

## AUDIT AND GOVERNANCE COMMITTEE

### AGENDA

**Meeting to be held in the Civic Centre (Committee Room No. 1) on Friday 12 December 2014 at 1.30pm**

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1. <b>Receipt of Declarations of Interest (if any)</b>	
2. <b>Apologies</b>	
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For further information and assistance, please contact:

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9. **External Auditor - Audit Progress Report**

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Report of the Director of Finance (copy attached).

ELAINE WAUGH  
Head of Law and Governance

Civic Centre, Sunderland  
3 December 2014

**AUDIT AND GOVERNANCE COMMITTEE**  
**Friday 26 September 2014**

**Present:**

Mr G N Cook

Councillors Farthing, Forbes and Mr M Knowles.

**In Attendance:**

Sonia Tognarelli (Head of Financial Resources), Paul Davies (Head of Assurance, Procurement and Projects), Dennis Napier (Assistant Head of Financial Resources), Tracy Davis (Audit, Risk and Assurance Manager), Fiona Brown (Chief Operating Officer, People Services), Beverley Scanlon (Head of Educational Attainment & Lifelong Learning), Mark Kirkham (Mazars), Gavin Barker (Mazars) and Gillian Kelly (Principal Governance Services Officer).

**Declarations of Interest**

There were no declarations of interest.

**Apologies for Absence**

Apologies for absence were received from Councillors Speding, N Wright and T Wright.

**Minutes**

14. RESOLVED that the minutes of the meeting of the Committee held on 27 June 2014 be confirmed and signed by the Chair as a correct record.

**The Changing Role of the Local Authority in Improving Educational Outcomes**

The Associate Director – Education submitted a report providing an update on the changing role of the local authority in relation to education and the progress made by the Education Leadership Board in developing the Education and Skills Strategy for the city.

Beverley Scanlon, Head of Educational Attainment and Lifelong Learning was in attendance to present the report.

The Education Act 1996 placed a duty on all local authorities “to promote high standards and fulfilment of potential” for everyone up to the age of 20 (25 for those with special needs). Authorities also had statutory responsibilities relating to the provision of services for vulnerable children and children with special educational needs. The Council continued to have responsibility for ensuring that there were sufficient good quality school places available and that there was fair access to these places.

Some responsibilities had shifted from the local authority to schools and academies over recent years. There was not the same planning role for councils and it was now more of a partnership based approach. The direction of travel was to have more academies and free schools with over 30% of the schools in the city currently being classed as such. It was believed that the number of academies and free schools would increase further over the next few months.

Beverley advised that despite the changes to the types of schools in the city, the system acted as a family of schools and the relationship between the Council and the schools remained good. However, some relationships did not reflect schools’ increased autonomy and there was a tendency for officers and members to be overly paternalistic where some schools were still dependent on support from the local authority.

Work has been undertaken to redefine the role of the Council to reflect its Community Leadership role and remaining statutory duties. The following key elements had been identified: -

- Principled leader
- Champion and advocate
- Partnership enabler
- Broker for high quality services
- Intelligence hub
- Planning authority

There were a number of issues to be addressed to provide leadership in this way, including: the local authority’s relationship with schools, the College, University and other learning providers; strategic relationships with DfE, Ofsted, the diocese, academy trusts and governing bodies; internal structures and systems that need to be in place to discharge functions; and mechanisms for enabling Members to help strengthen the local accountability of schools and to share local intelligence. A policy statement on this would be presented to Cabinet later in the year.

The Council had established an Education Leadership Board in 2012 which constituted representatives from early years settings, schools, Sunderland College, the University of Sunderland, the Sunderland Learning Provider Network, local employers and other interested parties. The Board had been tasked with developing an Education and Skills Strategy for the city to sit alongside the Economic Masterplan and the Health and Wellbeing Strategy.

The draft Education and Skills Strategy was currently being finalised and would be based on the three key themes of:

- Ready for school
- Ready for work
- Ready for life

The Education Leadership Board had considered the draft strategy on 15 September and workshops would be set up for schools and businesses to introduce the strategy and its aims. It was expected that the strategy would be launched formally in November 2014 and it was intended that it would be a succinct and focused document with key deliverables.

The Chair referred to the 0-2 year old age group and this being the stage where children were prepared for achievement in school. He asked how this was being addressed and where parents and parenting skills would feature in the strategy.

Beverley Scanlon stated that within People Services, the first area of their plan was “Best Start in Life” and this had a great focus on 0-2 year olds. The city still had children’s centres and there was a significant investment and commitment here for children and families. With regard to the two year old offer, the national Government initiative was about providing education places for disadvantaged two years old. A number of providers were offering this and there had always been a strong pre-school tradition in Sunderland.

Picking up on the theme of disadvantaged children, Councillor Forbes asked about the relationships between agencies working in homes with problems. Beverley highlighted that the “Best Start in Life” terminology came from the Marmot review into health inequalities. Health visitors were working out of children’s centres and there was a clear multi-agency approach being taken in early years. Early intervention services work across early years, drug and alcohol programmes and vulnerable groups. Through the Better Care Fund, these strategies would develop further.

Councillor Farthing commented that nursery schools had been a highlight for Sunderland in the past and asked what was happening on the ground.

The Committee were informed that early years funding was a separate block and had been reviewed this year due to an overspend. The funding formula asks the authority to look at participation so that the funding is pupil led. The major block of funding which was going into nursery schools would be protected but they could lose out on their flexible offer. Nursery schools would have to change their way of working but could extend to offer provision for two year olds and would be protected as much as possible.

Having thanked Beverley for her attendance and the informative report, the Committee: -

15. RESOLVED that the report be noted.

## Treasury Management – Second Quarterly Review

The Head of Financial Resources presented a report outlining the Treasury Management performance for the second quarter of 2014/2015. The report also detailed amendments which had been made to the Lending List Criteria, the Approved Lending List and the Risk Management Review of Treasury Management.

The Council's Treasury Management function continued to look at ways of maximising financial savings and increasing investment return to benefit the revenue budget. The Assistant Head of Financial Resources reported that, due to large falls in PWLB borrowing rates in July and August, the Council had taken out borrowing of £20m to support its Capital Programme requirements. This would also help to keep the Council's interest rate on borrowing at its low level and benefit the revenue budget over the longer term. PWLB rates had begun to increase again so the authority had taken advantage of the rates at the low point in both of the dips in the rates.

The average interest rate on borrowing was 3.42%, there had been no major effect on this as a result of taking out the new loan funding and Sunderland remained in the top quartile for the lowest rates of borrowing. There had been no debt rescheduling in 2014/2015 as rates had not been considered sufficiently favourable.

The Treasury Management Prudential Indicators were regularly reviewed and the Council was within the limits set for all of those outlined in the report. The investment policy was also regularly monitored and reviewed to ensure that it had the flexibility to take full advantage of any changes in market conditions which would benefit the Council.

The rate of return on investments was currently 0.70% but had remained at a very low level although the Council had continued to outperform the benchmarking rate of 0.35%. The Assistant Head of Financial Resources advised that rates were being carefully monitored due to the prospect of a base rate rise early next year and that mainly short term investments were currently being made so that the Council could take full advantage of the expected increase in rates when they occurred.

Members were directed to Appendices B and C which provided updates on the changes to the ratings for financial institutions. It was highlighted that a small number of building societies would be coming back into the Lending List as their credit ratings had improved and these would be reported as part of the next update to the Committee.

Councillor Farthing commented that she was aware that a number of bonds were 'AAA' rated and asked if there was any liaison between the local authorities in Tyne and Wear regarding pension fund advice.

The Assistant Head of Financial Resources advised that the Pension Fund was in the position of having a large amount of resources to invest. The Council looked at everything which was available and if a bond came along with an attractive rate and within the relevant policy guidelines then it would be investigated thoroughly. Expertise was shared between authorities, there were very few specialist advisers in

the country and councils did share and learn from each other. There was also a CIPFA Benchmarking Club for Treasury Management where Authorities shared best practice which the council actively participated.

Upon consideration of the report, the Committee: -

16. RESOLVED that: -

- (i) the Treasury Management performance for the second quarter of 2014/2015 be noted; and
- (ii) the Lending List Criteria at Appendix B, the Approved Lending List at Appendix C and the Risk Management Review of Treasury Management at Appendix D be noted.

### **Audited Statement of Accounts 2013/2014**

The Head of Financial Resources submitted a report presenting the Letter of Representation for 2013/2014, the Audit Completion Report from Mazars LLP concerning the financial statements for 2013/2014 and providing an amended audited Statement of Accounts for 2013/2014.

The Head of Financial Resources reminded Members that they had received and noted the certified Statement of Accounts at their meeting on 27 June 2014. The accounts had now been audited and required approval.

The Statement of Accounts 2013/2014 had been amended to reflect a few minor adjustments and to make presentational changes but there had been no material misstatements. The Committee had been provided with a note summarising the changes to the accounts.

The Head of Financial Resources was required to prepare a Letter of Representation which set out the principles used to prepare the accounts and provided the external auditor with the necessary assurances required by regulation. The Committee were required to note the contents of this letter.

Mark Kirkham, Director and Engagement Lead, Mazars, presented the Audit Completion report and highlighted that this included the proposed audit opinion and the view on the Council's arrangements to secure value for money. The judgements were all very positive and the auditors intended to issue an unqualified opinion.

Mark thanked the Council for both the cooperation and competence of officers who were part of the audit process, highlighting that the external auditors valued this relationship which enabled them to carry out their work effectively.

The Audit Completion Report summarised the conclusions of the audit undertaken by Mazars LLP and Gavin Barker drew Members' attention to the letter which had been tabled which provided updates to the Letter of Representation and a correction to an error in the Unadjusted Misstatements table.

Gavin directed the Committee to the audit findings in relation to significant risks and key areas of management judgement. Mazars had found the assurance they sought in respect of management override of controls, revenue recognition and pension entries. Some amendments had been required to the financial statements to reflect changes to the Council's accounts and those of its subsidiaries but the auditors had confirmed that a good set of group accounts had been produced.

One amendment was made in respect of equal pay settlements and there was a minor misstatement in relation to Property, Plant and Equipment. Gavin echoed Mark's comments about the officers responsible for producing the accounts and the immense amount of work which went into this.

The Committee were informed that none of the adjustments which had been made to the accounts would impact on the Council's underlying financial position. The auditors also intended to issue an unqualified Value for Money conclusion and highlighted that their assessment reflected not only the Council's strong financial position but also the significant challenges being dealt with. Mazars had recognised the authority's good record on delivering savings in the past and its plans for the future.

Mark Kirkham advised that there remained some procedures for Mazars to carry out and there had been an independent partner involved in the audit due to the scale of the Council's accounts. This work was almost complete and would be finalised early in the following week.

Mr Knowles commented that it was good to see a strong set of accounts and also the great cooperation between auditors and the local authority officers. He referred to the risk of material misstatement associated with equal pay settlements and asked if there was any residual risk.

Gavin advised that as far as the auditors were aware, there was no residual risk. Equal pay had been an issue for a number of years but the process of settling claims was almost complete.

Councillor Forbes said that she was pleased to see the additional information on the group accounts as this was important for the public domain. She highlighted that the number of residential and supported living schemes was not consistently reflected within the document and it was confirmed that the correct figure was 21 schemes in total.

Following consideration of the report, it was: -

17. RESOLVED that: -

- (i) the contents of the Letter of Representation be noted;
- (ii) the contents of the Audit Completion Report be noted; and
- (iii) the Amended Audited Statement of Accounts for the financial year ended 31 March 2014 be approved.

## **Corporate Assurance Map 2013/2014 – Update**

The Head of Assurance, Procurement and Projects presented the updated Corporate Assurance Map which had been reviewed based on the work undertaken so far during the year, the Internal Audit opinion on the adequacy of the overall system of internal control and the performance of Internal Audit.

Members were directed to the map itself and were informed that the overall view in relation to Strategic and Corporate risk areas had remained the same. The Head of Assurance, Procurement and Projects reported that assurance work had continued in relation to ICT and the overall assurance level from the Risk and Assurance team had been raised from limited to moderate and had changed from red to amber on the Corporate Assurance Map.

The Committee were informed that there were now three areas which had been marked as red under external assurance as a result of the work that the Council had commissioned in relation to children's safeguarding. The Head of Assurance, Procurement and Projects reported that there had been a fraud perpetrated against the Council in the last week and he would provide a separate briefing in a private session.

The Key Performance Indicators for the Internal Audit Service were outlined at Appendix 4 to the report and the Committee were informed that the performance was on target for all KPIs apart from the current percentage of medium risk recommendations implemented (excluding schools) which now stood at 85% against a target of 90%. The concerns of the Committee had been passed on to the Council's Executive Management Team and the position had improved since the last meeting.

Fiona Brown, Chief Operating Officer, People Services was in attendance to present to the Committee on the independent review of the Children's Safeguarding Service.

Safeguarding had been inspected in 2012 and rated 'good' but following the establishment of the People Services directorate, the Executive Director and the Chair of the Sunderland Safeguarding Children Board had commissioned a two stage review. The first part was an internal review with an external body and the second would be carried out by the LGA Peer Review later in the year.

Three key areas were specified for the review: leadership and culture; partnership working and communication; and effectiveness of practice. The review had found that the number of looked after children and children subject to child protection plans had increased, however this was not unique to Sunderland. Each locality had its own child protection team comprising 12 social work staff including a team manager, senior social worker and a principal social worker. The citywide team at the Multi-Agency Safeguarding Hub (MASH) included social workers, health and police colleagues.

A number of areas were found to be working well including the MASH, the evidence of partnership working and information gathering, however the following had been identified as areas for improvement: -

- Systems and processes
- Early intervention and referral
- Partnership working and effectiveness of practice
- Management oversight and management of risk

Fiona outlined the immediate action and responses to the areas for improvement which had been highlighted by the review. An Improvement Plan had been developed and was being managed by an Improvement Board.

As part of the review a number of assurances had been requested and it had been found that the average social work caseload was 30 and the recommended number was 25-28. A tool had been introduced to monitor workload allocation and to ensure that there were no unallocated children protection cases at the end of each week.

12 vacancies within the service had been filled in the last three months, six social workers had come into the peripatetic team and there was also additional management support.

Councillor Farthing commented that safeguarding was very high profile at the current time due to high profile cases nationally but she had always been of the view that the mechanics of safeguarding in Sunderland were good. She added that safeguarding training in the past had been excellent but she understood that the person who had been responsible for this had left the authority.

Fiona advised that there were two workers in the MASH who had previously been part of the Education Safeguarding team and they would maintain the links. With regard to the consistency of training in schools, the Committee were told that additional training had been agreed for Headteachers as Safeguarding Leads and could potentially be extended to governing bodies. It was acknowledged that safeguarding thresholds could be different in different schools.

Upon consideration of the report, it was: -

18. RESOLVED that the updated Corporate Assurance Map 2014/2015 be noted.

### **Joint Committee for the North of England Open Air Museum – Audited Annual Return and Accounts 2013/2014**

The Head of Financial Resources submitted a report reporting the communications received from the External Auditors concerning the financial statements of the Joint Committee for the North of England Open Air Museum for 2013/2014 and providing the Audited Statement of Accounts and Annual Return for 2013/2014.

