

Public Document Pack

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A meeting of **Corporate Governance & Audit Committee** will be held in Committee Room 1, East Pallant House on **Thursday, 12 March 2015 at 9.30 am**

MEMBERS: Mrs P M Tull (Chairman), Mr A F French (Vice-Chairman), Mrs C M M Apel, Mr M J Bell, Mr J L Cherry, Mr A P Dignum, Mr B Finch, Mrs P A Hardwick, Mr G H Hicks and Mr R M J Marshall

AGENDA

- 1 **Chairman's Announcements**
Any apologies for absence that have been received will be noted at this point.
- 2 **Approval of Minutes** (Pages 1 - 6)
The committee is requested to approve the minutes of its ordinary meeting on 22 January 2015.
- 3 **Urgent items**
The chairman will announce any urgent items that due to special circumstances are to be dealt with under agenda item below relating to Late Items.
- 4 **Declarations of Interest**
These are to be made by members of the Corporate Governance and Audit Committee or other Chichester District Council members present in respect of matters on the agenda for this meeting.
- 5 **Public Question Time**
The procedure for submitting public questions in writing by no later than 12:00 on Wednesday 11 March 2015 is available upon request to Member Services (the contact details for which appear on the front page of this agenda).
- 6 **Audit Plan 2014/15, Audit Plan Progress and Local Government Sector Briefing - Ernst & Young LLP** (Pages 7 - 49)
To consider and note the following reports from the external auditor – the Audit Plan year ending 31 March 2015, the Audit Progress Report and the Local Government Sector Briefing.
- 7 **Internal Audit - Audit Plan Progress** (Pages 50 - 56)
- 8 **Work Programme 2015/16** (Pages 57 - 60)
The committee is requested to consider and agree its work programme for 2015/16.
- 9 **Late items**
Consideration of any late items as follows:
 - (a) Items added to the agenda papers and made available for public inspection
 - (b) Items that the chairman has agreed should be taken as a matter of urgency by reason of special circumstances to be reported at the meeting

10 Exclusion of Press and Public

There are no restricted items for consideration.

NOTES

1. The press and public may be excluded from the meeting during any item of business wherever it is likely that there would be disclosure of “exempt information” as defined in section 100A of and Schedule 12A to the Local Government Act 1972
2. The press and public may view report appendices which are not included with their copy of the agenda on the Council’s website at [Chichester District Council - Minutes, agendas and reports](#) unless these contain exempt information.
3. Subject to the provisions allowing the exclusion of the press and public, the photographing, filming or recording of this meeting from the public seating area is permitted. To assist with the management of the meeting, anyone wishing to do this is asked to inform the chairman of the meeting of their intentions before the meeting starts. The use of mobile devices for access to social media is permitted, but these should be switched to silent for the duration of the meeting. Those undertaking such activities must do so discreetly and not disrupt the meeting, for example by oral commentary, excessive noise, distracting movement or flash photography. Filming of children, vulnerable adults or members of the audience who object should be avoided. (Standing Order 11.3)
4. Restrictions have been introduced on the distribution of paper copies of longer appendices to reports where those appendices are circulated separately from the agenda as follows:
 - 1) Members of the Corporate Governance & Audit Committee, the Cabinet and Senior Officers – receive paper copies including the appendices
 - 2) Other Members of the Council – Appendices may be viewed via the Members’ Desktop and a paper copy will be available in the Members’ Room at East Pallant House.



Minutes of the meeting of the **CORPORATE GOVERNANCE & AUDIT COMMITTEE** held in Committee Room One, East Pallant House, Chichester, West Sussex on Thursday 22 January 2015 at 9.30 am

Members Present: Mrs P M Tull (Chairman), Mrs C M M Apel, Mr M Bell, Mr J Cherry, Mr T Dignum, Mr G Hicks, Mrs P Hardwick and Mr R Marshall

Members not present: Mr A J French (Vice-Chairman), Mr B Finch

In attendance by invitation: Mr P King, Audit Director, Ernst & Young LLP (EY)
Mr S Mathers, Audit Manager for Chichester, Ernst & Young LLP

Officers present all items: Mr J Ward (Head of Finance & Governance Services) and Mrs B Jones (Principal Scrutiny Officer)

218 **Chairman's Announcements**

Apologies had been received from Mr Finch and Mr French. Mr French had been taken into hospital and the committee wished him well.

219 **Minutes**

The minutes of the previous meeting were considered and agreed. Matters arising were reported as follows:

Minute 211 - Mr Ward confirmed that he would bring back a further report on fraud detection to the June 2015 meeting.

Minute 213 – Treasury Management Strategy - The council is achieving a return on property investments and consideration would need to be given to how this should be reflected in the strategy in the future. The committee has a monitoring role and it was agreed that the Council's property investment return be provided to members as part of the monthly treasury management monitoring report.

Minute 216 – Mrs Hardwick asked whether advice had been taken from the Council's Monitoring Officer on dealing with business continuity management under Part 2 of the agenda. Mr Ward undertook to seek advice before a report on business continuity comes back to this committee.

RESOLVED

That the minutes of the meeting held on 27 November 2014 be signed as a correct record.

220 **Urgent Items**

There were no urgent items for consideration at this meeting.

221 **Declarations of Interest**

There were no declarations of interest.

222 **Public Question Time**

No public questions had been submitted.

223 **Local Government Audit Committee Briefing**

Mr King presented this briefing (copy attached to the official minutes).

Mrs Apel queried whether the national £5.8b shortfall in funding to local authorities was affecting local communities in Chichester. Mr King was unable to comment on any future trajectory, saying that the financial outlook for councils was likely to continue to be challenging and funding would continue to come under pressure regardless of the outcome of the elections in May. The auditors consider financial resilience under the Value for Money heading and there are no concerns about the financial position at this Council; it is strong and continues to be resilient.

Mr Ward advised that the two major sources of funding for councils were the Revenue Support Grant (RSG) and Business Rates. The second source of income is growing whilst RSG appears to be in a downward trend. There is a risk that the New Homes Bonus (NHB) could be altered by recycling it as part of the RSG or removed altogether. The Council has a balanced budget and over the next five years is in a surplus position. Mr Dignum added that the NHB was not assumed to be part of the budget from next year. Mr Marshall was concerned that if the NHB remained unchanged and there needed to be lot of house building, the question was how to spend the NHB as there was a limit to viable projects.

Mr Ward drew members' attention to the 78% of councils whose housing benefit subsidy claims had been qualified, saying that this was a bigger issue nationally.

Mr Marshall suggested that the Council's whistle blowing policy be reviewed at a future meeting; Mr Ward confirmed that a review could be carried out.

Mr King undertook to circulate the Audit Committee National Fraud Initiative check list and, as mentioned in minute 219 above, a report on fraud data would be scheduled for a future meeting.

RESOLVED

That the briefing be noted.

224 **Certification of claims and returns annual report 2013/14 : Ernst & Young LLP**

Mr Mathers presented the agenda report (copy attached to the official minutes).

He advised that only one claim had been certified. There were two areas to draw to members' attention however actions were in place to resolve these.

Mr Marshall was disappointed at the 25% error rate relating to a £110,000 overpayment and requested further testing be carried out to give confidence. Mrs Christie advised that the Department for Works & Pensions (DWP) had not yet written to the Council to claim this money. Mr Ward advised that the Council would work with the DWP to minimise the payment due. Mr King advised that the DWP would consider this and require a further response from the Council and possibly further work. Where a large extrapolation was not sound, then it would be possible for the Council to put the case to the DWP and agree a further sample. If there were no errors identified then the extrapolation could be rerun. However, this would cost time and resources and result in further EY checks.

Mr King advised that we compare favourably with our peers. Members noted that in the context of total benefit payments in the region of £36m, an error of a third of 1% was in fact a very creditable performance.

Mrs Christie advised that the benefits team was currently fully staffed, however there had been unsettling times over the last years and it was difficult to retain good benefits assessors. The Benefits Scheme was a complicated scheme to administer, with the team needing to take account of new DWP guidance and new regulations.

Universal Credit had created uncertainty and the rollout had been delayed. Mr Dignum advised that only certain types of new cases (those relating to working age claimants – 51% of the benefit caseload) were being handled by the DWP. In future, therefore, local authorities may be administering housing benefit to those of non-working age.

RESOLVED

That the 2013/14 annual report on the certification of the Council's claims and returns be noted.

