

Audit Committee

Wednesday, 03 December 2014 at 10:30

County Hall, County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

- | | | |
|---|--|---------|
| 1 | Minutes 3 September 14 | 3 - 6 |
| 2 | Apologies for Absence | |
| 3 | Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary) | |
| 4 | Internal Audit progress report 1st April 2014 to 30th September 2014 | 7 - 16 |
| 5 | Revised Counter Fraud and Counter Corruption Policy and Strategy, and Fraud Response Plan | 17 - 38 |
| 6 | Limited Assurance Follow up Audit Report Council Wide Procurement | 39 - 42 |
| 7 | External Audit Annual Audit Letter 2013 14 | 43 - 50 |
| 8 | Work Programme | 51 - 54 |

9 EXCLUSION OF THE PUBLIC

The Committee will be invited to resolve:-

“That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

Note

If this is agreed, the public will have to leave the meeting during consideration of the following item.

10 Exempt Appendix to Limited Assurance Follow-up Audit Report – Council-wide Procurement.

Notes

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Sarah Ashton (Tel. 0115 977 3962) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

Meeting AUDIT COMMITTEE

Date 3 September 2014 (commencing at 10.30am)

membership

Persons absent are marked with `A`

COUNCILLORS

Keith Walker (Chairman)
Sheila Place (Vice-Chairman)

Joyce Bosnjak
John Clarke
David Kirkham
Darrel Pulk

Ken Rigby
Martin Suthers OBE
Liz Yates

ALSO IN ATTENDANCE

Neil Bellamy - KPMG LLP
Richard Wallace - KPMG LLP

OFFICERS IN ATTENDANCE

Sarah Ashton - Policy, Planning and Corporate Services

John Bailey)
Pauline Moore) Environment and Resources Department
Clare Winter)

TEMPORARY MEMBERSHIP CHANGES

The following change of membership was reported to the meeting:

- Councillor Martin Suthers OBE replaced Councillor Reg Adair (for this meeting only).
- Councillor Liz Yates replaced Councillor John Handley (for this meeting only).

MINUTES OF THE LAST MEETING HELD ON 11 JUNE 2014

The minutes of the last meeting of the Committee held on 11 June 2014, having been circulated, were confirmed and signed by the Chair.

APOLOGIES FOR ABSENCE

None

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

FINANCIAL REGULATIONS WAIVERS 2013/14

Clare Winter (Group Manager, Procurement) presented the financial regulations waivers 2013/14 report outlining the waivers given under Part 5 of the Council's constitution for the last financial year.

RESOLVED 2014/09

That the Financial Regulations Waivers 2013/14 be noted.

EXTERNAL AUDIT – ANNUAL GOVERNANCE REPORTS

Pauline Moore (Senior Accountant) and Neil Bellamy (KPMG LLP) presented the external audit, annual governance reports.

RESOLVED 2014/10

That the External Auditors Annual Governance report on the County Council and Pension Fund accounts be noted.

That the matters raised in the report before the financial statements were re-signed by the Section 151 Officer be noted

That the letter of Representation attached to the report be noted

WORK PROGRAMME

John Bailey (Head of Internal Audit) stated that the Counter Fraud and Counter Corruption Strategy will be added to the work programme.

Neil Bellamy (KPMG) informed Members that the Certification of Grants and Returns may be available for the December 2014 Committee meeting.

RESOLVED: 2014/11

That the Committee's work programme be updated with the addition of the Counter Fraud and Counter Corruption Strategy and Certificates of Grants and Returns.

The meeting closed at 10.50 am

CHAIRMAN

REPORT OF SERVICE DIRECTOR – FINANCE AND PROCUREMENT

INTERNAL AUDIT PROGRESS REPORT – 1ST APRIL 2014 TO 30TH SEPTEMBER 2014

Purpose of the Report

1. To inform Audit Committee of the work carried out in the first half of the 2014/15 financial year and to highlight any key issues arising.

Information and Advice

2. The Authority has a statutory responsibility to undertake an adequate and effective internal audit of the County Council's operations. This responsibility is discharged by the Internal Audit Service which has unrestricted access to all activities undertaken by the County Council.
3. The work carried out by Internal Audit involves reviewing and reporting on the control environment established by management to:-
 - a) determine and monitor the achievement of the Authority's objectives
 - b) identify, assess and appropriately manage the risks to achieving the Authority's objectives
 - c) facilitate policy and decision making
 - d) ensure the economical, effective and efficient use of resources
 - e) ensure compliance with established policies, procedures, laws and regulations
 - f) safeguard the Authority's assets and interests

4. Internal Audit's work is planned to cover these areas and to provide an independent assessment of whether the Authority's systems and procedures are working appropriately. The work of Internal Audit is carried out in compliance with the Public Sector Internal Audit Standards. It is good practice to provide an interim report on Internal Audit work to the Board and this report satisfies this expectation.

Summary of Internal Audit Work 01/04/14 to 30/09/14

5. A wide range of audits have been completed during the period covering the Authority's operations at establishment, divisional, departmental and corporate levels. It is important to complete work at different levels of the Authority to provide assurance that the Authority is effective in setting strategy, implementing strategies effectively and operating efficiently by using good systems which minimise error and the risk of fraud. The time spent on audit work compared to that planned is shown in Appendix 1. Overall, the number of days spent carrying out audits is slightly below the planned level. It is anticipated that the Audit Plan will be completed by the end of the year. A significant emphasis has been placed on training during the period, with development of reporting skills on the Business Management System to improve the effectiveness of audit work and extend the level of assurance.
6. In the first six months of the year, a total of 51 County Council audits have been completed against a planned coverage of 119 audits for the year. For 42 of the completed audits, a formal report has been issued which includes an audit opinion on the level of internal control. A detailed analysis of the reports issued is shown in Appendix 2, setting out the area covered, the Audit Opinion, and the number of recommendations made and accepted. The other 9 audits covered a range of areas including auditing grant claims, provision of detailed written advice and developing policy and statutory reports.
7. During the period there were 3 internal audit reports issued with a "Limited" audit opinion. The details of these reports are set out below.

CFCS 1501 – Secure Accommodation (Clayfields) – August 2014. There are a number of concerns over the financial control of the Centre. Improvements are required over the monitoring of budgets, more effective planning over expenditure, poor separation of duties, poor accounting for cash income and weak controls over assets. Twelve recommendations have been made and agreed to improve these areas.

PHD 1501 – Public Health Employees and Budget Management – July 2014. This review focussed on ensuring that employees transferred in to the Authority in 2013 had been transferred on the correct pay grades and that effective budgets had been set up for Public Health and that these were being managed effectively. Three key concerns were identified. Employee data had not been obtained promptly from the NHS, and some was incorrect. Payroll reports were not being regularly reviewed. There were a number of issues around accessing the Business Management System and provision of training to ensure effective budget monitoring. Six recommendations have been made and agreed.

