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20 November 2013

To: Chairman – Councillor Francis Burkitt
Vice-Chairman – Councillor David McCraith
Members of the Corporate Governance Committee – Councillors Richard Barrett,
Andrew Fraser, Douglas de Lacey, Bridget Smith, Peter Topping, John Williams,
Simon Edwards and David Whiteman-Downes

Quorum: 3

Dear Councillor

You are invited to attend the next meeting of **CORPORATE GOVERNANCE COMMITTEE**, which will be held in **MONKFIELD ROOM, FIRST FLOOR** at South Cambridgeshire Hall on **THURSDAY, 28 NOVEMBER 2013 at 10.00 a.m.**

Members are respectfully reminded that when substituting on committees, subcommittees, and outside or joint bodies, Democratic Services must be advised of the substitution *in advance of* the meeting. It is not possible to accept a substitute once the meeting has started. Council Standing Order 4.3 refers.

Yours faithfully
JEAN HUNTER
Chief Executive

The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.

AGENDA		PAGES
1. Apologies for Absence To receive apologies for absence from committee members.		
2. Declarations of Interest		
3. Minutes of Previous Meeting To confirm the minutes of the meeting held on Friday 27 September 2013 as a correct record.		1 - 4
AUDIT REPORTS		
4. Internal Audit Progress Report		5 - 10
5. External Audit: Annual Audit Letter		11 - 22

INFORMATION ITEMS

6. Matters of Topical Interest

7. Regulation of Investigatory Powers Act 2000 (RIPA) Review of Policy and Use of Act

The Committee are asked to **NOTE** that there have been no RIPA authorisations in this quarter.

8. Dates of Next Meetings

Members are asked to bring their diaries. The following meeting dates are suggested, at 9:30am:

- Friday 21 March 2014
- Friday 27 June 2014
- Friday 26 September 2014
- Friday 12 December 2014

OUR LONG-TERM VISION

South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

The Council will be recognised as consistently innovative and a high performer with a track record of delivering value for money by focusing on the priorities, needs and aspirations of our residents, parishes and businesses.

OUR VALUES

We will demonstrate our corporate values in all our actions. These are:

- Trust
- Mutual respect
- A commitment to improving services
- Customer service

GUIDANCE NOTES FOR VISITORS TO SOUTH CAMBRIDGESHIRE HALL

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You are not allowed to bring into, or display at, any public meeting any banner, placard, poster or other similar item. Failure to do so, will result in the Chairman suspending the meeting until such items are removed.

Disturbance by Public

If a member of the public interrupts proceedings at a meeting, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room. If there is a general disturbance in any part of the meeting room open to the public, the Chairman may call for that part to be cleared. The meeting will be suspended until order has been restored.

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Food and Drink

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Agenda Item 3

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Friday, 27 September 2013 at 9.30 a.m.

PRESENT:	Councillor Francis Burkitt – Chairman Councillor David McCraith – Vice-Chairman	
Councillors:	Andrew Fraser Bridget Smith John Williams	Douglas de Lacey Peter Topping
Officers:	Alex Colyer Steve Crabtree John Garnham Fiona McMillan Ian Senior Sally Smart	Executive Director, Corporate Services Internal Audit Manager Head of Finance, Policy & Performance Legal & Democratic Services Manager and Monitoring Officer Democratic Services Officer Principal Accountant Financial & Systems
External:	Rachel Brittain Mark Hodgson	Ernst & Young Ernst & Young

Apologies for absence were received from Councillor Richard Barrett.

11. DECLARATIONS OF INTEREST

There were no declarations of interest.

12. MINUTES OF PREVIOUS MEETING

The Corporate Governance Committee authorised the Chairman to sign, as a correct record, the Minutes of the meeting held on 28 June 2013.

13. INTERNAL AUDIT PROGRESS REPORT

The Committee received and noted the Internal Audit Progress Report for 2013-14, as at 31 August 2013.

Members welcomed Steve Crabtree as Internal Audit Manager following the transition from RSM Tenon to a Shared Service with Peterborough City Council. The Committee noted a change in the way Audit Assurances would now be reported, replacing the “traffic light” system used formerly with an assurance assessment of Full / Significant / Low.