225 Audit Progress Report : Ernst & Young LLP

The committee considered the agenda report (copy attached to the official minutes). Mr King gave a brief report.

Mr Dignum was concerned at the large scale fee reduction of 25% and wondered why such a large reduction could be made without the quality of the audit suffering. Mr King assured the committee that this would not result in a reduction of audit quality. It was due to efficiencies as the Audit Commission was to be closed in March 2015; entire functions would be carried out elsewhere and the tendering process had realised gains with a competitive tender process.

RESOLVED

That the Audit Progress Report be noted.

226 Treasury Management Strategy

The committee considered the agenda report and the two appendices which had been circulated to members by email and a hard copy tabled (copy attached to the official minutes).

The following points were made, answered by Mrs Belenger and Mr Ward.

- Table 4 Corporates should read the same timescales as reflected in the other columns in the table, with the maximum investment period of 5 years.
- Monetary Policy Committee voting had been unanimous with rates not being increased. This point should be reflected in the commentary in the Strategy.
- Add sector limits in a new row in Table 4.
- Banks in foreign countries – a full discussion ensued regarding the definition and the requirements to lend to a foreign bank. Mrs Belenger undertook to circulate a full clarification of the arrangements when dealing with foreign banks to members by email following the meeting.
- At para 38E add 'and no later than 2019/20' following 2017/18.

Mr Marshall suggested that the definition of the 'major change in strategy' be explained at para 13. The committee agreed to delegate authority to Mr Dignum, Mrs Hardwick, Mr Marshall and Mrs Tull to consider and agree the revised wording following the meeting.

(Post meeting note:

Foreign banks confirmed as 'having a UK based branch (generally in London) so transactions are under UK regulations; the countries must be AAA rated and then the rating of the bank needs to be considered to determine how much can be invested and for how long.

Revised wording on the strategy agreed – 'The new investment options that may be undertaken by this strategy would now include covered bonds, Government Agency Bonds, Supranational Bonds and Corporate Bonds. This diversification will therefore represent a material change in strategy over the coming year, in order to manage the bail-in risk and spread the investment of surplus funds in a wider range of investment types.')

Mr Dignum congratulated Mrs Belenger on doing an excellent job on the strategy following the review by a strong group of members on the task and finish group.

RECOMMENDED TO CABINET

That Cabinet considers the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Minimum Revenue Provision Policy Statement and the Investment Strategy for 2015/16 and recommends this to Council for approval.

227 Strategic and Operational Risk Management

The committee considered the agenda report (copy attached to the official minutes).

The EU recycling target in the newly added strategic risk CRR88 was discussed. Mr Ward advised that any fines would be served by the EU on the UK Government, which may then choose to pass these fines on to local authorities. Mr Connor, portfolio holder for the Environment, was invited to speak. He advised that recycle was reducing; food waste was recycled as part of the County operator at Horsham; manufacturers were producing less packaging as a result of revised EU targets. The EU was being lobbied by larger authorities/organisations to amend their target.

RESOLVED

- 1) That the Strategic Risk Register and the internal controls in place, plus any associated action plans in place to manage those risks, be noted.
- 2) That the current high scoring organisational risks and the mitigation actions in place be noted.

228 Internal Audit : Audit Progress Report

The committee considered the agenda report (copy attached to the official minutes). Mr James gave the following oral updates:

Income reconciliation

- Estates - A full reconciliation had been achieved.
- The Novium – Changes to staffing levels had impeded progress; training was needed for Civica and MS Excel. Internal Audit would carry out a further review.
- Car Parks – The Council was looking to procure a county-wide system to include on and off street parking. The cash collection had recently changed from Coinco to G4S. Monitoring would continue.
- Leisure Centres - Full reconciliations were being carried out however there were some IT issues with the coding of on-line payments and the overnight transfer from Gladstone to General Ledger. Internal Audit would be going back to review this in February.
- Waste (green/trade/domestic) – The Bartec System was being enhanced to help with the reconciliation of income a working group had been set up to implement this. No date had been given as to when this would be completed.

Mr Dignum requested that the committee receive a further oral report at the next meeting in March. Mrs Hardwick was concerned by the report the committee had received from Internal Audit on income reconciliation in September 2014 and the concerns raised and asked whether there were implications for External Audit. Mr Ward advised that this had all been disclosed to the auditors. The Council was in a much stronger position now following the building control reconciliation issue four years ago. There had been no suggestion of fraud or malpractice and there had also been no qualification of our accounts. The outstanding actions relating to those areas above would be monitored and a verbal report provided to the next meeting in March.

1 The Ridgeway

All recommendations had been implemented.

Mr James advised that the shortage of resources within the team was being handled by concentrating on high risk audits in the audit plan, but continuing the work for External Audit and combining other audits in the Audit Plan.

RESOLVED

That progress against the Audit Plan be noted.

229 Budget Task and Finish Group

Mrs Tull, a member of the task and finish group, provided the committee with an update on the group's consideration of the projected variances on the 2014/15 Budget and the budgeted variance on the 2015/16 Budget.

Mr Ward advised that the five year financial model and assumptions showed a surplus position for the next two to three years. The 2014/15 budget had a projected underspend of £857,000 - a mix of underspend and efficiencies - some of which had been put back into the 2015/16 budget. The Budget report would be considered by Cabinet in February with a recommendation to use the projected surplus for future investment opportunities.

Following a question from Mr Hicks, he was advised that the Car Parks underspend element of this was £221,000.

RESOLVED

That the verbal report be noted.

The meeting ended at 11.50am

CHAIRMAN

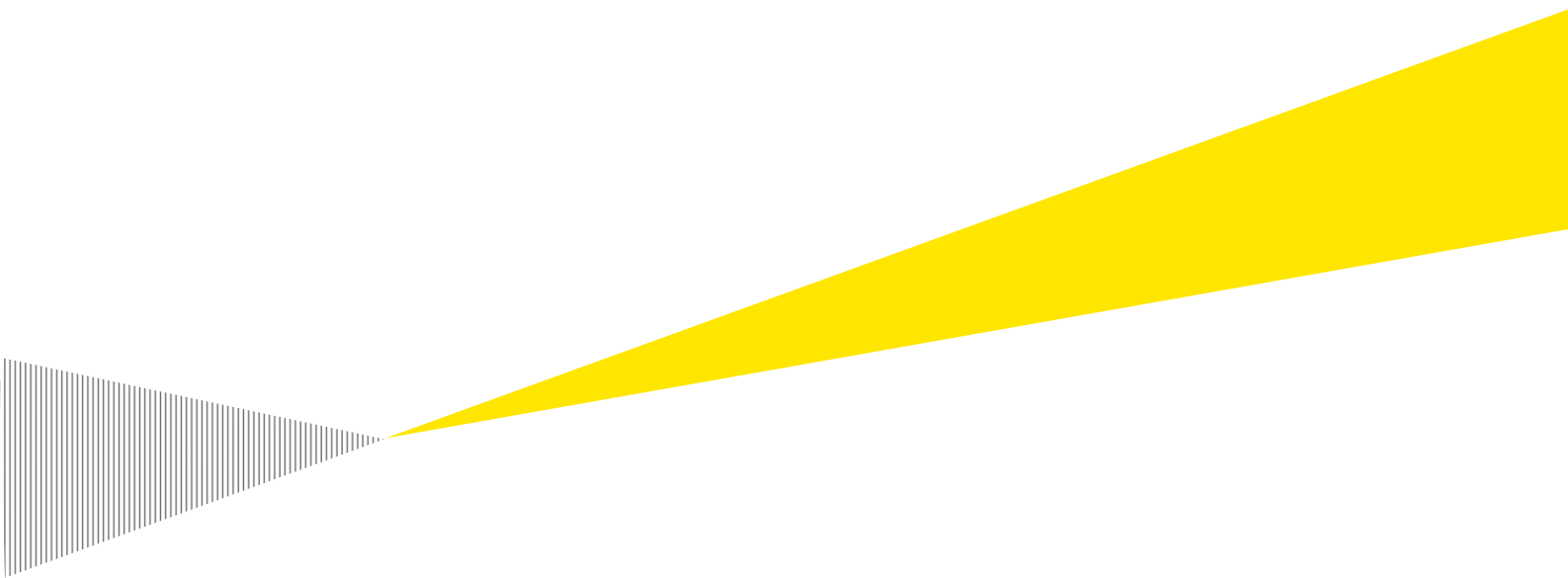
Date:

Chichester District Council

Year ending 31 March 2015

Audit Plan

February 2015



Corporate Governance & Audit Committee
Chichester District Council
East Pallant House
1 East Pallant
Chichester
West Sussex
PO19 1YT

February 2015

Dear Committee Members

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Corporate Governance & Audit Committee with a basis to review our proposed audit approach and scope for the 2014/15 audit in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, Standing Guidance, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this plan with you on 12 March 2015 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Paul King
For and behalf of Ernst & Young LLP
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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' ('Statement of responsibilities'). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview

Context for the audit

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ our audit opinion on whether the financial statements of Chichester District Council give a true and fair view of the financial position as at 31 March 2015 and of the income and expenditure for the year then ended; and
- ▶ a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ strategic, operational and financial risks relevant to the financial statements;
- ▶ developments in financial reporting and auditing standards;
- ▶ the quality of systems and processes;
- ▶ changes in the business and regulatory environment; and
- ▶ management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council. Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

In parts three and four of this plan we provide more detail on the above areas and we outline our plans to address them. Our proposed audit process and strategy are summarised below and set out in more detail in section five.

