 1
				<p>invoices within reasonable tolerances, VAT had been correctly applied and, where appropriate, procurement rules were consistently satisfied.</p> <p><b>Weaknesses</b> A number of Invoices were found to be authorised for payment outside of the council's delegated authorities.</p>		
Car Park Income	No Opinion given	This audit looked at the processes to ensure car park income is collected, banked and reconciled. The audit was at the request of the s151 Officer.	24 February 2015	<p><b>Strengths</b> Tickets are numbered sequentially, differences are recorded and reconciliations are maintained.</p> <p><b>Weaknesses</b> There is a lack of segregation of duties when</p>	n/a <sup>1</sup>	n/a

<sup>1</sup> Five recommendations were agreed and will be followed-up as part of the 2015/16 income receipting audit which will focus on car parking income.

Audit	Opinion	Area Reviewed	Date Issued	Comments	Number of Agreed Actions	
					Total	Priority 1
				cash is counted, and no independent check of expected income to actual income is carried out.		

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**To:** Audit Committee  
**Date:** 15 April 2015  
**Author:** Phil Jeffrey; Audit Manager; Veritau  
**Lead Officer:** Karen Iveson; Executive Director (s151 Officer)

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**Title:** Internal Audit Charter

**Summary:** The purpose of the report is to present an update to the Internal Audit Charter.

**Recommendations:**

**It is recommended that the attached report be approved.**

**Reasons for recommendation**

To enable the committee to fulfil its responsibilities for Internal Audit.

**1. Introduction and background**

1.1. The Accounts and Audit Regulations 2011 require all Councils to provide an adequate and effective Internal Audit function. The relevant professional standards for internal audit are set out in the Public Sector Internal Audit Standards (mandatory for all public sector bodies from 1 April 2013), and the Local Government Application Note issued by CIPFA and the CIAA.

**2. The Report**

2.1 The Public Sector Internal Audit Standards (PSIAS) require the Council to adopt an internal audit charter setting out the purpose, authority and responsibility of internal audit. The audit committee approved the current audit charter in April 2014.

2.2 This report proposes one minor amendment to the charter (footnote 4, ref 6.3) which clarifies the arrangements for audit staff who have previously been involved in operational management or providing consultancy services to a particular service area. In these cases, the auditor involved will not undertake any audit work in that service area within the following twelve months.

**3. Legal/Financial Controls and other Policy matters**

3.1. Legal Issues

(a.) None.

3.2. Financial Issues

(a.) None.

**4. Conclusion**

4.1 Having regard to this report, the proposed amended Internal Audit Charter should give sufficient assurance to the Council that the internal audit service delivered by Veritau will comply with professional standards.

**5. Background Documents**

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**Appendices: - Internal Audit Charter (amended)**



# **Selby District Council**

## **Internal Audit Charter**

15 April 2015



## **1 Introduction**

- 1.1 There is a statutory duty on the Council to maintain an adequate and effective internal audit of its accounting records and of its system of internal control. The Accounts and Audit (England) Regulations 2011 also require that internal audit is undertaken in accordance with proper practices. The Chartered Institute of Public Finance and Accountancy (CIPFA) is responsible for setting standards for proper practice for local government internal audit in England.
- 1.2 From 1 April 2013 CIPFA adopted new Public Sector Internal Audit Standards (PSIAS)<sup>1</sup> compliant with the Institute of Internal Auditors' (IIA) International Standards. The PSIAS and CIPFA's local government application note for the standards represent proper practice for internal audit in local government. This charter sets out how internal audit at Selby District Council will be provided in accordance with this proper practice.
- 1.3 This charter should be read in the context of the wider legal and policy framework which sets requirements and standards for internal audit, including the Accounts and Audit Regulations, the PSIAS and application note, and the Council's constitution, regulations and governance arrangements.

## **2 Definitions**

- 2.1 The standards include reference to the roles and responsibilities of the "board" and "senior management". Each organisation is required to define these terms in the context of its own governance arrangements. For the purposes of the PSIAS these terms are defined as follows at Selby District Council.

"Board" – the Audit Committee/Access Selby Board fulfils the responsibilities of the board, in relation to internal audit standards.

"Senior Management" – in the majority of cases, the term senior management in the PSIAS should be taken to refer to the Executive Director in her role as s151 officer. This includes all functions relating directly to overseeing the work of internal audit. In addition, senior management may also refer to any other director of the Council individually (including the Chief Executive) or collectively as Corporate Management Team (CMT) in relation to:

- having direct and unrestricted access for reporting purposes
- consulting on risks affecting the Council for audit planning purposes
- approving the release of information arising from an audit to any third party.

<sup>1</sup> The PSIAS were adopted jointly by relevant internal audit standard setters across the public sector.

- 2.2 The standards also refer to the “chief audit executive”. This is taken to be the Head of Internal Audit (Veritau).

### **3 Application of the standards**

- 3.1 The PSIAS defines internal audit as follows.

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

- 3.2 The Council acknowledges the mandatory nature of this definition and confirms that it reflects the purpose of internal audit in Selby. The Council also requires that the service be undertaken in accordance with the code of ethics and standards set out in the PSIAS.

### **4 Scope of internal audit activities**

- 4.1 The scope of internal audit work will encompass the Council’s entire control environment<sup>2</sup>, comprising its systems of governance, risk management, and control.
- 4.2 The scope of audit work also extends to services provided through partnership arrangements, irrespective of what legal standing or particular form these may take. The Head of Internal Audit, in consultation with all relevant parties and taking account of audit risk assessment processes, will determine what work will be carried out by the internal audit service, and what reliance may be placed on the work of other auditors.