The Committee had previously approved the Annual Return for the Joint Committee at the meeting held on 27 June and the BDO LLP (the Joint Committee's external auditors) had now issued an unqualified audit opinion and certificate.

There were no changes required to the Statement of Accounts and Annual Return and the external auditors had not identified any matters to be brought to the attention of Members.

The Assistant Head of Financial Resources highlighted that this was the final set of accounts for the Joint Committee and that all assets and liabilities had now been transferred to Beamish Museum Limited.

19. RESOLVED that: -

- (i) it be noted that the External Auditor BDO LLP had issued an unqualified audited Annual Return; and
- (ii) as Lead Authority, the unadjusted and audited Statement of Accounts for the financial year ended 31 March 2014 be approved.

### **Other Business**

The Chair advised that the Council had recently appointed Alison Fellows to the post of Executive Director of Commercial Development and Andrea Winders to the post of Executive Director of Enterprise Development. He proposed that they be invited to future meeting of the Committee.

20. RESOLVED that the Council's new Executive Directors be invited to attend a future meeting of the Audit and Governance Committee.

(Signed) G N COOK  
Chair



**AUDIT AND GOVERNANCE COMMITTEE**

**12 DECEMBER 2014**

**TREASURY MANAGEMENT – THIRD QUARTERLY REVIEW 2014/2015**

**Report of the Director of Finance**

**1. Purpose of Report**

- 1.1 To report on the Treasury Management (TM) performance to date for the third quarter of 2014/2015.

**2. Description of Decision**

- 2.1 The Committee is requested to:

- Note the Treasury Management performance during Quarter 3 of 2014/2015.
- Note the Lending List Criteria at Appendix B and the updated Approved Lending List at Appendix C.

**3. Introduction**

- 3.1 This report sets out the Treasury Management performance to date for the third quarter of the financial year 2014/2015, in accordance with the requirements of the Treasury Management Policy and Strategy agreed by Council.

**4. Summary of Treasury Management Performance for 2014/2015 – Quarter 3**

- 4.1 The Council's Treasury Management function continues to look at ways to maximise financial savings and increase investment return to the revenue budget. There was a large fall in PWLB borrowing rates in July, August and October as investors sought lower risk investment options following the escalation of the conflict in Ukraine and expectations of further banking interventions within the Eurozone. As PWLB rates were at a historically low level, it was decided to take advantage of these rates, to support the Council's Capital Programme requirements, and borrow £20m in Quarter 2 and a further £10m in Quarter 3. This will help maintain the Council's long term borrowing interest rate at its comparatively low level and will benefit the Council's revenue budget over the longer term.

- 4.2 One option to make savings is through debt rescheduling, however no rescheduling has been possible in 2014/15 as rates have not been considered sufficiently favourable. It should be noted the Council's interest rate on borrowing continues to be very low, currently 3.34%, and as such the Council benefits from this lower cost of borrowing and also from the ongoing savings from past debt rescheduling exercises. Performance continues to see the Council's rate of borrowing in the lowest quartile as compared to other authorities.
- 4.3 Treasury Management Prudential Indicators are regularly reviewed and the Council is within the limits set for all of its TM Prudential Indicators. The statutory limit under section 3(1) of the Local Government Act 2003, which is required to be reported separately, (also known as the Authorised Borrowing Limit for External Debt) was set at £440.123m for 2014/2015. The Council's maximum borrowing position at 30<sup>th</sup> November 2014 was £227.171m and is well within this limit. More details of all of the TM Prudential Indicators are set out in section A2 of Appendix A for information.
- 4.4 The Council's investment policy is regularly monitored and reviewed to ensure it has flexibility to take full advantage of any changes in market conditions which will benefit the Council.
- 4.5 As at 30<sup>th</sup> November 2014, the funds managed by the Council's Treasury Management team have achieved a rate of return on its investments of 0.75% compared with the benchmark 7 Day LIBID (London Interbank Bid) rate of 0.35%. Performance is positive and is significantly above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council, in what remains a very challenging market.
- 4.6 The rate of return on investments, as previously reported, has remained at very low levels compared to previous years, mainly due to UK-based financial institutions having accessed funding from alternative sources (such as the Government's Funding for Lending Scheme) to increase their capital/cash reserves in line with revised regulatory requirements. Consequently demand for local authority funds is low and whilst interest rates have improved slightly there is little prospect of a significant upturn until the Bank of England begin to increase the Base Rate. Even special tranche investment rates (which offer better than market average returns) have followed this downward trend. The implication is that the return on investments will be below those achieved in recent years.

Interest rates are being carefully monitored with short-term investments made where necessary so that the council can take full advantage of the expected increase in rates when it does occur.

- 4.7 More detailed Treasury Management information is included in Appendix A for Members' information.
- 4.8 The regular updating of the Council's authorised lending list is required to take into account financial institution mergers and changes in institutions' credit

ratings since the last report. The updated Approved Lending List is shown in Appendix C for information.

**5. Recommendation**

- 5.1 Members are requested to note the Treasury Management (TM) performance for the third quarter of 2014/2015.
- 5.2 Members are requested to note the Lending List Criteria at Appendix B and the updated Approved Lending List at Appendix C.



## Detailed Treasury Management Performance – Quarter 3 2014/2015

### A1 Borrowing Strategy and Performance – 2014/15

A1.1 The Borrowing Strategy for 2014/2015 was reported to Cabinet on 12<sup>th</sup> February 2014 and approved by full Council on 5<sup>th</sup> March 2014.

The Borrowing Strategy is based upon interest rate forecasts from a wide cross section of City institutions. The view in February 2014, when the Treasury Management Policy and Strategy was drafted, was that the Bank Base Rate would remain at 0.50% until March 2016 before steadily rising to 1.25% by March 2017 and that PWLB borrowing rates would increase during 2014/2015 across all periods.

The Bank Base Rate has remained at an all-time low of 0.50% since March 2009 with monetary policy set by the Bank of England (BoE) to meet a 2% inflation target in the medium-term. Recent economic data suggests a slowdown in the pace of recovery without the need for further Bank of England intervention, a view backed by November's Inflation Report where both growth and inflation expectations have been revised lower.

Financial analysts continue to push back their timing of an increase in the current Bank Rate, some as late as Q1 2016. Most do not anticipate a rise until at least the second quarter of 2015, a view shared by the Council's economic advisers Capita Asset Services, with rates then increasing gradually for the following two years and reaching 2.0% in Q3 2017.

Forecasts for PWLB interest rate levels have fallen across the board with benchmark rates of 2.5% for 5 years, 3.2% for 10 years and 3.9% for 25 and 50 years. Significant geopolitical risks and risks from the Eurozone continue to weigh on financial markets with this volatility expected to continue over the coming months.

The following table shows the average PWLB rates for Quarters 1 to 3 to date.

<b>2014/2015</b>	<b>Qtr 1* (Apr - Jun) %</b>	<b>Qtr 2* (Jul – Sept) %</b>	<b>Qtr 3* (Oct - Nov) %</b>
7 days notice	0.35	0.35	0.35*
1 year	1.29*	1.43*	1.26*
5 year	2.66*	2.70*	2.30*
10 year	3.56*	3.45*	3.01*
25 year	4.22*	4.04*	3.69*
50 year	4.18*	4.01*	3.70*

\*rates take account of the 0.20% discount to PWLB rates available to eligible authorities (which came into effect on 1<sup>st</sup> November 2012).

A1.2 The strategy for 2014/2015 is to adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow, and to respond to any changing circumstances to seek to secure benefit for the Council. A benchmark financing rate of 5.00% for long-term borrowing was set for 2014/2015 in light of the views prevalent at the time the Treasury Management policy was set in March 2014. Recent volatility

in the financial markets has seen considerable movement of funds into gilts with a resulting fall in both gilt yields and PWLB rates which the Council has taken advantage of. Investors have sought safer investment options following the conflict in Ukraine and more recently expectations of low inflation and economic growth that will require possible further financial support measures within the Eurozone. In line with discussions with the Council's economic advisors, the Council has sought to take advantage of the low borrowing rate troughs that have occurred particularly over the past 4 months, which will benefit the revenue budget over the longer term. As a result the Council has taken out £30 million of new borrowing during the financial year as these rates were considered opportune at each point in time. The new borrowing is summarised in the following table:

Duration	Date of the transaction	Start	Matures	Rate %	Loan Amount £m
50 years	08/08/2014	12/08/2014	12/08/2064	3.84	10.0
50 years	29/08/2014	02/09/2014	02/09/2064	3.72	10.0
50 years	16/10/2014	20/10/2014	20/10/2064	3.54	10.0

Since taking out this new borrowing, rates have fluctuated and lower inflation expectations have pushed rates downwards. The position is quite volatile at the moment and the Treasury Management team continues to closely monitor PWLB rates to assess the value of possible further new borrowing in line with the Authority's future Capital Programme requirements.

- A1.3 The Borrowing Strategy for 2014/2015 made provision for debt rescheduling but due to the proactive approach taken by the Council in recent years, and because of the very low underlying rate of the Council's long-term debt, it would be difficult to refinance long-term loans at interest rates lower than those already in place.

Rates have not been sufficiently favourable for rescheduling in 2014/2015 so far and the Treasury Management team will continue to monitor market conditions and secure early redemption if appropriate opportunities should arise.

The Council successfully applied to access PWLB loans at a discount of 0.20%. This 'certainty rate' is available for those authorities that provide "improved information and transparency on their locally determined long-term borrowing and associated capital spending plans". The discount came into effect on 1<sup>st</sup> November 2012 and the Council has been successful in extending its access to the PWLB certainty rate until at least 31<sup>st</sup> October 2015.

- A1.4 The Council's treasury portfolio position at 30<sup>th</sup> November 2014 is set out below:

		Principal (£m)	Total (£m)	Average Rate (%)
<b>Borrowing</b>				
Fixed Rate Funding	PWLB	157.9		
	Market	39.6		
	Other	2.0	199.5	3.75
Variable Rate Funding	Temporary / Other		27.6	0.41
<b>Total Borrowing</b>			<b>227.1</b>	<b>3.34</b>

## A2 Treasury Management Prudential Indicators – 2014/2015

A2.1 All external borrowing and investments undertaken in 2014/2015 have been subject to the monitoring requirements of the Prudential Code. Under the Code, Authorities must set borrowing limits (Authorised Borrowing Limit for External Debt and Operational Boundary for External Debt) and must also report on the Council's performance for all of the other TM Prudential Indicators.

A2.2 The statutory limit under section 3(1) of the Local Government Act 2003 (which is also known as the Authorised Borrowing Limit for External Debt) was set by the Council for 2014/2015 as follows:

	<b>£m</b>
Borrowing	410.945
Other Long-Term Liabilities	<u>29.178</u>
<b>Total</b>	<b><u>440.123</u></b>

The Operational Boundary for External Debt was set as shown below:-

	<b>£m</b>
Borrowing	302.575
Other Long Term Liabilities	<u>29.178</u>
<b>Total</b>	<b><u>331.753</u></b>

The maximum external debt in respect of borrowing in 2014/15 (to 30<sup>th</sup> November 2014) was £256.349 million (which includes borrowing in respect of other organisations such as Tyne and Wear Fire and Rescue Authority and other long-term liabilities such as PFI and Finance leases which already include borrowing instruments) and is well within the borrowing limits set by both of these key indicators.

A2.3 The table below shows that all other Treasury Management Prudential Indicators have been complied with:

Prudential Indicators	2014/2015 (to 30/11/14)	
	Limit £'000	Actual £'000
<b>P10 Upper limit for fixed interest rate exposure</b> Net principal re fixed rate borrowing / investments	250,000	90,181
<b>P11 Upper limit for variable rate exposure</b> Net principal re variable rate borrowing / investments	60,000	-10,271
<b>P12 Maturity Pattern</b> Under 12 months	Upper Limit 50%	19.57%
12 months and within 24 months	60%	0.66%
24 months and within 5 years	80%	4.60%
5 years plus	100%	82.21%
A lower limit of 0% for all periods		
<b>P13 Upper limit for total principal sums invested for over 364 days</b>	75,000	0

### A3 Investment Strategy – 2014/2015

A3.1 The Investment Strategy for 2014/2015 was approved by Council on 5<sup>th</sup> March 2014. The general policy objective for the Council is the prudent investment of its treasury balances. The Council's investment priorities in order of importance are:

- (A) The **security** of capital;
- (B) The **liquidity** of its investments and then;
- (C) The Council aims to achieve the **optimum yield** on its investments but this is commensurate with the proper levels of security and liquidity.

A3.2 As at 30<sup>th</sup> November 2014, the funds managed by the Council's in-house team amounted to £199.383 million and all investments complied with the Annual Investment Strategy. This includes monies invested on behalf of all other external organisations. The table below shows the return received on these investments compared with the benchmark 7 Day LIBID (London Interbank Bid) rate, which the Council uses to assess its performance.

	<b>2014/2015 Actual to 30/11/14 %</b>	<b>2014/2015 Benchmark to 30/11/14 %</b>
Return on investments	0.75	0.35

A3.3 Investments placed in 2014/2015 have been made in accordance with the approved investment strategy and comply with the Counterparty Criteria in place, shown in Appendix B, which is used to identify organisations on the Approved Lending List.

A3.4 The investment policy is regularly monitored and reviewed to ensure it has flexibility to take full advantage of any changes in market conditions to the Council's advantage.

A3.5 Investment rates available in the market have continued at historically low levels.

A3.6 Due to the continuing high volatility within the financial markets, particularly in the Eurozone, advice from our Treasury Management advisers is to continue to restrict investments with all financial institutions to shorter term periods.

A3.7 Advice also continues that the above guidance is not applicable to institutions considered to be very low risk, mainly where the government holds shares in these organisations (i.e. Lloyds and RBS) which have an AA+ rating applied to them, or separately in respect of Money Market Funds which are in fact AAA rated.

A3.8 The regular updating of the Council's authorised Lending List is required to take into account financial institution mergers and changes in institutions' credit ratings. Members should also note that Swedish Bank, Svenska Handelsbanken has been added to the list of approved institutions that the Council can invest with. The Swedish state holds the highest possible AAA rating combined with a stable outlook from all three leading credit ratings agencies, whilst the credit rating for Svenska Handelsbanken is at the same level as HSBC and higher than all other UK banks. Since 2000 Svenska Handelsbanken has been steadily building up a UK branch network, including a Sunderland branch, and its addition to the Approved Lending List

will increase the investment options, with highly rated counterparties, available to the Council. The Approved Lending List is shown in Appendix C and has been updated with notified changes to credit ratings.



**Counterparty Criteria**

The Council takes into account not only the individual institution's credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also all available market data and intelligence, the level of government support and advice from its Treasury Management advisers.

Set out below are the criteria to be used in determining the level of funds that can be invested with each institution. Where an institution is rated differently by the rating agencies, the lowest rating will determine the level of investment.

