

**BABERGH DISTRICT COUNCIL**

<b>From: Head of Corporate Organisation</b>	<b>Report Number: P6</b>
<b>To: Council</b>	<b>Date of Meeting: 22 April 2014</b>

**ANNUAL REPORT OF THE JOINT AUDIT AND STANDARDS COMMITTEE AND THE BABERGH AUDIT COMMITTEE**

**1. Purpose of Report**

- 1.1 In accordance with the Constitution, the Committee must report annually to Council on its work during the last year and make recommendations for future work programmes and if appropriate, amended working methods.

**2. Recommendation**

- 2.1 That the contents of this report regarding work carried out in 2013/14 be noted.

**3. Financial Implications**

- 3.1 There have been no financial implications to date other than the costs of officer time and normal allowances for Members that are included in the budget.

**4. Risk Management**

- 4.1 This report is an update on work completed during 2013/14. Risk management considerations for individual topics will be included in reports to the Committee as the year progresses.

**5. Consultations**

- 5.1 Members have been invited to identify any topics for consideration during 2014/15.

**6. Equality Analysis**

- 6.1 There are no equality implications with this report. Equality analysis considerations for individual topics will be included in reports to the Committee as the year progresses.

**7. Shared Service/Partnership Implications**

- 7.1 Shared Service/Partnership implications for individual topics will be included in reports to the Committee as the year progresses.

## 8. Key Information

### 8.1 Work in 2013/14

The following is a summary of the Committee's main achievements during the year:

#### a) Joint Internal Audit Report 2012/13

In accordance with the new Public Sector Internal Audit Standards (PSIAS) the internal audit team of Babergh and Mid Suffolk is required to report along with the Annual Governance Statement on the overall adequacy and effectiveness of the organisations' governance arrangements including the internal control environment.

Based on the work undertaken during the year, and subject to assurances from other bodies, Internal Audit can provide reasonable assurance that systems of internal control within these areas of each Council are operating adequately and effectively. However, Members have been advised that such assurance cannot be absolute.

Looking forward, as the public sector continues through a period of financial pressure, there will be a need to ensure that appropriate and efficient controls remain in place to maintain appropriate governance standards across both Councils.

#### b) Benefit Fraud Performance Activity

The Committee receives reports showing the responsibility for governance and how both Councils are looking to fight fraud more effectively. The report brings together in one document a summary of the outcomes of the work carried out to deter, prevent and detect fraud and corruption over the last 12 months.

In a time of austerity, preventing fraud and corruption is even more important to protect the public purse. Every pound lost through fraud cannot be spent on providing public services. The reports showed that although both Councils have traditionally encountered low levels of fraud and corruption, the risk of such losses both internally and externally is fully recognised as part of each Council's operations that need to be managed pro-actively and effectively.

In October 2013 the Suffolk Tenancy Fraud Forum was launched with its first meeting in January 2014. The intention is to meet quarterly and in essence the forum has been set up to:

- Share good practice amongst local housing providers;
- Learn from other's successes and challenges;
- Provide effective protection against tenancy fraud risks;
- Meet regulatory standards;
- Consider the opportunities for joint partnership working including advertising campaign, training and data sharing; and
- Gain the trust of your tenants and customers.

**c) Performance Monitoring**

Members scrutinised the work carried out on Performance Monitoring for the year 2013/14 identifying areas of work that had been achieved and also requiring further work.

**d) Declaration of Interests, Gifts and Hospitality**

The Declaration of Interests reports provide the Committee with the information for its monitoring of interests/gifts and hospitality on a quarterly basis.

Interests declared at the District Council and Committee meetings for the period 2013/14 are outlined below:-

- 30 interests were declared by Members of Babergh District Council at meetings
- 8 interests were declared by Members of Mid Suffolk District Council at meetings
- No gifts or items of hospitality were declared by Babergh District Councillors
- No gifts or items of hospitality were declared by Mid Suffolk District Councillors

**e) Complaints Monitoring**

Members of the Committee receive quarterly updates on Complaints received by the Councils. The reports show how the complaints are being dealt with and what actions are being taken to resolve the complaints. An independent person is appointed under the Localism Act 2011 to consult on each complaint.