### **5 Responsibilities and objectives**

- 5.1 The Head of Internal Audit is required to provide an annual report to the Audit Committee/Access Selby Board. The report will be used by the Committee/Board to inform its consideration of the Council’s annual governance statement. The report will include:
- the Head of Internal Audit’s opinion on the adequacy and effectiveness of the Council’s framework of governance, risk management, and control
  - any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
  - any particular control weakness judged to be relevant to the preparation of the annual governance statement

<sup>2</sup> For example the work of internal audit is not limited to the review of financial controls only.

- a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
- an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme
- a statement on conformance with the PSIAS.

5.2 To support the opinion the Head of Internal Audit will ensure that an appropriate programme of audit work is undertaken. In determining what work to undertake the service should:

- adopt an overall strategy setting out how the service will be delivered in accordance with this Charter
- draw up an indicative risk based audit plan on an annual basis which takes account of the requirements of the Charter, the strategy, and proper practice.

5.3 In undertaking this work, responsibilities of the internal audit service will include:

- providing assurance to the board and senior management on the effective operation of governance arrangements and the internal control environment operating at the Council
- objectively examining, evaluating and reporting on the probity, legality and value for money of the Council's arrangements for service delivery
- reviewing the Council's financial arrangements to ensure that proper accounting controls, systems and procedures are maintained and, where necessary, for making recommendations for improvement
- helping to secure the effective operation of proper controls to minimise the risk of loss, the inefficient use of resources and the potential for fraud and other wrongdoing
- acting as a means of deterring all fraudulent activity, corruption and other wrongdoing; this includes conducting investigations into matters referred by members, officers, and members of the public and reporting findings to directors and members as appropriate for action
- advising the Council on relevant counter fraud and corruption policies and measures.

5.4 The Head of Internal Audit will ensure that the service is provided in accordance with proper practice as set out above and in accordance with any other relevant standards – for example Council policy and legal or professional standards and guidance.

5.5 In undertaking their work, internal auditors should have regard to:

- the code of ethics in the PSIAS<sup>3</sup>
- the codes of any professional bodies of which they are members
- standards of conduct expected by the Council
- the Committee on Standards in Public Life's *Seven Principles of Public Life*.

## **6 Organisational independence**

6.1 It is the responsibility of directors and service managers to maintain effective systems of risk management, internal control, and governance. Auditors will have no responsibility for the implementation or operation of systems of control and will remain sufficiently independent of the activities audited to enable them to exercise objective professional judgement.

6.2 Audit advice and recommendations will be made without prejudice to the rights of internal audit to review and make further recommendations on relevant policies, procedures, controls and operations at a later date.

6.3 The Head of Internal Audit will put in place measures to ensure that individual auditors remain independent of areas they are auditing for example by:

- rotation of audit staff
- ensuring staff are not involved in auditing areas where they have recently been involved in operational management, or in providing consultancy and advice<sup>4</sup>
- seeking external oversight of any audit of functional activities managed by the Head of Internal Audit through Veritau client management arrangements.

## **7 Accountability, reporting lines, and relationships**

7.1 Internal audit services are provided under contract to the Council by Veritau North Yorkshire. The company is a separate legal entity. Staff undertaking internal audit work will be employed by Veritau North Yorkshire or another Veritau group company. Staff may also be seconded to the group from the Council. The Executive Director acts as client officer for the contract, and is responsible for overall monitoring of the service.

7.2 In its role in providing an independent assurance function, Veritau has direct access to members and senior managers and can report uncensored to them as considered necessary. Such reports may be made to the:

<sup>3</sup> Veritau has adopted its own code of ethics which fulfil the requirements of the PSIAS.

<sup>4</sup> Auditors will not be used on internal audit engagements where they have had direct involvement in the area within the previous 12 months

- Council, Cabinet, or any Committee (including the Audit Committee/AS Board)
  - Chief Executive
  - Executive Director (s151 officer)
  - Monitoring Officer
  - other directors and service managers.
- 7.3 The Executive Director (as s151 officer) has a statutory responsibility for ensuring that the Council has an effective system of internal audit in place. In recognition of this, a protocol has been drawn up setting out the relationship between internal audit and the Executive Director.
- 7.4 The Head of Internal Audit will report independently to Audit Committee/Access Selby Board<sup>5</sup> on:
- proposed allocations of audit resources
  - any significant risks and control issues identified through audit work
  - his/her annual opinion on the Council's control environment.
- 7.5 The Head of Internal Audit will informally meet in private with members of the Audit Committee/Access Selby Board, or the Committee/Board as a whole as required. Meetings may be requested by committee/board members or the Head of Internal Audit.
- 7.6 The Audit Committee/Access Selby Board will oversee (but not direct) the work of internal audit. This includes commenting on the scope of internal audit work and approving the annual audit plan. The Committee/Board will also protect and promote the independence and rights of internal audit to enable it to conduct its work and report on its findings as necessary<sup>6</sup>.

## **8 Fraud and consultancy services**

- 8.1 The primary role of internal audit is to provide assurance services to the Council. However, the service may also be required to undertake fraud investigation and other consultancy work to add value and help improve governance, risk management and control arrangements.
- 8.2 The prevention and detection of fraud and corruption is the responsibility of directors and service managers. However, all instances of suspected fraud and

<sup>5</sup> The committee/board charged with overall responsibility for governance at the council.

<sup>6</sup> The relationship between internal audit and the Audit Committee/Access Selby Board is set out in more detail.

corruption should be notified to the Head of Internal Audit, who will decide on the course of action to be taken in consultation with relevant service managers and/or other advisors (for example human resources). Where appropriate, cases of suspected fraud or corruption will be investigated by Veritau.