<b>Fitch / S&amp;P's Long Term Rating</b>	<b>Fitch Short Term Rating</b>	<b>S&amp;P's Short Term Rating</b>	<b>Moody's Long Term Rating</b>	<b>Moody's Short Term Rating</b>	<b><u>Maximum Deposit</u> £m</b>	<b><u>Maximum Duration</u></b>
AAA	F1+	A1+	Aaa	P-1	110	2 Years
AA+	F1+	A1+	Aa1	P-1	90	2 Years
AA	F1+	A1+	Aa2	P-1	40	364 days
AA-	F1+ / F1	A1+ / A-1	Aa3	P-1	20	364 days
A+	F1	A-1	A1	P-1	10	364 days
A	F1 / F2	A-1 / A-2	A2	P-1 / P-2	10	364 days
A-	F1 / F2	A-2	A3	P-1 / P-2	5	6 months
<b>Local Authorities</b> (limit for each local authority)					30	2 years
<b>UK Government</b> (including debt management office, gilts and treasury bills)					90	2 years
<b>Money Market Funds</b> Maximum amount to be invested in Money Market Funds is £80m with a maximum of £40m in any one fund.					80	Liquid Deposits
<b>Local Authority controlled companies</b> (# duration limited to 20 years in accordance with Capital Regulations)					20	# 20 years

Where the UK Government holds a shareholding in an institution the UK Government's credit rating of AA+ will be applied to that institution to determine the amount the Council can place with that institution for a maximum period of 2 years.

Where any banks / building societies are part of the UK Government's Credit Guarantee scheme (marked with \* in the Approved Lending List), these counterparties will have an AA rating applied to them thus giving them a credit limit of £40 million for a maximum period of 364 days

The Code of Practice for Treasury Management in the Public Services recommends that consideration should also be given to country, sector, and group limits in addition to the individual limits set out above, these new limits are as follows:

**Country Limit**

It is proposed that only countries with a minimum sovereign credit rating of AA+ by all three rating agencies will be considered for inclusion on the Approved Lending List.

It is also proposed to set a total limit of £40 million which can be invested in other countries provided they meet the above criteria. A separate limit of £350m will be applied to the United Kingdom and is based on the fact that the government has done and is willing to take action to protect the UK banking system.

<b>Country</b>	<b>Limit £m</b>
UK	350
Non UK	40

**Sector Limit**

The Code recommends a limit be set for each sector in which the Council can place investments. These limits are set out below:

<b>Sector</b>	<b>Limit £m</b>
Central Government	350
Local Government	350
UK Banks	350
UK Building Societies	150
Money Market Funds	80
Foreign Banks	40

**Group Limit**

Where institutions are part of a group of companies e.g. Lloyds Banking Group, Santander and RBS, then total limit of investments that can be placed with that group of companies will be determined by the highest credit rating of a counterparty within that group, unless the government rating has been applied. This will apply provided that:

- the government's guarantee scheme is still in place;
- the UK continues to have a sovereign credit rating of AA+; and
- that market intelligence and professional advice is taken into account.

Proposed group limits are set out in Appendix C.

Approved Lending List

Appendix C

	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Viability	Support	L Term	S Term	Fin Strength Rating	L Term	S Term		
<b>UK</b>	AA+	-	-	-	Aa1	-	-	AAA	-	350	2 years
<b>Lloyds Banking Group</b> (see Note 1)										<b>Group Limit 90</b>	
Lloyds Banking Group plc	A	F1	a-	1	A2	-	-	A-	A-2	90	2 years
Lloyds Bank Plc	A	F1	a-	1	A1	P-1	C-	A	A-1	90	2 years
Bank of Scotland Plc	A	F1	a-	1	A1	P-1	C-	A	A-1	90	2 years
<b>Royal Bank of Scotland Group</b> (See Note 1)										<b>Group Limit 90</b>	
Royal Bank of Scotland Group plc	A	F1	bbb	1	Baa2	P-2	-	BBB+	A-2	90	2 years
The Royal Bank of Scotland Plc	A	F1	bbb	1	Baa1	P-2	D+	A-	A-2	90	2 years
National Westminster Bank Plc	A	F1	bbb	1	Baa1	P-2	D+	A-	A-2	90	2 years
Ulster Bank Ltd	A-	F1	ccc	1	Baa3	P-3	E+	BBB+	A-2	90	2 years
<b>Santander Group *</b>										<b>Group Limit 40</b>	
Santander UK plc	A	F1	a	1	A2	P-1	C-	A	A-1	40	364 days
Cater Allen	-	-	-	-	-	-	-	-	-	40	364 days
Barclays Bank plc *	A	F1	a	1	A2	P-1	C-	A	A-1	40	364 days
HSBC Bank plc *	AA-	F1+	a+	1	Aa3	P-1	C	AA-	A-1+	40	364 days

## Appendix C

	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Viability	Support	L Term	S Term	Fin Strength Rating	L Term	S Term		
Nationwide BS *	A	F1	a	1	A2	P-1	C	A	A-1	40	364 days
Standard Chartered Bank *	AA-	F1+	aa-	1	A1	P-1	B-	<b>A+</b>	<b>A-1</b>	40	364 days
Clydesdale Bank / Yorkshire Bank **/**	A	F1	bbb+	1	Baa2	P-2	D+	BBB+	A-2	0	
Co-Operative Bank Plc	B	B	b	5	Caa2	NP	E	-	-	0	
<b>Top Building Societies (by asset value)</b>											
Nationwide BS (see above)											
Yorkshire BS ***	<b>A-</b>	<b>F1</b>	<b>a-</b>	5	Baa1	P-2	C-	-	-	0	
Coventry BS	A	F1	a	5	A3	P-2	C	-	-	5	6 Months
Skipton BS ***	<b>BBB</b>	<b>F2</b>	<b>bbb</b>	5	<b>Baa3</b>	<b>P-3</b>	D+	-	-	0	
Leeds BS	A-	<b>F1</b>	a-	5	A3	P-2	C	-	-	5	6 Months
West Bromwich BS ***	-	-	-	-	B2	NP	E+	-	-	0	
Principality BS ***	BBB+	F2	bbb+	5	<b>Baa3</b>	<b>P-3</b>	D+	-	-	0	
Newcastle BS ***	BB+	B	bb+	5	-	-	-	-	-	0	
Nottingham BS ***	-	-	-	-	Baa2	P-2	C-	-	-	0	
<b>Foreign Banks have a combined total limit of £40m</b>											
<b>Australia</b>	AAA	-	-	-	Aaa	-	-	AAA		40	364 Days
National Australia Bank	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Australia and New Zealand Banking Group Ltd	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Commonwealth Bank of Australia	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Westpac Banking Corporation	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days

## Appendix C

	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Viability	Support	L Term	S Term	Fin Strength Rating	L Term	S Term		
<b>Canada</b>	AAA	-	-	-	Aaa	-	-	AAA	-	40	364 Days
Bank of Nova Scotia	AA-	F1+	aa-	1	Aa2	P-1	B-	A+	A-1	10	364 Days
Royal Bank of Canada	AA	F1+	aa	1	Aa3	P-1	C+	AA-	A-1+	20	364 Days
Toronto Dominion Bank	AA-	F1+	aa-	1	Aa1	P-1	B	AA-	A-1+	20	364 Days
<b>Sweden</b>	AAA	-	-	-	Aaa	-	-	AAA	-	40	364 Days
Svenska Handelsbanken AB	AA-	F1+	aa-	1	Aa3	P-1	C	AA-	A-1+	20	364 Days
<b>Money Market Funds</b>										80	Liquid
Prime Rate Stirling Liquidity	AAA				Aaa			AAA		40	Liquid
Insight Liquidity Fund	AAA							AAA		40	Liquid
Ignis Sterling Liquidity	AAA							AAA		40	Liquid
Deutsche Managed Sterling Fund	-	-	-	-	Aaa	-	-	AAA	-	40	Liquid

### Notes

#### Note 1

#### **Nationalised / Part Nationalised**

The counterparties in this section will have the UK Government's AA+ rating applied to them thus giving them a credit limit of £90m.

\* Banks / Building Societies which are part of the UK Government's Credit Guarantee scheme

The counterparties in this section will have an AA rating applied to them thus giving them a credit limit of £40 million

\*\* The Clydesdale Bank (under the UK section) is owned by National Australia Bank

\*\*\* These will be revisited and used only if they meet the minimum criteria (ratings of A- and above)

Any bank which is incorporated in the United Kingdom and controlled by the FSA is classed as a UK bank for the purposes of the Approved Lending List.



**AUDIT AND GOVERNANCE COMMITTEE**

**12 December 2014**

**CORPORATE ASSURANCE MAP 2014/2015 – UPDATE**

**Report of the Head of Assurance, Procurement and Projects**

**1. Purpose of Report**

- 1.1 To enable the Audit and Governance Committee to consider the updated Corporate Assurance Map based on work undertaken so far during the year, the Internal Audit opinion on the adequacy of the overall system of internal control, and the performance of Internal Audit.
- 1.2 For completeness, the report covers Internal Audit's key performance measures. The report does not set out the work undertaken for associated bodies for which the Council has a lead responsibility; this is a matter for the bodies concerned.

**2. Description of Decision**

- 2.1 The Audit and Governance Committee are asked to note the report and consider the updated Corporate Assurance Map (the Map).

**3. Background**

- 3.1 In March 2014 the Committee approved the proposed Corporate Assurance Map for 2014/15 and the plans of work for Internal Audit and Risk & Assurance.
- 3.2 A key feature of the integrated assurance framework is to co-ordinate assurance that could be provided by other sources within the Council and external sources and consider if there are any gaps or duplication in the assurance provided.

**4. Updated Corporate Assurance Map**

- 4.1 The updated Corporate Assurance Map, as at 28<sup>th</sup> November 2014, is shown overleaf. It has been updated based on the work to date of the Internal Audit, and Risk and Assurance Teams and assurance from other sources within the Council and external sources.

## Corporate Assurance Map

Assurance Position (as at 28 <sup>th</sup> November 2014) (Cumulative)		2014/15										
		1 <sup>st</sup> Line	2 <sup>nd</sup> Line							3 <sup>rd</sup> Line		
		Management Assurance	Other Internal Assurance Activity							Internal Audit	External Assurance	
	Current Risk	Residual Risk	Legal Services	Financial Resources	Programmes and Projects	Strategy, Policy and Performance	ICT	HR & OD	Business Continuity	Risk and Assurance		
<b>Strategic Risk Areas</b>												
	People									X		
	Place									X		
	Economy									X		
	Organisational			X						X		X
<b>Corporate Risk Areas</b>												
	Customer Focus / Service		X			X				X	X	
	Legality		X							X		
	Service / Business Planning		X			X				X	X	
	Programme and Project Management		X		X					X	X	
	Partnerships		X							X	X	
	Business Continuity Planning		X						X	X	X	
	Procurement		X							X	X	
	Relationship and Contract Management		X							X	X	
	Financial Management		X	X						X	X	X
	Human Resource Management		X					X		X	X	
	Information Governance		X	X						X	X	
	Performance Management		X			X				X	X	
	Asset Management		X							X		
	ICT Strategy and Delivery						X			X	X	
	Fraud and Corruption		X								X	
	Risk Management (Service Delivery)		X							X	X	
	Schools		X	X						X	X	

Key: X=activity planned, White=no coverage, **Green**=full / substantial assurance, **Amber**=moderate assurance, **Red**=limited / no assurance

## Strategic Risk Areas

- 4.2 The top section of the Map relates to the strategic risks identified in the Strategic Risk Profile. The Profile is attached at Appendix 1. Given the longer term nature of these risks the current risk rating is shown (i.e. what would be the level of risk if no actions were taken to manage the risks), and the residual risk level (i.e. the level of risk taking into account ongoing actions and planned actions). The current risk ratings have been updated with EMT. This has resulted in a change to the rating for risks EC1 and EC4, and the overall current rating for Economy has changed from red to amber. Progress against each of the mitigating actions is assessed with the lead officers and assurance levels determined.

## Assurance from Internal Audit

- 4.3 The detailed results of Internal Audit work are shown at Appendix 2, with the summary outcomes shown on the Map. Appendix 2 shows all of the opinions, including those from previous years, which have been considered in determining the overall assurance level.
- 4.4 From the original 71 audits included within the Council's audit plan for the year it is now considered not appropriate to carry out three of them. They are:
- Sunderland Partnership – a review is being carried out of the operation this partnership from within the service. In addition, the Risk and Assurance Team are monitoring this so the audit is no longer necessary.
  - Multi Agency Safeguarding Hub (MASH) – work is on-going between the People's Directorate, Health and the Police with a view to evaluating and redesigning how the MASH works. The audit will therefore be deferred into 2015/16.
  - Community Family and Wellbeing – The Chief Operating Officer is having monthly meetings with the Head of Service, ICT, Corporate Affairs, and Strategy, Policy and Performance to monitor improvements being made and a new ICT solution is being put in place. It is appropriate to defer this audit into 2015/16 to allow these to be finalised and become established.

## Assurance from Risk and Assurance Team

- 4.5 Areas that the Risk and Assurance Team are currently involved in are shown at Appendix 3. Much of their work is ongoing over a period of time, however, where ongoing assurance can be provided from their work this is shown on the Map. Assurance work within the last quarter has included:
- Support to the development of alternative service delivery vehicles such as Leisure Services review, Sunderland Care and Support Ltd, place

based services and the Tyne and Wear Care Alliance.

- Providing assurance on the delivery of the Transformation Programme and Key Projects.
- Procurement Phase of the New Wear Crossing and the development stage of the SSTC Phase 3.
- Planning for the implementation of the City Deal.
- Providing assurance on the delivery of the Workforce Transformation project (pay and grading review).
- Risks in relation to the delivery of ICT business objectives.
- Mobilisation phase of the Intelligence Hub.
- Implementation of the new Care Act and Children and Families Act.
- Implementation of the Better Care Fund.
- Improvements in relation to Children's Safeguarding.

#### Assurance from others within the Council

- 4.6 Assurance provided from others within the Council is shown in the Corporate Assurance Map.
- 4.7 Assurance from the ICT Unit in relation to the ICT arrangements across the Council will be sought in the future. Recent activity has concentrated on improving the areas previously highlighted to the Committee.

#### Assurance from Management

- 4.8 Arrangements are in place to obtain assurance from service management in a number of areas. Members will note that the majority of risk areas are shown as having substantial assurance.

#### Assurance from External Sources

- 4.9 The Map presented at the September meeting identified issues regarding the Children's Safeguarding Service. An improvement plan has been developed and the Risk and Assurance team are working with the Directorate on this. It is still early days in the implementation of the plan and therefore the assurance level has not changed since the last meeting.

#### Overall

- 4.10 The overall assurance level for the Economy Strategic Risk Area has changed from red to amber. All other assurance levels remain the same.