XC 1501 – Corporate Procurement follow up – September 2014. Although some progress had been made in implementing the recommendations agreed at the previous audit, there were a number of areas still requiring action. In particular, there was further work needed on improving the level of compliant orders, implementation of a revised

procurement strategy, development of performance information and improved monitoring of the implementation of purchasing category strategies. Some of the agreed recommendations had been placed on hold at the time of the audit including:

- establishment of a commissioning and commercial board
- initiation of a project to address the corporate risk of supply chain failure

Eight recommendations have been made and agreed to address the concerns.

8. There were two Internal Audit Reports with “Limited Assurance” audit opinions that have been revisited during the period between 1st April 2014 and 30th September 2014 to ensure that the recommendations that were agreed for implementation have been acted upon. The details of the follow ups are set out in Table 1.

Table 1: Follow up audits completed during period 1st April to 30th September 2014

Original report number	Area audited	Current Audit Opinion
PPCS 1501	Grant Aid	Substantial progress made
XC 1501	Corporate Procurement	Limited progress

Internal Audit Performance Indicators

9. Progress against the Section’s performance indicators, as at 30 September 2014, is detailed in the table below:-

Internal Audit Performance Indicators 2014/15

Performance Measure/Criteria	Target	Outcome as at 30/09/14
Comply with Public Sector Internal Audit Standards	Compliance achieved	Substantial Compliance
Completion of Audit Plan - Days - Jobs	90% 90%	97% 85%
Positive customer feedback	Feedback good or excellent	Achieved (average score is 1.6 where 1 is excellent and 2 is good)
Recommendations agreed	95%	99%
External Audit Reliance on Internal Audit	Positive	Positive

10. Progress to date on completing the Audit Plan has been good and broadly in line with the planned time. There is a small shortfall in the number of days due to a significant investment on training and development to improve extraction of information from the Business Management System. The number of jobs completed is behind the plan, however a substantial number of audits are largely complete and draft reports issued. The Internal Audit Section complies substantially with the Public Sector Internal Audit Standards and external audit continue to place reliance on the work completed by Internal Audit.
11. The responses to our audit reports continue to be positive. A total of 298 recommendations were made during the six month period to the end of September 2014 and 295 (99%) have been agreed for implementation. Customer feedback from the Quality Control Questionnaires is also positive with an average score of 1.6.

Conclusion

12. Internal Audit work completed to 30 September 2014 is slightly below target but this is likely to be addressed by the end of the financial year. The work completed shows that the Authority's overall system of internal control continues to be satisfactory at this stage of the year.

Other Options Considered

13. This report is for information and noting. No alternative options have been considered.

Reason/s for Recommendation/s

14. This report is for noting.

Statutory and Policy Implications

15. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) Members are asked to note the Internal Audit Progress Report and comment accordingly.

Name of Report Author: John Bailey

Title of Report Author: Head of Internal Audit

**For any enquiries about this report please contact:
John Bailey (telephone 0115 977 2226)**

Constitutional Comments

16. The report is for noting only.

Financial Comments (JMB 29/10/13)

17. The net budgeted cost for Internal Audit for 2013/14 is £360k. As a result of vacant posts, it is expected that there will be an under spend during the year of approximately £60k.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- The reports set out in Appendix 2 are available as background papers.

Electoral Division(s) and Member(s) Affected

- All

INTERNAL AUDIT PLAN 2014/15
Analysis of Audit Coverage 1 April 2014 to 30 September 2014

	Annual Plan 2014/15	Second Quarter 50% Plan	Second Quarter Actual	Variance
	Days	Days	Days	Days
Children, Families and Cultural Services (includes schools)	595	298	265	-33
Adult Social Care, Health and Public Protection	233	116	171	+55
Environment and Resources	419	210	224	+14
Policy, Planning and Corporate Services	55	28	38	+10
Public Health	30	15	1	-14
Cross cutting work	295	147	84	-63
Fraud and Irregularity	100	50	65	+15
Total County Council	1727	864	848	-16
External Contracts	196	98	86	-12
OVERALL TOTAL	1923	962	934	-28

INTERNAL AUDIT PLAN 2014/15
Audits Completed 1 April 2014 to 30 September 2014

Audit Report Department and Area audited	Audit Opinion – Level of Assurance	Recommendations made and Risk Rating			Recommendations Agreed		
		High	Medium	Low	High	Medium	Low
Adult Social Care, Health and Public Protection							
In-house Day Service	Reasonable	-	5	4	-	5	4
Safeguarding	Reasonable	1	1	1	1	1	1
Community Capacity Grant	Substantial	-	-	-	-	-	-
Scambusters Grant – Audit Certificate	Substantial	-	-	-	-	-	-
Operation Spinaker – Audit Certificate	Substantial	-	-	-	-	-	-
Emergency Planning	Substantial	-	2	-	-	2	-
Sub Total		1	8	5	1	8	5
Children, Families and Cultural Services							
Direct Payments to children and young people	Substantial	-	2	5	-	2	5
Secure Accommodation (Clayfields)	Limited	2	8	2	2	8	2
School Refurbishment Programme	Reasonable	1	2	-	1	2	-
Beeston Youth and Community Centre audit	N/A						
Platt Lane certificate	N/A						
Sub Total		3	12	7	3	12	7
School Audits							
Secondary Schools (1 final report issued)	Overall, 7 substantial assurance and 16 reasonable assurance	9	174	23	9	171	23
Primary Schools (22 final reports issued)							

Department and Area audited	Audit Opinion – Level of Assurance	Recommendations made and Risk Rating			Recommendations Agreed		
		High	Medium	Low	High	Medium	Low
Environment and Resources							
Property Rents	Reasonable	-	5	2	-	5	2
ICT Access Controls	Reasonable	-	5	2	-	5	2
Building Maintenance	Reasonable	1	9	3	1	9	3
ICT Business Continuity	Reasonable	2	1	-	2	1	-
ICT Network Controls	Reasonable	-	4	1	-	4	1
Carbon Reduction Commitment Certificate	Substantial	-	-	-	-	-	-
Review of Highways resurfacing project	N/A						
Review of Highways tools control	N/A						
School ICT sales advice	N/A						
Guaranteed Minimum Pension advice	N/A						
Sub Total		3	24	8	3	24	8
Policy, Planning and Corporate Services							
Grant Aid – follow up	Substantial progress	-	-	3	-	-	3
Sub Total		-	-	3	-	-	3
Public Health							
Employees and Budget management	Limited	3	3	-	3	3	-
Sub Total		3	3	-	3	3	-
Cross Cutting Reviews							
Corporate Procurement – follow up	Limited progress	-	5	3	-	5	3
Pensions Payroll Migration	Substantial	-	-	4	-	-	4
National Fraud Initiative	N/A						
Annual Governance Statement	N/A						
Counter Fraud Strategy	N/A						
Sub Total		-	5	7	-	5	3
<u>TOTAL</u>		19	226	53	19	223	53



REPORT OF SERVICE DIRECTOR – FINANCE AND PROCUREMENT

REVISED COUNTER-FRAUD AND COUNTER-CORRUPTION POLICY AND STRATEGY, AND FRAUD RESPONSE PLAN

Purpose of the Report

1. To seek Audit Committee support for a revised counter-fraud and counter-corruption policy/strategy, along with a fraud response plan for the council.