- 8.3 Where appropriate, Veritau may carry out other consultancy related work, for example specific studies to assess the economy, efficiency, and effectiveness of elements of service provision. The scope of such work will be determined in conjunction with service managers. Such work will only be carried out where there are sufficient resources and skills within Veritau and where the work will not compromise the assurance role or the independence of internal audit. Details of all significant consultancy assignments completed in the year will be reported to the Audit Committee/Access Selby Board.

## **9 Resourcing**

- 9.1 As part of the audit planning process the Head of Internal Audit will review the resources available to internal audit, to ensure that they are sufficient to meet the requirements to provide an opinion on the Council's control environment. Where resources are judged to be insufficient, recommendations to address the shortfall will be made to the Executive Director and to the Audit Committee/Access Selby Board.

## **10 Rights of access**

- 10.1 To enable it to fulfil its responsibilities, the Council gives internal auditors employed by Veritau the authority to:
- enter all Council premises or land, at any reasonable time
  - have access to all data, records, documents, correspondence, or other information - in whatever form - relating to the activities of the Council
  - have access to any assets of the Council and to require any employee of the Council to produce any assets under their control
  - be able to require from any employee or member of the Council any information or explanation necessary for the purposes of audit.
- 10.2 Directors and service managers are responsible for ensuring that the rights of Veritau staff to access premises, records, and personnel are preserved, including where the Council's services are provided through partnership arrangements, contracts or other means.

## **11 Review**

- 11.1 This charter will be reviewed periodically by the Head of Internal Audit. Any recommendations for change will be made to the Executive Director and the Audit Committee/Access Selby Board, for approval.

**Relationship between the Executive Director  
(the s151 Officer) and internal audit**

- 1 In recognition of the statutory duties of the Council's Executive Director (the Director) for internal audit, this protocol has been adopted to form the basis for a sound and effective working relationship between the Director and internal audit.
- (i) The Head of Internal Audit (HoIA) will seek to maintain a positive and effective working relationship with the Director.
  - (ii) Internal audit will review the effectiveness of the Council's systems of control, governance, and risk management and report its findings to the Director (in addition to the Audit Committee/Access Selby Board).
  - (iii) The Director will be asked to comment on those elements of internal audit's programme of work that relate to the discharge of his/her statutory duties. In devising the annual audit plan and in carrying out internal audit work, the HoIA will give full regard to the comments of the Director.
  - (iv) The HoIA will notify the Director of any matter that in the HoIA's professional judgement may have implications for the Director in discharging his/her s151 responsibilities.
  - (v) The Director will notify the HoIA of any concerns that he/she may have about control, governance, or suspected fraud and corruption and may require internal audit to undertake further investigation or review.
  - (vi) The HoIA will be responsible for ensuring that internal audit is provided in accordance with proper practice.
  - (vii) If the HoIA identifies any shortfall in resources which may jeopardise the ability to provide an opinion on the Council's control environment, then he/she will make representations to the Director, as well as to the Audit Committee/Access Selby Board.
  - (viii) The Director will protect and promote the independence and rights of internal audit to enable it to conduct its work effectively and to report as necessary.

## **Relationship between the Audit Committee/Access Selby Board and internal audit**

- 1 The Audit Committee/Access Selby Board play a key role in ensuring the Council maintains a robust internal audit service and it is therefore essential that there is an effective working relationship between the Committee/Board and internal audit. This protocol sets out some of the key responsibilities of internal audit and the Committee/Board.
  
- 2 The Committee/Board will seek to:
  - (i) raise awareness of key aspects of good governance across the organisation, including the role of internal audit and risk management
  - (ii) ensure that adequate resources are provided by the Council so as to ensure that internal audit can satisfactorily discharge its responsibilities
  - (iii) protect and promote the independence and rights of internal audit to conduct its work properly and to report on its findings as necessary.
  
- 3 Specific responsibilities in respect of internal audit include the following.
  - (i) Oversight of, and involvement in, decisions relating to how internal audit is provided.
  - (ii) Approval of the internal audit charter.
  - (iii) Consideration of the annual report and opinion of the Head of Internal Audit (HoIA) on the Council's control environment.
  - (iv) Consideration of other specific reports detailing the outcomes of internal audit work.
  - (v) Consideration of reports dealing with the performance of internal audit and the results of its quality assurance and improvement programme.
  - (vi) Consideration of reports on the implementation of actions agreed as a result of audit work and outstanding actions escalated to the Committee/Board in accordance with the approved escalation policy.
  - (vii) Approval (but not direction) of the annual internal audit plan.
  
- 4 In relation to the Audit Committee/Access Selby Board, the HoIA will:
  - (i) attend its meetings and contribute to the agenda
  - (ii) ensure that overall internal audit objectives, workplans, and performance are communicated to, and understood by, the Committee/Board
  - (iii) provide an annual summary of internal audit work, and an opinion on the Council's control environment, including details of unmitigated risks or other issues that need to be considered by the Committee/Board



- (iv) establish whether anything arising from the work of the Committee/Board requires consideration of the need to change the audit plan or vice versa
  - (v) highlight any shortfall in the resources available to internal audit and to make recommendations to address these to the Committee/Board
  - (vi) report any significant risks or control issues identified through audit work which the HoIA feels necessary to specifically report to the Committee/Board
  - (vii) participate in the Committee's/Board's review of its own remit and effectiveness
  - (viii) consult with the committee/board on how external assessment of the internal audit service will be conducted (required once every five years).
- 5 The HoIA will informally meet in private with members of the Audit Committee/Access Selby Board, or the Committee/Board as a whole as required. Meetings may be requested by committee members or the HoIA.