## 5. Internal Audit Performance

5.1 The performance in relation to targets set for Internal Audit is shown at Appendix 4. Performance is on target for all KPI's apart from:

- The Percentage of audits completed by the target date (from scoping meeting to issue of draft report). Performance is currently at 78% against a target of 80%. This is due to additional work being required at a small number of schools to clarify issues which had arisen during the audits. No issues of concern have been highlighted from this work.
- the percentage of medium risk recommendations implemented (excluding schools) which now stands at 82%. This is a reduction since the last committee meeting, where the overall position was 85%

A summary of the performance by directorate for medium risk recommendations is shown below:

Directorate / Body	Implementation Rate
People	80%
Office of the Chief Executive	81%
Commercial and Corporate Services	84%
<b>Implementation Rate (exc. Schools)</b>	<b>82%</b>
Schools	86%
<b>Total Implementation Rate</b>	<b>84%</b>

## 6. Conclusions

6.1 This report provides an update on the assurance provided in the Corporate Assurance Map, work ongoing in relation to the Internal Audit and Risk & Assurance Teams and performance targets for Internal Audit.

6.2 Results of the work undertaken so far during the year have not highlighted any issues which affect the overall opinion that the Council continues to have in place an adequate system of internal control.

## 7. Recommendations

7.1 The Audit and Governance Committee are asked to note the report and consider the updated Corporate Assurance Map.



## Strategic Risk Profile

### People

#### Desired Outcomes

A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing

A city with high levels of skills, educational attainment and participation

A city which is, and feels, even safer and more secure

A city that ensures people are able to look after themselves wherever possible

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
<p><b>PE 1</b> Failure to ensure appropriate health and wellbeing services to children and adults, in response to financial pressures</p>	Neil Revely, ED of People Services	2x4 = 8	2x4 = 8	<ul style="list-style-type: none"> <li>Implement the Health and Wellbeing Strategy to:               <ul style="list-style-type: none"> <li>Target prevention and early intervention</li> <li>Build capacity and reduce dependency to help individuals to be more independent and self-sustaining</li> </ul> </li> <li>Manage demand by empowering customers to take up viable alternatives to council services</li> <li>Coordinate and implement public health campaigns and promotional activities working with relevant external public health related organisations</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Newly created Health and Wellbeing Board have taken responsibility for delivering the Health and Wellbeing Strategy</li> <li>Delivery plan for the Health and Wellbeing Strategy in development</li> <li>Continuing to integrate approach. Consideration being given to an integrated commissioning approach with Health</li> <li>Joint Strategic Needs Assessment completed and signed off by the Health and Well Being Board</li> <li>People Services plan on a page in place</li> <li>Planned savings on target for 2014/15</li> <li>Creation of the Better Care Fund</li> </ul>	2x4 = 8

Risk Description	Risk Owner	Score Sept 2014 LxI	Current Score Dec 2014 LxI	Mitigation and progress to reduce current score	Residual Score LxI
<b>PE 2</b> We fail to encourage more people to help themselves and communities to come up with local solutions	Sarah Reed, Assistant Chief Executive	3x3 = 9	3x3 = 9	<ul style="list-style-type: none"> <li>As a Community Leadership Council we will strengthen self-help capacity in our communities</li> <li>Deliver the Voluntary Community Sector Relationship Transition project</li> <li>Implement the Community Resilience Plan, Health and Wellbeing Strategy and Strengthening Families Strategy to develop asset based approaches to increase independence and self-reliance</li> <li>Through the “PEOPLE” strand of communications deliver an integrated campaign, which encourages people to help themselves</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Continuing to develop the approach to being a Community Leadership Council</li> <li>Voluntary Community Sector project complete, it developed an approach that aligns engagement with the VCS and day to day service delivery</li> <li>Community Resilience Plan adopted by Sunderland Innovation Group (part of Sunderland Partnership) in November 2013. Still needs to be implemented across all partners. Arrangements for monitoring of progress and effectiveness need to be developed.</li> </ul>	1x3 = 3
<b>PE 3</b> Despite improvement, a range of health indicators across the city continue to be below national averages including levels of child and adult obesity, rates of breastfeeding and levels of teenage pregnancy	Neil Revely, ED of People Services	3x3 = 9	3x3 = 9	<ul style="list-style-type: none"> <li>Deliver the Public Health improvement responsibilities</li> <li>Progress the delivery plan and performance management to address improvement in health indicators</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>“Plan on a page” being developed to improve individual Health indicators</li> <li>Progress on overarching indicators to be reported to Health &amp; Wellbeing Board</li> <li>Board to challenge other under performing indicators</li> <li>University to review methods of measuring progress as to how things are being done differently</li> </ul>	2x3 =6

Risk Description	Risk Owner	Score Sept 2014 LxI	Current Score Dec 2014 LxI	Mitigation and progress to reduce current score	Residual Score LxI
				<ul style="list-style-type: none"> <li>• People Services plan on a page includes Activity Policy</li> <li>• Education and Skills strategy to include what 'great schools' look like, including healthy eating and activity</li> </ul>	
<p><b>PE 4</b> Economic conditions will mean that our interventions to help people, particularly young people, to gain employment will not be as effective as intended</p>	<p>Janet Johnson, Deputy Chief Executive</p>	<p><b>3x3 = 9</b></p>	<p><b>3x3 = 9</b></p>	<ul style="list-style-type: none"> <li>• Extend employment opportunities for people out of work and to ensure job progression and mobility for those people in work through the implementation of the Sunderland Employment Strategy</li> <li>• Continue to deliver (and develop) early intervention and prevention practices to support young people who are a risk of becoming NEET</li> <li>• Maximise learning opportunities afforded by the Youth Contract and by 3<sup>rd</sup> sector providers to young people requiring most support, to move them towards employment opportunities.</li> <li>• The Education Leadership Board to continue to improve the links between schools and employers</li> <li>• Extend the environmental apprenticeship scheme across other Streetscene services</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Educational Leadership Board in process of carrying out a major restructure to replace the current Aim groups</li> <li>• NEET interventions continue via work of Locality/Connexions team members. This is being supplemented through People Board initiatives</li> <li>• A total of 87 apprentices now engaged by the Council</li> <li>• Education Leadership Board continue to work with business leaders to encourage links with schools</li> <li>• The Educational Leadership Board has established 3 Result Groups including Sector Growth and Skills, providing a greater focus on skills on a city wide basis.</li> <li>• "Work Discovery" established through business leaders working directly with schools with support from the Council, provides students with greater knowledge of job opportunities</li> </ul>	<p><b>2x3 = 6</b></p>

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
<p><b>PE 5</b> The current skill levels of young people and adults are not sufficient to meet the current and future needs of the economy</p>	<p>Neil Revely, ED of People Services</p>	<p><b>3x3 = 9</b></p>	<p><b>3x3 = 9</b></p>	<ul style="list-style-type: none"> <li>• Implement the Sunderland Skills Strategy to consider employer demand and the skills needed to fill any expected shortages or gaps within the growth sectors</li> <li>• Implement the Family, Adult and Community Learning Strategy which outlines the priorities and principles necessary to meet the learning needs of adults and families</li> <li>• The Education Leadership Board to continue to Improve links between schools and employers</li> <li>• Set up the Combined Authority whose remit will include regional skills issues</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Education Leadership Board is fully in place with key stakeholder involvement, i.e. employers, training providers, college/university, schools and nurseries, Council officer. In process of developing an Education and Skills Strategy. Key senior Council officer to support the development. Activities are developing e.g. Business School Group linking employers with schools, and 'Work Discovery Week</li> <li>• Combined Authority in place from April 2014</li> <li>• FACL continues to have increased participation and improved level of accredited course participation.</li> <li>• North East Leadership Board (Combined Authority) to deliver the shared ambitions of the seven councils to accelerate economic growth; focusing on skills, transport and inward investment, giving the area a stronger voice nationally and internationally</li> <li>• The North East Local Enterprise Partnership (NELEP) has been chosen by government as one of only three LEPs across the country to pilot innovative new approaches to skills development funding to help boost local jobs and business growth. NELEP will work jointly with the Skills Funding Agency to develop the skills model</li> <li>• Education and Skills Strategy being finalised</li> </ul>	<p><b>2x3 = 6</b></p>

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
<b>PE 6</b> Increasing poverty levels and community cohesion issues arising out of welfare reforms and economic conditions	Sarah Reed, Assistant Chief Executive	3x3 = 9	3x3 = 9	<ul style="list-style-type: none"> <li>• Continue to deliver the Welfare Reform “Social Fund”</li> <li>• Prepare for the introduction of “Universal Credit”</li> <li>• Implement the Community Resilience Delivery Plan</li> <li>• Continue to implement the Child and Family Poverty Strategy</li> <li>• Deliver the Strengthening Families project</li> <li>• Develop and implement a delivery plan for the Access to Housing Strategy</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Social Fund in place and continues to provide support to local communities. Take up is lower than anticipated. Government funding will cease in March 2015. A review is planned to be carried out during 2014/15 to assess the whole Council provision of services in respect of financial inclusion. Emphasis of prevention.</li> <li>• Uncertainty remains over the introduction of “Universal Credit”</li> </ul>	2x3 = 6
<b>PE 7</b> Implementation of the Health & Wellbeing Strategy may not effectively target the most vulnerable groups resulting in widening inequalities	Neil Revely, ED of People Services	2x3 = 6	2x3 = 6	<ul style="list-style-type: none"> <li>• Implement the Health and Wellbeing Strategy, delivery plan and performance management arrangements</li> <li>• Continue to liaise with the Clinical Commissioning Group and GPs to gain a better understanding of vulnerable groups</li> <li>• Develop an asset based approach to delivery, making better use of assets that already exist in families and communities</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Health and Wellbeing Board monitor the actions to reduce inequalities The Design Principles that underpin the approach to health and wellbeing includes Equity – providing access to excellent services dependent on need and preferences that are also based on evaluated models.</li> <li>• People Services plan on a page</li> </ul>	1x3 = 3

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
<p><b>PE 8</b> Failure to align partner services to ensure we have a city that is safe and secure</p>	<p>Sarah Reed, Assistant Chief Executive</p>	<p><b>2x2 = 4</b></p>	<p><b>2x2 = 4</b></p>	<ul style="list-style-type: none"> <li>• Continue to deliver the Safer Sunderland Partnership's delivery plan: tackling alcohol, drugs, domestic violence, violent crime, anti-social behaviour, safety and feelings of safety and re-offending</li> <li>• Apply the Strengthening Families approach to support people out of offending</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• By the end of 2012/13, when compared with the previous year, the Safer Sunderland Partnership was able to report a 19% reduction in recorded crime and an 11.9% reduction in recorded anti-social behaviour incidents</li> <li>• The multi agency Strengthening Families Programme is starting to record success in reducing offending</li> </ul>	<p><b>1x2 = 2</b></p>

**PLACE**

**Desired Outcomes**

An attractive, modern city where people choose to invest, live, work and spend their leisure time.

A responsible, well looked-after city that is adaptable to change.

A well connected city.

A city where cultural identity and vibrancy act as a significant attraction

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
<p><b>PL 1</b> The Local Development Framework is not adopted thereby restricting development opportunities for the City</p>	<p>Janet Johnson, Deputy Chief Executive</p>	<p><b>2x4 = 8</b></p>	<p><b>2x4 = 8</b></p>	<ul style="list-style-type: none"> <li>• Develop the LDF (Local Plan) to ensure it meets the required Government criteria</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Local Plan is being developed in line with government criteria. However adoption of Local Plan is expected to be late 2015/16. Draft plan for consultation due in late 2014. Development will not stop however until the Local Plan is adopted</li> <li>• Area Action Plan to be developed in respect of the IAMP site</li> </ul>	<p><b>1x4 = 4</b></p>
<p><b>PL 2</b> Failure to deliver our place-shaping activities in a coordinated manner (including economic housing and transport investments)</p>	<p>Janet Johnson, Deputy Chief Executive</p>	<p><b>2x3 = 6</b></p>	<p><b>2x3 = 6</b></p>	<ul style="list-style-type: none"> <li>• Adopt an ambitious, developer/investor friendly Core Strategy (Land Use Plan) that will guide high quality future physical development that is synonymous with a modern, vibrant, aspirational city</li> <li>• Develop and implement the Sunderland Housing Strategy</li> <li>• Set up the Combined Authority that will have responsibility for the creation of an area wide integrated transport authority and preparation of a local transport plan</li> <li>• Utilise all available funding opportunities to improve infrastructure e.g. Regional Growth Fund</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland</li> </ul>	<p><b>1x3 = 3</b></p>

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
				<p>councils have all come together to form the North East Leadership Board (Combined Authority).</p> <ul style="list-style-type: none"> <li>Funding secured for SSTC Phase 3 and scoping of the IAMP development</li> </ul>	
<b>PL 3</b> Delivery of capital investment priorities is too slow to realise opportunities available	Janet Johnson, Deputy Chief Executive	<b>Score</b> <b>2x3 = 6</b>	<b>Score</b> <b>2x3 = 6</b>	<ul style="list-style-type: none"> <li>Development of a Local Asset Backed Vehicle (LABV) to deliver accelerated regeneration and economic development activity</li> <li>Continue to support the development of priority areas including <ul style="list-style-type: none"> <li>Vaux site</li> <li>Sunniside</li> <li>Seaburn</li> </ul> </li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Strategic Partner procured for the LABV and the new company has been established</li> <li>Realignment of St Mary's Way and development of city centre square progressing which will support development of the Vaux Site and City Centre.</li> <li>Washington Leisure Centre due to open in Spring 15.</li> <li>Creation of the LABV should expedite the delivery of investment priorities, including the Vaux site.</li> </ul>	<b>1x3 = 3</b>
<b>PL 4</b> Inability to stimulate sufficient inward investment for development projects, particularly in relation to the City Centre	Janet Johnson, Deputy Chief Executive	<b>2x3 = 6</b>	<b>2x3 = 6</b>	<ul style="list-style-type: none"> <li>Promote the City nationally and internationally as a place to invest, through the Make it Sunderland campaign</li> <li>Private sector partners to develop a Business Improvement District proposal providing resources that will contribute to physical improvement in the city centre</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Sunderland BID Limited has been established in the form of an independent, not-for-profit company controlled by the private sector. The Board membership currently stands at 17 who are elected</li> </ul>	<b>1x3 = 3</b>

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
				<p>from businesses and city stakeholders. The Board is responsible for ensuring projects are delivered on time and within budget. A small operational team is now in place to support Ken Dunbar, the first Chief Executive of the new BID Company. The company has developed a business plan to invest at least £3.4 m in the city centre over the next 5 years</p> <ul style="list-style-type: none"> <li>• Make it Sunderland campaign continues to promote investment in the City</li> <li>• Inward investment secured in respect of The Bridges, Sunnyside Leisure and a new hotel complex.</li> </ul>	
<b>PL 5</b> The City's infrastructure does not provide appropriate access and movement for all, including those with restricted mobility	Neil Revely, ED of People Services	<b>2x2 = 4</b>	<b>2x2 = 4</b>	<ul style="list-style-type: none"> <li>• Continue to engage with Nexus to develop Community Transport, taking into consideration the market and the commercial viability of transport routes</li> <li>• Engage with the Voluntary and Community sector to provide access for people with restricted mobility (e.g. volunteer drivers)</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• On going engagement with NEXUS in relation to community transport. Government funding in respect of community transport may be reduced</li> <li>• Active Travel Plan</li> <li>• Refreshing All Age Friendly City Policy</li> </ul>	<b>2x2 = 4</b>
<b>PL 6</b> Fail to agree and implement a Cultural Strategy and associated action plan	Neil Revely, ED of People Services	<b>2x2 = 4</b>	<b>2x2 = 4</b>	<ul style="list-style-type: none"> <li>• Develop Cultural Strategy and implementation plan</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Cultural Partnership formed to bring a wider base to the development of the strategy</li> <li>• Cultural Strategy being launched</li> <li>• Heritage lottery schemes being progressed</li> </ul>	<b>1x2 = 2</b>

