

MEMBERS INTERESTS 2012

A Member with a disclosable pecuniary interest in any matter considered at a meeting must disclose the interest to the meeting at which they are present, except where it has been entered on the Register.

A Member with a non pecuniary or pecuniary interest in any business of the Council must disclose the existence and nature of that interest at commencement of consideration or when the interest becomes apparent.

Where sensitive information relating to an interest is not registered in the register, you must indicate that you have an interest, but need not disclose the sensitive information.

Please tick relevant boxes

Notes

	General		
1.	I have a disclosable pecuniary interest.	<input type="checkbox"/>	<i>You cannot speak or vote and must withdraw unless you have also ticked 5 below</i>
2.	I have a non-pecuniary interest.	<input type="checkbox"/>	<i>You may speak and vote</i>
3.	I have a pecuniary interest because it affects my financial position or the financial position of a connected person or, a body described in 10.1(1)(i) and (ii) and the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest or it relates to the determining of any approval consent, licence, permission or registration in relation to me or a connected person or, a body described in 10.1(1)(i) and (ii) and the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest	<input type="checkbox"/> <input type="checkbox"/>	<i>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</i> <i>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</i>
4.	I have a disclosable pecuniary interest (Dispensation 16/7/12) or a pecuniary interest but it relates to the functions of my Council in respect of: (i) Housing where I am a tenant of the Council, and those functions do not relate particularly to my tenancy or lease. (ii) school meals, or school transport and travelling expenses where I am a parent or guardian of a child in full time education, or are a parent governor of a school, and it does not relate particularly to the school which the child attends. (iii) Statutory sick pay where I am in receipt or entitled to receipt of such pay. (iv) An allowance, payment or indemnity given to Members (v) Any ceremonial honour given to Members (vi) Setting Council tax or a precept under the LGFA 1992	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i>
5.	A Standards Committee dispensation applies (relevant lines in the budget – Dispensation 20/2/13 – 19/2/17)	<input type="checkbox"/>	<i>See the terms of the dispensation</i>
6.	I have a pecuniary interest in the business but I can attend to make representations, answer questions or give evidence as the public are also allowed to attend the meeting for the same purpose	<input type="checkbox"/>	<i>You may speak but must leave the room once you have finished and cannot vote</i>

'disclosable pecuniary interest' (DPI) means an interest of a description specified below which is your interest, your spouse's or civil partner's or the interest of somebody who you are living with as a husband or wife, or as if you were civil partners and you are aware that that other person has the interest.

Interest

Prescribed description

Employment, office, trade, profession or vocation

Any employment, office, trade, profession or vocation carried on for profit or gain.

Sponsorship

Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.

	This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

"body in which the relevant person has a beneficial interest" means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest; "director" includes a member of the committee of management of an industrial and provident society;

"land" excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income; "M" means a member of a relevant authority;

"member" includes a co-opted member; "relevant authority" means the authority of which M is a member;

"relevant period" means the period of 12 months ending with the day on which M gives notice to the Monitoring Officer of a DPI;

"relevant person" means M or M's spouse or civil partner, a person with whom M is living as husband or wife or a person with whom M is living as if they were civil partners;

"securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

'non pecuniary interest' means interests falling within the following descriptions:

- 10.1(1)(i) Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) Any body (a) exercising functions of a public nature; (b) directed to charitable purposes; or (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union), of which you are a member or in a position of general control or management;
- (iii) Any easement, servitude, interest or right in or over land which does not carry with it a right for you (alone or jointly with another) to occupy the land or to receive income.
- 10.2(2) A decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a connected person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision.

'a connected person' means

- (a) a member of your family or any person with whom you have a close association, or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph 10.1(1)(i) or (ii).

'body exercising functions of a public nature' means

Regional and local development agencies, other government agencies, other Councils, public health bodies, council-owned companies exercising public functions, arms length management organisations carrying out housing functions on behalf of your authority, school governing bodies.

A Member with a personal interest who has made an executive decision in relation to that matter must ensure any written statement of that decision records the existence and nature of that interest.

NB Section 21(13) of the LGA 2000 overrides any Code provisions to oblige an executive member to attend an overview and scrutiny meeting to answer questions.

AUDIT AND GOVERNANCE COMMITTEE

HELD: 24 SEPTEMBER 2013

Start: 7.00 p.m.

Finish: 7.50 p.m.

PRESENT:

Councillor: Forshaw (Vice- Chairman, in the Chair)

Councillors: Blane Greenall
Dereli Jones
Gagen Pendleton
Grant Westley

Officers: Borough Treasurer (Mr M Taylor)
Audit Manager (Mr M Coysh)
Borough Solicitor (Mr T P Broderick)
Member Services Officer (Mrs J A Ryan)

Also in attendance: Ms C Deegan, Grant Thornton (External Audit)
Mr P Thompson, Grant Thornton (External Audit)

12. APOLOGIES

Apologies for absence were received on behalf of Councillor Pryce-Roberts.

13. MEMBERSHIP OF THE COMMITTEE

In accordance with the Council Procedure Rule No. 4, the Committee noted the termination of Councillor Pope and the appointment of Councillor Blane for this meeting only, thereby giving effect to the wishes of the Political Groups.

14. DECLARATIONS OF INTEREST

There were no declarations of interest.

15. MINUTES

RESOLVED: That the minutes of the meeting of the Committee held on 25 June 2013, be received as a correct record and signed by the Chairman.