**f) Joint Annual Governance Statement**

The Committee has responsibility for being satisfied that the Annual Governance Statement properly reflected the risk environment and any actions required to improve it. The following areas of work were considered:-

- Translating the vision into objectives with measurable outputs
- The roles of the Heads of Service
- Risk management arrangements
- Role of the Chief Financial Officer
- Ensuring development needs for Members and senior officers are met
- Communication and consultation with the public and other stakeholders.

**g) Compliance with Localism Act**

The reports identify the actions outstanding to secure full compliance with Chapter 7 of the Localism Act 2011 by (i) the Councils, (ii) parish/town councils and (iii) councillors. Chapter 7 came into effect on 1 July 2012 and introduced a new standards regime for all councils. A new Local Code of Conduct has been adopted across Suffolk, a new complaints system has been put in place and a pool of 'independent persons' has been appointed.

These arrangements were made at the outset and appear to be working effectively. The Committee however identified some outstanding issues as follows:-

#### District Councillor Register of Interests

Previously, across both Councils all but two Babergh Councillors have completed updated Register of Interests forms. As a result of action taken since the last Committee meeting, all Councillors have now completed updated Register of Interest forms.

#### Parish Council Register of Interests

Likewise, all town/parish councillors were required to complete new Register of Interests forms which are held on a public register by the district council. Action taken since the last committee meeting has resulted in a further increase in compliance. As at 19 February 2014, 97% (previously 91%) of parish councillors within the Babergh district and 94% (previously 89%) of those within the Mid Suffolk district have submitted completed forms. There is now only 1 out of 67 (previously 4) parish/town council in Babergh and 3 out of 95 (previously 7) parish councils in Mid Suffolk outstanding.

### **h) Internal Audit Report 2013/14**

The Internal Audit Plan builds on past joint working facilitating the integration of the service with the aim of reducing costs, increased capacity and resilience, and will enable both Councils to be in a position to improve service delivery through advocating, supporting and reviewing the processes and outcomes from the transformation work.

In accordance with the Public Sector Internal Audit Standards (PSIAS) an Audit Plan has been prepared covering a period of one year (2014/15). The Plan provides for the annual review of the main financial systems (as required by External Audit) and the audit of a number of identified high risk areas chosen using a risk based methodology.

The Internal Audit Plan has been prepared based upon the identification and prioritisation of auditable areas and the calculation of the team's available audit days.

Factors used in the risk assessment of each audit have been based largely, but not exclusively, on the following:

- Review of the Significant Business Risk Register;
- Review of each Council's strategic priorities and those objectives / outcomes contained in the Strategic Plan that sit beneath them;
- Cumulative audit knowledge and experience;
- Engagement with senior management to identify management's view of the coming year's risks linked to the Strategic Plan about which assurance is required e.g. significant projects or programmes planned or underway; areas subject to changing systems or processes;

- i) The Committee considered a report providing an overview of the activity funded under the Council's Community Grants Scheme in 2013/14 and setting out future plans for the scheme in broad terms.

## 9. **Babergh Audit Committee**

### **Grant Claims and Returns Certification for year ended 31 March 2013**

Members received reports summarising the main issues arising from the certification of grant claims and returns for the financial year ended 31 March 2013. Grant claim and return certification are undertaken by an agent of the Audit Commission, in accordance with the Certification Instructions (CI) issued by them after consultation with the relevant grant paying body. The work is undertaken in accordance with the Statement of Responsibilities issued by the Audit Commission.

After completion of the tests contained within the CI the grant claim or return can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified with the reasons for qualification set out in a letter to the grant paying body. Sample sizes used in the work on the housing and council tax benefit subsidy return and the methodology for the certification of all grant claims are prescribed by the Audit Commission.

### **Audit Plan**

Members received reports on the Babergh Audit Plan for 2013/14 outlining the work that had been carried out by the external auditors and noted its content.

### **Planning Letter**

Members received the annual report from the external auditors outlining the work that they would carry out in the year ahead.

## 10. **Appendices**

None.

## 11. **Background Documents**

None.

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