It was reported that Magen Powell had been appointed by South Cambridgeshire District Council as its Internal Auditor. She would become an employee of the Council in October 2013, and be present at the Committee’s next meeting in November.

14. EXTERNAL AUDIT'S ANNUAL REPORT FOR 2012/13

The Committee received and noted the External Audit Results Report for the year ended 31 March 2013.

Councillor John Williams sought to clarify the methodology for calculating the level of fees payable by South Cambridgeshire District Council. The Executive Director (Corporate

Services) summarised the remit of both the Council and Audit Commission, which had set the fee. The transition to Ernst and Young had resulted in a lower fee being payable.

Those present discussed a number of issues related to the report, and noted its positive conclusions. Members expressed their gratitude to officers, especially to the Principal Accountant (Financial and Systems).

15. APPROVAL OF THE 2012/13 STATEMENT OF ACCOUNTS

The Corporate Governance Committee considered a report on the amended 2012-13 Statement of Accounts and the letter of representation.

The Corporate Governance Committee **approved** the 2012-13 Statement of Accounts and endorsed the letter of representation.

16. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) REVIEW OF POLICY AND USE OF ACT

The Corporate Governance Committee considered a report updating it about the use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA) during the previous three months, highlighting the use of RIPA powers during the previous year and, as part of an annual review of the Council's policy, recommending a minor amendment to the Appendix of Authorising Officers.

Councillor Peter Topping welcomed the fact that South Cambridgeshire District Council was using RIPA powers in a planned and disciplined manner.

The Corporate Governance Committee:

- (a) **confirmed** deletion of the Head of Finance (Deputy Section 151 officer) from the Appendix to the Council's RIPA policy so that said Appendix now states as follows:

"Appendix 1

List of Authorising Officers and Authorising Levels

- Jean Hunter Chief Executive
- Alex Colyer Executive Director (Corporate Services)
- Mike Hill Director (Health and Environmental Services)
- Senior Responsible Officer Alex Colyer (Executive Director – Corporate Services)
- RIPA Monitoring Officer Fiona McMillan Legal & Democratic Services Manager" (FONT SIZE INCORRECT)

- (b) **noted** the information contained in the report about the council's use of surveillance powers in the period July to September 2013 and the annual summary of RIPA usage.

17. TREASURY MANAGEMENT ANNUAL REPORT 2012/13

The Corporate Governance Committee received and noted a report on performance of the Treasury Management function which, in 2012-13, had placed South Cambridgeshire District Council second in the comparator group of 11 other organisations and fifth highest

in the overall group of 69 other organisations.

The report assured Members, highlighted the nature and location of the Council's investments and borrowing, and set out prudential indicators.

The Chairman welcomed the report and said that the Council's excellent financial standing owed much to officers' ability to forecast accurately what the best investment opportunities were. The Principal Accountant (Financial and Systems) also highlighted the importance of recognising the security of each deposit made by the Council.

In response to a query about the Housing Revenue Account, the Executive Director (Corporate Services) said that the Council's strategy was to invest in new stock rather than to repay debt. Internal borrowing would be used to support the General Fund's capital funding requirements.

In response to a query about Council funding for A14 improvements, the Executive Director (Corporate Services) said that the Council was seeking to use money from the New Homes Bonus. And while no final decision had yet been made, it was likely that any balance would be directed towards the City Deal. Councillor John Williams was keen to make sure that there was no danger of any "double accounting".

In response to a query about the the repayment of internal borrowing, the Executive Director (Corporate Services) said that individual Service areas bore the initial costs and repaid them over a number of years. By way of example, he cited the Blue Bin recycling scheme.

18. LOCAL GOVERNMENT OMBUDSMAN ANNUAL REVIEW LETTER 2013

The Corporate Governance Committee noted the Local Government Ombudsman's Annual Review letter dated 16 July 2013.