16. EXTERNAL AUDIT FINDINGS REPORT

Consideration was given to the report of the Borough Treasurer, as contained on pages 69 to 104 of the Book of Reports the purpose of which was to receive reports from our External Auditors setting out their findings on the audit of the accounts and on the Council's financial resilience

The Chairman advised Members that this was to be Claire Deegan's last meeting and passed on the thanks of the Committee for all the help and assistance that Claire had given to our Officers.

Comments and questions were raised in respect of the following:-

- The transparency and effectiveness of the report
- Value for Money
- Outsourcing of Services
- Performance Indicators

RESOLVED: A. That the reports be noted.

B. That the gratitude of the Committee to our Officers and External Audit for their hard work be noted.

17. APPROVAL OF STATEMENT OF ACCOUNTS

Consideration was given to the report of the Borough Treasurer as contained on pages 105 to 224 of the Book of Reports the purpose of which was to approve a number of representations and the Council's Annual Statement of Accounts.

RESOLVED: A. That the Letter of Representation set out in Appendix 1 of the report be endorsed.

B. That the response on fraud, laws and regulations, and going concern issues set out in Appendix 2 of the report be approved.

C. That the Statement of Accounts set out in Appendix 3 of the report be approved.

18. INTERNAL AUDIT MID-YEAR REVIEW

Consideration was given to the report of the Borough Treasurer, as contained on pages 225 to 230 of the Book of Reports the purpose of which was to advise of the progress made against the 2012/13 Internal Audit Plan.

Comments and questions were raised in respect of the following:

- The Benefits Audit
- Discretionary Housing Payments
- Service Delivery Issues

RESOLVED: That progress in the year to date be noted.

19. REGULATION OF INVESTIGATORY POWERS ACT - OSC INSPECTION AND QUARTERLY MONITORING OF USE OF POWERS

Consideration was given to the report of the Borough Solicitor as contained on pages 231 to 234 of the Book of Reports, the purpose of which was to monitor the use of the Regulation of Investigatory Powers Act 2000 (RIPA) and to ensure it is being used consistently with the Council's Policy and to update on the recent inspection of the Council's use and arrangements for the RIPA on behalf of the Office of the Surveillance Commissioners (OSC).

RESOLVED: A. That the Council's RIPA activity be noted.

B. That the feedback on the OSC inspection also be noted.

20. REVIEW OF FRAUD, BRIBERY AND CORRUPTION ISSUES

Consideration was given to the report of the Borough Treasurer as contained on pages 235 to 250 of the Book of Reports. The report provided a summary of the fraud, bribery and corruption issues facing the Council and the action being taken to deal with them.

Comments and questions were raised in respect of the following:

- The Impact of Social Payments
- How fraud arrangements are reviewed
- The Benefit Fraud Investigating Team in place in the Authority
- Data sharing with other Authorities

RESOLVED: A. That the self assessment of Fraud and Corruption issues as set out in Appendix 1 of the report be noted.

B. That the Counter Fraud Plan as set out in Appendix 2 of the report be endorsed.

21. TREASURY MANAGEMENT FRAMEWORK

Consideration was given to the report of the Borough Treasurer as contained on pages 251 to 256 of the Book of Reports, which set out details of the Treasury Management function.

RESOLVED: That the continuing effective operation of the Treasury Management function be noted.

22. WORK PROGRAMME

Consideration was given to the Committee's programme of work, as contained on page 257 of the Book of Reports.

RESOLVED: That the Work Programme be approved.

- CHAIRMAN -



AGENDA ITEM: 5

**AUDIT AND GOVERNANCE:
28 JANUARY 2014**

Report of: Transformation Manager

Relevant Managing Director: Transformation

**Contact for further information: Alison Grimes (Extn. 5409)
(E-mail: alison.grimes@westlancs.gov.uk)**

SUBJECT: DATA QUALITY PROTOCOL - UPDATE

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To update Members regarding the effectiveness of the Data Quality Protocol.

2.0 RECOMMENDATIONS

2.1 That the effectiveness of the current Data Quality Protocol is noted.

3.0 BACKGROUND

3.1 Members will recall that in September 2012 a report was brought to Audit & Governance seeking approval for a new Data Quality Protocol. The Protocol will be updated as appropriate rather than on a scheduled basis.

3.2 The committee requested the Transformation Manager submit a report to a future meeting on the effectiveness of the Protocol.

4.0 CURRENT SITUATION

4.1 The Protocol contains guidance for appropriate data management. It provides a statement of required standards for data management practices and complements the approach to all forms of data management within the council. It applies to all areas and systems of the council and will help support staff in providing worthwhile data that is sufficiently accurate, valid, reliable, timely, relevant and complete. This will assist in delivering the government's aim of increasing transparency and openness about how councils conduct their business.