Information and Advice

2. A self-assessment of the council's counter-fraud arrangements compared with best practice has recently been carried out. The key findings of the assessment were that good arrangements are generally in place to prevent and detect fraud, but scope was identified to strengthen the counter-fraud culture in the organisation.
3. Two documents were seen as fundamental to bolstering the council's counter-fraud measures:
 - A refreshed counter-fraud & counter-corruption policy and strategy for the council
 - A clear fraud response plan to deal effectively with concerns when they arise.
4. Draft versions of these two documents are attached for consideration. With Audit Committee's support, the strategy and response plans will be taken to the Policy Committee to seek approval and formal adoption by the council.

Other Options Considered

5. Continuing with the current counter-fraud policy and the lack of a single, coherent fraud response plan is an option. This would fail to address the weaknesses identified in the council's arrangements for deterring fraud and corruption..

Reason/s for Recommendation/s

- 6 To strengthen the council's stance against fraud and corruption.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the

environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That the revised counter-fraud and counter-corruption policy and the fraud response plan be recommended to Policy Committee for adoption.

Name of Report Author: John Bailey

Title of Report Author: Head of Internal Audit

For any enquiries about this report please contact:

John Bailey (telephone 0115 977 2226)

Constitutional Comments (SLB 07/11/2014)

8. Audit Committee is the appropriate body to consider the content of this report.

Financial Comments (SEM 7/11/14)

9. There are no specific financial implications arising directly from this report.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Self-assessment of the council's arrangements for countering fraud and corruption, compared with best practice.

Electoral Division(s) and Member(s) Affected

- All



Counter Fraud & Counter Corruption Policy & Strategy

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Foreword

We believe that the overwhelming majority of the council's employees, councillors, customers, contractors and suppliers are honest and have no thought to defraud the council. However, we recognise that a small minority will attempt to do just that. Any money lost in this way is money that we cannot spend delivering the critical public services we provide to the citizens of Nottinghamshire. Fraudsters not only cheat local taxpayers, but they deprive local people of the services they depend upon.

This is why fraud in Nottinghamshire County Council will not be tolerated. We are determined to keep up a strong guard against it through the approach set out in this document.

We all have a part to play in stamping out fraud. As we deliver our services, we must recognise the importance of the controls set out in this document to protect us from fraud. We must all remain vigilant and recognise the many forms that fraud and corruption may take. We must have the conviction to raise any concerns we come across. And we must have the resolve to investigate those concerns promptly and to take tough action against proven fraudsters.

This document sets out a comprehensive approach to ensuring that fraud is reduced to an absolute minimum. Its success will depend on our co-operation to send out the robust message to potential fraudsters that they will be rooted out and dealt with.

.....

Mick Burrows
Chief Executive

.....

Cllr. Alan Rhodes
Leader of County Council

.....

Cllr. Keith Walker
Chair of Audit Committee

Counter-Fraud & Counter-Corruption Policy

1. Nottinghamshire County Council, in common with all public authorities, recognises the potentially significant risk that fraud and corruption pose to the achievement of the council's aims and objectives. Put simply, any money lost to fraud and corruption is money that cannot be used for the delivery of essential, public services.
2. The eradication of fraud and corruption is also of paramount importance to securing the trust and confidence of Nottinghamshire residents and the local business community.
3. The County Council strives to achieve the highest standards of public service, therefore it adopts a zero tolerance stance against all forms of fraud, corruption, bribery and theft.
4. The County Council is committed to embracing best practice approaches to fighting fraud and corruption, and the strategy that follows is designed to achieve this. The Council will continually review and revise the strategy to ensure its resilience to fraud and corruption is maximised.
5. All councillors and employees of the council have an important role to play. They must comply themselves with key council policies, procedures and standards of conduct, and they must remain vigilant to potential incidents. The County Council also encourages its contractors, partners and members of the public to raise concerns at the earliest opportunity.
6. The County Council is committed to investigating concerns thoroughly, promptly and, wherever possible, confidentially. Malicious or vexatious allegations will not be tolerated, however.
7. Wherever fraud or corruption is proven, the County Council will take all appropriate action against the perpetrator and will pursue all options available to recover any losses incurred.

Counter-Fraud & Counter-Corruption Strategy

1. Aims and objectives

- To risk-assess new and existing fraud threats.
- To create a strong counter-fraud and counter-corruption culture within the council.
- To maintain effective systems and procedures for the prevention and detection of fraudulent and corrupt activity.
- To establish an effective response to suspected cases of fraud and corruption, to ensure all suspicions are properly and thoroughly investigated.
- To take appropriate and strong action to deal with proven fraudsters.
- To vigorously pursue all forms of redress to recover financial losses.

2. Scope

This strategy and the associated policy apply to all council employees, members, consultants, contractors, suppliers, council funded voluntary bodies and individuals, partners, and any external agencies doing business with the council. All suspicions of financial impropriety arising from the activities of any of these groups fall within the scope of this strategy.

3. Definitions of fraud, corruption, bribery and theft

Fraud

3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as '*...the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.*'

3.2 The Fraud Act 2006 establishes that fraud may be committed in the following ways:

- a) Fraud by false representation
- b) Fraud by failing to disclose information
- c) Fraud by abuse of position.

Corruption

3.3 '*The Investigation of Fraud in the Public Sector*' (CIPFA, 1994) defines corruption as 'the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.'

Bribery

3.4 The Bribery Act 2010 establishes that an offence of bribery occurs when a person offers, gives or promises to give a financial or other advantage to another in exchange for improperly performing a relevant function or activity. Similarly, the offence of being bribed is defined as requesting, accepting or agreeing to accept such an advantage in exchange for improperly performing such a function or activity.

Theft

- 3.5 The Theft Act 1968 states that *'a person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'*

4. Fraud Threats

- 4.1 An Annual Fraud Report shall be presented to the Corporate Leadership Team and the Audit Committee. The report shall include a fraud risk assessment for the Council, drawing on both national and local sources of intelligence.
- 4.2 The Annual Fraud Report shall assess whether the level of resource invested in counter-fraud and counter-corruption activity is proportionate to the assessed level of risk facing the Council. The assessment of resource levels shall take into account the following:
- 4.3 An important element in the Annual Fraud Report is to consider the Council's resilience to fraud and corruption. Resilience will be tested by a range of means:
- Internal Audit's scheduled reviews of key systems assessed as vulnerable to fraud and corruption
 - Evaluation of the Council's counter-fraud arrangements against best practice guidance.
 - Review of the adequacy and effectiveness of the Council's Fraud Response Plan.