We will provide an update to the Corporate Governance & Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2015.

Our process and strategy

Financial statement audit

We consider materiality in terms of the possible impact of an error or omission on the financial statements and set an overall planning materiality level. We then set a tolerable error to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds planning materiality to an appropriately low level. We also assess each disclosure and consider qualitative issues affecting materiality as well as quantitative issues.

Our initial assessment of the key processes across the entity has identified the following key processes where we will seek to test key controls, both manual and IT:

- ▶ Accounts receivable
- ▶ Accounts payable

- ▶ Business rates
- ▶ Council tax
- ▶ Cash and bank (Cash receipting)
- ▶ Housing benefits and council tax reduction
- ▶ Payroll

To the fullest extent permissible by auditing standards, we will seek to rely on the work of internal audit wherever possible.

Arrangements for securing economy, efficiency and effectiveness

Our approach to the value for money (VFM) conclusion for Chichester District Council for 2014/15 is based on criteria specified by the Audit Commission relating to whether there are proper arrangements in place within the Council for:

- ▶ securing financial resilience
- ▶ challenging how the Council secures economy, efficiency and effectiveness.

We adopt an integrated audit approach, so our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

Further detail is included in section 4 of this Audit Plan.

2. The Local Audit and Accountability Act 2014

The Local Audit and Accountability Act 2014 (the 2014 Act) closes the Audit Commission and repeals the Audit Commission Act 1998.

The 2014 Act requires the Comptroller and Auditor General to prepare a Code of Audit Practice. This must be laid before Parliament and approved before 1 April 2015.

Although this new Code will apply from 1 April 2015, transitional provisions within the 2014 Act provide for the Audit Commission's 2010 Code to continue to apply to audit work in respect of the 2014/15 financial year. This plan is therefore prepared on the basis of the continued application of the 2010 Code of Audit Practice throughout the 2014/15 audit.

3. Financial statement risks

We outline below our assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
Risk of management override	
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements ▶ reviewing accounting estimates for evidence of management bias, and ▶ evaluating the business rationale for significant unusual transactions

We will also follow-up the issues raised from our 2013/14 audit that we reported in our audit results report, which were:

- ▶ The need to continue to address the weaknesses we highlighted in the Council's approach to estimating the provision required to account for the potential cost of successful appeals against national non-domestic rates (NNDR) valuations.
- ▶ To improve the level of evidence supporting the income included in the Council's financial statements for the sale of Council dwellings by Hyde Housing Association Limited to which the Council is contractually entitled, and consider the accounting treatment for the income and any associated debtor.

Respective responsibilities in relation to fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ identifying fraud risks during the planning stages;
- ▶ enquiry of management about risks of fraud and the controls to address those risks;
- ▶ understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ determining an appropriate strategy to address any identified risks of fraud; and
- ▶ performing mandatory procedures regardless of specifically identified fraud risks.

We will consider the results of the National Fraud Initiative and may refer to it in our reporting to you.

4. Economy, efficiency and effectiveness

Our approach to the value for money (VFM) conclusion for Chichester District Council for 2014/15 is based on criteria specified by the Audit Commission relating to whether there are proper arrangements in place at the Council for securing:

- financial resilience, and
- economy, efficiency and effectiveness in the use of resources.

The Audit Commission VFM guidance for 2014/15 requires that auditors consider and assess the significant risks of giving a wrong conclusion and carry out as much work as is appropriate to enable them to give a safe conclusion on arrangements to secure VFM.

Our assessment of what is a significant risk is a matter of professional judgement, and is based on consideration of both quantitative and qualitative aspects of the subject matter in question.

We have not identified any significant risks to the value for money (VFM) conclusion. However, we have identified the following key areas that we will consider to support our VFM conclusion.

Other risk	Impacts arrangements for securing:	Our audit approach
Delivering efficiencies to secure financial resilience		
<p>Like other local government bodies the Council continues to face financial challenges over the medium term. A clear focus on addressing high cost areas is therefore essential to the economy, efficiency and effectiveness of services delivered and the overall financial resilience of the Council.</p>	<p>Economy, efficiency and effectiveness</p> <p>Financial resilience</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Consideration of the relative spending of the Council by reference to comparable authorities and previous years using the Audit Commission’s VFM profile tool. ▶ Review of the reasonableness and robustness of medium term financial planning assumptions set out in the refreshed medium term financial strategy and plan and five-year financial model.
<p>In previous years we have used the Audit Commission’s value for money profile tool to assess Council spending against similar councils and over time. Our review of the 2013/14 VFM profile data showed that that the Council’s costs per capita relative to its statistical nearest neighbours remained relatively high. However, this was partially offset by a relatively high level of income from fees and charges resulting in an average council tax financing requirement.</p>		

Other risk	Impacts arrangements for securing:	Our audit approach
<p>The Council's financial position remained sound at the end of 2013/14 and it continued to be financially resilient. The Council's medium term financial model has been updated to consider the 5 year future period up to and including 2019/20. For the first four years the Council budgets to deliver surpluses of between £258,000 and £827,000, and forecasts break-even in year five. The delivery of this forecast is not without risk and is dependent on the delivery of the Council's agreed deficit reduction programme and the realisation of other additional income.</p>		

We will keep our risk assessment under review throughout our audit and communicate to the Corporate Governance & Audit Committee any revisions to the specific risks identified here and any additional local risk-based work we may need to undertake as a result.

5. Our audit process and strategy

5.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice ('the Code') our principal objectives are to review and report on, the Council's:

- ▶ financial statements
 - ▶ arrangements for securing economy, efficiency and effectiveness in its use of resources
- to the extent required by the relevant legislation and the requirements of the Code.

We issue a two-part audit report covering both of these objectives.

i) Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We will also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.

ii) Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, we will rely as far as possible on the reported results of the work of other statutory inspectorates on corporate or service performance.

In examining the Council's corporate performance management and financial management arrangements, we consider the following criteria and areas of focus specified by the Audit Commission:

- ▶ arrangements for securing financial resilience – whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- ▶ arrangements for securing economy, efficiency and effectiveness - whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

5.2 Audit process overview

Processes

Our initial assessment of the key processes across the Council has identified the following key processes where we will seek to test key controls, both manual and IT:

- ▶ Accounts receivable
- ▶ Accounts payable
- ▶ Business rates
- ▶ Council tax
- ▶ Cash and bank (Cash receipting)

- ▶ Housing benefits and council tax reduction
- ▶ Payroll

We also note that the Council has introduced its new Civica general ledger system for 2014/15 with integrated account receivable and payable modules. We plan to undertake procedures to gain assurance that 2013/14 closing balances have been brought forward correctly, and to consider the impact of the new system on the Council's arrangements to close down the ledger and produce the draft financial statements.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries and payroll data. These tools:

- ▶ help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Corporate Governance & Audit Committee.

Internal audit

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where we raise issues that could have an impact on the year-end financial statements.

Use of experts

We will use specialist EY resource as necessary to help us to form a view on judgments made in the financial statements. Our plan currently includes involving specialists in pensions, and property, plant and equipment valuations.

Mandatory procedures required by auditing standards

As well as the financial statement risks outlined in section three, we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ addressing the risk of fraud and error;
- ▶ significant disclosures included in the financial statements;
- ▶ entity-wide controls;
- ▶ reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- ▶ auditor independence.