**To:** Audit Committee  
**Date:** 15 April 2015  
**Author:** Phil Jeffrey; Audit Manager, Veritau  
**Lead Officer:** Karen Iveson – Executive Director (S151)

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**Title:** Internal Audit Plan 2015/16

**Summary:** The purpose of this report is to present the proposed Internal Audit Plan for 2015/16.

**Recommendation:**

**It is recommended that the Internal Audit Plan for 2015/16 is approved.**

**Reasons for recommendation**

The Audit Committee has responsibility for overseeing the work of internal audit, and agreeing the plan of work to be undertaken on its behalf by the Council's Internal Auditors in line with best practice as set out in the Accounts and Audit Regulations 2011 and the Public Sector Internal Audit Standards.

**1. Introduction and background**

- 1.1 This document sets out the planned 2015/16 programme of work for internal audit, counter fraud and risk management provided by Veritau for Selby District Council.
- 1.2 The work of internal audit is governed by the Accounts and Audit Regulations 2011 and the Public Sector Internal Audit Standards. In accordance with these standards internal audit is required to prepare an audit plan on at least an annual basis.

**2. The Report**

- 2.1 The plan is aligned to the Council's main strategic risks. The audit plan is however a working document and changes are made

throughout the year to reflect changes in risk and any issues that arise.

2.2 The content of the audit plan has been subject to consultation with directors and other senior officers and is submitted for formal approval by the Committee. Changes to the plan are agreed through the Council's client management arrangements and are notified to the Committee. Proposed audit work is also discussed with the Council's external auditors to ensure there is no duplication of effort.

2.3 The plan is based on a total commitment of 355 days for 2015/16.

### **3. Legal/Financial Controls and other Policy matters**

#### **3.1 Legal Issues**

3.1.1 The provision of Internal Audit is a statutory requirement.

3.1.2 There is no direct linkage to the Council's Vision or Priorities, as internal audit is a support service, providing assurance on corporate governance arrangements, internal control and risk management to the Council's and Access Selby's managers in respect of their services, and specifically to the Council's S151 Officer on financial systems.

3.1.3 Internal Audit examines all aspects of the Council's work and accordingly all the Council's Priorities.

#### **3.2 Financial Issues**

3.2.1 There are no financial implications, beyond the existing budget for Internal Audit and any additional work in respect of Risk Management, and special investigations.

### **4. Conclusion**

4.1 The Internal Audit plan has been drafted in consultation with the Executive Director (s151), as well as other senior officers, and taking account of the external auditor's views.

4.2 It therefore represents an appropriate plan within the limitations of the budget for Internal Audit.

### **5. Background Documents**

None

#### **Contact Officer:**

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**Appendices:**

Attached - Selby District Council Internal Audit Plan 2015/16



## **Selby District Council**

### **Internal Audit Plan 2015/16**

**Audit Manager:**  
**Deputy Head of Internal Audit:**  
**Head of Internal Audit:**

Phil Jeffrey  
Richard Smith  
Max Thomas

**Circulation List:**

Members of the Audit Committee  
Access Selby Board  
Chief Executive  
Executive Director (S151 Officer)

**Date:** 15 April 2015



## Introduction

- 1 This document sets out the planned 2015/16 programme of work for internal audit, counter fraud and risk management provided by Veritau for Selby District Council.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2011 and the Public Sector Internal Audit Standards. In accordance with these standards internal audit is required to prepare an audit plan on at least an annual basis.
- 3 The plan is informed by the council's main strategic risks. This is intended to ensure limited audit resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the Council's priorities and objectives. The audit plan is however a working document and changes are made throughout the year to reflect changes in risk and any issues that arise.
- 4 The content of the audit plan has been subject to consultation with senior officers and is submitted for formal approval by the Audit Committee who are also responsible for monitoring progress against the plan. Changes to the plan are agreed through the council's client management arrangements and are notified to the Committee. Proposed audit work is also discussed with the council's external auditors to ensure there is no duplication of effort.
- 5 The plan is based on a total commitment of 355 days for 2015/16. This is in line with previous years.

## 2015/16 Audit Plan

- 6 The Audit Plan for 2015/16 is intended to reflect the impact of the savings that the council needs to make over the coming years. Where possible, it also seeks to identify areas where further savings can be made by aligning operational controls more closely with the identified risk appetite and to provide assurance that the controls used to reduce risk are effective. As a result, time has also been put aside within the plan to work with management on Business Transformation and Programme for Growth projects.
- 7 The plan has been structured into a number of sections:-
  - **Corporate Risk Register;** this work involves reviewing the action taken, or to be taken, in managing the key risks to the council (including Access Selby)
  - **Financial Systems;** to provide assurance on the key areas of financial risk. This helps support the work of the external auditors and provides assurance to the Council that risks of loss are minimised.
  - **Regularity Audits;** to provide assurance on those areas identified through Veritau's risk assessment. Although not identified as a key corporate risk to the Council, they are recognised as key service risks.
  - **Counter Fraud;** to provide assurance on arrangements in relation to counter fraud as well as provision of time to carry out specific pieces of work on behalf of the council.

- **Technical/Projects;** to provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the Council as the risks involved could detrimentally affect the delivery of services.
- **Client support & Advice;** work we carry out to support the Council in its functions.
- **Other;** an allocation of time to allow for unexpected work and the follow up of work we have already carried out, ensuring that agreed actions have been implemented.