- 4.2 The Protocol states that *“The benefit of improving the level of data quality should not be outweighed by the resources necessary to achieve the improvement. The council therefore focuses on arrangements for collection and reporting data, rather than the data itself...”*.
- 4.3 Given resources available, implementation of formal data quality governance procedures across the organisation is not possible. Effectiveness of the protocol therefore relies on the uptake of the principle by services/all staff. Specific data sets may be subject to different regulations (for example, CIPFA rules for financial data). However, as a minimum all data should meet the overarching data quality criteria outlined in the Protocol. This includes any information regularly reported, either internally or externally, upon which decisions are made. For example:
- Data items submitted to central government/arms length bodies (eg. Single Data List)
 - Published data sets specified in the *Code of recommended practice for local authorities on data transparency*
 - All performance information stored within the electronic performance and risk management system (Covalent).
- 4.4 The previously approved data quality management arrangements have been maintained since the last report:
- the Data Quality Protocol remains in place
 - the Council’s External Auditors continue to examine data quality arrangements in relation to the Council’s Financial Statements as part of their audit work.
 - Internal Audit continue to carry out a risk based programme relating to the procedures for the production of PIs and other work designed to attest the accuracy of other data available internally for the management of the authority.
- 4.5 The Protocol complements activities around information governance within the areas of management of personal data, data security, release of information under Freedom of Information or Data Protection, or information / records management. Although these are managed under separate policies, the quality of the data within any relevant system is subject to the DQ Protocol’s requirements.
- 4.6 Requirements to allow public access to council data are growing. The Government has published a revised draft *Code of Recommended Practice for Local Authorities on Data Transparency* which includes the requirements to publish various data sets, for example expenditure over £500, Councillor allowances and expenses, senior salaries. The Council already meets many of the requirements. The Government is currently (January) seeking points of clarification prior to the code becoming enforceable. It will be necessary for the council to keep abreast of these transparency requirements and to ensure that public data is as accurate as possible at first publication.

5.0 EFFECTIVENESS OF THE PROTOCOL

- 5.1 The most recent external audit of the council did not raise any serious issues in relation to data quality. Internal Audit's Annual Report noted that their work in the year had led to recommendations for further improvement in data management with regard to data protection and these recommendations were accepted by management. This work is ongoing and strengthens existing arrangements to secure data quality.
- 5.2 WLBC adopts its own performance indicators and assigns its own targets on an annual basis. These are formally agreed by Members and help provide information as to whether the authority is on track to achieve the priorities of the Council's Business Plan. The key performance indicators are reported quarterly to Members and the full suite annually in order to highlight the performance of the Council across a range of service areas on an ongoing basis. The data is also recorded in Covalent.
- 5.3 The Council has a duty to report many data items direct to central government over a wide variety of services. The requirements are contained within a Single Data List published by the Government.
- 5.4 During the year, Internal Audit carries out a risk-based review of a basket of higher risk PIs (those that are reported to Members) and testing of certain items from the Single Data List. The most recently concluded review highlighted that some PIs needed attention in terms of the definition requirements concerning data collection and recording. It is therefore evident that in some cases the guidance provided in the protocol had not been applied by service areas.
- 5.5 As a result of the review:
- Where required, actions from the Audit review for individual indicators will be agreed and signed off with the responsible person.
 - The importance of the "ownership" of data by the individuals responsible for collecting/recording/approving data was re-enforced. A reminder of the data quality protocol and the need to follow guidance and definitions of indicators was sent to all staff responsible for data entry/management of corporate PI's held within Covalent.
 - Work is ongoing to ensure that relevant guidance for all corporate PIs is held on Covalent.
 - Internal Audit's risk-based approach to reviewing performance indicators will continue into 2014/15.

6.0 CONCLUSION

- 6.1 All staff need to apply the principles of data quality to information that is produced and/or published for whatever purpose. Steps have been taken as outlined in s.5.5 above to increase the effectiveness of the protocol which is available on the intranet.

6.2 It is essential to have effective data quality management arrangements in place to ensure the information on which services rely, management decisions are made and is either submitted to other organisations or published is sound as part of the general approach to data management within the Council.

7.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

7.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy. Good quality data will however assist with all decision making.

8.0 FINANCIAL AND RESOURCE IMPLICATIONS

8.1 All activity associated with this report will be achieved from existing resources.

9.0 RISK ASSESSMENT

9.1 This report highlights the requirement to produce and where applicable, publish, data that is fit for purpose and acknowledges the likely increase in access of data by the public in the future. The risk to the organisation is from the use of unreliable data and non-compliance with national guidelines. Adherence to the Data Quality Protocol and implementation of national guidance regarding public access to data should ensure that the risk to the organisation is minimised.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

None



AGENDA ITEM: 6

AUDIT AND GOVERNANCE COMMITTEE:

28th January 2014

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

**Contact for further information: Natasha Bryan (Extn. 5098)
(E-mail: natasha.bryan@westlancs.gov.uk)**

SUBJECT: RISK MANAGEMENT FRAMEWORK

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To set out details of the operation of the Risk Management Framework over the last twelve months.

2.0 RECOMMENDATION

2.1 That the continuing effective operation of the Risk Management Framework be noted.

3.0 BACKGROUND

3.1 West Lancashire Borough Council continues to recognise the importance of identifying, evaluating and managing all Key and Service Risks that could affect the Council.

3.2 Risk Management covers the whole spectrum of risks and not just those associated with finance, business continuity, insurance and health and safety. It also considers risks associated with service provision, compliance with legislation, public image (reputation) and environment.

3.3 Risk management is not about being 'risk averse' – it is about being 'risk aware'. Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives. Risk Management is about effectively managing risks that could affect the Council. It is also about making the most of opportunities and achieving objectives. By being 'risk aware' the Council is in a better position to avoid threats and take advantage of opportunities.

- 3.4 The terms of reference of the Audit and Governance Committee include monitoring the effectiveness of the Risk Management Framework and corporate governance processes within the Council. This report assesses the operation of the Risk Management Framework over the last twelve months and the main developments that have occurred during that time.