## ECONOMY

### Desired Outcomes

A national hub of the low carbon economy

A prosperous and well connected waterfront city centre

An inclusive city economy for all ages

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
<p><b>EC 1</b> The increased costs of university fees and restricted access to appropriate learning opportunities will dissuade some young people from attending HE and skills levels will not increase as quickly as anticipated</p>	Janet Johnson, Deputy Chief Executive	3x3 = 9	2x3 = 6	<ul style="list-style-type: none"> <li>Education Leadership Board to promote the benefits of higher education</li> <li>North East Local Enterprise Partnership (NELEP) to support the promotion of higher education</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>NELEP and the Education Leadership Board continue to promote the benefits of higher education</li> <li>Council, schools, colleges and the NE Chamber of Commerce are engaged to strengthen ties between education and business in the city</li> <li>Risk reduced as there is no evidence to show that the increased cost of fees is having a significant impact on higher education attendance. However issues remain as to the appropriateness of the subjects taken.</li> </ul>	2x3 = 6
<p><b>EC 2</b> The City doesn't attract inward investors because of a lack of sites / finance</p>	Janet Johnson, Deputy Chief Executive	2x3 = 6	2x3 = 6	<ul style="list-style-type: none"> <li>Development of a Local Asset Backed Vehicle (LABV) to leverage private sector funding and investment in the City</li> <li>Allocation of appropriate employment sites through the LDF process</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Strategic Partner procured and now in mobilisation phase to establish the new company</li> <li>Funds secured in respect of the Enterprise Zone</li> <li>City Deal has been signed, providing funding to begin development of the 100-hectare International Advanced Manufacturing Park (IAMP)</li> </ul>	2x3 = 6

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
				<ul style="list-style-type: none"> <li>Local Growth Fund and ERDF funding secured in respect of transport infrastructure and the Low Carbon Zone transport scheme</li> <li>LABV expected to deliver investment for priority areas</li> </ul>	
<b>EC 3</b> The more highly qualified/skilled people in the City will leave to find suitable work outside of the region, reducing the proportion of highly qualified/skilled people living in the City	Janet Johnson, Deputy Chief Executive	3x3 = 9	3x3 = 9	<ul style="list-style-type: none"> <li>Continue to deliver the Make It Sunderland campaign that sets the direction for our efforts to attract employment opportunities to the city, across a wide range of sectors</li> <li>Implement a Housing Investment Plan that ensures we have the right range and types of housing, in the right locations, to retain existing residents and attract new people into the City</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Housing Investment Plan to be updated and included in the Housing Strategy</li> <li>Make it Sunderland campaign continuing to attract jobs and investment into the City</li> </ul>	2x3 = 6
<b>EC 4</b> Inability to deliver on the New Wear Crossing in line with the planned timescales	Janet Johnson, Deputy Chief Executive	3x3 = 9	2x3 = 6	<ul style="list-style-type: none"> <li>Complete the procurement phase and deliver the construction phase of the New Wear Crossing</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Procurement phase progressing with competitive Dialogue closed and Final Tenders expected, in accordance with programme, during December.</li> </ul>	2x3 = 6
<b>EC 5</b> Fail to ensure plans are in place to support carers, people with disabilities and mental health issues into or to maintain employment	Neil Revely, ED of People Services	2x4 = 8	2x4 = 8	<ul style="list-style-type: none"> <li>Continue to engage with Remploy, who provide sustainable employment opportunities for disabled people and those who experience complex barriers to work</li> <li>Continue to support the Carers Strategy Group</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>On going engagement with Remploy and the Carers Strategy Group</li> </ul>	1x4 = 4

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
				<ul style="list-style-type: none"> <li>Sunderland Carers Centre successful in bid to run the Independent Supporters Programme in Sunderland</li> </ul>	
<b>EC 6</b> Pace and scale of regeneration in the City Centre does not satisfy economic prosperity ambitions	Janet Johnson, Deputy Chief Executive	<b>2x4 = 8</b>	<b>2x4 = 8</b>	<ul style="list-style-type: none"> <li>Progress development opportunities, e.g. Vaux site, City Square, Sunniside</li> <li>Support the Business Improvement District proposal</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>The Sunderland Business &amp; Skills Hub proposal for the Business Investment (Grants) capital expenditure scheme for £614k of RGF funding has been agreed</li> <li>LABV to be used to progress developments</li> <li>Sunderland BID Limited has been established in the form of an independent, not-for-profit company controlled by the private sector. The Board membership currently stands at 17 who are elected from businesses and city stakeholders. The Board is responsible for ensuring projects are delivered on time and within budget. A small operational team is now in place to support Ken Dunbar, the first Chief Executive of the new BID Company. The company has developed a business plan to invest at least £3.4 m in the city centre over the next 5 years.</li> <li>City Centre undergone ambitious programme of place shaping to open up a range of investment sites. Development of new square and realignment of St Mary's Way to support the regeneration of the Vaux site and the wider city centre</li> <li>Funding and planning approval of new Sunderland College campus</li> <li>LABV set up; with the development of the f Vaux Site as one of its priority objectives</li> </ul>	<b>1x4 = 4</b>
<b>EC 7</b> Partners do not have a coordinated approach to supporting, developing and attracting business to the City	Janet Johnson, Deputy Chief Executive	<b>2x2 = 4</b>	<b>2x2 = 4</b>	<ul style="list-style-type: none"> <li>Continue to support the Business and Innovation Centre which provides a joint approach for business support</li> <li>Implement the Enterprise and Innovation Strategy</li> </ul>	<b>1x2 = 2</b>

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
				<ul style="list-style-type: none"> <li>• Continue to develop the North East Local Enterprise Partnership (NELEP) Enterprise Zones</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• University has secured funding to develop a Business Support centre</li> <li>• Software Centre and Washington centre providing incubation and business space with business support activity</li> <li>• Sector growth and Results group of the Economic Leadership Board tasked with simplifying business support in the city</li> </ul>	

## ORGANISATION

### Desired Outcomes

Achieving Community Leadership.

Delivering High Quality Services That Are Led By Our Customers' Needs

Ensuring Value for Money and Productive Use Of Resources

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
<b>OR 1</b> The Council and the community may not have the required skills and capacity to deliver the City's priorities	Sue Stanhope, Director of HR & OD Sarah Reed, Assistant Chief Executive	<b>3x3 = 9</b>	<b>3x3 = 9</b>	<ul style="list-style-type: none"> <li>Focus upon strengthening local self-help capacity, In order to meet our aspirations as a Community Leadership Council</li> <li>Utilise workforce planning to develop and transfer skills across the council</li> <li>Deliver the Voluntary and Community Sector Relationship Transition project</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>VCS project completed having developed an approach that aligns engagement with the VCS and day to day service delivery</li> <li>Both workforce planning and transformation projects are progressing which have allowed the Council become more flexible in the use of the Council's human resources</li> </ul>	<b>2x3 = 6</b>
<b>OR 2</b> Lack of pace, leadership, innovation and commitment resulting in inability to achieve the required outcomes	Sarah Reed, Assistant Chief Executive	<b>2x4 = 8</b>	<b>2x4 = 8</b>	<ul style="list-style-type: none"> <li>Develop the role of a Community Leadership Council to be more intelligent in setting relevant and focused priorities</li> <li>Deliver the Business Transformation Programme</li> <li>Deliver Alternative Service Delivery Models</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Role of Community Leadership Council undergoing review</li> <li>Sunderland Care &amp; Support Ltd set up in December 2013 Leisure services review on going</li> </ul>	<b>1x4 = 4</b>

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
				<ul style="list-style-type: none"> <li>Further iteration of the Transformation programme is being developed</li> </ul>	
<b>OR 3</b> Council does not secure the required savings	Sonia Tognarelli, Director of Finance	2x4 = 8	2x4 = 8	<ul style="list-style-type: none"> <li>Agree MTFS (in context of Community Leadership Council)</li> <li>Agree Service Area efficiency targets and monitor progress</li> <li>Deliver the Business Transformation Programme</li> <li>Deliver Alternative Service Delivery Models</li> <li>Deliver the Workforce Planning project</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>MTFS in place Workforce Planning efficiency targets for 2014/15 agreed</li> <li>Care and Support ASDM went live December 2013</li> <li>Plans for 2015/16 savings in place subject to approvals and consultation</li> <li>Actions being progressed to develop detailed plans to address remaining funding gap 2015-2016</li> <li>Five year budget planning approach being developed involving a fundamental review of all services which will provide the necessary intelligence aligned to strategic aims to allow Members to prioritise savings proposals as funding becomes clearer for future financial years</li> </ul>	1x4 = 4
<b>OR 4</b> Failure to collect, analyse and use intelligence to enable customer insight to inform decision making	Sue Stanhope, Director of HR & OD Sarah Reed, Assistant Chief Executive	2x3 = 6	2x3 = 6	<ul style="list-style-type: none"> <li>Development and delivery of the Intelligence Hub</li> <li>Strategic planning and service redesign to reflect the needs and preferences of our customers and communities</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Intelligence Hub is now in the mobilisation phase with a Multi-disciplinary project team in place to support the development and introduction of the intelligence hub</li> </ul>	1x3 = 3

Risk Description	Risk Owner	Score Sept 2014 Lxl	Current Score Dec 2014 Lxl	Mitigation and progress to reduce current score	Residual Score Lxl
<p><b>OR 5</b> Employee engagement falls as a result of ongoing significant changes</p>	<p>Sue Stanhope, Director of HR &amp; OD</p>	<p><b>2x3 = 6</b></p>	<p><b>2x3 = 6</b></p>	<ul style="list-style-type: none"> <li>• Continue to monitor and intervene in areas where employee engagement is showing signs of diminishing</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Position continues to be monitored via information obtained from employee surveys, consultations and feedback from unions. Recent results suggest employees continue to remain engaged</li> </ul>	<p><b>1x3 = 3</b></p>

Detailed Internal Audit Coverage

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
Customer Focus	Children's Services – Safeguarding	L	Community and Family Wellbeing - Governance Arrangements	L	Customer Services Network		Review success of migration of services	Moderate
	Personal Budgets	L	Out of Area Placements	L				
			Web Content Development	M				
			Crisis Loans / Social Fund	S				
Legality	Equality Impact Assessments	M						Substantial
	Licensing (Compliance with Provision of Services Regulations 2009)	S						
	Corporate Legality	F						
Service / Business Planning	Children's Services – Safeguarding	L	Corporate Service/ Business Planning	M	Corporate Service Planning Arrangements		Review of business continuity arrangements in relation to workforce reductions	Moderate
			Community and Family Wellbeing - Governance Arrangements	L	Community and Family Welfare - Governance Arrangements		Review of planning and performance management arrangements	
			Derwent Hill	M	Multi Agency Safeguarding Hub		Review of information sharing arrangements, and response to safeguarding incidents / serious case reviews	
			Out of Area Placements	L	Port Governance Arrangements			

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
			Operational Asset Management	L	LEP Accountable Body Arrangements	S	To cover accounting arrangements, the process for allocating grants/loans to third parties, the monitoring arrangements and the quarterly claims process.	
Programme and Project Management	Landscape and Reclamation Service	M	Implementation of the Economic Master Plan	M	Programme and Project Management	S	Review of compliance with new Project Management Standards	Moderate
	Programme and Project Management - support to major projects	S			Realisation of Benefits & Savings			
	Operating Model – realisation of benefits	S						
Partnerships					Multi Agency Safeguarding Hub		Review of information sharing arrangements, and response to safeguarding incidents / serious case reviews	Moderate
					Corporate Partnership Arrangements		Review of compliance with the Partnerships Code of Practice	
					Sunderland Partnership			
Business Continuity and Emergency Planning			HHAS Business Continuity Planning	M	Corporate Business Continuity Planning		Review of business continuity arrangements in relation to workforce reductions	Moderate
Procurement	Capital Procurement	S	Derwent Hill	M	Commissioning		Review of working arrangements for the new integrated commissioning team, including contract management arrangements	Substantial

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
	Unplanned Audit – Revenue Procurement	S	Out of Area Placements	L	Contract Management		Review of compliance with new Contract Management Framework	
			Revenue Procurement	S	Capital Procurement	S		
Relationship and Contract Management	Care and Support Sunderland Ltd – contract management	M	Street lighting PFI Contract Management	M	Commissioning		Review of working arrangements for the new integrated commissioning team, including contract management arrangements	Moderate
	Housing Related Support	L	Events Company Contract Management	M				
Financial Management	YPLA Schools Sixth Form Grant	S	EFA / SFA Funding	S	EFA / SFA Funding	S	Grant Certification work	Substantial
	Local Transport Capital Block Funding Grant	S	Local Transport Capital and Integrated Transport Grants	S	Local Transport Capital and Integrated Transport Grants	S	Grant Certification work	
	YPLA Young Apprenticeships Cohort 6 Grant	S	Troubled Families Performance Reward Grant	L	Troubled Families Performance Reward Grant	M	Grant Certification work	
	YPLA Young Apprenticeships Cohort 7 Grant	S	DECC Fuel Poverty Grant	M	Contaminated Land Grant	S	Grant Certification work	
	Growing Places Funds 2, 3 and 7	F	Growing Places Funds 2, 3 and 7	S	Benefit Cap Advisors Grant	S	Grant Certification work	
	Department for Business Innovation & Skills – LEP Start Up Fund	S	Clusters of Empty Homes Grant	S	Adoption Reform Grant	S	Grant Certification work	

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
	Department for Business Innovation & Skills – LEP Capacity Fund	S	Out of Area Placements	L	Commissioning		Review of working arrangements for the new integrated commissioning team, including contract management arrangements	
	Deprived Areas Fund Grant	F	Foster Care Allowances	M	Port Governance Arrangements			
	Single Investment Programme Grant	F	Charging for Non Residential Adults Care Services	S	LEP Accountable Body Arrangements	S	To cover accounting arrangements, the process for allocating grants/loans to third parties, the monitoring arrangements and the quarterly claims process.	
	Personal Budgets	L			Personal Budgets / Direct Payments		Review of process for agreeing care plans and setting personal budgets	
	Direct Payments	L	Direct Payments	L	Accounting / General Ledger	S		
	29 Schools	S	34 Schools	S				
	Home Improvement Agency – Loans and Mortgages	S	SAP Organisation Structures	S	SAP Organisation Structures		Review of use of variable occupant positions and multiple occupant positions	
	Housing Related Support	L	SAP HCM Monitoring of Multiple Employee Positions	L	Mobile Phones Contract	L	Value for money study	
	BACS Payments	S	BACS Processing	S	BACS Processing			
	Cash Receipting	S	Cash Receipting	S	Cash Receipting			
	Payroll	M	Payroll	M	Payroll		Verification of input of new pay grades to SAP HCM, following the Workforce Transformation Project.	
	Council Tax Transactions checks	S	Council Tax	S	Council Tax - Valuation			