8 Details of the 2015/16 plan are set out in Appendix A.

## Internal Audit Plan 2015/16

## Risk Registers

Risk No	Risk	Audit	Scope	Days
<b>Corporate Risk Register</b>				
0003	The council's financial position is not sustainable.	Savings Delivery	An ongoing review of the progress made on savings delivery projects. To include gateway reviews throughout the year.	15
0006	Unable to meet changing demand for services.	Corporate Complaints	A review of customer complaints and feedback.	10
0007	Lack of community insight – unable to manage expectations.	Customer Engagement	A review of the arrangements in place to gauge customer needs and target services accordingly.	10
0008	Poor net economic growth.	Income Generation	A review of arrangements and proposals to generate additional income for the council.	10
0013	Non-compliance with the freedom of information and data protection acts.	Freedom of Information	An audit of the procedures and controls in place to respond to Fol requests.	10
0016	Impact of changes to the political environment at Selby.	Democratic Governance and Transparency	A review of the democratic governance processes in place and to ensure that they are transparent and compliant with legal requirements.	10
<b>Access Selby Risk Register</b>				
005	Failure to develop & evolve to meet	Governance Arrangements	A review of the relationship between the Core and	15



Risk No	Risk	Audit	Scope	Days
	the challenges for local government in the future.		Access Selby. This will also include a review of decision making within the council and the operation of the Access Selby Board.	
011	Lack of quality data on which to base business decisions.	Performance Management	A review of the performance management framework in place at the council. This will include the new scorecard approach which is being developed.	12

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### Financial Systems

Audit	Scope	Days
Housing Rents	To provide assurance that the processes employed to administer the Council's housing rent accounts are sound. To include a review of the methods available for payment.	12
Council Tax/NNDR	To review the key risks/controls for the setting and collection of local tax including estimation techniques for business rate reliefs.	12
Sundry Debtors	Completed 2014/15	
Benefits	To review the key risks/controls involved in awarding and paying benefits including the Council Tax Support Scheme.	12
Council House Repairs	Completed 2014/15	
Creditors	A health check of key controls surrounding the payment of creditors invoices. This follows a full audit in 2014/15.	8

<b>Audit</b>	<b>Scope</b>	<b>Days</b>
Income/Receipting System(s)	To review the key risks/controls surrounding the receipting and balancing of monies received. This will include a follow-up of issues identified in 2014/15 in relation to car parking income.	12
Payroll	A review of payroll controls including establishment control.	8
General Ledger (budgetary control & reconciliations)	A review of the budget setting, monitoring processes and reconciliations including virements and journal transfers	12
Treasury Management	A review of the arrangement in place for NYCC to provide treasury management services to the council.	6
Capital Accounting	Completed 2014/15	
		<b>82</b>

#### **Regularity Audits**

<b>Audit</b>	<b>Scope</b>	<b>Days</b>
Health and Safety	A review of council arrangements for managing health and safety. This will focus on lone-working arrangements.	10
Members' Allowances	A review of allowances payable to elected members including travel and subsistence.	8
Recruitment	A review of the procedures in place when recruiting staff. This will include relevant recruitment checks.	8
		<b>26</b>

## Counter Fraud

Audit	Scope	Days
Counter Fraud arrangements	A review of counter fraud arrangements within the council against CIPFA best practice.	10
Whistleblowing policy	An allocation of time to review and re-write the council's whistleblowing policy.	5
Annual counter fraud risk assessment	An allocation of time to complete the annual assessment and report to the audit committee.	3
Officer and member training	A provision for counter fraud training for officers and members.	4
Contingency – investigations	Contingency for investigations.	3
		<b>25</b>

## Technical/Project Audits

Audit	Scope	Days
ICT	An audit of the council's disaster recovery procedures along with the physical and environmental security of the server room. There will also be a provision to offer advice in relation to the Payment Card Industry Data Security Standard (PCI DSS)	15
Programme for Growth	To advise on the Programme for Growth ensuring that efficient and robust mechanisms are in place for delivery. This will include sitting on the overall Project Board and advising on individual projects.	10
Procurement	A review of the compliance of procurement with internal policies and procedures.	10

<b>Audit</b>	<b>Scope</b>	<b>Days</b>
Business Transformation	Support and advice on initiatives in relation to the transformation programme.	10
Better Together	Support and advice in relation to the Better Together project.	10
Information Governance	An allocation of time to follow-up the implementation of actions following the Veritau audit completed in 2013/14. In addition, there will be provision for unannounced audit visits to council offices to ascertain the extent to which staff are recognising the need to protect sensitive and personal data and information assets.	15
		<b>70</b>

#### **Client Support & Advice**

<b>Area</b>	<b>Days</b>
Financial Appraisals and Tender Openings	5
Committee Preparation & Attendance including Annual Governance Statement	12
External Audit Liaison	3
Miscellaneous Advice	4
Member & Officer Training	3
Corporate Issues (including audit planning and client liaison)	8
	<b>35</b>

#### **Other**

Area	Days
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Contingency	15
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Follow Ups	10
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<b>25</b>
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<b>355</b>
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**To:** Audit Committee  
**Date:** 15 April 2015  
**Author:** Richard Besley, Democratic Services Officer  
**Lead Officer:** Karen Iveson, Executive Director (S151)

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**Title:** Audit Committee Annual Report

**Summary:** The report provides an update on the work of the Audit Committee for 2014/15

**Recommendation:**

**To note the Annual Report submitted by the Chair of the Audit Committee**

**Reason for recommendation**

The Committee ensures the contribution of Audit is effective in supporting service improvement and delivery against district wide and Council priorities.

**1. Introduction and background**

**1.1** During the past 12 months the Audit Committee has met on four occasions, working with the North Yorkshire Audit Partnership/Veritau scrutinising the work of Selby District Council and identifying and analysing risks to the Authority and its structure.

**1.2** The Annual Report (Appendix A) provides an update on the topics scrutinised and the work of the committee.

**2. The Report**

**2.1** There have been Risk Registers for the Council as well as those for the new arms of service delivery and community engagement, Access Selby and Communities Selby for the committee to consider as well as Audit reports for Service Areas and the reports and statements from the Audit Commission.