4.0 DEVELOPMENTS OVER THE LAST TWELVE MONTHS

- 4.1 The Risk Management Officer Working Group has continued to meet twice a year. At the last meeting in December 2013 a range of issues were considered including Health and Safety risk assessments, contract issues, and how the risks involved with community transfers were being managed. The Group also reviewed the Risk Management Policy to see whether any amendments or modifications were required. However given that the policy had been reviewed and updated in January 2013, it was felt that it was up to date and that no further changes were required at this time. The policy will be reviewed again in 12 months to ensure it remains fit for purpose.
- 4.2 It is a best practice requirement that the Key Risk Register be reported to Cabinet bi-annually and this has continued to take place over the last twelve months. Arguably the most important risk facing Councils at this time is the financial challenge of dealing with significant and ongoing reductions in government grant funding. This risk is being effectively managed by the Council, and elsewhere on the agenda our external auditors have concluded that there are proper arrangements in place to secure the financial resilience of the Council.
- 4.3 The use of Covalent (our performance and risk management IT system) is currently being reviewed across the Council to ensure that the software is being utilised to its full potential. This work will include a review of licenses, refresher training for relevant officers, and a general housekeeping exercise across all Service Areas to ensure that information complies with the data quality protocol.
- 4.4 An Accident Review Group within Street Scene has now been established to consider incidents and to identify what risk management processes can be put in place to reduce insurance claims. New reporting forms and processes have been implemented and the group meets bi-annually to review these processes and any major incidents. The Group will also extend this approach to include other Service Areas where appropriate.
- 4.5 Risk Management training continues to be offered to new Officers when they start at the Council and refresher training has been conducted for existing Officers when requested.
- 4.6 Risk Management is an area that is regularly considered by Internal Audit and there are no significant control issues that have been identified as a result of these reviews.

5.0 REVIEW OF EFFECTIVENESS

- 5.1 The Risk Management Framework has once again operated effectively over the last year. The arrangements in place include the Key and Service Risk Registers, a Risk Management Policy, a Risk Management work programme and a training programme. The Risk Registers continue to be maintained on line and are subject to regular review and updating.

6.0 RISK ASSESSMENT

- 6.1 The continued review of the Risk Management Framework is essential to ensure the successful achievement of the Authority's objectives, demonstrate effective provision of its services and the maximisation of opportunities. If we are unable to maintain an effective Risk Management Framework, we could endanger the achievement of our primary objectives. By continually monitoring and reviewing the Authority's Risk Management Framework it should continue to improve, develop and meet best practice requirements.

Background Documents

There are no background documents (as defined in section 100D(5) of the Local Government Act 1972) to this report.

Equality Impact Assessment

The decision does not have a direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

None



AGENDA ITEM: 7

AUDIT AND GOVERNANCE COMMITTEE:

28 January 2014

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

**Contact for further information: Mr M.Coysh (Extn. 2603)
(E-mail: mike.coysh@westlancs.gov.uk)**

SUBJECT: INTERNAL AUDIT ACTIVITY TO DECEMBER 2013

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To advise of progress against the 2013/14 Internal Audit Plan.

2.0 RECOMMENDATION

2.1 That Members note progress in the year to date.

3.0 BACKGROUND

3.1 Members approved the 2013/14 Internal Audit Plan in April and the Internal Audit Manager brings written reports to each meeting of this Committee to update on progress against the plan.

3.2 This is the third such report for the year and covers activity against the plan up until December. The information contained in this report will feed into and inform the overall opinion in the Internal Audit Annual Report issued at the year end.

4.0 INTERNAL AUDIT ACTIVITY TO DATE

4.1 A report summarising progress to date is attached and the Internal Audit Manager will attend the meeting to address any questions Members may have.

4.2 No significant issues have arisen from Internal Audit's work in the third quarter that would merit being drawn specifically to the attention of the Committee.

4.3 Progress on completing the audit plan is similar to that in recent years, and it is expected that all the main financial audits will be completed by the end of March.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

6.1 All the activity referred to in this report is covered by existing budget provisions.

7.0 RISK ASSESSMENT

7.1 This report summarises progress against Internal Audit's work programme to date. Internal Audit's work is a key source of assurance to this Committee that risks to the Council's objectives are being properly managed.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

1. INTERNAL AUDIT THIRD QUARTER ACTIVITY UPDATE REPORT.

Internal Audit Third Quarter Activity Update Report**Progress against the Plan**

Title	Position
Icon cash and income collection systems	Report issued
Market	Report issued
Debtors	Report issued
Council tax	Work in progress
Complaints	Work in progress
Council Stock Maintenance	Work in progress
Furnished tenancies	Report Issued
Risk Management	Work in progress
Payroll	Work in progress
NNDR	Work in progress
CCTV	Limited work undertaken to date
NFI	Ongoing activity
Annual Governance Statement	Ongoing activity
Money Laundering	Ongoing activity
Anti-Fraud Work	Ongoing activity
Contract	Ongoing activity
Performance Indicators	Work in progress
Time recording System	Report issued
Benefits	Work in progress
Creditors	Work in progress
Asset Management	Work in progress
SIRO arrangements	Work in progress
Treasury Management	Limited work undertaken to date
Rents	Limited work undertaken to date
Private Sector Housing	Limited work undertaken to date

Summary	
Report issued	5
Work in progress	11
Ongoing activity	5
Limited work undertaken to date	4
Work not yet commenced	11
Total	36

Commentary

The service is currently operating with a full complement of staff and 25 out of 36 items (69%) from the plan have either been completed or are being progressed. This compares with 67% for the same quarter in 2012/13 and 73% in 2011/12.