19. MATTERS OF TOPICAL INTEREST

Local Government Pension Scheme

Prior to the Corporate Governance Committee meeting, Members had received from Stephen Dainty (Cambridgeshire County Council) a presentation about the staff pension fund. The Cambridgeshire Local Government Pension Scheme, administered by Cambridgeshire County Council and governed by a Pensions Committee, comprised the County Council, six District Councils, Fire, Police and Probation services, more than 40 sixth-form colleges, academies and schools, more than 40 town and parish councils and internal drainage boards, and over 60 charities and other similar bodies. The pension fund was very important to South Cambridgeshire District Council (SCDC) because:

- Over 1,000 of its current and former Officers depended on the pension fund.
- It had nearly 400 'contributors' (employees, for whom the Council paid into the fund), over 300 'deferreds' (former employees, but not yet retired) and over 400 'pensioners' (former employees, now retired).
- In 2011-12, it had paid 21.7 of the salaries of its current employees into the fund, which, therefore, was a significant financial and social commitment for SCDC.

An Investment Sub-Committee was responsible for the investment strategy. The Fund's financial performance had improved significantly since it had become a shared service with Northamptonshire. The Committee authorised the Chairman to write to Cambridgeshire County Council expressing concern at the absence from the Pensions Committee of any Pensions professionals. It was agreed that the status of the pension

fund, and the Committee's concerns, would be brought before Full Council, in a manner to be determined by the Committee Chairman, the Council Chairman and the Executive Director (Corporate Services).

How did we do?

The Chairman congratulated officers for their prudent management.

Internal Audit Review of Governance

The Chairman asked that copies be sent to each member of the Committee.

Monitoring of outsourced services

The Executive Director (Corporate Services) said this was a function of the Scrutiny and Overview Committee.

Acquisition and Disposal of property

A revised process had been agreed at Full Council, and this must be added to the Internal Audit list for 2014-15.

20. DATE OF NEXT MEETING

The next Corporate Governance Committee meeting had been scheduled for Thursday 28 November 2013, starting at 10.00am.

The Meeting ended at 10.50 a.m.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

CORPORATE GOVERNANCE COMMITTEE

28 NOVEMBER 2013

INTERNAL AUDIT PROGRESS REPORT FOR 2013 / 2014

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Agenda Item 4

RECOMMENDATION:

That Corporate Governance Committee note progress in delivery of the Internal Audit service to the Council.

PROGRESS REPORT

1. Introduction
2. Progress Against Agreed Audit Plan
3. Audit Planning 2014 / 2015

1. **INTRODUCTION**

1.1 The purpose of this report is to bring the Corporate Governance Committee up to date with progress made against the delivery of the 2013 / 2014 Internal Audit Plan. This report aims to:

- Provide a high level of assurance, or otherwise, on internal controls operated across the Council that have been subject to audit;
- Advise the Committee of significant issues where controls need to improve to effectively manage risks;
- Advise of any planned changes to reviews, slippage or deletions to that originally agreed on 19 March 2013; and
- Track progress on the delivery of agreed actions which will be reported as part of the annual reporting process.

1.2 The information included in this progress report will feed into, and inform our overall opinion in the Annual Head of Internal Audit Report issued at the year-end. This opinion will in turn be used to inform the Annual Governance Statement (AGS) included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council. The report is for the Committee to consider under its Terms of Reference:

- To monitor the activities of the Internal Audit service provider and measure performance against the plan; and
- To consider a quarterly report detailing audit coverage and the extent to which any major problems were highlighted.

2. **PROGRESS AGAINST AGREED AUDIT PLAN**

2.1 A number of the activities set out within the agreed Audit Plan are to support the works of External Audit as part of the delivery of a managed audit. These are identified overleaf (*) and will aid joined up working; avoid the risk of duplication of audit work; and improve the effectiveness, efficiency and economy of both audit teams.

2.2 The scope for a number of new audit areas have been agreed with senior management and a series of audits have commenced, findings and conclusions of which will be reported at the next meeting.

2.3 The following analysis details progress since the last report to Corporate Governance in September 2013.

2.4 Carried Forward from 2012 / 2013

ASSURANCE LEVELS / AGREED ACTIONS (CARRIED FORWARD FROM 2012 / 2013)							
Works completed by RSM Tenon but not concluded at the change of audit provider							
ACTIVITY	JOB TYPE	REP.NO.	STATUS	ASSURANCE	ACTIONS AGREED		
					HIGH	MEDIUM	LOW
Follow Up Arrangements	Follow Up	25	Final	Not applicable	1	7	3
Top Up Testing	Financial Controls	27	Final	Full	0	0	2

2.4.1 Follow up arrangements related to audit reviews undertaken in previous years and covered:

- HR – Absence Management (including Redundancies);
- Housing Maintenance: Planned and Cyclical (including Voids);
- Information Governance;
- Contract Services; and
- Environmental Health (License Fees).