Procedures required by the Code

- ▶ reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement

- ▶ reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO
- ▶ reviewing and examining, where appropriate, evidence relevant to the Council's corporate performance management and financial management arrangements, and its reporting on these arrangements.

5.3 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. We have determined that overall materiality for the financial statements of the Council is £1,456,000 based on 2% of 2013/14 gross service expenditure.

We will communicate uncorrected audit misstatements greater than £72,000 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

5.4 Fees

The Audit Commission has published a scale fee for all authorities. This is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for the audit of Chichester District Council is £64,553.

5.5 Your audit team

The engagement team is led by Paul King, who has significant experience of a wide range of local government and other public sector audits. Paul is supported by Simon Mathers who is responsible for the day-to-day direction of audit work and is the key point of contact for the Accountancy Services Manager..

5.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the VFM work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Corporate Governance & Audit Committee's cycle in 2014/15. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Corporate Governance & Audit Committee and we will discuss them with the Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Corporate Governance & Audit Committee timetable	Deliverables
High level planning	Ongoing	June 2014	Audit Fee letter Progress Reports
Risk assessment and setting of scopes	Dec 2014 – March 2015	March 2015	Audit Plan
Testing routine processes and controls	Feb – April 2015	June 2015	Report to those charged with governance via the Audit Results Report Progress Report
Year-end audit and audit completion	July – August 2015	September 2015	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; [our opinion on the regularity of your expenditure and income]; and overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October 2015	November 2015	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

6. Independence

6.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission’s Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

6.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with the Audit Commission's Standing Guidance.

At the time of writing, we have no planned 2014/15 non-audit work.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Paul King, and the audit engagement team have not been compromised.

6.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended 27 June 2014 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2014>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2014/15	Out-turn 2013/14	Scale fee 2013/14	Explanation
	£	£	£	
Opinion Audit and VFM Conclusion	65,453	65,453	64,553	The 2013/14 outturn includes £900 billed for additional work on NNDR following removal of the NNDR grant claim from the programme of grant claim work under the Audit Commission regime. This is now treated as a permanent variation to the scale fee.
Total Audit Fee – Code work	65,453	65,453	64,553	
Certification of claims and returns *	10,010	10,463	5,456	Only the housing benefit subsidy claim is subject to audit at the Council. The housing benefit subsidy claim scale fee was set based on work completed in 2011/12, when no additional testing was required to be undertaken and the claim was not subject to amendment or qualification. Additional testing was required on the 2013/14 claim which was also subject to both amendment and qualification. Additional fee was charged for this extra work.
Non-audit work:				
Advisory services for value for money through modernisation	-	-	N/A	

All fees exclude VAT.

The agreed fee presented above is based on the following assumptions:

- ▶ officers meeting the agreed timetable of deliverables;

- ▶ the operating effectiveness of the internal controls for the key processes outlined in section 5.2 above;
- ▶ we can rely on the work of internal audit as planned;
- ▶ the Audit Commission making no significant changes to the use of resources criteria on which our conclusion will be based;
- ▶ our accounts opinion and use of resources conclusion being unqualified;
- ▶ appropriate quality of documentation is provided by the Council; and
- ▶ the Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

*Our fee for the certification of grant claims is based on the indicative scale fee set by the Audit Commission.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Corporate Governance & Audit Committee. These are detailed here:

Required communication	Reference
<p>Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.</p>	<p>▶ Audit Plan</p>
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ significant difficulties, if any, encountered during the audit ▶ significant matters, if any, arising from the audit that were discussed with management ▶ written representations that we are seeking ▶ expected modifications to the audit report ▶ other matters if any, significant to the oversight of the financial reporting process 	<p>▶ Report to those charged with governance</p>
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ uncorrected misstatements and their effect on our audit opinion ▶ the effect of uncorrected misstatements related to prior periods ▶ a request that any uncorrected misstatement be corrected ▶ in writing, corrected misstatements that are significant 	<p>▶ Report to those charged with governance</p>
<p>Fraud</p> <ul style="list-style-type: none"> ▶ enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ a discussion of any other matters related to fraud 	<p>▶ Report to those charged with governance</p>
<p>Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ non-disclosure by management ▶ inappropriate authorisation and approval of transactions ▶ disagreement over disclosures ▶ non-compliance with laws and regulations ▶ difficulty in identifying the party that ultimately controls the entity 	<p>▶ Report to those charged with governance</p>
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ management's refusal for us to request confirmations ▶ inability to obtain relevant and reliable audit evidence from other procedures 	<p>▶ Report to those charged with governance</p>
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ audit findings regarding non-compliance where the non- 	<p>▶ Report to those charged with</p>

Required communication	Reference
<p>compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</p> <ul style="list-style-type: none"> ▶ enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	governance
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ the principal threats ▶ safeguards adopted and their effectiveness ▶ an overall assessment of threats and safeguards ▶ information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ whether the events or conditions constitute a material uncertainty ▶ whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ the adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ breakdown of fee information at the agreement of the initial audit plan ▶ breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance ▶ Annual Audit Letter if considered necessary
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<p>Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary</p>

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Chichester District Council

Corporate Governance & Audit Committee

Audit Progress Report

12 March 2015



Building a better
working world

Corporate Governance & Audit Committee
Chichester District Council
East Pallant House
1 East Pallant
Chichester
West Sussex
PO19 1YT

March 2015

Audit Progress Report

We are pleased to attach our Audit Progress Report.

It sets out the work we have completed since our last report to the Committee. Its purpose is to provide the Committee with an overview of the 2014/15 audit, and an indication of progress against our plans. This Progress Report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations.

Our audit is undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Paul King
Director
For and behalf of Ernst & Young LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This report is prepared in the context of the Statement of Responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

2014/15 audit

Fee letter

We have agreed our 2014/15 audit fee with the Chief Executive and Head of Finance and Governance Services. A copy of our fee letter was issued to the 26 June 2014 meeting of the Corporate Governance & Audit Committee.

Financial Statements

We adopt a risk based approach to the audit and as part of our ongoing continuous planning we regularly meet with key officers and other stakeholders. We will meet with the Chief Executive and the Head of Finance and Governance Services in early January as part of our regular programme of meetings with senior officers of the Council.

Our work to identify the Council's material income and expenditure systems and to walk through these systems and controls commenced in December 2014. The detailed testing of the controls and critical path of each material system is planned for February and March 2015. We will maximise the reliance we place on the work of Internal Audit to support our work in this area.

We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries and payroll.

The significant risk we have identified to the audit of the financial statements, and associated work we will carry out, is set out in our detailed audit plan which is also presented to this meeting of the Corporate Governance & Audit Committee.

Value for money

The Audit Commission has now issued its guidance on the 2014/15 value for money conclusion. The full guidance can be found at <http://www.audit-commission.gov.uk/wp-content/uploads/2014/10/08102014-VFM-guidance-2014-15.pdf>

There are no planned changes to the approach in 2014/15. We have identified no areas of significant risk to the value for money conclusion. Our areas of focus are set out in our detailed audit plan which is also presented to this meeting of the Corporate Governance and Audit Committee.

Follow up work on 2013/14 housing benefit subsidy claim

Following our qualification of the 2013/14 housing benefit subsidy claim in November 2014 the Department for Work and Pensions (DWP) wrote to the Council to inform it that, based on the extrapolated errors set out in our qualification letter, the amount of local authority error subsidy due to the Council would reduce by approximately £106,000. The value of extrapolated errors reported was approximately £110,000 for cases where there was insufficient evidence to support the assessment of claimant income in the calculation of benefit entitlement, and approximately £20,000 where an incorrect rent level had been used in the calculation of benefit entitlement. The DWP also made clear in its letter that it would proceed to make a decision on whether to recover some or all of the overpaid subsidy in relation to the extrapolated errors.

At the time of our original certification work and qualification letter the Council was not able to produce a total value for the sub-population of cases with earned income used to select our extended testing sample for the first error type (cases with earned income). The Council has now worked with its software supplier to produce full listings of cases with earned income for the affected detailed cell. We intend to undertake additional procedures to gain sufficient assurance that the sub-populations thereby produced are

reasonable. This may allow us to extrapolate the errors we found over the lower value sub-population of cases with earned income, which in turn may reduce the value of extrapolated error reported. The Council is undertaking further sample testing of the relevant population of cases for the second error type (cases where an incorrect rent was used). We will review and re-perform the Council's work as necessary and calculate a revised extrapolated error that considers the results from the initial testing undertaken and the further additional testing undertaken by the Council.