### **3. Conclusion**

The committee agrees that the information submitted in the Annual Report is accurate and recommend the report to go to Full Council.

**Contact Officer:** *Richard Besley*  
*Democratic Services Officer*  
*Selby District Council*  
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#### **Appendices:**

Appendix A – Annual Report 2014/15 Document

**Selby District Council**

**AUDIT COMMITTEE**  
**ANNUAL REPORT**  
**2014/2015**



## **Introduction by Councillor Chris Pearson - Chair of the Audit and Governance Committee**

I am pleased to present the Audit and Governance Committee Annual Report 2014/15.

The overall responsibility for the Committee is to scrutinise and monitor the Council's control systems, procedures and risk management systems. As Chair of the Committee I provided a report to each Council meeting highlighting the Committee's work.

The Committee will have met four times in 2014/15 and considered a range of different issues. The Committee's Work Programme was contributed to by the North Yorkshire Audit Partnership, Veritau formerly NYAP as well as Councillors and ensured focus on the priorities of the Council and the concerns of local people.

The Committee also convened four special meetings, between May and July 2014 to discuss and scrutinise the changes to the Council's Constitution before submission to Council for approval.

The review of Mazars reports of Selby District Council and Veritau Audit reports of Council services were included on the Work Programme.

I would like to thank all Councillors of the Audit Committee for their support and continued hard work. Many people have contributed to the success of Audit, including officers, external partner organisations and my thanks goes out to all of them.

I look forward to the continuing progress of Audit and Governance in 2015/16.

# **Audit and Governance Committee Annual Report**

## **The Audit and Governance Committee**

The Committee membership comprised the following 9 members during the 2014/15 municipal year

<b>Conservative</b>	<b>Labour</b>	<b>Independent</b>
C Pearson (Chair)	D Davies	M McCartney
C Mackman (Vice Chair)	S Shaw Wright	
J Cattanach		
M Dyson		
I Nutt		
S Ryder		

The committee met 8 times during the year, including 4 special meetings.

Officer support was provided by Karen Iveson, Executive Director (and s151 Officer) and Richard Besley, Democratic Service Officer.

Representatives of both internal audit (Veritau) and external audit (Mazars) were in attendance at every meeting and relevant Council officers were also present to answer questions from the committee.

## **The Role of the Audit and Governance Committee**

The Audit and Governance Committee is responsible for scrutinising and monitoring the control systems, procedures and risk management systems operating at the Council.

In accordance with the Council's Constitution, the committee has delegated authority to:

- Scrutinise and approve the Council's Annual Governance Statement, Statement of Accounts;
- Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements;
- Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors;
- Be satisfied that the Council's assurance statements have been properly developed and considered by councillors;
- Receive, but not direct, internal audit's strategy and plan and monitor performance;
- Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary;
- Receive the annual report of the internal audit service;
- Consider the reports of external audit and inspection agencies;

- Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted;
- Review the financial statements, external auditor's opinion and reports to councillors, and monitor management action in response to issues raised by external audit;
- Issue reports and make recommendations, where appropriate, and in relation to any matters listed above, for consideration by the Council, Executive or the relevant committee of the Council.

## **2014/15 Work Programme**

During 2014/15 the Audit and Governance Committee reviewed and considered:

- the statutory financial statements of the Council and Annual Governance Statement;
- reports made on Selby District Council by Mazars (External Audit);
- work of Veritau (Internal Audit);
- other issues falling within the Council's control and risk management framework.

A summary of the committee's work over the year is set out at Appendix A.

## **Committee Member Development**

The nature of the committee's work requires a high degree of knowledge of the Council's control framework and financial arrangements. In order to ensure members of the committee develop the skills and knowledge necessary to fulfil their role a dedicated training session was delivered during the year although attendance at the session was mixed:

- **June** – members were briefed on aspects and implication of fraud and anti-fraud measures.

Looking forward to 2015/16 the aim will to encourage attendance at any member development sessions to ensure that the Committee is adequately equipped to fulfil its role effectively.

## **Conclusion**

The Audit Committee has exercised its delegations across a broad range of topics and has had opportunity to develop the skills and knowledge of its members to ensure that the Council's control framework has been adequately scrutinised.

## Audit Committee Annual Report 2014/15

Topic	Outcome
<b>14 May 2014</b>	
Constitutional Changes	The Committee set out a programme of work and special meetings to work with the Solicitor to Council to re-draft the Council's Constitution.
Audit Committee work programme 2014/15	The committee approved its work programme for the coming year which included: statutory items associated with governance, the accounts and external audit requirements; risk management; counter fraud; and the work of internal audit.
<b>12 June 2014</b>	
Constitutional Changes	The Committee with the Solicitor to Council discussed Part 4 of the Constitution Rules of Procedure and recommended procedural amendments for the Executive and Council. The Committee also asked the Solicitor to the Council to prepare a draft Selby District Council protocol on Openness Regulations for consideration at the next meeting.
<b>18 June 2014</b>	
Internal Audit Annual Report	Veritau informed the Committee that the overall opinion on the controls operated in Selby District Council was that they provided Substantial Assurance. The Committee discussed the Audit on Information Governance which had resulted in an opinion of Limited Assurance and is being addressed in the Annual Governance Statement. The Audit Manager reported that the periodic external assessment of the Internal Audit practice had been carried out and that although early prediction is good a full report would be submitted to the Committee in September.
External Audit Progress Report	The interim work on the financial systems had been completed and where necessary appropriate action had been agreed with Officers. Mazars updated the Committee on their work with the Council in the production of the end of year financial statements. On-going dialogue with the Council finance team working on the production of the accounts had again been a positive process. The Committee also discussed the Value for Money (VFM) conclusion. Mazars had compared the VFM profiles to those of other similar authorities which presented a positive picture of the Council's position. Mazars maintained their positive view of SDC and its practices. The report outlined emerging issues, including the pending closure of the Audit Commission an outcome of which is a sizeable rebate already distributed across all locally audited bodies, with further fee reductions likely.