5. Deter, Prevent & Detect

- 5.1 The Council's first line of defence is to deter would-be fraudsters from considering an attack against the Council. The deterrence factor will be maximised through a range of measures:
- Prominent publication of the Council's zero tolerance stance against fraud and the strategy for combating it
 - Design and implementation of a fraud awareness programme, to ensure the profile of fraud remains high among the Council's staff, members, contractors and partners.
 - Publication of the Council's successes in identifying and taking strong action against fraudsters.
- 5.2 It will not be possible to deter all fraudsters, therefore the Council must ensure it has strong preventative controls in place. Wherever appropriate and cost-effective to apply, the Council will design and implement controls to prevent fraud. The Council's Internal Audit Section reviews those areas of the authority's activity deemed to be at greater risk to fraud and corruption, and it works with management to recommend suitable, preventative controls.

5.4 Despite its best efforts to deter and prevent fraud, attacks against the Council will inevitably slip through. A range of actions are taken to detect such cases:

- All staff are expected to comply consistently and routinely with internal controls designed to bring data anomalies and other indicators of fraud to the attention of management. As with the preventative controls, the Council's Internal Audit Section reviews the adequacy of the authority's fraud detection controls in key systems, and it makes recommendations for any weaknesses to be addressed.
- The Council participates fully in the National Fraud Initiative (NFI), and it remains open to taking part in other national or regional opportunities to detect fraud through similar data-matching exercises. In doing so, the Council ensures that it complies with the agreed data-sharing protocols.
- As part of its counter-fraud programme, the Internal Audit Section carries out targeted, analytical reviews of key systems and services to identify indicators of fraudulent activity.
- The Council's whistleblowing policy is prominently publicised to encourage staff, members, contractors and partners to raise any genuine suspicions they may have.
- The Council will participate in national and regional counter-fraud networks and take prompt action to review the relevance to the Council of all fraud bulletins issued by those groups.

5.5 Changes and developments in the Council's internal systems and procedures may adversely impact the established controls to counter fraud. The impact on the fraud risk in changing and new systems and procedures will be evaluated through timely liaison with the Internal Audit Section to discuss new and significantly changing systems and procedures.

6. Pursue

6.1 Where there are genuine grounds to suspect fraud or corruption, the Council is committed to ensuring that all cases are investigated promptly, effectively and fully. The Council has developed a Fraud Response Plan [include link to the plan once it has been developed] and it is expected that this plan should be followed in all cases.

6.2 All matters involving suspected criminal activity will be referred to the Police at the earliest opportunity. The referral decision will be taken jointly by the Council's Section 151 Officer (or his/her nominated representative) and the Monitoring Officer (or his/her nominated representative).

6.3 In support of the Council's zero-tolerance stance, there shall be a general presumption that the Council will request the Police to charge offenders in all cases of fraud, corruption, bribery and theft. The Section 151 Officer (or his/her nominated

representative) and the Monitoring Officer (or his/her nominated representative) will apply the prosecution policy on a case-by-case basis.

- 6.4 Where the Police or Crown Prosecution Service decide not to charge offenders, the Council will consider bringing a private prosecution. The Section 151 Officer (or his/her nominated representative) and the Monitoring Officer (or his/her nominated representative) will consider each prosecution on a case-by-case basis.
- 6.5 Where offenders are identified as employees of the Council, the authority's disciplinary procedure will be invoked in all cases. [provide link to disciplinary process]
- 6.6 The Council will pursue all possible options to recover any losses incurred.

7. Responsibilities

- 7.1 **Appendix 1** sets out the key actions required of the various staff groupings to deliver this strategy.

8. Communication and Training

- 8.1 The strategy and the associated fraud response plan will be widely publicised to ensure it is readily available to employees, councillors, partners, contractors, other stakeholder groups and the general public. Prominent publication should also ensure that the strategy comes to the notice of potential fraudsters. The council's Communications Team will advise on the most suitable format, timing and media to be used.
- 8.2 The Council will put in place a training plan to enhance its employees' ability to deliver this strategy. The specific content of the training plan will be subject to review as part of the Annual Fraud Report, but its key components are likely to include the following:
 - Requirement for all staff to complete a periodic fraud awareness survey
 - Qualification training for staff responsible for the investigation of suspected fraud
 - Targeted training for key staff likely to require the Fraud Response Plan.

9. Success measures

- 9.1 The Annual Fraud Report will include an evaluation of the success of this strategy in achieving its objectives. Success measures and indicators will include, but not be limited to, the following:
 - a) Analysis of trends in the incidence of reported fraud cases
 - b) Take-up of council-wide fraud awareness training
 - c) Outcome of formal audits of compliance with key preventative and detective controls in areas of activity vulnerable to fraud
 - d) Timely responses to suspected cases identified

- e) Effectiveness of actions taken against proven fraudsters
- f) Recovery rate for any losses incurred.

10. Links to other NCC policies/strategies

10.1 The counter-fraud and counter-corruption strategy has clear links and dependencies on a number of other council policies and strategies:

- Fraud Response Plan
- Whistleblowing Policy
- Codes of conduct for staff and members, incorporating the standards for dealing with gifts, hospitality and pecuniary interests
- Financial Regulations
- Anti-Money Laundering Policy
- Cyber security policies

[Links to be inserted for each of the above]

11. Review of strategy

11.1 The strategy will be subject to regular review as part of the Annual Fraud Report, which will make recommendations for any required changes to it.

KEY RESPONSIBILITIES FOR DELIVERING THE STRATEGY

APPENDIX 1

ACTION	Internal Audit	Monitoring Officer & S151 Officer	Service Directors/ Group Managers/ Team Leaders	Corporate Directors (CLT)	Members (Audit Committee)	All staff, contractors & partners
1. Strategy development, maintenance & reporting						
1.1 Maintain the Counter Fraud Strategy	X					
1.2 Carry out the annual Fraud Risk Assessment	X					
1.3 Compile the Annual Fraud Report	X					
1.4 Review and approve the strategy, risk assessment and fraud report			X	X		
2, Deter						
2.1 Publication of the Counter-Fraud Strategy	X				X	
2.2 Design & implement a periodic fraud awareness programme	X					
2.3 Participation in fraud awareness surveys	X	X	X	X	X	X
2.4 Publication of successes in dealing with fraud	X				X	
3. Prevent						
3.1 Review the preventative controls in key council systems	X					
3.2 Implement agreed actions to strengthen internal controls		X	X	X		X
3.3 Ensure consistent compliance with established controls to prevent fraud		X	X	X		X
3.4 Consider the implications for counter-fraud controls of new or changing systems and	X		X			