Investigations

Internal audit work on the three investigations referred to in previous updates continued. Two of these have now concluded and the third is ongoing at the time of writing. It is anticipated that this will be concluded imminently and the Audit Manager will provide a verbal update on progress at the meeting.

Matters arising from internal audit activity to date.

Action Points Outstanding

A key internal and external audit finding from 2012/13 was that the Council Tax and NNDR systems were not being reconciled to the General Ledger, and it was agreed that a reconciliation procedure should be put in place. Only limited progress has been made to date on this issue and consequently the Borough Treasurer will continue to pursue this action point to ensure it is implemented in a reasonable timescale.

Benefits processing

Internal Audit work for 2012/13 identified an increase in the volume of errors in benefits processing, and this issue was reported to Members in September 2013. An action plan containing recommendations for improvement was then agreed with One Connect Limited (the Council's Revenues, Benefits and ICT Service provider).

While the 2013/14 internal audit of benefits has not yet been completed, the indications are that error rates have continued to exceed previous levels. Consequently this matter will be given further consideration when the final report and recommendations for improvement are drawn up.

Delays to audit work on Revenues and Benefits

There were delays in completing the 2012/13 Benefits, Council Tax and NNDR audits which meant it was not possible to issue final reports until after the year end. This matter was discussed with One Connect Limited, and while improvements have been made, there continue to be delays in responses to audit enquiries. It is however expected that all audits in these areas will be completed by the year end, and we will continue to pursue this matter to ensure that any issues are satisfactorily resolved in a reasonable time scale.

Other service areas

There are no other matters arising from internal audit work in the year to date requiring comment at this time.

Conclusions

Given the effects of the investigations referred to above progress against the 2013/14 plan to date is acceptable however the Audit Manager would draw members attention to the implications of his comments in relation to work on revenues and benefits which are significant work-streams for the section covering key Council services.



AGENDA ITEM: 8

AUDIT AND GOVERNANCE:
28th January 2014

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

Contact: Marc Taylor (Extn. 5092)
(E-mail: Marc.Taylor@westlancs.gov.uk)

SUBJECT: ANNUAL AUDIT LETTER

Wards affected: Borough Wide

1.0 PURPOSE OF THE REPORT

1.1 To consider the Grant Thornton Annual Audit Letter for the Year Ended 31st March 2013.

2.0 RECOMMENDATION

2.1 That the Letter be considered and that any questions on its contents be raised with the External Auditors at the meeting.

3.0 BACKGROUND

3.1 Each year our External Auditors produce an Annual Audit Letter. A copy of this year's Letter has been included as the Appendix to this report. The Letter provides an overall summary of the auditor's assessment of the Council, based on all of the work that they have undertaken over the last year.

4.0 CURRENT ISSUES

4.1 The Annual Audit Letter confirms that:

- An unqualified opinion has been given on the accounts, which means that they provide a true and fair view of the Council's income and expenditure for the year and its financial position as at 31 March 2013
- the Council has proper arrangements in place for securing economy,

efficiency and effectiveness in its use of resources

- the Council has proper arrangements in place for securing its financial resilience in the current difficult financial climate

4.2 The Annual Audit Letter also confirms that audit fee charged for the year was £57,428, which was in line with the original audit plan. This represents a 40% reduction in the charge that had been made under the previous arrangements.

4.3 Our external auditors will be attending the meeting and will be able to answer any questions that Members may have on the Letter.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 RISK ASSESSMENT

6.1 The Annual Audit Letter is an integral part of the Council's internal control framework and provides assurance to Members that the Council is operating effectively.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendix

Appendix – Annual Audit Letter



The Annual Audit Letter for West Lancashire Borough Council

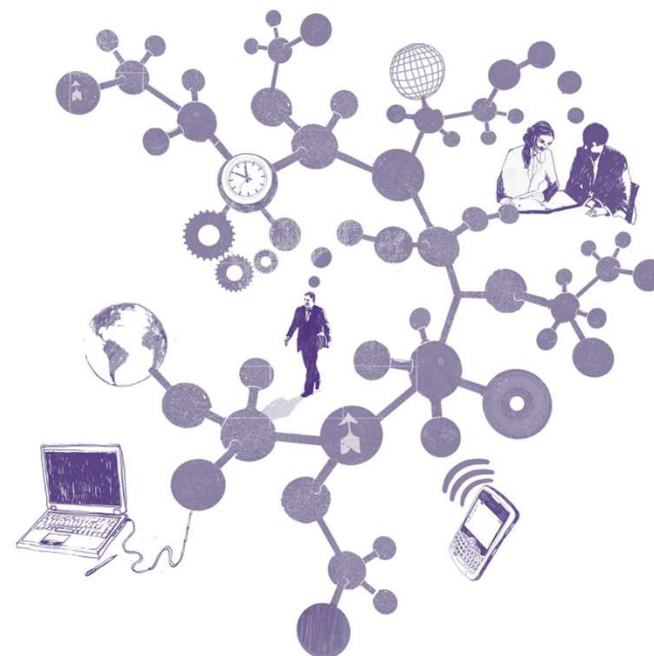
Year ended 31 March 2013

October 2013

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Section 1: Executive summary

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

Executive summary

Purpose of this Letter

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

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

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. We reported the detailed findings from our audit work to those charged with governance in the Audit Findings Report on 24th September 2013.