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
	Business Rates transactions checks	S	Business Rates	S	Business Rates - Valuation			
	Accounts Payable transactions checks	S	Accounts Payable	S	Accounts Payable			
	Accounts Receivable transactions checks	S	Accounts Receivable	S	Accounts Receivable	S		
	1 Leisure Centre	S	Aquatic Centre	S	Periodic Income			
	Landscape and Reclamation Service	M	Operational Asset Management	L				
	Capital Procurement	S	Asset Register / Capital Accounting	S				
	Housing Benefit transaction checks	S	Benefits	S	Benefits Administration		Transaction Testing	
			Council Tax Support Scheme	S	Recovery of Benefit Overpayments			
			Building Maintenance	N	Elections Hardware Grant	S	Unplanned certification work	
			Capital Programme Funding and Monitoring	S	Cash in Transit / Parking Services Income	L	Unplanned audit following loss of cash bag and regular cash shortages in parking ticket machines	
			Treasury Management	S				
			External Funding	S				
			External Funding - Support to Partners / VCS	M				
			Insurance Claims Handling	S				

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
			Council Tax Support Scheme	S				
			Local Business Rates Scheme	S				
			Crisis Loans / Social Fund	S				
			Derwent Hill	M				
			Events Company Contract Management	M				
Human Resource Management	Corporate Attendance Management Arrangements	L	SAP Organisation Structures	S	SAP Organisation Structures		Review of use of bucket positions and multiple occupant positions	Moderate
	Management of SWITCH	S	Monitoring of Multiple Employee Positions	L	Corporate Training and Development Arrangements	L	Review of training and induction arrangements to assess whether people are able to access the training that they need. Also to consider how information from management assessments has been used	
			Corporate HR Management	M				
Information Governance	Vulnerable Adults Protection Arrangements	S	Corporate Information Governance Arrangements	L	Corporate Information Governance Arrangements	L	Review of content of emails sent outside the organisation	Limited
	Information Governance compliance checks	L			Multi Agency Safeguarding Hub		Review of information sharing arrangements, and response to safeguarding incidents / serious case reviews	
Performance Management	Design of corporate performance management arrangements	S	Operational Asset Management	L	Corporate Performance Management Arrangements		Verification of performance management arrangements reported to EMT	Moderate

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
			Community and Family Wellbeing - Governance Arrangements	L	Community and Family Welfare - Governance Arrangements		Review of planning and performance management arrangements	
Asset Management	Asset management	M	Derwent Hill	M				Moderate
			Technology Forge	L				
			Operational Asset Management	L				
			ICT Asset Management	A				
			Asset Register / Capital Accounting	S				
ICT Strategy and Delivery			ICT Asset Management	A	Physical and Environmental Controls	S		Moderate
					Mobile Phone Contract	L	Value for money study	
Fraud and Corruption	Counter Fraud Testing		Counter Fraud Testing		Cash in Transit / Parking Services Income	L	Unplanned audit following loss of cash bag and regular cash shortages in parking ticket machines	Substantial
	National Fraud Initiative checks		National Fraud Initiative Case Investigations		National Fraud Initiative Case Investigations	S		
	Home Improvement Agency	S	Direct Payments	L	Schools Counter Fraud Checks		Transaction Testing	

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
	Direct Payments	L			Personal Budgets		Review of process for agreeing care plans and setting personal budgets	Substantial
	Cash Receipting Transaction checks	S	BACS Processing	S	BACS Processing			
	Payroll transaction checks	M	Cash Receipting	S	Cash Receipting			
	Council Tax transaction checks	S	Payroll	M	Payroll		Verification of input of new pay grades to SAP HCM after Workforce Transformation Project.	
	Business Rates transaction checks	S	Council Tax	S	Council Tax - Valuation			
	Housing Benefit transaction checks	S	Business Rates	S	Capital Procurement			
	Accounts Payable transaction checks	S	Benefits	S	Benefits Administration			
	Accounts transactions	S	Accounts Payable	S	Accounts Payable			
			Accounts Receivable	S	Accounts Receivable	S		
					Periodic Income			
				Organisation Structures				
Risk Management					Port Governance Arrangements			Substantial
Schools	29 schools audits completed – 7 full, 20 substantial, 1 moderate, 1 limited	S	34 schools, 5 full, 25 substantial, 3 moderate, 1 limited	S	25 schools completed to date - 20 substantial, 4 moderate, 1 limited	S	Review of governance and financial management arrangements at 32 schools.	Substantial

## Risk and Assurance Activity

Area of activity	Work ongoing
Strategic Risk Profile	A review of the strategic risks affecting the Council was agreed with EMT. The risk areas have been categorised into People, Place, Economy and Organisational, in line with the Council's Outcomes Framework. Mitigating actions have been agreed and progress is being monitored and reported in Appendix 1.
Transformation Programme	Ongoing assurance work is being undertaken in relation to progress in delivering the projects within the Transformation Programme and the efficiency savings programme. A progress report is presented to the Transformation Board on a monthly basis setting out the progress in relation to key project deliverables and the achievement of efficiency savings targets. Work is ongoing with Project Executives, Project Managers and Heads of Service to report the position and address any change control issues required.
Supporting Executive Directors and Heads of Service to manage risks	Activity is ongoing to aid the managing of risks through service planning, programmes and key projects and partnerships. This will be linked to mitigating actions in the Strategic Risk Profile where appropriate.
Support to Schools	The next round of risk workshops for schools is being planned for the new year. An assurance framework for schools is being developed with key officers within the People's Directorate. A number of Academies have also bought in the risk service.
Service Reviews (including alternative service delivery models), Programmes and Projects (including ICT)	<p>Major projects / service reviews being supported include:</p> <ul style="list-style-type: none"> <li>• Workforce Transformation Project</li> <li>• Sunderland Care and Support</li> <li>• Customer Service Network</li> <li>• Intelligence Hub</li> <li>• Transport and Fleet Management</li> <li>• ICT – various activity</li> <li>• Leisure project</li> <li>• Adult Social Care, Care Act and Children's and Families Act</li> <li>• Development of the Intranet</li> </ul>

Area of activity	Work ongoing
	<ul style="list-style-type: none"><li>• Safeguarding – Childrens and Adults</li><li>• Streetscene projects</li><li>• City Deal</li><li>• New Wear Crossing and SSTC Phase 3</li><li>• Tyne and Wear Care Alliance</li><li>• Better Care Fund</li></ul>

## Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2013/14

Efficiency and Effectiveness			
Objectives	KPI's	Targets	Actual Performance
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified for the Council 2) Percentage of draft reports issued within 15 days of the end of fieldwork 3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report) 4) Cost per £m Turnover	1) All key risk areas covered over a 3 year period 2) 90% 3) 80% 4) Lower than average within CIPFA Benchmarking Club	1) On target 2) Ahead of target -- 93% 3) behind target - 78% 4) On target - £330 v £734 average
Quality			
Objectives	KPI's	Targets	Actual Performance
1) To maintain an effective system of Quality Assurance 2) To ensure actions agreed by the service are implemented	1) Opinion of External Auditor 2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented	1) Satisfactory opinion 2) 100% for high and significant 90% for medium risk	1) Achieved 2) Significant – N/A Behind target - Medium 82% (excluding schools)
Client Satisfaction			
Objectives	KPI's	Targets	Actual Performance
1) To ensure that clients are satisfied with the service and consider it to be good quality	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires 3) Number of Complaints / Compliments	1) Overall average score of better than 1.5 (1=Good and 4=Poor) 2) Results classed as 'Good' 3) No target – actual numbers will be reported	1) On target – 1.1 to date 2) Non undertaken 3) 6 compliments 0 complaints



**AUDIT AND GOVERNANCE COMMITTEE**

**12 December 2014**

**CORPORATE ASSURANCE MAP - CONSULTATION FOR 2015/2016**

**Report of the Head of Assurance, Procurement and Projects**

**1. Purpose of Report**

- 1.1 Each year the Audit and Governance Committee is consulted at an early stage on the development of the Internal Audit and Risk and Assurance Plans for the forthcoming year to give members the opportunity to raise any issues which they feel should be considered.
- 1.2 The internal audit plan and the allocation of resources within the Risk and Assurance team will continue to be flexible given the level of changes that are occurring across the Council. Based on knowledge of the work of the Council currently, there are a number of areas that are expected to be a priority for 2015/2016. These are as follows:
- Significant support and guidance will be required to help the Council manage risks in developing alternative service delivery models, including new commercial models.
  - On-going support and audit work in relation to new service delivery models following their implementation and their relationship with the Council, including LABV and Leisure Joint Venture.
  - Arrangements for managing the delivery of the Transformation Programme and efficiency savings.
  - Proposed arrangements for the provision of ICT.
  - Children's Safeguarding arrangements.
  - Development of Sunderland Care and Support Ltd.
  - Implementation of the pay and grading review.
  - Economic Development, including the relationship with the, New Wear Crossing, SSTC Phase 3, International Advanced Manufacturing Park.
  - Adult social care, including the Care Act, Children's and Families Act, the Better Care Fund and integration with health.
  - Commissioning and contract management
  - Key systems and arrangements across the Council.
- 1.3 A discussion will be held at the Committee to seek its input for the Corporate Assurance Map, and the plans of work for Internal Audit and Risk and Assurance for 2015/2016.

## **2. Recommendation**

- 2.1 The Committee is asked to consider and comment on the areas mentioned above and any additional areas which should be considered.

## **AUDIT AND GOVERNANCE COMMITTEE**

**12 December 2014**

### **ANNUAL AUDIT LETTER 2013/2014**

#### **Report of the Director of Finance**

##### **1.0 Purpose of Report**

- 1.1 This report details the external auditors (Mazars) Annual Audit Letter (AAL) covering the year 2013/2014. A copy is attached.

##### **2.0 Description of Decision**

- 2.1 The Audit and Governance Committee is recommended to note and comment on the contents of this very positive report.

##### **3.0 Introduction**

- 3.1 The Audit Commission's Code of Audit Practice requires auditors to prepare an AAL and issue it to each audited body. The purpose of preparing and issuing an AAL is to communicate to the audited body and key external stakeholders, including members of the public, the key issues arising from the auditors' work, which auditors consider should be brought to the attention of the audited body.

- 3.2 The AAL summarises the findings of the 2013/14 audit, which comprises of two elements:

- An audit of the Council's financial statements
- An assessment of the Council's arrangements to secure value for money in the use of its resources

##### **4.0 Summary Position**

- 4.1 The AAL is extremely positive overall providing a strong endorsement of the financial management and governance arrangements in place across the Council.

- 4.2 The Auditor issued an unqualified audit opinion on the Council's financial statements and an unqualified Value for Money conclusion. The report confirms that the Council:

- Produced accounts for 2013/14 that gave a true and fair view of the council's financial position and that no objections to the accounts were received

- Accurately reported its financial performance to government via the Whole of Government Accounts process
- Had proper arrangements in place to secure value for money.
- Was financially resilient and had managed its financial position very well as both budget setting and close budget monitoring were considered robust which had culminated in an underspend of £5m despite having to successfully deliver continued significant financial savings of over £35m in respect of cuts in government funding and other cost pressures without the need for redundancies.
- It was recognised that the council had already delivered £135m of savings up to the end of 2013/2014 and had made significant changes to secure its future viability as a community leadership council in 2013/14, through implementing alternative models of service delivery, working with partners (most notably establishing the North East Combined Authority and entering into a local asset backed vehicle (LABV) to accelerate economic regeneration in the city) and has also made other significant transformational changes to deliver challenging savings targets whilst improving service delivery.
- Is aware of the continued and significant further grant reductions it is facing and is continuing to identify ways of improving service efficiencies and ways of working to further improve service delivery and outcomes with fewer resources.

## **5. Alternative Options**

5.1 Not applicable as the report is for information only.

## **6. List of Appendices**

Appendix A - Sunderland City Council Annual Audit Letter 2013/2014

# Annual Audit Letter 2013/14

Sunderland City Council



October 2014



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Rivergreen Centre  
Aykley Heads  
Durham  
DH1 5TS

Members  
Sunderland City Council  
Civic Centre  
Burdon Road  
Sunderland  
SR2 7DN

October 2014

Dear Members

**Annual Audit Letter 2014**

We are delighted to present to you the Council's Annual Audit Letter.

We carried out the audit in accordance with the Code of Audit Practice for Local Government bodies as issued by the Audit Commission and delivered all expected outputs in line with the timetable established by the Accounts and Audit Regulations 2011 and the National Audit Office.

2013/14 has been another challenging year for the Council and like most other authorities in the North East and across the country Sunderland City Council has faced difficult decisions on its spending priorities and plans for the future. We reflect on these matters in the value for money part of this letter. However, we were pleased to issue an unqualified opinion on the statement of accounts and value for money conclusion.

I would like to express my thanks for the assistance of the Council's finance team, as well as senior officers and the Audit and Governance Committee, during the audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0191 383 6300 or [mark.kirkham@mazars.co.uk](mailto:mark.kirkham@mazars.co.uk).

Yours faithfully

Mark Kirkham  
Mazars LLP

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Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

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# 01 Overall messages

## Purpose of this letter

Our Annual Audit Letter provides a summary of our work and findings for the 2013/14 audit period for Member and other interested parties.

In addition to the summary outlined in this letter, our Audit Completion Report that we presented to the Council's Audit Committee on 26 September 2014 provides a more detailed analysis of the work we have undertaken in 2013/14.

## Our audit of the statement of accounts

We issued an audit report including an unqualified opinion on the Council's statement of accounts on 30 September 2014.

The production of the statement of accounts is a significant technical challenge involving a great deal of work by the Council's officers. We appreciate the cooperation of management and the patience, courtesy and assistance shown to us in the completion of our work. The working papers supporting the statement of accounts were of good quality and officers were responsive in following up the queries we raised.

Our main findings from the audit were:

- a number of agreed amendments to the financial statements;
- a small number of unadjusted misstatements where errors were not material; and
- the overall quality of the final statement of accounts was good.

## Our value for money conclusion

We performed our work in line with the Audit Commission's Code of Audit Practice for Local Government bodies and the Commission's guidance for 2013/14. Our audit report included a conclusion that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Our work in this area focussed on the two criteria specified by the Audit Commission, and considered whether the Council had proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

## Financial Resilience

The Council has managed its financial position well. Forecasting arrangements and close monitoring ensured the delivery of spending within budget. The outturn report for 2013/14 shows that the Council underspent by £5m against the revenue budget. The capital outturn was £51m, with net slippage of £16.7m being carried forward to 2014/15.