ACTION	Internal Audit	Monitoring Officer & S151 Officer	Service Directors/ Group Managers/ Team Leaders	Corporate Directors (CLT)	Members (Audit Committee)	All staff, contractors & partners
procedures						
3.5 Incorporate in committee reports consideration of the counter-fraud implications of new or changing policies		X	X	X	X	
4. Detect						
4.1 Review the detective controls in key council systems and carry out targeted, analytical reviews in high risk areas of activity	X					
4.2 Implement agreed actions to strengthen detective controls		X	X	X		X
4.3 Ensure consistent compliance with established controls to detect fraud		X	X	X		X
4.4 Publicise the whistleblowing policy	X					
4.5 Raise fraud and corruption concerns promptly through the whistleblowing policy, with a line manager/senior manager, or directly with Internal Audit	X	X	X	X	X	X
4.6 Participate in the National Fraud Initiative, the National Anti-Fraud Network and other counter-fraud groups	X					
5. Pursue						
5.1 Follow the Fraud Response Plan in all cases where fraud and corruption are suspected.	X	X	X	X	X	X
5.2 Decision to refer a case to the police for investigation		X				
5.3 Decision to apply the prosecution policy		X				

ACTION	Internal Audit	Monitoring Officer & S151 Officer	Service Directors/ Group Managers/ Team Leaders	Corporate Directors (CLT)	Members (Audit Committee)	All staff, contractors & partners
5.4 Decision to invoke the council's disciplinary process			X	X		
5.5 Consider options for seeking recovery of losses incurred		X	X	X		



Nottinghamshire County Council

Fraud Response Plan

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1 INTRODUCTION

- 1.1 The Counter Fraud and Corruption Policy and Strategy make it clear that NCC has a zero-tolerance approach to fraud and corruption. Wherever there are genuine suspicions, staff are encouraged to raise their concerns at the earliest opportunity.
- 1.2 This Fraud Response Plan provides guidance to staff on the procedures that should be followed where a fraud is suspected or discovered. It should be read in conjunction with the Counter Fraud & Counter Corruption Policy & Strategy and the Council's Whistleblowing Policy. A summary of this plan is attached as a flowchart at Appendix A.
- 1.3 All staff should be aware that, if an allegation is found to have been made maliciously or for personal gain, then disciplinary action may be taken against the person making the allegation.

2 DISCOVERY

- 2.1 There are a number of ways in which a fraud may come to light:
 - Discoveries by managers or other employees, usually arising from standard controls being broken or from employee suspicions.
 - Specific fraud detection exercises such as data matching or analytical review.
 - A "tip-off" from a third party; either a member of staff or an external party.
 - Routine systems audit checks or specific audit checks on high risk areas.
- 2.2 The scope of suspected fraud might range from internal incidents (e.g. involving petty cash or employee claims for travelling expenses) to circumstances affecting third parties (e.g. suppliers submitting duplicate invoices). A list of common examples of fraud is attached as Appendix B.

3 ACTIONS TO BE TAKEN WHEN SUSPICION ARISES

Employees

- 3.1 If an employee becomes aware of a suspected fraud they must report the matter to their line manager as quickly as possible. This must be done in a way that ensures confidentiality is maintained at all times as the initial suspicions may turn out to be unfounded or the perpetrator may be alerted to your suspicions.
- 3.2 If an employee feels unable to discuss their concerns with their line manager, for whatever reasons, they can instead raise their concerns with their Team or Group Manager as they feel is appropriate or may contact the Head of Internal Audit directly.
- 3.3 Employees should not contact the Police regarding suspicions. The decision around when to involve the Police must be made by the S151 Officer and the Group Manager Legal Services.

- 3.4 Employees may choose to report their concerns anonymously or they may request anonymity. While total anonymity cannot be absolutely guaranteed, every endeavour will be made not to reveal the names of those who pass on information.

Managers

- 3.5 When told about a suspected fraud, the line manager should listen to the concerns raised and treat them seriously and sensitively.
- 3.6 The line manager should gather as much information as possible from the employee and any notes or evidence that are readily available to support the allegation. These should be held securely to ensure evidence is not destroyed or lost. Under no circumstances should line managers attempt to investigate the matter themselves or covertly obtain further evidence as this may adversely affect any internal investigation or Police enquiry.
- 3.7 The line manager should then immediately contact their Team or Group Manager to advise them of the situation as well as either:
- the S151 Officer
 - the Head of Internal Audit

Councillors

- 3.8 Where there is suspicion that a councillor may be involved in fraudulent activity, managers should report the matter directly to the Monitoring Officer, or to the Head of Internal Audit.

4 REFERRAL TO THE POLICE

- 4.1 The Head of Internal Audit, in consultation with the S151 Officer and the Group Manager Legal Services, will decide whether the matter should be referred to the Police to request a criminal investigation. The decision to accept a case for investigation rests fully with Police.
- 4.2 If it is determined that an internal investigation is needed before contacting the Police, the need for a referral should be reconsidered once the findings of the internal investigation have been reported (see 6.1 below).
- 4.3 When referring an investigation to the Police the following conditions should be met to improve the chances that the case will be accepted for investigation:
- It must be established that there are reasonable grounds to believe that a criminal offence has been committed.
 - Deliberate criminal intent needs to be identified. The fraud needs to be more than an error or omission.

- The allegations should concern recent events and should not have become stale by reason of age. Incidents that are over two years old before discovery need to be judged individually on their merits, including the availability of documentary evidence and the reliability of witness statements.
 - NCC must identify and preserve all original documents and other exhibits relating to the matter.
- 4.4 NCC must be prepared to supply all original documents and exhibits to the Police if an investigation is expected and commenced. Such evidential material should be securely held in accordance with the [Police and Criminal Evidence Act 1984](#) (PACE) before formal handover.
- 4.5 The Head of Internal Audit will advise the manager who reports the case whether further and immediate action is needed. This might be to secure evidence, to protect the council from further losses, or to safeguard a possible criminal or internal investigation.

5 INTERNAL INVESTIGATION

- 5.1 The Head of Internal Audit will review the concerns raised and any evidence that is initially available and will decide:
- If an investigation is required as concerns are valid
 - If no investigation is required as concerns are not indicative of fraudulent activity
 - If an initial inquiry is required to gather more evidence to support or refute the concerns
- 5.2 Following discussion of the case between the Head of Internal Audit, the S151 Officer, the Group Manager Legal Services and the Service Director HR & Customer Service, the following will be determined:
- whether an investigation is required as the concerns are deemed to be valid. It may be determined that a preliminary inquiry is required to gather more evidence to support or refute the concerns
 - whether the employee under suspicion should be suspended, pending criminal and internal investigations
 - who will carry out the internal investigation. In most cases, Internal Audit staff will be charged with investigating allegations of fraud and corruption. In some cases, however, it may be determined that the investigation may be carried out by a departmental manager, with the support and advice of Internal Audit.
- 5.3 Where it is decided to investigate, resources will be made available to ensure the investigation can be carried out as a matter of urgency. This is important to ensure that:
- Prompt action is taken to ensure facts, evidence and explanations can be captured while events remain current;
 - Any on-going losses to fraud are minimised;
 - The cost to the authority of suspended employees is minimised
 - The council's commitment to its zero-tolerance stance against fraud and corruption is clearly demonstrated.