Responsibilities of the external auditors and the Council

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

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

Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 25th June 2013 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Audit conclusions

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

- an unqualified opinion on the accounts which give a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year
- an unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources
- an unqualified opinion on the Council's Whole of Government Accounts submission
- we have certified the Council's NNDR and Pooling of Housing Capital Receipts returns. The NNDR return was subject to qualification. Our work on the Council's Housing and Council Tax Benefit Grant claim is underway.

Key areas for Council attention

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

There have been some adjustments to the accounts which affect the Council's reported financial position. The draft financial statements reflected total comprehensive income and expenditure of £6,467k; the audited financial statements now reflect total comprehensive income and expenditure of £6,380k. This main change related to adjustments to Council Tax income. We also agreed some minor amendments to improve disclosure.

The Council, in common with all local government bodies, continues to operate within an increasingly challenging financial environment. Against this background it achieved an underspend of £0.211 million in 2012/13 and delivered £2.062 million worth of savings

The Council has a business plan covering the period of the central government spending review (2011 to 2015) which identifies a savings requirement of £5 million over the four year period, of which £0.820 million is for 2014/15. The business plan currently focuses on delivering year on year efficiencies and additional income as well as support from the General Fund Reserve to help fund this budget gap.

The move to self financing of the Council's housing revenue account has provided an opportunity for considerable investment in the Council's housing stock. A major capital programme is now underway to replace kitchens and bathrooms in Council properties. Work is also underway to undertake some limited remodelling

of estates, along with exterior works to some homes to replace windows and doors, guttering. These capital programmes are subject to appropriate project and financial management controls.

The Council is also continuing with its efforts to support economic regeneration in the Borough. This includes plans for the redevelopment of Skelmersdale town centre. Whilst positive progress is being made, including to housing sites close to the town centre, the current economic climate means the Council has not been able to find support from the private sector to bring the full plans forward at this time. Work continues on a number of other fronts to attract investment and to provide opportunities for local people.

The current business plan provides the Council with a period of stability from which it can begin to consider the options to meet the significant financial uncertainties that are likely further ahead. The Council recognised the need to make further tough decisions to help bridge the projected funding gap beyond 2015.

Acknowledgements

This Letter has been agreed with the Borough Treasurer. It will be presented to Audit and Governance Committee on 28th January 2014.

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

Grant Thornton UK LLP
October 2013

Section 2: Audit of the accounts

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

Audit of the accounts

Audit of the accounts

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

Preparation of the accounts

The Council presented us with draft accounts on 26th June 2013. The draft accounts had been prepared to a good standard and were supported by good quality working papers available from the start of the audit fieldwork.

Issues arising from the audit of the accounts

We identified one non-material error that was corrected in the accounts. This change related to adjustments to Council Tax income which affected the Council's reported financial position. The draft financial statements reflected total comprehensive income and expenditure of £6,467k; the audited financial statements now reflect total comprehensive income and expenditure of £6,380k.

Officers agreed to make a small number of adjustments to improve disclosures and the presentation of the accounts.

Annual governance statement

There were no issues arising from our review of the Annual Governance Statement.

Conclusion

Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance' (defined as the Audit and Governance Committee at the Council). We presented our report to the Audit and Governance Committee on 24th September 2013 and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 25th September 2013, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the accounts give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Section 3: Value for Money

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

Value for Money

Scope of work

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

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

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

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

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

Key findings

Securing financial resilience

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

- financial governance
- financial planning
- financial control.

Our work highlighted effective arrangements are in place to maintain the Council's financial resilience.

Since 2011 the Council has undertaken major service reviews each year to identify areas where reorganisation is feasible and where savings can be achieved. The policy options agreed by the Council following the major service reviews have been subject to a three month consultation period to take into account the views of members, staff, the public and other stakeholders. Each savings opportunity has been underpinned by more detailed reports and the broader implications of changes to service scope or delivery have been considered. For example, our review indicated that identified saving opportunities took into account the impact of recharges costs and lost income streams in identifying a net savings figure.

The Council has maintained appropriate "headroom" for timing and slippage on plans through an ear-marked "budget and efficiency saving" reserve. This was used in 2011/12 to support a significant redundancy cost and further use is planned in 2014/15 as a proportion of the gap closing exercise. The Council will carry around £475,000 of this ear-marked reserve into the 2015-2018 period.

Further details are provided in our Financial Resilience report issued in September 2013

Value for Money

Challenging economy, efficiency and effectiveness

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

Over the life of the medium term financial plan, there have been reductions in the staff employed by the Council. This has been achieved through a combination of vacancy management, voluntary reductions in hours, voluntary redundancies and a small number of compulsory redundancies where no alternative options were feasible. However, the Council has also entered into innovative arrangements to contract out payroll services and the revenue and benefits functions.

The Council has made some difficult decisions to reduce its service provision in some areas. For example, a decision has been taken to close a leisure facility in the Borough in order to ensure the remaining service is both cost effective and fit for purpose. However, the Council is also looking at alternative options for services in the future. Work is now underway to transfer a range of community assets to local voluntary groups by way of long term lease. This will ensure assets remain available for the benefit of local people whilst reducing the Council's liabilities for repair and maintenance. The Council is also working with Lancashire County Council to streamline geographical services and identify other cost sharing efficiencies.

Work has also continued to support economic regeneration in the area. The Council has some well developed plans for the regeneration of Skelmersdale which it will be able to bring forward in full in due course when the national economic position improves.