2.4.2 Top up testing provides assurance that the controls in place in the Councils main systems are robust. No concerns were identified.

2.5 Audit Plan 2013 / 2014

ASSURANCE LEVELS / AGREED ACTIONS							
ACTIVITY	JOB TYPE	REP.NO.	STATUS	ASSURANCE	ACTIONS AGREED		
					HIGH	MEDIUM	LOW
Safeguarding	Other	3	Final	Significant	0	4	3
ICT Review (Change Control)	Other	5	Final	Significant	0	2	1
Proactive Fraud Work (Suppliers)	Other	6	Final	Not applicable	0	3	0

2.5.1 The following audits are currently in progress:

- Welfare Reform Project;
- Corporate Governance: focus on complaints process;
- Payroll (including expenses);
- Procurement.
- Housing rents;
- Repairs;
- Housing allocations and voids

2.5.2 In reviewing the annual plan, going forward, there is merit in a number of the audits being combined to reduce the call upon officer / manager time. For example, the reconciliations audit crosses over a variety of audit areas and these will be picked up as part of those audits e.g. payroll.

2.5.3 The audits to be completed during the remainder of the year are:

Compliance Work

- Risk Management

- Annual Governance Statement

Financial Controls (*)

- Income and Debtors;
- General Ledger;
- Cash, Bank and Treasury Management;
- Council Tax
- Top-Up Testing;

- Budgetary Control;
- Creditors;
- National Non-Domestic Rates;
- Housing Benefits;
- Reconciliation Testing (see comments in 2.5.2)

Other Areas

- Health and Safety;
- Follow Up Arrangements.

- Performance Management;

3. AUDIT PLANNING 2014 / 2015

- 3.1 The current audit plan is based on analysis undertaken by the previous audit provider, RSM Tenon. In order to take forward the new arrangements, the following proposals will be followed:
- Preparation of an audit universe;
 - Undertake an assurance mapping exercise to identify the other sources of assurance that Corporate Governance Committee are able to place reliance on in order to avoid duplication;
 - Consultation with senior management on their priorities for Internal Audit review;
 - Review of corporate and directorate risk registers to ascertain the organisation's view on its key risks;
 - Review of the previous year's Annual Governance Statement to identify any known significant governance issues;
 - Consultation with external audit and other external assurance providers to avoid duplication and ensure maximum coverage; and
 - Identification of areas identified by the audit team through previous internal audit work.
- 3.2 Once the head of internal audit has carried out the planning process and undertaken a risk assessment, a draft plan will be prepared for discussion (Executive Management Meeting 26 February 2014). These discussions will focus on ensuring that the plan of work covers the key risks to the organisation as well as an assessment of whether the agreed level of audit resource is adequate to provide the annual opinion. This will include sharing with management any areas that have been assessed as high risk but do not feature in the audit plan due to resource limitations.
- 3.3 Draft audit plans will then be presented to Corporate Governance Committee prior to the start of the new financial year for review and approval.

Report Author:	Steve Crabtree
Position:	Shared Head of Internal Audit (for Peterborough UA / Cambridge City / South Cambridgeshire Councils)
Contact:	Peterborough Office: 01733 384557 Cambridge Office: 01223 458181 South Cambridgeshire Office: 01954 713452

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Agenda Item 5

South Cambridgeshire District Council

Year ending 31 March 2013

Annual Audit Letter

24 October 2013



Building a better
working world

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The Members
South Cambridgeshire District Council
South Cambridgeshire Hall
Cambourne
Cambridge
CB23 6EA

24 October 2013

Dear Members,

Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to the Members of South Cambridgeshire District Council and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with governance of South Cambridgeshire District Council in the following report:

2012/13 Audit results report for the South
Cambridgeshire District Council.

Issued 27 September 2013

The matters reported here are the most significant for the Council.

I would like to take this opportunity to thank the officers of South Cambridgeshire District Council for their assistance during the course of our work.

Yours faithfully



Mark Hodgson
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 Audit Results 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.