- 5.4 Where a case has been accepted by the Police for investigation, it is most important that the internal investigation team maintains close liaison with the investigating police officer. This is to ensure that the internal investigation does not in any way hinder or compromise the criminal investigation.
- 5.5 On conclusion of the internal investigation, two reports will be produced and issued to the S151 Officer, the Group Manager Legal Services, the Service Director HR and Customer Service and the relevant Corporate Director:
- the primary report will detail the facts determined as a result of the investigation. This report will enable a decision to be made concerning the need for disciplinary action (see 6.1 below).
 - the secondary report will highlight any procedural weaknesses identified during the investigation, and it will make recommendations for improved internal controls (see 7.3 below).

6 DISCIPLINARY PROCEDURE

- 6.1 On receipt of the internal investigation report, the following shall be considered:
- if the case had not already been referred to the police, the need for a referral shall be reconsidered in light of the findings of the internal investigation. The decision to make a referral to the police at this stage shall be taken by the officers listed above, at 4.1
 - the Service Director HR and Customer Service, the S151 Officer, the Group Manager Legal Services and the relevant Corporate Director will determine whether any disciplinary action is warranted against any council officers.

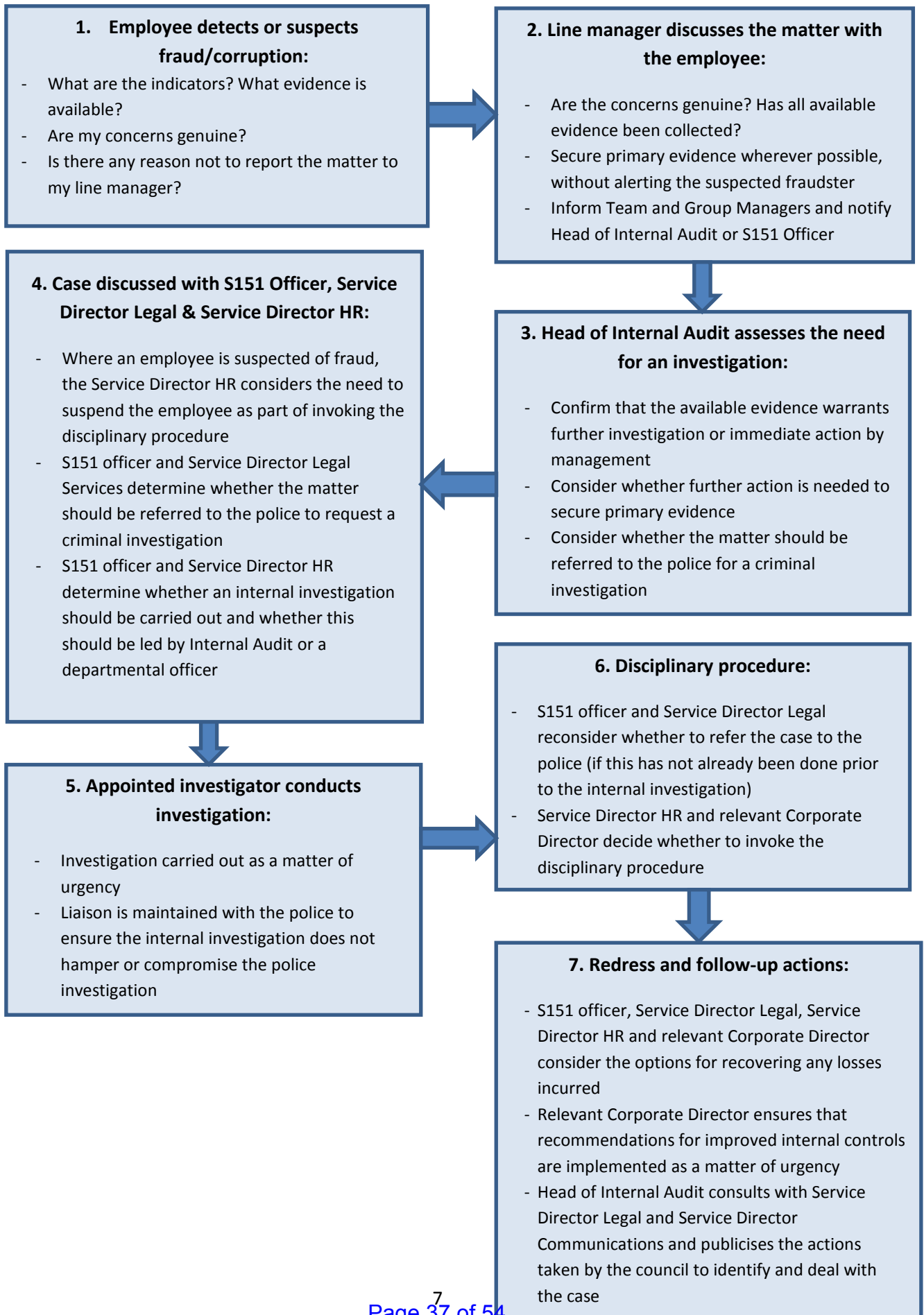
7 REDRESS AND FOLLOW-UP ACTIONS

- 7.1 The internal investigation report will quantify the extent of any losses incurred by the council. The S151 Officer, the Service Director HR and Customer Service, the Group Manager Legal Services and the relevant Corporate Director will consider all options available to seek recovery of the losses. Section 6.6 of the Counter Fraud and Counter Corruption Policy and Strategy identifies a number of options.
- 7.2 Where the Police do not accept the case, or the Crown Prosecution Service do not seek a criminal prosecution, the Group Manager Legal Services should advise on the prospects for recovering losses through the civil court. NCC should seek to recover costs in addition to any losses.
- 7.3 The relevant Corporate Director will be responsible for implementing the recommendations made for improved controls in the secondary report following the internal investigation. Where agreed, the recommendations should be implemented as a matter of urgency to ensure protection against recurring cases. The recommended changes will be set out in an action plan identifying the staff involved and the relevant completion dates. Subsequently, the Head of Internal Audit may initiate a follow-up audit of the relevant areas to ensure the revised procedures are operating effectively.

- 7.4 The Head of Internal Audit will co-ordinate with the Service Director – Marketing and Communications regarding the content and timing for communicating the outcome of the investigation to internal staff and to the wider public, as considered appropriate.
- 7.5 The Head of Internal Audit will advise and update the Audit Committee on suspected and actual fraud cases as part of its routine reporting arrangements. This will include the extent of losses, and the key outcomes in terms of sanctions taken, recoveries achieved and procedural improvements implemented.