The Council is working in partnership with the Homes and Communities Agency on a public land auction pilot. The initiative, which is at an early stage, should lever significant additional resources into the Borough to support future objectives.

Overall VFM conclusion

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

Section 4: Certification of grant claims and returns

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

Certification of grant claims and returns

Introduction

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

The Council submits 3 claims and returns to us for the financial year 2012/13 relating to expenditure of £68.529 million.

Approach and context to certification

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

Key messages

Our work on certification of grant claims and returns is on going. To date we have certified 2 claims one of which, NNDR 3, was subject to qualification. Further details will be provided in our certification report to be issued in January 2014.

Appendices

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Appendix A: Reports issued and fees

We confirm below the fee charged for the audit.

There are no fees for non audit services.

The final fee for grant certification will be confirmed following completion of the outstanding work.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	57,428	57,428
Grant certification fee	17,400	TBC
Total fees	74,828	TBC

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Audit Plan	June 2013
Audit Findings Report	September 2013.
Certification report	January 2014
VfM – Financial Resilience Report	September 2013.
Annual Audit Letter	October 2013



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AGENDA ITEM: 9

**AUDIT AND GOVERNANCE:
28th January 2014**

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

**Contact: Marc Taylor (Extn. 5092)
(E-mail: Marc.Taylor@westlancs.gov.uk)**

SUBJECT: GRANT THORNTON UPDATE REPORT

Wards affected: Borough Wide

1.0 PURPOSE OF THE REPORT

1.1 To receive details of Grant Thornton's progress in delivering their responsibilities as our external auditors as well as an update on emerging national issues.

2.0 RECOMMENDATION

2.1 That the update report be considered and that any questions on it be raised with the Grant Thornton representatives who will be attending the meeting.

3.0 BACKGROUND

3.1 Details on our external auditor's work plan have been reported to this Committee at a previous meeting. This update report provides details on the progress that has been made against this plan to date.

4.0 CURRENT ISSUES

4.1 The Grant Thornton update report is included in the appendix. Members are invited to consider this report and raise any questions with the Grant Thornton representatives who will be present at the meeting.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 RISK ASSESSMENT

6.1 The work that our External Auditors undertake is an integral part of the Council's control framework and provides assurance to Members that the Council is operating effectively.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendix

Appendix – Grant Thornton Update Report

Audit and Governance Committee Update for West Lancashire Borough Council

Year ended 2014

13 January 2014

Karen Murray

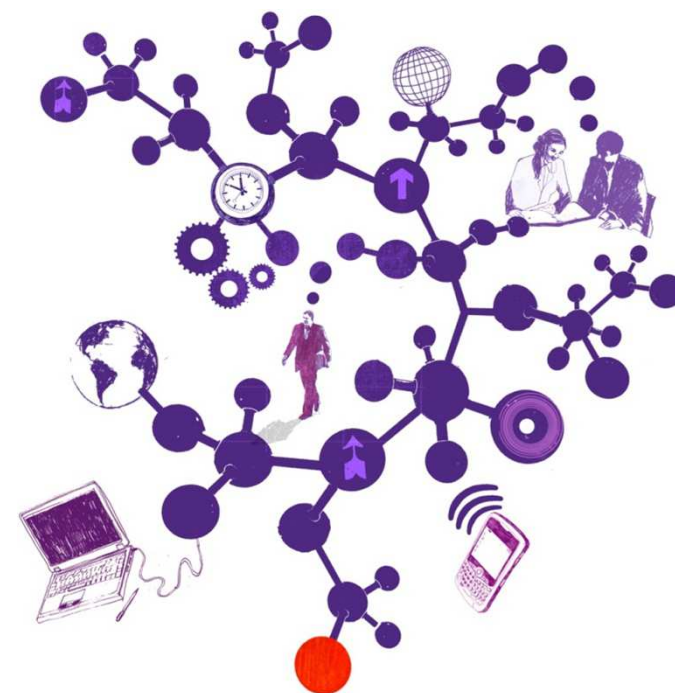
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to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

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Introduction

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

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

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

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

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Position at 13 January 2014

Work	Planned date	Comments
<p>2013-14 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on Council's 2013-14 financial statements.</p>	25 March 2014	The plan will highlight the main audit risks and how we plan to gain assurance over them. It will set out in detail how the difference elements of the audit fit together to meet all our requirements under the Audit Commission's Code of Practise.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	Week commencing 3 February 2014	The work at the interim stage is determined by International Auditing Standards. It enables the Auditor to evaluate environmental and operational controls within an audited body which in turn helps ensure audit work is focused on efficiently on the specific risks relating to that body. The interim stage work will determine the audit plan and will also enable us to determine whether there are any control issues that we need to bring to your attention or whether we can give you early assurance that are no such issues have been identified.
<p>2013-14 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2013-14 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion 	Week commencing 21 July 2014 (to be confirmed)	The final accounts stage will focus on substantive testing of individually material balances and transactions, and on the financial reporting disclosures.

Position at 13 January 2014

Work	Planned date	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2013/14 VfM conclusion comprises:</p> <ul style="list-style-type: none">• An update of our risk assessment from last year• A refresh of the performance data included in the financial resilience report	<p>Concurrent with interim and final accounts audit work</p>	<p>The update of the risk assessment will take place concurrently with the interim accounts audit and we will report our preliminary findings when we issue the Audit Plan. This assessment will be kept under review until we give our final opinion and report in September. The refresh of the financial performance data will be prepared alongside the final accounts audit.</p>

Emerging issues and developments

Local government guidance

Income from charging

In September, the Audit Commission published '[Income from charging: Using data from the VFM Profiles, September 2013](#)'. The briefing provides an analysis of councils' 2011/12 income from charging, totalling £10.2 billion, and the contribution it made to service spending. It looks at the trends for different types of councils across broad service areas.