Risk Management Annual Report	The committee considered the Risk Management Annual Report for 2013/14 and endorsed the actions of officers in furthering the progress of risk management.
Review of the Corporate Risk Register	The committee reviewed the latest Corporate Risk Register and highlighted the on-going risks and challenges being faced as a result of the on-going economic recession. A fundamental review of the Council's corporate risks had been undertaken and a new register produced. The Committee was keen to ensure focus was maintained on mitigating actions and would be monitoring these closely over the course of the year. The Committee heard that the risks were formally reviewed by the Council's senior officers on a quarterly basis and by this Committee twice a year.
Review of the Access Selby Risk Register	A fundamental review of Access Selby's risks had also been carried out and a new register produced. The committee reviewed Access Selby's Register, discussed the approach to managing risk and endorsed the actions of officers.

Topic	Outcome
<b>4 July 2014</b>	
Constitutional Changes	The Committee considered matters arising from the Audit Committee consideration of Part 4 - Rules and Procedures on 12th of June 2014, before discussing the general rules around delegation of functions that apply to Part 3 - Responsibility for Functions. The Committee had asked that they compare the protocol on Audio and Visual recording with that of North Yorkshire County Council and the Solicitor presented that paper for the Committee to consider. The Solicitor agreed to redraft Part 3 to include all amendments as she had with Part 4 and would submit the draft to the next meeting.

<b>29 July 2014</b>	
Constitutional Changes	The Committee considered parts 1 and 2 and parts 5 to 7 of the Constitution and agreed to consider the revised Draft Constitution at the next Committee meeting for submission to the Executive

<b>24 September 2014</b>	
Constitutional Changes	The Committee considered the re-drafted Constitution that took into account the legislative changes introduced by the Openness in Local Government Bodies Regulations 2014. It was also explained that changes had been made to Article 13 in the Council's Constitution to reflect the changes brought in by the regulations. The draft was approved and submitted to the Executive and Council.
Information Governance	The Solicitor to Council provided a verbal update of the Information Governance project and confirmed the project was on course to meet the internal audit recommendations and action plan and it was intended to put an Annual Report on Information Governance before the Committee in January 2015.

	It was explained that the report would pay particular attention to data and document retention and data protection issues. The Solicitor to the Council confirmed that she was currently looking at historical documents to identify what should be retained and the length of retention. There would be a requirement for all staff to undergo training on information governance.
Mazar's Audit Completion Report	The opinion of the Auditors was that the financial position remained strong and that a continued position of effective financial management had been demonstrated throughout the year. The Auditor highlighted the significant findings and confirmed that some adjustments had been made with the approval of the Executive Director (s151). The Auditor confirmed that Mazars were providing an unqualified opinion on the Audit completion report and the letter of representation was signed at the meeting.
Annual Governance Statement	The Annual Governance Statement provided assurance that the authority had an effective method of internal control. All areas were subject to action plans and progress would be monitored over the coming months. The Chair asked the Committee to note that the overall opinion from Veritau on the matter of management of risk, governance and controls operated by the Council was that they provided substantial assurance without qualification.
Statement of Accounts (post audit)	The committee approved the statutory Statement of Accounts which had received an unqualified audit opinion from the external auditor. The Executive Director (s151) explained that the Council had experienced a successful year financially with surpluses achieved and an increase in net assets despite the difficult current financial climate and the reduction in funding from central Government.
Counter Fraud Annual Report	The committee reviewed the Counter Fraud Annual Report and heard that the Council followed good practice guidelines from both CIPFA and its internal auditors, Veritau. Whilst instances of fraud within the Council were rare, it remained important to keep the profile of counter fraud work high on corporate agenda and to be vigilant in managing the risk of fraud.
Internal Audit Quarter 1+Report 2014/15	The committee reviewed progress against the Internal Audit Plan and noted that all audits would be completed within target.

<b>Topic</b>	<b>Outcome</b>
<b>14 January 2015</b>	
Information Governance	The Solicitor to the Council presented the report on which set out progress towards achieving information governance and data protection arrangements at the Council. Discussion took place on achieving the Level one standard on the HMG Information Assurance Asset Maturity model standard. Council would not meet this standard until priorities had been achieved. With regard to the standard, it was explained that this was the minimum level to be achieved however a number of aspects of the standard did not apply to local government.

Annual Governance Statement – Action Plan Review	The committee reviewed progress against the AGS Action Plan. It was explained that satisfactory progress against the actions had been made to date and work was on track for completion by the end of the financial year. The committee would consider this item again on 15 April 2015.
Counter Fraud Annual Report	Veritau presented the report which updated the Committee on new guidance on countering fraud and corruption, counter fraud activity, and the outcomes from a self-assessment of the Council's current arrangements. The Committee were informed that the Chartered Institute of Public Finance and Accountancy (CIPFA) had issued a new code of practice on managing the risk of fraud and corruption.
Internal Audit Quarter 2+ Report 2014/15	The committee reviewed progress against the Internal Audit Plan and information was requested on the two cases of actions which had not been implemented following the 2013/14 audits. It was agreed that this information would be circulated to the Committee.
Annual Audit Letter	The committee received Mazars' report which outlined that there were a number of future challenges for local government such as pressure on finances however it was felt that the Council was suitably prepared for future challenges. The Senior Manager, Mazars explained that the final fee charged for certification work was £2,500 which was suitably lower than the estimated fee quoted in the report.
Audit of Grant Claims & Returns 2013/14	The committee received the Audit report which summarised the work to certify claims.
External Audit Progress Report - Mazars	The Committee were informed that the DCLG had proposed changes to the dates on which accounts must be submitted by, which come into effect for the 2017/18 financial year onwards. It was explained that the proposal would mean that the Council's accounts would have to be compiled by the end of May instead of June and this would also mean that the audit timetable would be amended so the accounts were audited two months earlier by 31 July instead of by 30 September. It was also explained that there would be a further 25% reduction in the 2015/16 audit fees for which the Council were charged.
Review of Risk Management Strategy	The committee reviewed the Risk Management Strategy. A query was raised concerning the role of Councillor Risk Champion. It was clarified that this was the Chair of the Audit and Governance Committee.
Review of the Corporate Risk Register	The committee reviewed the latest Corporate Risk Register and endorsed the actions of officers.
Review of the Access Selby Risk Register	The committee reviewed the latest Corporate Risk Register and endorsed the actions of officers.