The results of the additional work undertaken for both types of cases, and any resulting change in the value of extrapolated errors, may also impact on the previously reported errors on the local authority error subsidy due to the Council. We will write to the DWP to inform it of our additional work and revised extrapolations in due course.

Timetable 2014/15

We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2014/15 Corporate Governance & Audit Committee cycle. We will provide formal reports to the Committee throughout our audit process as outlined below.

Audit phase	EY Timetable	Deliverable	Associated Corporate Governance & Audit Committee	Status
High level planning	Ongoing	Audit Fee Letter	June 2014	Completed. Reported to the June 2014 meeting of the Corporate Governance & Audit Committee
Risk assessment and setting of scope of audit	December 2014 – April 2015	Audit Plan	March 2015	
Testing of routine processes and controls	Feb – April 2015	Audit Plan	June 2015	
Year-end audit	June - August 2015	Audit results report to those charged with governance Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources) Whole of Government Accounts Submission to NAO based on their group audit instructions Audit Completion certificate	September 2015	.

Audit phase	EY Timetable	Deliverable	Associated Corporate Governance & Audit Committee	Status
Annual Reporting	October 2015	Annual Audit Letter	November 2015	
Grant Claims	September – November 2015	Annual certification report	January 2016	

In addition to the above formal reporting and deliverables we provided practical business insights and updates on regulatory matters through our Sector Briefings. The latest version of the Briefing is included as an attachment to this report.

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Local government audit committee briefing

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Key questions for the audit committee

Find out more

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving. It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business. This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.





Government and economic news

Autumn statement

In the Autumn Statement, released on 5 December 2014, the government announced a number of changes to the business rates regime, and employer's national insurance. The changes are summarised as follows:

Business rates

- ▶ Doubling of Small Business Rate Relief has been extended until April 2016
- ▶ The 2% cap on the RPI increase in the business rates multiplier has been extended until April 2016
- ▶ The discount for shops, pubs, cafes and restaurants with a rateable value of £50,000 or below has been increased from £1,000 to £1,500 in 2015/16
- ▶ The Government intends to carry out a review of the future structure of business rates, and will report by Budget 2016. Terms of reference will be published in due course
- ▶ Transitional arrangements for properties with a rateable value of £50,000 or below, and which would have faced significant increases in their business rates, have been extended from 1 April 2015 to 31 March 2017
- ▶ Backdating rules will be changed so that for VOA alterations before 1 April 2016 and ratepayers' appeals before 1 April 2015, changes to rateable value can only be backdated to the period between 1 April 2010 and 1 April 2015
- ▶ The Government has also published a discussion paper on business rates avoidance. The consultation on this, which closes on 28 February 2015, invites responses on methods and scale of avoidance as well as how it may be tackled

National insurance

- ▶ From April 2016, the Government is abolishing employer National Insurance contributions on earnings up to the Upper Earnings Limit for apprentices under 25, in order to progress towards full employment and create a more highly skilled labour market
- ▶ From April 2015, employers will no longer have to pay National Insurance contributions for employees up to the age of 21, on earnings up to the Upper Earnings Limit

Welfare reform

Funding

The Government has held a consultation on how local welfare provision should be funded in 2015/16. This consultation closed on 21 November 2014 and the results are expected early in 2015. Parts of the discretionary Social Fund were abolished by the Welfare Reform Act 2012, and following this, all of the available funding for the Community Care Grant and Crisis Loans elements were passed to upper tier English local authorities and the devolved administrations on the basis of historical demand and spend data. The funding for 2014/15 was adjusted to take account of predicted efficiency savings. It was intended that from April 2015, local welfare provision would be funded from the general grant, rather than ring-fenced, but this decision was recently challenged in judicial review and so the Government has



Government and economic news

committed to making a new decision on how this should be funded. The three options the Government is considering are as follows:

- ▶ Funding local welfare provision from existing local budgets with no separately identified or ring-fenced provision
- ▶ A published figure showing how much of each local authority's Settlement Funding Assessment notionally relates to local welfare provision, with the total national figure decided by Government
- ▶ Topslice Revenue Support Grant to fund a section 31 grant, which would ring-fence the funding for local welfare provision, although the total amount of funding would not change

Although the consultation responses are still being analysed, the Provisional Local Government Settlement 2015/16 contains an amount separately identified, but not ring-fenced, for local welfare provision.

Universal credit

Universal Credit is also rolling out to more areas, and is predicted to be available in a third of jobcentres by spring 2015. From November 2014, Universal Credit is being opened up to families on a phased basis, starting with six jobcentres in the North West. The last new claims to legacy benefits, including housing benefit, which is administered by local authorities, will be accepted during 2017, after which the number of remaining legacy claims will progressively decline and the remainder will be migrated to Universal Credit. This exercise is expected to be largely complete by 2019.

Data sharing

The Government is also consulting on draft regulations to enable data sharing in relation to Universal Credit between DWP and local support providers. This would allow the sharing of data between DWP and local authorities, citizens advice bureaux, credit unions, social landlords and relevant registered charities, in order to identify Universal Credit claimants who need additional support and ensure this support is in place. This Universal Support programme is already being trialled in 11 partnership areas. The proposed changes would come into force from February 2015 and be implemented from March 2015.

Financial sustainability of local authorities

The National Audit Office has published a report on the Financial Sustainability of Local Authorities following the reductions in funding implemented as part of the Government's plan to reduce the deficit. This report summarises the evidence of the impact of funding reductions on local authorities, assesses how well the Department for Communities and Local Government keeps itself informed of the risks and impacts of its funding changes, and assesses whether the Department is managing the risks that its funding reductions will lead to local authorities failing to deliver their statutory services. The key findings are that:

- ▶ In real terms, Government will reduce funding to local authorities by 37% between 2010/11 and 2015/16
- ▶ Local authorities have coped well with these reductions, with no financial failures so far



Government and economic news

- ▶ There is evidence that reductions in funding have led to a fall in volumes of service, although local authorities have tried to protect funding in core areas such as social care
- ▶ In their data returns to the Audit Commission on financial resilience, local auditors report that 16% of single tier and county councils are not well placed to deliver their 2014/15 budgets, and that 52% of such authorities are not well placed to deliver their medium term financial strategies

Meanwhile, the Government has published a provisional Local Government finance settlement for 2015/16 setting out the distribution of Revenue Support Grant (RSG) and retained business rates income.

The provisional settlement includes:

- ▶ A reduction for each authority in the distribution of RSG by reducing each element in proportion to the reduction in the 2015/16 national control total for that element
- ▶ Funding for the Improvement and Development Agency for Local Government of £23.4mn
- ▶ An increase in the rural funding element of RSG from £11.5mn to £15.5mn
- ▶ An adjustment to funding for authorities which have fallen below the threshold for participation in the Carbon Reduction Commitment Energy Efficiency Scheme, to take account of the loss in tax revenue to the Treasury

- ▶ Protection against reduction in revenue spending power of more than 6.4% in 2015/16 through the Efficiency Support Grant

Council tax and business rates collection

The Audit Commission have used information that they have collected from their Value for Money profiles to produce a briefing on council tax and business rates collection. This has identified that the collection rate for council tax has dropped by 0.4% from 2012/13, to 97% in 2013/14, whereas the collection rate for business rates has increased by 0.2% from 2012/13, to 97.9%. In real terms, the collection of both has increased; council tax by 2.7% and business rates by 1.8% from the previous year. The total amount of council tax arrears at 31 March 2014 was 6% higher than in the previous year, standing at £2.53bn. The collection rates for council tax vary by council type; districts had the highest in-year collection rate at 98.0% whereas Metropolitan districts had the lowest, averaging 95.6%. A similar pattern is seen for business rates.