8 KEY CONTACTS

Post	Post holder	Contact
Head of Internal Audit	John Bailey	0115 97 72226 john.bailey@nottsc.gov.uk
S151 Officer	Nigel Stevenson	0115 97 73033 nigel.stevenson@nottsc.gov.uk
Group Manager Legal Services	Heather Dickinson	0115 97 74835 heather.dickinson@nottsc.gov.uk
Service Director HR and Customer Service	Marjorie Toward	0115 97 74404 marjorie.toward@nottsc.gov.uk
Service Director Marketing and Communications	Martin Done	0115 97 72026 07795 291 692 martin.done@nottsc.gov.uk



There are many ways people may try to defraud NCC. This could be carried out by employees or people from outside the organisation. The most common of these include:

Fraud from internal sources

- Theft of cash, stocks or assets and attempts to disguise this
- Over-claiming expenses
- Claiming for overtime not worked
- Selling waste and scrap
- Bogus employees on the payroll
- Forging signatures or altering amounts on documents
- Writing off recoverable debts
- Running a private business with NCC assets

Fraud from external sources

- Submitting invoices for goods or services not delivered or submitting multiple invoices for the same goods and services
- Claiming for expenses not incurred, or claiming the same expenses multiple times
- Changing bank details of existing suppliers
- Collusive bidding
- False compensation and insurance claims
- Bribing employees or councillors
- False, official identification used

REPORT OF SERVICE DIRECTOR, FINANCE AND PROCUREMENT

**LIMITED ASSURANCE FOLLOW-UP AUDIT REPORT – COUNCIL-WIDE
PROCUREMENT**

Purpose of the Report

1. To inform Members of a follow up audit where the audit opinion remained “limited” because insufficient progress had been made in implementing agreed Internal Audit recommendations.

Information and Advice

2. Internal Audit work is carried out in accordance with an agreed Annual Plan. On completion of the audit, the findings and recommendations are discussed with the relevant manager. A draft report is then issued to the manager, who is asked to provide a formal response to the recommendations. Once this response has been received, the final audit report is issued which includes the response to all recommendations and a date by which they will be implemented.
3. In each report, an opinion on the controls in place is included, and is one of three standard opinions, as follows:-
 - Substantial Assurance – there are no weaknesses or only minor weaknesses
 - Reasonable Assurance – most of the arrangements for financial management are effective, but some weaknesses have been identified
 - Limited Assurance – there is an unacceptable level of risk which requires the prompt implementation of the recommendations to correct the weaknesses identified.
4. If the audit opinion is substantial or reasonable assurance, then the implementation of the recommendations concerned is followed up the next time the system is audited. However, if the audit opinion is limited assurance a follow up audit is carried out approximately six months after the final report has been issued, to determine whether the agreed recommendations have been implemented.
5. A follow up audit has recently been completed on Corporate-wide Procurement. An Action Plan to address the weaknesses was agreed with the Interim Group Manager for procurement, with the recommendations being followed up at the latest audit. Whilst

progress had been made in implementing the agreed recommendations, further work was still required. In particular, there was further work needed on improving the level of compliant orders, implementation of a revised procurement strategy, development of performance information and improved monitoring of the implementation of purchasing category strategies. Some of the agreed recommendations had been placed on hold at the time of the audit including, following the appointment of a new Group Manager:

- * establishment of a commissioning and commercial board
- * initiation of a project to address the corporate risk of supply chain failure

Eight recommendations have been made and agreed to address the concerns. A copy of the follow up report is attached as **exempt Appendix 1**.

6. The newly appointed Group Manager for Procurement will be attending the meeting to explain the issues involved in improving controls over income and the progress made since the report was issued in September 2014.

Other Options Considered

7. This report is for information and noting only.

Reason/s for Recommendation/s

8. To provide information to Members on the work required on corporate procurement to ensure that effective controls are in place.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That Members note the proposed actions to be taken to fully implement the outstanding audit recommendations.

Nigel Stevenson
Service Director (Finance and Procurement)

For any enquiries about this report please contact:

John Bailey (Head of Internal Audit) telephone 01159772226

Constitutional Comments

10. This report is for noting only.

Financial Comments (JMB 4/11/14)

11. The work of Internal Audit is designed to ensure that efficient and effective systems are in place to manage risk, ensure effective control is in place and demonstrate sound governance. This report highlights an area where further work was required to achieve these aims and provide assurance that good value for money is being secured.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All



REPORT OF SERVICE DIRECTOR – FINANCE AND PROCUREMENT

EXTERNAL AUDIT – ANNUAL AUDIT LETTER 2013/14

Purpose of the Report

1. To inform Members of the External Auditors' Annual Audit Letter 2013/14.

Information and Advice

2. The attached annual audit letter from KPMG summarises the findings from work carried out by the external auditors over the last financial year (2013/14).
3. All Councils are subject to independent external review with the final conclusions and recommendations being presented to the Council in the Annual Audit Letter (AAL). The AAL provides a clear, readily understandable commentary on the results of the auditor's work and highlights any issues that the auditor wishes to draw to the attention of the public.
4. The report is presented to Members for their information. The Audit Director (KPMG), Neil Bellamy will be in attendance at the meeting to introduce the report and respond to Member's questions.

Reason/s for Recommendation/s

5. To provide information to Members on the External Auditors' Annual Audit Letter 2013/14.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That Members of the Audit Committee note the External Auditor's Annual Audit Letter 2013/14.

Nigel Stevenson
Service Director – Finance & Procurement

For any enquiries about this report please contact:
Nigel Stevenson Tel: 01159773033

Constitutional Comments

7. This report is for noting only.

Financial Comments (GB 18/11/2014)

8. The total audit fees were £130,950 for Nottinghamshire County Council and £29,926 for the Nottinghamshire Pension Fund. This was in line with the initial budget proposals.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All



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Annual Audit Letter 2013/14

Nottinghamshire County Council and
Pension Fund

October 2014



The contacts at KPMG in connection with this report are:

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Report sections

- Headlines

Appendices

1. Summary of reports issued

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Bellamy, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 4448 330.

This report summarises the key findings from our 2013/14 audit of Nottinghamshire County Council (the Authority) and the Nottinghamshire Pension Fund.