The following items are due to be considered at the final meeting of the municipal year:

<b>15 April 2015</b>	
Annual Governance Statement – Action Plan Review	To review progress against the AGS Action Plan
Internal Audit Quarter 3+ Report 2014/15	To review progress against the Internal Audit Plan for 2014/15
Internal Audit Charter	To approve the Internal Audit Charter
Internal Audit Plan 2015/16	To approve the Internal Audit Plan 2015/16
External Audit Work programme	To receive Mazars proposals for auditing the financial statements and value for money conclusions for 2014/15
External Audit Progress Report – Mazars	To review the progress by Mazars in meeting its responsibilities as the Council's External Auditor.
Audit Committee Annual Report 2014/15 and Work Programme 2015/16	To approve the 2014/15 Annual Report and the 2015/16 Work Programme for the committee



**Audit Committee Work Programme 2015/16**

<b>Date of Meeting</b>	<b>Topic</b>	<b>Action Required</b>
17 June 2015	<b><u>Committee Requested Item</u></b> Time of meetings	To agree the start time of Audit Committee meetings for 2014/15
	<b><u>Committee Requested Item</u></b> Internal Audit Annual Report 2014/15	To consider the Internal Audit Annual Report for 2014/15
	<b><u>Committee Requested Item</u></b> Risk Management Annual Report	To consider the Risk Management Annual Report for 2014/15
	<b><u>Committee Requested Item</u></b> Review of the Corporate Risk Register	To review the latest Corporate Risk Register
	<b><u>Committee Requested Item</u></b> Review of the Access Selby Risk Register	To review the latest Access Selby Risk Register
29 September 2015	<b><u>Committee Requested Item</u></b> Information Governance Report	To receive an update on progress on implementing the IG Action Plan
	<b><u>Committee Requested Item</u></b> Annual Governance Statement	To approve the Annual Governance Statement

	<b><u>Committee Requested Item</u></b> Statement of Accounts (post audit)	To approve the Statement of Accounts
	<b><u>Committee Requested Item</u></b> Mazars External Annual Governance Report and Opinion on the Financial Statements	To receive the Mazars Annual Governance Report and opinion on Financial Statements
	<b><u>Committee Requested Item</u></b> Internal Audit Quarter 1+Report 2015/16	To review progress against the Internal Audit Plan

13 January 2016	<b><u>Committee Requested Item</u></b> Information Governance Report	To approve the Information Governance Annual Report
	<b><u>Committee Requested Item</u></b> Annual Governance Statement – Action Plan Review	To review progress against the AGS Action Plan
	<b><u>Committee Requested Item</u></b> Counter Fraud Annual Report	To review the Counter Fraud Annual Report
	<b><u>Committee Requested Item</u></b> Internal Audit Quarter 2+ Report 2015/16	To review progress against the Internal Audit Plan
	<b><u>Committee Requested Item</u></b> Annual Audit Letter	To receive the Mazars report on the 2014/15 Audit and Value for Money conclusion

	<b><u>Committee Requested Item</u></b> Audit of Grant Claims & Returns 2013/14	To receive the Mazars Audit report
	<b><u>Committee Requested Item</u></b> Review of Risk Management Strategy	To review the Risk Management Strategy
	<b><u>Committee Requested Item</u></b> Review of the Corporate Risk Register	To review the latest Corporate Risk Register
	<b><u>Committee Requested Item</u></b> Review of the Access Selby Risk Register	To review the latest Access Selby Risk Register
	<b><u>Committee Requested Item</u></b> External Audit Progress Report – Mazars	To review the progress by Mazars in meeting its responsibilities as the Council’s External Auditor.

13 April 2016	<b><u>Committee Requested Item</u></b> Audit Strategy Memorandum and External Audit Progress Report – Mazars	To review the Audit Strategy and progress of the External Audit with Mazars
	<b><u>Committee Requested Item</u></b> Annual Governance Statement – Action Plan Review	To review progress against the AGS Action Plan
	<b><u>Committee Requested Item</u></b> Internal Audit Progress Report 2015/16	To review progress against the Internal Audit Plan for 2015/16

	<p><b><u>Committee Requested Item</u></b></p> <p>Internal Audit Charter</p>	<p>To approve the Internal Audit Charter</p>
	<p><b><u>Committee Requested Item</u></b></p> <p>Internal Audit Plan 2016/17</p>	<p>To approve the Internal Audit Plan 2016/17</p>
	<p><b><u>Committee Requested Item</u></b></p> <p>Audit Committee Annual Report 2015/16 and Work Programme 2016/17</p>	<p>To approve the 2015/16 Annual Report and the 2016/17 Work Programme for the committee</p>