Accounting, auditing and governance

Future of local audit

In our last briefing, we told you about the Government's consultation on the Local Audit Regulations associated with the Local Audit and Accountability Act. This consultation has now concluded and the results have been published. The Government intends to lay finalised regulations before Parliament early in 2015. The consultation covered:

- ▶ Smaller Authorities' Regulations regarding transparency and the appointment of external audit
- ▶ Collective procurement of audit for local authorities, including the principle of a maximum length of appointment period
- ▶ The role of the Specified Person in auditor appointment
- ▶ The Accounts & Audit Regulations, including electronic publication of the accounts, standardisation of the inspection period, and compression of the audit timetable
- ▶ Transparency Code for Internal Drainage Boards, Charter Trustees and Port Health Authorities

A key area is that the Government has decided to retain the proposed approach of bringing forward the accounts deadline

to 31 May and the audit deadline to 31 July, from the 2017/18 accounts. The Government believes that this change will reduce the burden of the closure process, enabling finance staff to give more time to in-year financial management. This will clearly be a significant change for Local Authorities which will require early planning to ensure successful implementation.

The Local Audit and Accountability Act also enhances the role of the National Audit Office (NAO), which becomes responsible for preparation of the Code of Audit Practice; the document setting out what local auditors are required to do. The NAO have also started to augment their programme of Value for Money work, looking more explicitly at local services in areas including:

- ▶ Public health
- ▶ Adult care assessments
- ▶ Care for people with learning disabilities
- ▶ Children's services
- ▶ City deals
- ▶ Housing



Accounting, auditing and governance

Auditing the accounts

The Audit Commission has been publishing the Auditing the Accounts report since 2008/09, and the latest issue shows a considerable improvement in the number of principal bodies publishing their accounts by the deadline of 30 September. 506 out of 512 principal bodies met the statutory accounts publication requirements, and 16 of these published their audited accounts by 31 July. At five principal bodies, the responsible financial officer had not signed and certified the accounts by 30 June. No non-standard audit opinions had been issued by the date of publication, but there were nine bodies where the auditor had not been able to issue the opinion by 30 September. Of these nine, six had been issued by the end of October. The report also covers small bodies, including parish councils and Internal Drainage Boards.

The report identifies challenges for 2014/15 and beyond, including the following:

- ▶ Financial reporting timetable – the report notes that the timetable will be brought forward by two months from 2017/18; with audit bodies being required to submit draft accounts for audit one month earlier than at present

- ▶ Transport infrastructure assets – there will be a fundamental change to the measurement basis of these assets which will affect all Highways authorities and non-highway authorities with material transport infrastructure assets. Taking effect from 1 April 2016, depreciated replacement cost will be used instead of the current depreciated historic cost. It is conservatively estimated that this will add at least £200 billion to the net worth of local authority balance sheets. In 16/17 this will include disclosure of 14/15 asset values as part of the balance sheet

For both of these changes EY will be issuing Audit Committee Briefings and/or Technical Papers as well as carrying out preparedness reviews to assist client and non-clients to meet these challenges.



Regulation news

Consultation on changes to the Bellwin scheme of emergency financial assistance to authorities

A review was set up in 2014 to assess any permanent changes which may be needed to the Bellwin scheme as a result of more frequent severe weather events. This review considered the existing terms of the scheme, including thresholds, grant rate and eligible spending criteria. The Government has held a consultation on suggested revised principles following this review. The consultation ended on 1 January 2015.

The Bellwin scheme covers only emergency spending incurred as a result of immediate action to safeguard life and property, or to prevent suffering or severe inconvenience as a result of a disaster or emergency in the local authority area. Funding for longer term recovery from emergencies will be considered separately. The Government's proposal intends to refocus the scheme on emergency response, rather than recovery.

Previously, the threshold requirement was 0.2% of a local authority's calculated annual revenue budget, and 85% of expenditure above this threshold was funded. From 2013/14, the thresholds were reduced by excluding education budgets for County and Unitary authorities, and 100% of costs above

this threshold were funded. The Government proposes to retain these revised thresholds, and to publish the value of each local authority's provisional threshold alongside the finance settlement each year.

The Government is proposing to limit the time period for eligible spending to one month from when the incident was agreed to have moved from response to recovery. Ministers would retain the choice over when to activate the scheme, and would have discretion over when the period ended. Local authorities would have a longer period of three months to collate costs and claim for reimbursement. The Government also intends to widen the range of activities covered by Bellwin funding, to include some forms of capital spending. However, although emergency highway clear-up costs would be covered, repair to the damaged surfaces of roads and highways will remain ineligible.

Illustrative Bellwin thresholds were published as part of the Provisional Local Government Settlement 2015/16 on 18 December 2014.



Regulation news

Better Care Fund

The National Audit Office (NAO) has recently released a report on the Better Care Fund. The Fund, consisting of money reallocated from existing budgets, involves pooling £3.8bn from 2015/16 for health and social care services to work more closely together, with the ambition that integrated care would be the norm by 2018. All 151 local areas submitted plans by April 2014 but Ministers did not approve the plans as initially intended. This was because after analysing the plans, NHS England concluded that the savings estimates were not credible, that some of the over-optimism shown came from insufficient engagement with acute trusts in planning, and some aspects of the plans needed further development. From May to July 2014, the two departments involved (Department of Health and Department of Communities & Local Government) revised the conditions attached to the fund, as well as improving the governance and programme management of the Fund in July 2014. These changes reduced the time available for local planning, which would have started from

April 2014. However, of the revised plans submitted in September 2014, almost two thirds were approved with no or minor changes, and a third were approved with conditions. Five plans were not approved. Protection of social care services is identified to be the biggest risk area. The NAO's conclusion is that pausing and redesigning the scheme was the right thing to do.

EY have worked with a large number of CCGs and local authorities to help develop plans, or challenge their robustness and governance arrangements. For more information on how EY can support you, contact your engagement lead.



Key questions for the audit committee

What questions should the Audit Committee be asking itself?

Will we be prepared for an earlier closedown for the 2017/18 accounts?

- ▶ Have we critically reviewed the accounts and identified areas where they can be streamlined?
- ▶ Have we identified any disclosures or other areas which could be prepared early?
- ▶ Do we engage in early discussions with our auditors over working paper requirements and any proposed amendments to the accounts compared to the prior year?
- ▶ Do we engage in early discussions with our auditors over key areas of judgement and technical accounting areas well before closedown?
- ▶ Is resourcing within finance teams sufficient? Are there any areas which will need additional support?
- ▶ Do we have plans in place to start producing interim financial statements at month 9 if this is something that we do not already do?

Are we prepared for the change to the measurement basis of transport infrastructure assets?

- ▶ Do we have material transport infrastructure assets?
- ▶ Have we reviewed the key actions and milestones within LAAP bulletin 100? Do we have a project plan in place with sufficient resources in place to deliver? Does our plan include sufficient input from both finance and highways officers?



Find out more

Autumn statement

Read the Autumn Statement in full at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382327/44695_Accessible.pdf

Welfare reform

Details of the consultation are at:

<https://www.gov.uk/government/consultations/local-welfare-provision-in-2015-to-2016>

Financial sustainability of local authorities

You can find the NAO report at:

<http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2014/>

The provisional local government finance settlement is available at:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2015-to-2016#provisional-settlement-2015-to-2016>

The Government's '50 ways to save' guide can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/39264/50_ways_2.pdf

Council Tax & Business Rates Collection

Read the Audit Commission press release at:

<http://www.audit-commission.gov.uk/2014/11/council-tax-and-business-rates-exceed-targets-despite-4-55-billion-uncollected/>

Future of local audit

The consultation is available at:

<https://www.gov.uk/government/consultations/local-audit-regulations>

The NAO have detailed their new role in local audit at:

<http://www.nao.org.uk/report/the-naos-role-in-local-audit/>

Auditing the accounts

Read the full report at:

<http://www.audit-commission.gov.uk/wp-content/uploads/2014/12/20141204-Auditing-the-Accounts-2013-14-LG-FINAL-FOR-WEB.pdf>

Consultation on changes to the Bellwin scheme

When available the results of the consultation will be published at:

<https://www.gov.uk/government/consultations/bellwin-scheme-of-emergency-financial-assistance-to-local-authorities>

Better care fund

Find the NAO's report on the better care fund at:

<http://www.nao.org.uk/wp-content/uploads/2014/11/Planning-for-the-better-care-fund-summary.pdf>

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ED None

1593079.indd (UK) 01/15. Artwork by Creative Services Group Design.