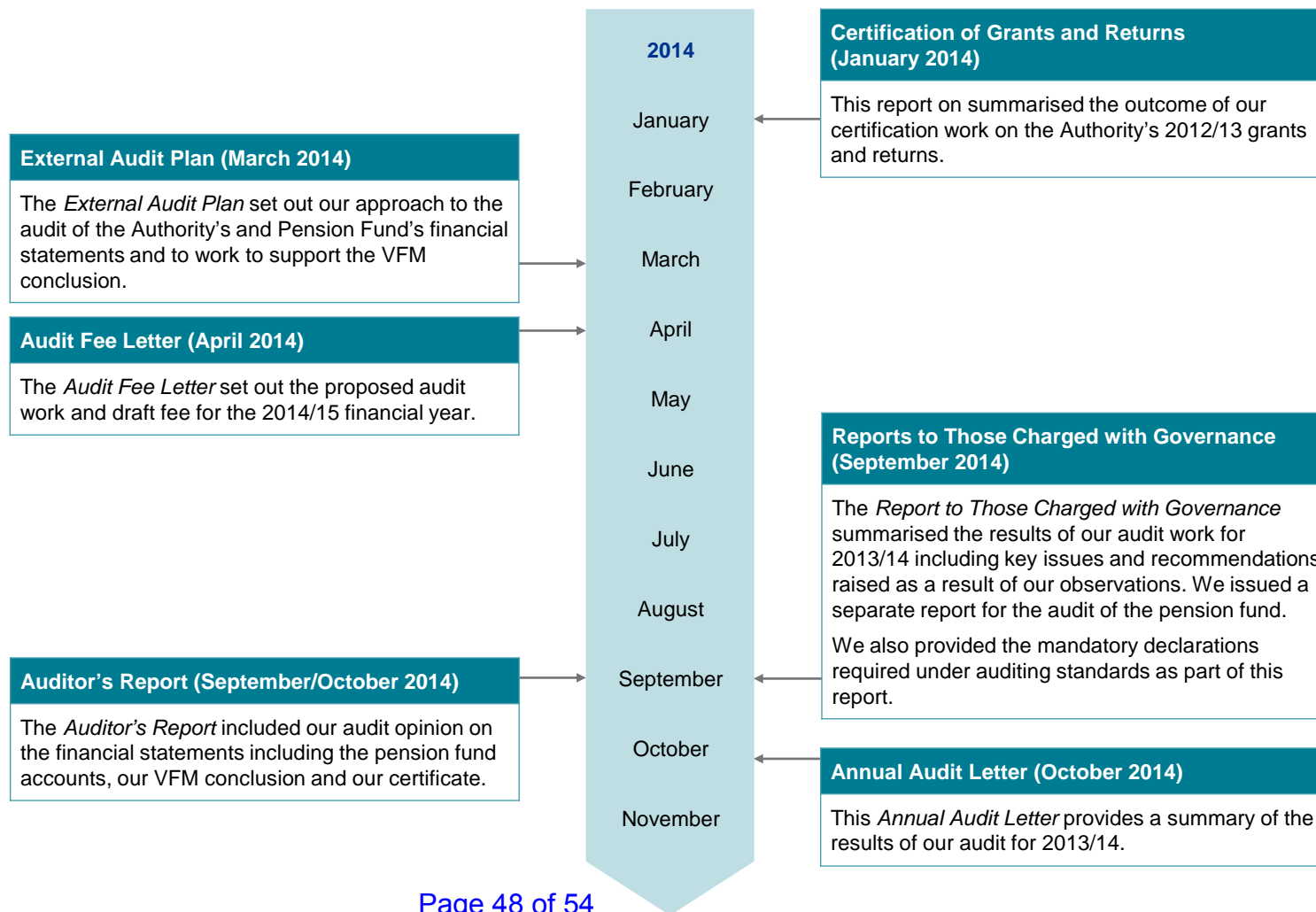
Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's and Pension Fund's 2013/14 financial statements and the 2013/14 VFM conclusion for the County Council.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 19 September 2014. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 19 September 2014. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p> <p>The financial statements also include those of the pension fund. This means we believe they give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2014, and the amount of the fund's assets and liabilities as at 31 March 2014.</p>
Financial statements audit	<p>The Authority continues to maintain good processes in place for the production of the accounts and has built upon the improvements made last year. We also noted that the Authority maintained a thorough internal review process. This resulted in the draft set of accounts and accompanying working papers being of good quality.</p> <p>Officers were proactive in dealing with audit queries throughout the audit process resulting in responses being received in a timely manner and of good standard. The above factors facilitated a smooth audit process which has been completed within the planned timescales.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.</p>
Certificate	<p>We issued our certificate on 03 October 2014, after completing the work on the Whole of Government Accounts. The certificate confirms that we have concluded the audit for 2013/14 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
Audit fee	<p>Our fee for 2013/14 was £160,876, excluding VAT. This includes our fees for the audit of the Authority of £130,950, and the audit of the Pension Fund of £29,926.</p>

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.





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**REPORT OF CORPORATE DIRECTOR, POLICY, PLANNING AND
CORPORATE SERVICES**

WORK PROGRAMME

Purpose of the Report

1. To consider the Committee's work programme for 2014/15.

Information and Advice

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chairman and Vice-Chairman, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

Other Options Considered

5. None.

Reason/s for Recommendation/s

6. To assist the committee in preparing its work programme.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are

described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That the committee's work programme be noted, and consideration be given to any changes which the committee wishes to make.

Jayne Francis-Ward
Corporate Director, Policy, Planning and Corporate Services

For any enquiries about this report please contact: Sarah Ashton x 73962

Constitutional Comments (HD)

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

Financial Comments (PS)

9. There are no direct financial implications arising from the contents of this report. Any future reports to Committee on operational activities and officer working groups, will contain relevant financial information and comments.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

AUDIT COMMITTEE - WORK PROGRAMME

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>For Decision or Information</u>	<u>Lead Officer</u>	<u>Report Author</u>
1 April 2015				
Statement of Accounts 2014/15 – Accounting Policies	To outline proposed changes to the accounting policies used for the Authority's Statement of Accounts for 2014/15 for review and approval	Decision	Nigel Stevenson	Glen Bicknell
Internal Audit Plan for 2015/16	Report from the Head of Internal Audit providing details of the planned work for 2015/16	Information	John Bailey	John Bailey
External Audit Plan 2014/15	To provide information on the External Auditors' Audit Plan for their 2014/15 Audit.	Information	Nigel Stevenson	Glen Bicknell/ External Auditor
Certification of Grants and Returns 2013/14	To provide information on the External Auditors' Annual Report 2013/14 on the certification of Grants and Returns	Information	Nigel Stevenson	Glen Bicknell/ External Auditor
10 June 2015				
Annual External Audit Fees	To inform Members of proposed external audit fees for 2015/16	Information	Nigel Stevenson	Glen Bicknell/ External Auditor
Mandatory Inquiries	To provide information on the External Auditors' requirement for the provision of information regarding the Council's approach to dealing with fraud, litigation, laws and regulations as part of their audit.	Decision	Nigel Stevenson	Glen Bicknell
Internal Audit Report 2014/15	Report of the Head of Internal Audit providing an internal audit opinion on the Authority's level of internal control during 2014/15	Information	John Bailey	John Bailey
Draft Annual Governance Statement 2014/15	Review and comment on the draft Annual Governance Statement prior to being forwarded on to Full Council to accompany the Statement of Accounts	Decision	John Bailey	John Bailey
September 2015 (date to be confirmed)				
External Audit Annual Governance Reports	To receive for information, and comment, the External Auditor's Annual Governance Reports on the County Council and Pension Fund, prior to these being forwarded to Full Council for approval	Information	Nigel Stevenson	Glen Bicknell / External Auditor

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>For Decision or Information</u>	<u>Lead Officer</u>	<u>Report Author</u>
December 2015 (date to be confirmed)				
Internal Audit Progress report for 2015/16	To provide details of internal audit work completed to the end of September 2015	Information	John Bailey	John Bailey