Overall, the Council has delivered £135m of savings in the period 2010/2011 to 2013/2014.

The annual revenue budget for 2014/15 includes a further £35.6m in savings requirements. The Medium Term Financial Strategy sets out how the Council proposes to deal with the difficult economic climate and the further funding cuts that are required. In the three year period 2014/15, 2015/16 and 2016/17, the Council expects to have to deliver a total of £113m in savings.

The earmarked reserves set aside for specific plans and projects will help the Council to deliver its priorities in the coming years. These reserves provide some flexibility if the Council needs to invest to save, for example, but there is a recognition that reserves can not be used to sustain services and the underlying budget reductions identified will need to be delivered.

## Securing economy, efficiency and effectiveness

In recent years, the Council has made significant transformational changes to deliver challenging savings targets, but it has also sought to maintain and improve service delivery.

The Council continues to deliver an ambitious programme which has included:

- securing a City Deal to help deliver the new Wear Crossing and pursue the plans to develop a new advanced manufacturing site near Nissan;
- progressing the physical and economic regeneration of the City , for example, with infrastructure work on the old Vaux site and in the City Centre, and by entering into a local asset backed vehicle (LABV) with private sector partners to accelerate economic regeneration more widely;
- implementing alternative models of service delivery, including establishing two new local authority trading companies, Sunderland Live Ltd and Sunderland Care and Support Ltd;
- exploring and delivering transformation in a range of services including leisure and libraries; and
- working with its partners to establish a Combined Authority so that economic growth, skills and transformation improvement can be delivered on a regional basis.

The challenge for the future is ensuring that the well established track record of delivering results can be continued.

## Whole of Government Accounts (WGA)

We provide assurance to the National Audit Office (NAO), as the auditor of central government departments, in relation to the consistency of the Council's WGA consolidation pack with the audited statement of accounts. We reported that your consolidation pack was consistent with the audited statement of accounts on 30 September 2014.

## Our other responsibilities

As the Council's appointed external auditor, we have other powers and responsibilities as set out in the Audit Commission Act 1998. These include responding to questions on the accounts raised by local electors as well as a number of reporting powers such as reporting in the public interest. We did not receive any questions or objections in relation to your 2013/14 accounts from local electors, nor did we exercise our wider reporting powers.

## 02 Fees

As outlined in our Audit Strategy Memorandum presented to the Audit and Governance Committee on 28 March 2014, the Audit Commission sets a scale fee for our audit and certification work. The fees applicable to our work in 2013/14 are summarised below.

Element of work	As previously reported	Final Fee
Code audit work <sup>1</sup>	£179,562	£183,802
Certification work <sup>2</sup>	£12,412	£12,412
Non-audit work <sup>3</sup>	£35,500	£35,500
<b>Total</b>	<b>£227,474</b>	<b>£231,714</b>

All fees exclude VAT

<sup>1</sup> There has been an increase in fees for Code audit work since we reported to you in our Audit Strategy Memorandum in March 2014. The increase in fee of £4,240 is explained as follows:

- £3,000 – an additional fee in relation to the Port of Sunderland accounts; this additional fee has been agreed by officers and is awaiting approval by the Audit Commission;
- £740 - this increase in fee has arisen because the Audit Commission no longer makes certification arrangements for the NNDR 3 return and, as a result we have had to undertake additional audit testing to obtain suitable assurance over relevant entries in the Council's accounts. This assurance would have previously been obtained from work to certify the NNDR 3 return. The Audit Commission advised all audit suppliers of the expected additional fees arising from this additional work and we can confirm that the additional fee we have charged is in line with that prescribed by the Audit Commission; and
- £500 – an additional fee in relation to risk assessment work in respect of Private Finance Initiative schemes; this additional fee was agreed by officers and was approved by the Audit Commission.

<sup>2</sup> The previously reported fee is the fee reported in the Certification of Claims and Returns Work Plan in June 2014. This reduced from the original estimate of £15,600 reported in the Audit Strategy Memorandum, due to the removal of council tax benefits and teachers pensions from the scope of this work. The final fee of £12,412 outlined above in relation to certification work is an estimate as we are yet to complete our work on certifying the Council's Housing Benefit claim. We will confirm the final fee charged for certification work when we issue our Annual Certification Report.

<sup>3</sup> An analysis of the total fee for non-audit work, which was reported in the Audit Strategy Memorandum in March 2014, is included on the next page of this report.

There are two additional areas of work, which are not yet reflected in the fee table:

- The certification of the Teachers Pensions Return – the arrangements for this have changed and these are still being clarified with officers and with the Teachers Pensions Agency; and
- s256 agreements with the CCG and / or NHS England – we have been asked to estimate the cost of work on these returns, but we have not yet completed our estimate.

Non-audit services	2013/14 Actual Fee
Review of Fees and Charges	£15,650
Review of Advertising	£14,850
Review of Internal Audit	£3,500
Tax advisory services	£1,500
<b>Total fee</b>	<b>£35,500</b>

All fees exclude VAT

Any additional fees arising from work in relation to the Teachers Pensions Return and / or s256 agreements will be reported in future Audit Progress Reports to the Audit and Governance Committee.

# 03 Future challenges

We see the main challenge facing the Council, along with other local authorities and the wider public sector, is the continued pressure on the public finances and the need to plan for further reductions in spending power, coupled with increased demand for services.

In our comments earlier in this report, we summarised how the Council has dealt with these challenges so far, its arrangements for ongoing financial resilience and its plans for the future, including an ambitious programme for transformational change.

There are still risks with these and the other initiatives the Council is engaged in and it is important that the Council continues to monitor closely the progress of its key projects and initiatives to ensure that the benefits envisaged are delivered for residents.

We will focus our 2014/15 audit on the risks that these challenges present to the financial statements and the ability to maintain proper arrangements for securing value for money.

We will also share with the Council relevant insights that we have as a national and international accounting and advisory firm with experience of working with other public sector and commercial service providers.

In terms of the technical challenges that officers face around the production of the statement of accounts, we will continue to work with them to share our knowledge of new accounting developments, and we will be on hand to discuss any issues as and when they arise.

Should you require any further information on this letter or on any other aspects of our work, please contact:

<b>Name of Engagement Lead</b>	<b>Mark Kirkham</b>
<b>Position</b>	<b>Director</b>
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**AUDIT AND GOVERNANCE COMMITTEE**

**12 DECEMBER 2014**

**CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT 2013/2014**

**Report of the Director of Finance**

**1. Purpose of the Report**

- 1.1 This report details the external auditors (Mazars) work that they carried out for all grant claims and returns made by the Council for the financial year 2013/2014, which according to government regulations required an external audit opinion and / or an audit certificate.

**2. Summary of the Report**

- 2.1 The attached document (Appendix 1) advises members of the main coverage and findings of the audit work carried out on the one remaining grant claim which is subject to external audit for 2013/14 as required by the government.
- 2.2 The report is very positive in that the council has received no qualification on its submitted grant claim totalling almost £124.6m.
- 2.3 Amendment

There was a comparatively minor amendment resulting from the audit work carried out which is referenced in the report at Appendix 1 (Page 5) and was in respect of the Housing and Council Tax Benefit Scheme Grant, which was that some grant was primarily claimed in the wrong year. As such there is no real loss to the council because of this amendment.

- 2.4 The cost of the work in 2013/14 was £12,412 compared to £16,050 for the previous year and represents almost a 23% reduction in the cost, (Page 4) but this also reflects the fact that both the NNDR and Teachers Pensions Returns are no longer audited as part of the current Audit Commission's arrangements.
- 2.5 The Teachers Pensions Return is now separately audited outside of the current regime and is to cost £2,750 so the real net saving to the council is only £858.
- 2.6 An officer from Mazars LLP will be in attendance to outline the content of the Report and to answer members questions.

**3 Description of Decision**

- 3.1 The Committee is recommended to note the contents of this report



# Sunderland City Council

## Certification of Claims and Returns Annual Report 2013/14

December 2014



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# 01

## Background

Sunderland City Council (the Council) receives more than £300m in funding from various grant-paying government departments. These departments may attach conditions and restrictions to these grants which the Council must meet otherwise funding may be withdrawn or clawed-back.

It is therefore important that the Council can demonstrate that it:

- Has put in place adequate arrangements to prepare and authorise each claim and return; and
- Can evidence that it has met the terms and conditions put in place by the grant paying body for each claim and return.

### The scope of our work

As the Council's appointed auditor, we act as an agent of the Audit Commission to certify specified claims and returns.

The Audit Commission, in consultation with the grant-paying bodies, sets out a programme of work in the form of Certification Instructions (CIs) that we must follow. It also sets an overall framework under which we carry out our certification work:

- For claims and returns below £125,000 the Audit Commission does not make certification arrangements and as such we are not required to carry out any certification work.
- For claims and returns between £125,000 and £500,000, the Audit Commission requires us to undertake limited tests to ensure that entries on the claim form agree with underlying records.
- For claims and returns over £500,000, we assess the control environment the Council has put in place for preparing the claim to decide whether we can place reliance on these arrangements. Where we can place reliance on the Council's arrangements we undertake limited testing to ensure that entries on the claim form agree with underlying records (as above). Where we cannot place reliance on the Council's control environment we carry out the full programme of testing in the Audit Commission's CI.

### Our certificate

On completion of the specified work we issue a certificate, the wording of which depends on the level of work we have performed on each claim. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter.

Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

# 02

## Findings

### **The Council's control environment**

This year, the only claim that we have certified is the Housing Benefits Claim. There are specific arrangements for the certification of the Housing Benefit Claim which do not allow us to rely on the control environment, and instead requires extensive detailed testing in accordance with specific criteria.

### **Amendments and Qualifications**

The Housing Benefits Claim was amended. Appendix A to this report provides an analysis of our certification work on this claim.

### **Schemes outside of the Audit Commission arrangements**

We have undertaken separate assurance engagements for the Teachers' Pensions Return (previously carried out under these arrangements but now a separate engagement) and s256 Agreements with NHS England and Sunderland CCG (new arrangements from 2013/14) but these are not within the scope of the grant certification as required by the Audit Commission. We will report on this work in our Audit Progress Reports.

# 03

## Certification fees

For 2013/14 the total fees charged for certification work was £12,412. This represents a significant reduction on fees charged in 2012/13 (£16,050). The main reason for the reduction in fee was that fewer claims and returns required certification under the Audit Commission's arrangements this year.

A breakdown of the fees charged for each claim or return is provided in Appendix A.

# Appendix A

## Summary of certified claims and returns

### Claims and returns above £500,000

Claim or return	Value	2012/13 fee	2013/14 fee	Reasons for significant movement	Amended	Qualified
Housing and Council Tax Benefit Scheme	£124,582,804	£11,669	£12,412	The fee is set by the Audit Commission.	Overall subsidy payable to the Council reduced by £302k. Of this, £296k had been included in the wrong year and was removed; this money will be included in the 2014/15 claim. £6k related to claims where the proper treatment is being clarified and adjustments will be made in the 2014/15 claim if needed.	No
National non-Domestic Rates Return	n/a	£2,828	n/a	This return no longer requires audit certification.	n/a	n/a
Teachers' Pensions Return	n/a	£1,553	n/a	This return no longer requires certification as part of the Audit Commission's arrangements.	n/a	n/a
<b>Total</b>	<b>£248,563,390</b>	<b>£16,050</b>	<b>£12,412</b>			

**AUDIT AND GOVERNANCE COMMITTEE**

**12 December 2014**

**EXTERNAL AUDITOR - AUDIT PROGRESS REPORT**

**Report of the Director of Finance**

**1. Purpose of Report**

- 1.1 To enable the Committee to consider and comment upon the external auditors' (Mazars) regular Audit Progress Report covering the period up to December 2014.
- 1.2 The report will be presented by Gavin Barker, the Council's Senior Engagement Manager.
- 1.3 The reports are a regular feature on this agenda and are aimed at providing updates of the progress made by our external auditor in meeting and fulfilling their role and responsibilities to the Council.
- 1.4 Members will be pleased to note that audit of the 2013/14 accounts was completed with no qualifications and that the Authority's Value For Money Conclusion also received a clean bill of health. The Annual Audit Letter covers these issues in more detail which features separately on today's agenda.
- 1.5 The report also sets out other compliance work they either have or are in the progress of completing on behalf of the council. These include:  
  
Certification of the 2013/14 DWP Housing Benefit Claim;  
Certification of ten 2013/14 NHS Section 256 Agreements;  
Certification of the 2013/14 Teachers Pensions Return;  
Audit of the Port of Sunderland's 2013/14 accounts.
- 1.6 The report also usefully highlights quite a few emerging issues and developments that may be of interest to members in their role on the Audit and Governance Committee. These are detailed in pages 7 to 15 of their report.

**2. Recommendations**

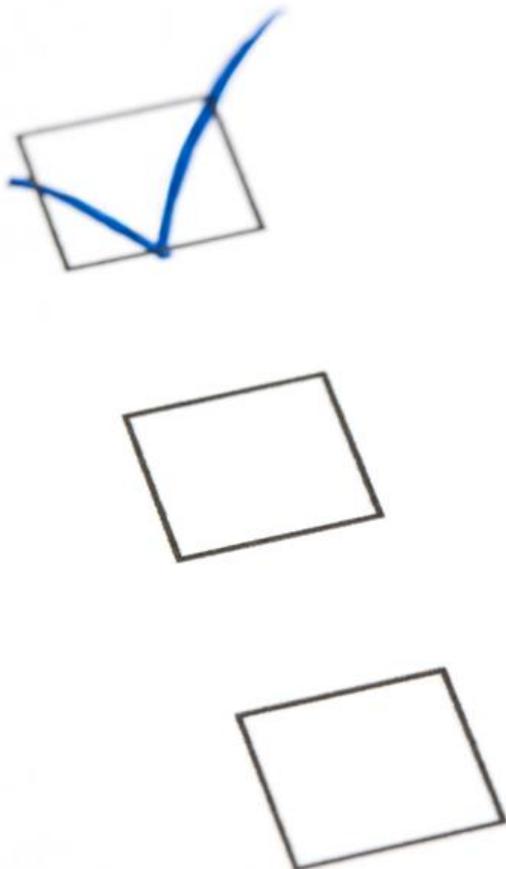
- 2.1 Members are asked to note the attached report.