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Agenda Item 7

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE 12 March 2015

Audit Review Update, Audit Plan Progress Report – Audit Plan

1. Contacts

Report Author:

Stephen James – Principal Auditor

Tel: 01243 534736

E-mail: sjames@chichester.gov.uk

2. Recommendation

2.1. To note the Income Management review update

2.2. To note the Audit Plan for 2015/2016

2.3. To note the Audit Plan 2014/15 Progress

3. Main Report

3.1. On this occasion there are no audits to present to Committee.

3.2. Income Management Review - Update

Members requested at their last meeting an updated on the position with the Income Management Review. The three areas that require further work to achieve a full reconciliation were; The Novium, CCS and Car Parks. A verbal update will be given to Committee on the current position.

3.3. Audit Plan 2015 / 2016

Internal Audit maintains a three year rolling programme of audits and considers the Risk, Value and System Complexity. Each audit will also review the arrangements for securing value for money, and identification of potential efficiency gains. The first year of the three year rolling programme forms the Annual Plan for 2015/2016.

4. Background

4.1. Not Applicable

5. Outcomes to be achieved

5.1. Not Applicable

6. Proposal

6.1. Not Applicable

7. Alternatives that have been considered

7.1. Not Applicable

8. Resource and legal implications

8.1. Not Applicable

9. Consultation

9.1. Not Applicable

10. Community impact and corporate risks

10.1. Not Applicable

11. Other Implications

Are there any implications for the following?		
	Yes	No
Crime & Disorder:		√
Climate Change:		√
Human Rights and Equality Impact:		√
Safeguarding:		√
Other (Please specify):		√

12. Appendices

Appendix 1 - Progress Report – Audit Plan

Appendix 2 – Three Year Plan 2015 / 2018

Appendix 3 – Annual Plan 2015 / 2016

13. Background Papers

13.1 None

Chichester District Council
Progress Report – Audit Plan

Appendix 1

As at 28th February 2015

Audits	Auditor	No of Days	Days Remaining	Position with Audit
Customer Services Centre - Customer Care	Stephen James	20	20	
Contract Compliance - Assurance Testing	Sarah Hornsby	10	10	
Key Financial Systems - See below for details	Sue Shipway / Ann Kirk / Julie Ball / Sarah Hornsby	110	0	
Data Collection - How do we treat data	Sarah Hornsby / Ann Kirk / Julie Ball	15	11	Background
Budgetary Control	Ann Kirk / Julie Ball	15	14	Background
Trade Waste	Sue Shipway	15	9	Final Report - Held back due to on-going review
Post Implementation Testing - FMS - CIVICA	Sue Shipway / Sarah Hornsby / Ann Kirk / Julie Ball	40	29	On-going
Section 106/CIL	Sarah Hornsby	10	10	
Case Management (Banking Arrangements & Connection)	Sue Shipway	20	19	Background
Business Continuity	Sarah Hornsby	10	10	
Emergency Planning	Sue Shipway	15	13	
Carry Forwards	Stephen James / Sue Shipway	10	8	
Other Audit Activities	Auditor	No of Days	Days Remaining	Position with Audit
Audit Reviews	Stephen James	10	0	
Chichester Contract Services Quality Audits	Stephen James	20	16	
Corporate Advice	Stephen James / Sue Shipway / Ann Kirk / Julie Ball	10	6	
Contingency	Stephen James / Sue Shipway / Ann Kirk / Julie Ball	84	60	
PSIAS	Stephen James	20	17	On-going
Individual Service Risk Register & Corporate Risk Register	Stephen James	10	10	
Internet & E-mail	Julie Ball	5	3	
Performance Standard	Ann Kirk / Julie Ball	15	15	
Mileage	Sarah Hornsby	10	7	Testing
Follow Ups	Ann Kirk / Julie Ball	20	8	On-going

Completed Audits				
Fraud Review	Sue Shipway			
Car Parks, PCN	Julie Ball / Ann Kirk			
Complaints Customer Care	Ann Kirk			
Income Management	Sue Shipway / Sarah Hornsby			
Disclosure Barring Scheme	Julie Ball			
NFI	Ann Kirk			
Partnership, AGS & Evidence	Stephen James			
Inclusion in Key Financial Systems				
Walkthroughs	Sue Shipway / Ann Kirk / Julie Ball / Sarah Hornsby	33		
Creditors	Sue Shipway / Ann Kirk / Julie Ball / Sarah Hornsby	11		
Debtors	Sue Shipway / Ann Kirk / Julie Ball / Sarah Hornsby	11		
Payroll	Sue Shipway / Ann Kirk / Julie Ball / Sarah Hornsby	11		
NNDP	Sue Shipway / Ann Kirk / Julie Ball / Sarah Hornsby	11		
Council Tax	Sue Shipway / Ann Kirk / Julie Ball / Sarah Hornsby	11		
Bank Reconciliation	Sue Shipway / Ann Kirk / Julie Ball / Sarah Hornsby	11		
Budgetary Control	Sue Shipway / Ann Kirk / Julie Ball / Sarah Hornsby	11		

Strategic three year plan by risk 2015-16 to 2017-18				H = 3	M = 2	L = 1	Appendix 2
Risk Factor		Year	Duration (Days)	Risk	Value (0-1mil Low 1mil - 30mil Medium 30mil - 70mil High)	System Complexity (high volume, transaction, system complexity etc)	Total
Year One 2015/2016							
19	S106 / CIL (Community Infrastructure Levy) Review	Year 1	20	H	M	H	18
10	Car Parks	Year 1	18	H	M	M	12
18	CIVICA	Year 1	40	M	H	M	12
4	Key Financial Systems	Year 1	45	L	H	H	9
47	Project Management	Year 1	10	M	H	M	8
60	Development Management	Year 1	15	M	M	M	8
26	Business Continuity	Year 1	10	H	L	M	6
55	Personnel & Recruitment	Year 1	15	M	L	M	4
72	Safety Inspection - Zurich	Year 1	10	H	M	M	12
67	Consultants Review	Year 1	5	M	L	M	8
	Housing Enabling	Year 1	5	M	L	M	6
45	Food Safety	Year 1	15	H	L	M	6
27	Emergency Planning	Year 1	15	H	L	M	6
51	Building Services	Year1	15	M	L	M	4
33	Facilities Management/Caretaking	Year 1	20	M	L	M	4
71	Security of Assets	Year 1	10	M	M	L	4
77	Building Control	Year 1	10	M	L	M	4
15	Security of Data	Year 1	15	M	L	L	2
49	Members Services	Year 1	10	L	L	L	1
	Grants and Contributions	Year 1	15	M	M	M	8
Year Two 2016/2017							
86	Planning Policy	Year 2	10	H	M	H	18
56	Community Careline	Year 2	15	H	M	M	12
53	Westgate / Southbourne / Midhurst	Year 2	20	M	M	M	8
64	Elections	Year 2	15	M	L	H	6
76	Property/Estates and Shops	Year 2	20	M	L	M	4
32	Economic Development	Year 2	15	L	L	M	2
25	Service Reviews	Year 2	15	H	M	H	18
58	Treasury Management	Year 2	15	L	H	H	18
29	Pest Control	Year 2	20	M	L	M	4
34	Private Hire and Taxis	Year 2	15	M	L	M	4
39	Land Charges	Year 2	15	M	L	M	4
40	Museum / TIC	Year 2	25	M	L	M	4
85	CCS Waste / Street Cleaning	Year 2	15	M	M	L	4
31	Licensing	Year 2	10	L	L	M	2
48	Rent Deposit Scheme Review	Year 2	10	L	L	M	2
51	Community Wardens and Community Safety	Year 2	10	M	L	L	2
57	Grants	Year 2	15	L	L	L	1

68	Choice based lettings	Year 2	25	M	L	M	4
	Information Technology	Year 2	15	M	M	M	8

Year Three 2017/2018							
11	Income Management	Year 3	15	M	H	M	12
16	Budgetary Control	Year 3	15	M	H	M	12
14	Contract Compliance Assurance Testing/ Procurement	Year 3	10	M	M	M	8
17	Trade Waste	Year 3	15	M	M	M	8
22	Cash Management	Year 3	20	H	H	L	6
63	Westward House	Year 3	10	H	L	L	3
13	Customer Service Centre	Year 3	15	L	L	M	2
44	CCTV	Year 3	15	L	L	M	2
50	Dog Control	Year 3	10	M	L	L	2
80	Foreshores	Year 3	10	M	L	L	2
81	Environmental Protection	Year 3	15	H	M	M	12
54	Health & Safety Inspections	Year 3	10	H	L	M	6
73	Community Engagement / Development	Year 3	15	L	L	L	1