1. Executive summary

Our 2012/13 audit work has been undertaken in accordance with the Audit Plan we issued on 19 March 2013 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly on an annual basis on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of South Cambridgeshire District Council for the financial year ended 31 March 2013 in accordance with International Standards on Auditing (UK & Ireland).	On 27 September 2013 we issued an unqualified audit opinion in respect of the Council.
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources.	On 27 September 2013 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Council (the Audit Committee) communicating significant findings resulting from our audit.	On 27 September 2013 we issued and presented our report in respect of the Council to the Audit Committee.
Report to the National Audit Office on the accuracy of the consolidation pack the Council is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 27 September 2013.
Consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	We did not issue such a report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	We did not take such action.
Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	On 27 September 2013 we issued our audit completion certificate.

Issue a report to those charged with governance of the Council summarising the certification (of grants claims and returns) work that we have undertaken.

We plan to issue our annual certification report to those charged with governance with respect to the 2012/13 financial year by 31 January 2014.

1.1 Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Planned fee	Scale fee	Final
Code audit work	£68,400	£68,400	£68,400
Certification of claims and returns	£16,150	£16,150	see note below
Non-Code work	Nil	N/A	Nil

Our actual fee is in line with the agreed fee for the Code audit work.

Work on the certification of claims and returns is not yet complete. We will report our final fee for the certification work in our report to be issued by 31 January 2014.

We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

2. Key findings

2.1 Financial statement audit

We audited the Council's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 25 July 2013.

In our view, the quality of the process for producing the accounts, including the supporting working papers was good, which was reflected in the low number of errors reported.

The main issues identified as part of our audit were:

Significant risk 1: Valuation of property assets and capital expenditure

We concluded that valuations of non-current assets are free from material misstatement and that non-current asset additions were capital in nature.

Other key findings:

We did not identify any material misstatements during our audit.

Management have corrected all misstatements we identified except for one projected error which was not material. None of the adjustments made impacted on useable reserves:

2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2012/13 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements in place for securing financial resilience; and
- ▶ The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 25 July 2013. Our audit did not identify any significant matters.

The following is a brief summary of our findings against each of these criteria.

Criteria and findings

1. Financial resilience

The Council has robust arrangements in place to ensure its financial resilience. The Council has a history of good financial management and a strong record in the delivery of budgets.

The Council has been able to set balanced budget while maintaining its low council tax and debt free status. At 31 March 2013, the Council's general fund balance which is available to meet unforeseen circumstances stood at £7.5 million, while earmarked reserve balances were an additional £7.5 million. Although the majority of these are earmarked for specific purposes, they do provide the Council with enhanced flexibility to manage its financial position in the current economic environment.

In 2012/13 the council achieved a surplus of £0.1million on the general fund that was used to finance capital expenditure while maintaining reserve balances at the 2012/13 level. The Council also created an Earmarked Housing Revenue Account Reserve of £4.5million.

The Council has set a balanced budget for 2013/14 and 2014/15 with no planned drawdown of reserves and without increasing council tax. Efficiency savings of £1.7million have been identified for 2015/16 financial year. The Council will need to develop robust plans to achieve the delivery of these savings plans and monitor the progress of delivery

throughout the financial year to avoid the need to draw on general fund balances.

2. Securing economy efficiency and effectiveness

The Council has demonstrated that it has effective arrangements in place for securing economy, efficiency and effectiveness.

The Council uses cost and performance information to make decisions, including the use of comparative and benchmarking data to challenge economy, efficiency and effectiveness of services.

The Council continues to challenge its costs in order to reduce these without adversely affecting the quality of its services through a variety of means including improved procurement, internal restructuring and setting up new service delivery arrangements with other public bodies and with private sector organisations.

2.3 Whole of government accounts

We reported to the National Audit office on 3 October 2013 the results of our work performed in relation the accuracy of the consolidation pack the Council is required to prepare for the whole of government accounts. We did not identify any areas of concern.

2.4 Annual governance statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance.

We completed this work and did not identify any areas of concern

2.5 Certification of grants claims and returns

We have not yet completed our work on the certification of grants and claims.

We will issue the Annual Certification Report for 2012/13 in January 2014.

3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to those charged with governance at the Council any significant deficiencies in internal control.

We had no such matters to report.

Ernst & Young LLP

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