Key findings were:

- charging in 2011/12 funded 9 per cent of single-tier and county councils' overall service expenditure, and 20 per cent of district councils
- nationally the total income from charging was less than half the amount raised through council tax in 2011/12, at the local level it exceeded council tax in one in three (32 per cent) district councils and one in five (21 per cent) London boroughs
- there is great variation between councils in terms of the amount of income they generate from charges, the ratio of charging income to service spending, and the changes to these over recent years. The contribution of charging to spending in 2011/12 varied most for district councils, with 2 to 87 per cent being generated through charges.

The Audit Commission chairman, Jeremy Newman, said 'There is no 'one-size-fits-all' formula for how councils set their local charging policies. We are providing information and tools for councils, and those who hold them to account, to help understand the important role that charging plays in councils' strategic financial management. The fact that some bodies derive more income from charging than council tax is neither good nor bad, but highlights the significant role charging plays in funding public services, and reminds councillors and electors to carefully scrutinise the approaches councils are taking.'

Challenge questions:

- When did the Council last review its local charging policy? Does the Council's policy still support the Council's strategic objectives? What options are available for change?
- Do your officers monitor changes in income from charging and its contribution to spending in order to assess whether local charging policies are supporting the council's financial objectives and complying with legal requirements?
- Has your Borough Treasurer reviewed the council's charging policy and levels of income against similar organisations?
- Where issues have been identified, has an action plan been implemented?

Emerging issues and developments

Local government guidance

Business rate collection

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

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

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

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

Challenge questions:

- Has your Borough Treasurer reviewed the costs and performance of your authority against similar organisations?
- What steps could your authority take to increase the amount it collects from business rates?
- Is an action plan in place?
- Are you satisfied that your authority has made a robust estimate for its provision for business rate appeals?

Emerging issues and developments

Local government guidance

Voluntary Code of Practice on the Housing Revenue Account

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

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

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

Challenge questions:

- Has your authority reviewed the HRA in light of this new guidance?
- Has your Borough Treasurer considered whether there are opportunities to improve the governance, financial and management arrangements in place to manage the HRA?
- For opportunities identified, is there an action plan in place?

Emerging issues and developments

Grant Thornton

Potential for procurement fraud

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

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

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

Challenge questions:

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

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

Emerging issues and developments

Accounting and audit issues

Property plant and equipment revaluations

The 2013/14 Code of Practice on Local Authority Accounting changes the requirements for the frequency at which authorities are required to carry out valuations of property plant and equipment. Previously the Code permitted valuations to be carried out on a rolling basis over a maximum of 5 years. The 2013/14 Code now restricts this option by requiring:

- revaluations to be sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period
- items within a class of property, plant and equipment to be revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates.

However, the Code permits assets within the same class to be revalued on a rolling basis provided the revaluation of the class of assets is completed within a short period and provided the revaluations are kept up to date. There is no definition of 'a short period' but the Code's requirement to avoid reporting a mixture of costs and values as at different dates suggests that to comply with the Code, all assets within a particular class should be valued within the same financial year.

Challenge questions

- Are both your Borough Treasurer and your professional advisors satisfied that your revaluation programme is sufficiently regular to ensure that the carrying amount of Property, Plant and Equipment at 31 March 2014 will not differ materially from that which would be determined using the fair value at that date?
- Has your Borough Treasurer reviewed the changes to the 2013/14 Code and implemented a valuation process to ensure your authority complies with other aspects of the Code requirements?
- Where your authority is unable to comply fully with the Code in 2013/14, are you satisfied that any non-compliance is immaterial and has an action plan been put in place to address non-compliance issues in future years?

Emerging issues and developments

Accounting and audit issues

Public briefing on the Local Audit and Accountability Bill

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

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

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

Challenge question:

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



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Audit & Governance Committee Work Programme – 28 January 2014

Date	Training (commencing 6.30pm)	Items
25 March 2014	Basic Guide to Governance	<ol style="list-style-type: none">1. External Audit Report – Claims and Returns2. Local Code of Governance3. Internal Audit Activities – Quarterly Update4. Internal Audit Plan 2014/155. Regulation of Investigatory Powers Act quarterly monitoring of use of powers.
26 June 2014	TBC	<ol style="list-style-type: none">1. Internal Audit Activities – Annual report2. Internal Audit Activities – Quarterly Update3. Annual Governance Statement4. Statement of Accounts5. Regulation of Investigatory Powers Act Annual and Quarterly Monitoring of Use of Powers6. External Audit – Draft Audit Plan
?? September 2014	TBC	<ol style="list-style-type: none">1. External Audit – Audit Plan Findings Report2. Internal Audit Mid-Year Review3. Approval of Statement of Accounts4. Regulation of Investigatory Powers Act quarterly monitoring of use of powers5. Annual Review - Anti-Fraud, Bribery and Corruption Policy6. Treasury Management
?? January 2015	TBC	<ol style="list-style-type: none">1. Risk management Framework2. Internal Audit Activities – Quarterly Update3. Regulation of Investigatory Powers Act quarterly monitoring of use of powers4. Annual Audit Letter5. Data Quality Protocol - Update