# Sunderland City Council

## Audit Progress Report

December 2014



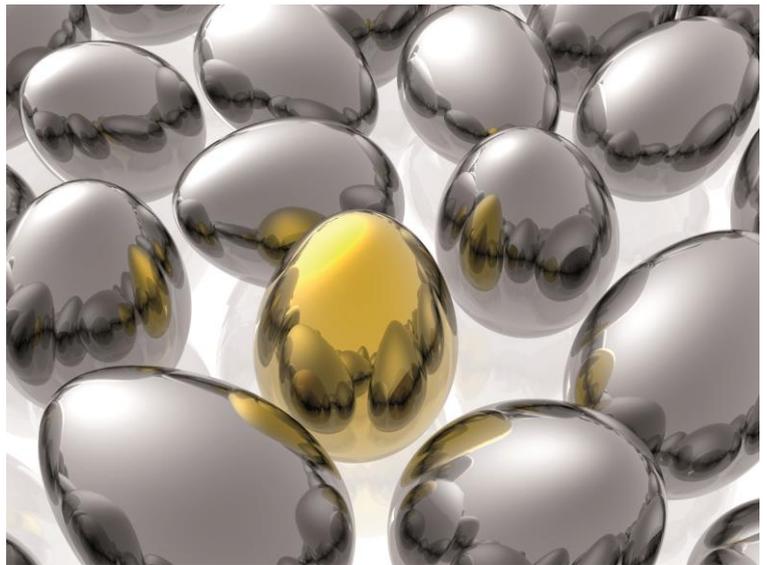
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# 01



## Purpose of this paper

This paper updates the Audit and Governance Committee on our progress in meeting our responsibilities as your external auditor. It also highlights key emerging national issues and developments which may be of interest to you.

If you require any further information please contact your Engagement Lead or Senior Manager using the contact details at the end of this update.

# 02

## Summary of audit progress



### **Audit of the 2013/14 financial statements**

Following the Committee meeting on 26 September 2014, we issued an audit report including an unqualified opinion on the Council's financial statements on 30 September 2014. Our audit report included a conclusion that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

We reported to the National Audit Office (NAO) on 30 September 2014 that the Council's 2013/14 Whole of Government Accounts consolidation pack was consistent with the audited financial statements.

This enabled us to certify completion of the 2013/14 audit in our report. Our Annual Audit Letter for 2013/14 has been issued. This was presented to the Cabinet on 5 November 2014 and to Scrutiny Committee on 6 November 2014, and is considered separately on the agenda for this Committee meeting.

## **Audit of the 2014/15 financial statements**

We have begun the early planning stages of the 2014/15 audit, updating our knowledge of the key financial systems that underpin the production of the annual financial statements.

## **Certification of claims and returns**

Work on the 2013/14 Housing Benefits Subsidy Claim is complete, and we certified the claim before the Department of Work and Pensions deadline of 30 November 2014.

## **Additional schemes outside the Audit Commission arrangements**

The Council is required by funding bodies to arrange independent certification of a range of grant claims and returns that are now outside the Audit Commission regime. We included details of such schemes in our Certification Plan, which was presented to the Committee in June 2014.

In recent weeks we have discussed and agreed engagement terms with the Council, including the procedures to be undertaken and the form of our report, for certification of the following funding claims and returns:

- Ten schemes under s256 agreements with NHS England and Sunderland CCG, the fee for our work being agreed as £6,310 plus VAT; and
- The Teachers Pension Return, the fee for our work being agreed as £2,750 plus VAT.

The work on the Teachers' Pensions return has been completed and reported ahead of the deadline of 28 November 2014.

The work on the s256 agreements is scheduled to be completed by the end of December 2014, in accordance with the requirements of the timetable for this work.

As the 2013/14 audit has now been closed for billing purposes, this work will be recorded as non-audit work as part of the 2014/15 audit.

### **Port of Sunderland**

As was the case last year, the Council has produced a separate set of financial statements for the Port, which are to be provided to the Department for Transport in accordance with statutory requirements. We have agreed to carry out the required independent assurance procedures on these accounts at a cost of £3,000 plus VAT, a £500 reduction on last year's fee. The Audit Commission has approved this fee variation as a variation to the scale fee for the main audit, and the work is planned to be completed by the end of December 2014.

# 03

## Emerging issues and developments



The following pages outline for your attention some significant emerging issues and developments in respect of:

- New proposals to bring forward the accounts and audit timetable from 2017/18 and other proposals relating to local audit
- Role of the National Audit Office (NAO) in local audit
- Report on the National Fraud Initiative (NFI)
- Regulatory Compliance and Quality Review Programme - Annual report 2014
- Annual Regulatory Compliance and Quality Report - Mazars LLP

- 2015/16 proposed fee scales and work programme, Audit Commission
- Councils' expenditure on looked after children – VFM Briefing
- NFI information packs
- Local Authority Accounting Panel (LAAP) Bulletins
- Transitional arrangements regarding the Local Audit and Accountability Act 2014
- Protecting the Public Purse 2014, Audit Commission
- Interpreting the Accounts: A Review of Local Government Financial Ratios 2007/08 to 2012/13, Audit Commission.

# Emerging issues and developments

Issue / development	Implications
<p><b>New proposals to bring forward the accounts and audit timetable from 2017/18 and other proposals relating to local audit</b></p> <p>Members will recall that previous Audit Progress Reports have referred to consultation on proposals to bring forward the accounts production and audit timetable.</p> <p>New proposals have now been made by DCLG, which will bring the accounts production deadline forward by one month from 30 June to 31 May from the 2017/18 financial year. The audit deadline will come forward by two months from 30 September to 31 July at the same time.</p> <p>The rationale from the consultation is set out below:</p>	<p>The changes in the accounts and audit deadline will have a significant impact on the Council's arrangements.</p> <p>More information on the latest proposals: <a href="https://www.gov.uk/government/consultations/local-audit-regulations">https://www.gov.uk/government/consultations/local-audit-regulations</a></p>
<p><b>4.6</b> In relation to the bringing forward of the timetable for Category 1 authorities; whilst Ministers acknowledge the challenge that this will involve both for the authorities affected and their auditors, the proposal is firmly in line with wider Government moves to improve local government accountability to the public. The points made in the consultation responses about the complexity and length of local authority accounts are acknowledged, and Government will be working with the Chartered Institute of Public Finance and Accountancy to support their current initiatives to simplify the accounts and make them easier for local people to understand. The introduction of a requirement for an explanatory narrative to accompany the statement of accounts is a first step in the necessary changes.</p> <p><b>4.7</b> The Government proposes to bring forward the existing dates of 30 June and 30 September to 31 May and 31 July as from the accounts for 2017-18 for accounts being signed and certified by the Responsible Financial Officer and then approved and published. This period of notice is intended to give authorities time to make the necessary changes in their processes, and auditing firms time to adjust their business models accordingly. But it is hoped that authorities will move to the new timetable as soon as they can; some indeed already comply. No change is proposed in the timetable for Category 2 authorities.</p>	

# Emerging issues and developments

Issue / development	Implications
<p><b>Role of the National Audit Office (NAO) in local audit</b></p> <p>The National Audit Office (NAO) has published a paper outlining its new role in local audit under the Local Audit and Accountability Act 2014.</p> <p>This includes:</p> <ul style="list-style-type: none"><li>• preparing the Code of Audit Practice; and</li><li>• Value for Money studies.</li></ul>	<p>For information</p> <p><a href="http://www.nao.org.uk/reports/the-naos-role-in-local-audit/">http://www.nao.org.uk/reports/the-naos-role-in-local-audit/</a></p>
<p><b>Report on the National Fraud Initiative (NFI)</b></p> <p>The Audit Commission has published its National Fraud Initiative (NFI) annual report recently.</p> <p>The NFI is a data matching exercise which compares information held by and between around 1,300 organisations including councils, the police, hospitals and almost 100 private companies. This helps to identify potentially fraudulent claims, errors and overpayments, all hosted on a secure website. When there is a match, there may be something that warrants investigation. For example, when data matching shows a person listed as deceased and also in receipt of a pension, the relevant body will investigate and if appropriate, stop pension payments.</p> <p>The report is supported by case studies of successful outcomes both in the private sector and public sector.</p>	<p>Sunderland City Council participates actively in NFI.</p> <p><a href="http://www.audit-commission.gov.uk/national-fraud-initiative/nfi-reports/">http://www.audit-commission.gov.uk/national-fraud-initiative/nfi-reports/</a></p>

# Emerging issues and developments

Issue / development	Possible action
<p><b>Regulatory Compliance and Quality Review Programme - Annual report 2014</b></p> <p>The Audit Commission recently published the outcomes from its monitoring of the performance of all its audit firms. The report concludes that audit quality was maintained in the year following transfer of staff from the Commission's Audit Practice to firms, and the introduction of new firms to the regime. The Commission is satisfied that the risks of audit failure remain low; that all firms are meeting the Commission's regulatory requirements; and that all firms are continuing to produce work to an acceptable standard.</p>	<p>The results of monitoring by the Commission provides the Council and other stakeholders with assurance that high-quality audits are being delivered.</p> <p>The report can be found at <a href="http://www.audit-commission.gov.uk/audit-regime/audit-quality-review-programme/">http://www.audit-commission.gov.uk/audit-regime/audit-quality-review-programme/</a></p>
<p><b>Annual Regulatory Compliance and Quality Report - Mazars LLP</b></p> <p>This report, published in June 2014, summarises the results of monitoring work by the Audit Commission as described above, for Mazars LLP.</p> <p>The Firm was rated 'Green' overall, and the Audit Commission concluded that the Firm 'has performed well in its first year in the Commission's regime. All of the 2013/14 regulatory compliance indicators have been scored as green. In addition, audited bodies are satisfied with the performance of Mazars as their auditor'.</p>	<p>The report is available from <a href="http://www.audit-commission.gov.uk/wp-content/uploads/2012/11/Mazars-2013-14-Annual-Regulatory-Compliance-and-Quality-Report.pdf">http://www.audit-commission.gov.uk/wp-content/uploads/2012/11/Mazars-2013-14-Annual-Regulatory-Compliance-and-Quality-Report.pdf</a></p>

# Emerging issues and developments

Issue / development	Possible action
<p><b>2015/16 proposed fee scales and work programme, Audit Commission</b></p> <p>The Audit Commission is consulting on its 2015/16 proposed work programme and scales of fees. The Department for Communities and Local Government (DCLG) has asked the Audit Commission to set fees for 2015/16 before the Commission’s closure on 31 March 2015.</p> <p>The Commission is proposing to reduce scale fees by a further 25 per cent from 2015/16, based on the scale fees applicable for 2014/15. It does not plan to make changes to the overall work programme. The 25 per cent fee reduction has been achieved as a result of a recent procurement exercise to retender the work undertaken under older contracts with audit firms, and is in addition to the 40 per cent cut in fees made by the Commission in 2012.</p> <p>The consultation document also states: “The new contracts awarded in the 2014 procurement are for two years, with the potential for extension by a further three years. The contracts will finish in 2017, or in 2020 if extended. The Commission’s other audit contracts, awarded in 2012, finish at the same time as the 2014 contracts. Extending the contracts to 2020 would ‘lock in’ reduced audit fees, delivering further savings for audited bodies”.</p> <p>The Commission has also highlighted in a press release that it will be returning a further £6 million to its audited bodies in rebates. The consultation ends on 9 January 2015.</p>	<p><b>The proposed scale fee for Sunderland City Council is £135,774, that is, a 25 per cent reduction on the 2014/15 scale fee of £181,032.</b></p> <p><a href="http://www.audit-commission.gov.uk/audit-regime/audit-fees/201516propwpsf/">http://www.audit-commission.gov.uk/audit-regime/audit-fees/201516propwpsf/</a></p> <p>(Note that the 2014/15 initial scale fee of £179,562 is proposed to be increased by £1,470 for additional work required at all sites on business rates, which is where the 2014/15 scale fee of £181,032 has been derived)</p>

# Emerging issues and developments

Issue / development	Possible action
<p><b>Councils' expenditure on looked after children</b></p> <p>This Audit Commission VFM briefing provides an overview of councils' expenditure on children's social care and looks in more detail at expenditure on children who are looked after, with a particular focus on foster care. The briefing suggests how councils can use national and local data about activity and costs to identify ways of delivering better value for the money they spend.</p>	<p>We provided the Briefing to our key contacts at the Council.</p> <p>The document is at: <a href="http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/">http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/</a></p>
<p><b>NFI information packs</b></p> <p>The Audit Commission has distributed information packs for elected members with responsibility for finance and audit at councils. Copies were also sent to directors of finance and NFI key contacts for information. The pack brings together key facts about the NFI, the Council's NFI outcomes and comparisons to your nearest neighbours.</p>	<p>Further information on the National Fraud Initiative can be found at <a href="http://www.audit-commission.gov.uk/national-fraud-initiative/nfi-reports/">http://www.audit-commission.gov.uk/national-fraud-initiative/nfi-reports/</a></p>
<p><b>Local Authority Accounting Panel (LAAP) Bulletins</b></p> <p>CIPFA recently published:</p> <ul style="list-style-type: none"> <li>• LAAP Bulletin 99 – Local Authority Reserves and Balances</li> <li>• LAAP Bulletin 100 - Project Plan for Implementation of the Measurement Requirements for Transport Infrastructure Assets by 2016/17</li> </ul>	<p>The bulletins include some significant developments for local authority accountants and Finance departments.</p>

# Emerging issues and developments

Issue / development	Possible action
<p><b>Transitional arrangements regarding the Local Audit and Accountability Act 2014</b></p> <p>At a recent meeting of public sector audit suppliers, the following matters were among those discussed:</p> <ul style="list-style-type: none"> <li>• The Council’s 2014/15 audits will be delivered under the Audit commission Act 1998, and the 2015/16 audit will be the first under the LA&amp;A Act 2014;</li> <li>• The existing Code of Audit Practice will continue to apply in 2014/15, moving to the NAO Code (expected April 2015) for 2015/16 onwards;</li> <li>• Under the LA&amp;A Act, auditors must have ‘regard to’ the guidance issued by the NAO. This is not the same as our current contractual requirement; and</li> <li>• NAO will continue to run technical networks for NHS, local government and smaller bodies.</li> </ul>	<p>We will keep the Committee informed on the implementation of the Act in our Progress Reports and Briefings.</p>
<p><b>Protecting the Public Purse</b></p> <p>The Audit Commission’s latest report on fraud in local government revealed the highest value of fraud detected by England’s councils since the Audit Commission turned the spotlight on 25 years ago. Fraud valued at £188 million was detected in 2013/14, a ten-fold increase since 1990 and beating all records for the past 25 years.</p>	<p>The Report can be found at <a href="http://www.audit-commission.gov.uk/2014/10/highest-value-of-fraud-detected-by-councils-since-audit-commission-turned-the-spotlight-on-25-years-ago/">http://www.audit-commission.gov.uk/2014/10/highest-value-of-fraud-detected-by-councils-since-audit-commission-turned-the-spotlight-on-25-years-ago/</a></p>

# Emerging issues and developments

Issue / development	Possible action
<p><b>Interpreting the Accounts: A Review of Local Government Financial Ratios 2007/08 to 2012/13</b></p> <p>The report by the Audit Commission invites local government to help armchair auditors interpret accounts. It describes changes in the ratios for English councils during a period of considerable change for local government finance, and calls on local government to compile its own financial ratios data for comparison after the Commission closes in March 2015.</p>	<p>The Report can be found at <a href="http://www.audit-commission.gov.uk/2014/09/audit-commission-invites-local-government-to-help-armchair-auditors-interpret-the-accounts/">http://www.audit-commission.gov.uk/2014/09/audit-commission-invites-local-government-to-help-armchair-auditors-interpret-the-accounts/</a></p>

# 04

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