Annual Audit Work

2	Annual Governance Evidence	Annual	10	N/A	N/A	N/A	
3	Public Sector Internal Audit Standard	Annual	20	N/A	N/A	N/A	
5	NFI	Annual	20	N/A	N/A	N/A	
1	Partnership Review / Annual Governance Statement	Annual	20	N/A	N/A	N/A	

Individual Audit Plan for 2015-2016												Appendix 3	Balance
			Stephen	Actual	Sue	Actual	Sarah	Actual	Maternity Cover	Actual	Julie	Actual	
Audits for 2015-2016 and Other Chargeable Work		918	260		190		156		156		156		
Audits Carried Forward	Risk Weighting	Audit Days											
S106/CIL (Community Infrastructure Levy) Review	18	20											20
Business Continuity	6	10											10
Personnel and Recruitment	4	25											25
Data Security - to be determined the areas to be looked at	2	15											15
Emergency Planning	6	15											15
New Audits for 2015-2016 Year 1	Risk Weighting	Audit Days											
Key Financial Systems	9	40											40
Post Implementation - Fixed Asset Register	12	5											5
Fraud Review (PPP)		15											15
Car Parks	12	18											18
Project Management	8	10											10
Development Management	8	15											15
Safety Inspections - Zurich	12	10											10
Consultants Review	8	5											5
Housing Enabling		5											5
Food Safety	6	15											15
Building Services	4	15											15
Facilities Management/Caretaking	4	20											20
Security of Assets	4	10											10
Building Control	4	10											10
Members Services	1	10											10
Grants and Contributions		15											15
Audit proposed for Year 2 brought forward as back up	Risk Weighting	Audit Days											
Planning Policy	18	10											10
Service Reviews	18	15											15
Treasury Management	18	10											10
Total Number of Days Available To Complete Audits		338	31	0	91	0	82	0	62	0	72	0	
Annual Activity													
Audit Reviews		15	10		5								15
Chichester Contract Services		20	20										20
Corporate Advice		20	4		4		4		4		4		20
Contingency		120	28		23		23		23		23		120
AGS + Evidence		30	30										30
Public Sector Internal Audit Standard		20	20										20
NFI		20			10				10				20
Follow Ups		20							10		10		20
Chargeable Work--Total		265	112	0	42	0	27	0	47	0	37	0	
Non-chargeable activity													
Management		52	39		13								52
Administration		55	15		10		10		10		10		55
Elections		4	1		1		1				1		4
Committee Reports and Attendance		3	3										3
Training		26	5		5		5		6		5		26
Meetings		36	12		6		6		6		6		36
Holidays		127	38		20		23		23		23		127
Sickness		12	4		2		2		2		2		12
Non-Chargeable Work--Total		315	117	0	57	0	47	0	47	0	47	0	
Total		580	229	0	99	0	74	0	94	0	84	0	918
Chargeable Work %			55%	100.0%	70%	100.0%	70.0%	100.0%	70%	100.0%	70%	100.0%	
Non-chargeable Work %			45%	0.0%	30%	0.0%	30.0%	30.0%	30%	0.0%	30%	0.0%	

Chichester District Council

CORPORATE GOVERNANCE AND AUDIT COMMITTEE 12 March 2015

Corporate Governance and Audit Committee Work Programme 2015/16

1. Contacts

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2. Recommendation

The committee is requested to consider and agree its work programme for 2015/16.

3. Background

3.1 Each year the Corporate Governance and Audit Committee prepares its work programme identifying the issues it will consider throughout the year.

3.2 At its meeting in March 2012 the committee agreed the following principles:

- To meet five times a year, with the following cycle: June/July, September, November, January and late March/early April
- Routine reports, primarily for information or endorsement, would be drawn to members' attention between meetings, via the Members' Bulletin Board or alternative means. If members had no comment or their questions had been satisfactorily answered, the report would if necessary be submitted to the next meeting for endorsement without discussion. However, if a member was dissatisfied with the response to a question or felt the topic deserved discussion, it would be submitted to the next meeting for debate.
- Task and Finish Groups can be used to take an issue off-line for deeper consultation and report back with recommendations.
- Where major documents (such as Treasury Management) are brought to the committee for approval, highlighting or underlining should be used to identify changes from previously approved versions.
- Reports should be shorter and more use should be made of executive summaries.

- 3.3 Following the September 2014 meeting it was agreed that in future high/medium priority internal audit reports would be included with the agenda and that low priority audit reports would be emailed to members for information.

Developing a work programme

- 4.1 The 2015/16 work programme has been developed in consultation with the Council’s external auditor and with Internal Audit Officers and taking into account suggestions for future focus discussed by the committee during the year.
- 4.2 The Business Routeing Panel will meet on 10 March 2015 to discuss the council’s full work plan and suggest further member involvement in issues. Members will be updated of the outcomes from this meeting and any further work plan items to be added.
- 4.3 Members are requested to consider this work programme and to make comments or suggestions as appropriate.

5. Implications

Are there any implications for the following?

	Yes	No
Crime & Disorder:		x
Climate Change:		x
Human Rights and Equality Impact:		x
Safeguarding		x
Other (Please specify): eg Biodiversity		x

6. Appendices

Appendix 1 – Draft Work Programme 2015/16

7. Background Papers

None

Corporate Governance and Audit Committee

Draft 2015/16 work programme

Subject	Methodology	Lead Officer
30 June 2015		
Audit and certification fees letter 2015/16	Report	EY
Audit Progress Report	Report	EY
Draft Statement of Accounts 2014/15	Officer report	John Ward
Annual report on Partnerships (consider alongside report on Partnerships in following report)	Officer report	Amy Loaring
Corporate Governance report to Full Council 2014/15 App 1 CGAC report to Full Council; App 2 Annual Governance Statement; App 3 Report on Partnerships App 4 Effectiveness of Internal Audit section	Officer report	Steve James
Carry forward requests	Officer report	David Cooper
S106 Annual Monitoring report	Officer report	Lone Le Vay
Protocol on Investment Opportunities Reserve	Officer report	Jane Hotchkiss
Fraud detection – request by CGAC Jan 2015 agreed	Officer report	John Ward
Report on potential liabilities of outstanding litigation	Officer report	Nicola Golding
Internal audit - individual reports and audit plan progress 2014/15 and new audit plan 2015/16	Officer report	Stephen James
29 September 2015		
Audit Results Report 2014/15	Report	EY
Audited statement of accounts 2014/15	Officer report	J Ward /H Belenger
Formal complaints, FOI requests and Subject Access Requests analysis 2014/15	Officer report	Jane Dodsworth
Strategic & Operational Risks 2014/15 – report back from TFG (date to be set early Sept)	Officer report	Helen Belenger
Internal audit - individual reports and audit plan progress	Officer report	Stephen James
24 November 2015		
Annual Audit Letter 2014-15	Report	EY
Audit Progress Report	Report	EY
Financial Strategy & Plan	Officer report	John Ward
Revised Treasury Management Strategy 2016/17	Officer report	Helen Belenger

Subject	Methodology	Lead Officer
S106 exceptions report	Officer report	Lone le Vay
Whistle blowing policy – CGAC request Jan 2015	Officer report	Tim Radcliffe
Business Continuity – update on progress	Officer report	Warren Townsend
Internal audit - individual reports and audit plan progress	Officer report	Stephen James
19 January 2016		
Certification of claims and returns annual report 2014/15	Report	EY
Audit Progress Report	Report	EY
Budget TFG – report back by members of the group	Officer report	John Ward/ TFG members
Internal audit - individual reports and audit plan progress	Officer report	Stephen James
22 March 2016		
Audit Plan 2015-16	Report	EY
CGAC work programme 2016/17	Officer report	Bambi Jones
Accounting Policies	Officer report	Helen Belenger
Fraud Prevention	Officer report	Stephen James
Strategic & Operational Risks - 2015/16 mid-year report ? (date to be set in early March)	Officer report	Helen Belenger
Internal audit - individual reports and audit plan progress	Officer report	Stephen James

Reports sent to CGAC members for information:

- Audit scopes – emailed out to members
- Audits where recommendations are low risk – medium and high risk audits included on agenda year
- Treasury Management monthly reports – emailed to members
- Property Investment performance monthly reports – emailed to members

Annual reports uploaded to Members' Bulletin Board for information:

- Health & Safety annual report – September
- Employment Statistics annual report – November
- Energy use in buildings and vehicles annual report – March