



<u>Committee and Date</u>	<u>Item</u>
Council 23 July 2015	
Audit Committee	
25 June 2015	<u>Public</u>
9:30 am	

## **ANNUAL ASSURANCE REPORT OF AUDIT COMMITTEE TO COUNCIL 2014/2015**

**Responsible Officer** James Walton  
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### **1. Summary**

Attached to this report is the draft Audit Committee's Annual Assurance Report to Council for 2014/2015. This provides Council with an independent assurance report that the Council has in place adequate and effective risk management and internal control systems that can be relied upon and which contribute to the high corporate governance standards that this Council expects and has consistently maintained.

### **2. Recommendations**

Audit Committee is asked to consider and comment on the contents of the draft Annual Assurance report for 2014/15 before forwarding to Council with the recommendation that they accept this report.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1 The Audit Committee's Annual Assurance Report is part of the overall internal control arrangements and risk management process. The Committee objectively examines and evaluates the adequacy of the control environment through the reports it receives and in turn can provide assurances to Council on its internal control systems that inform the Annual Governance Statement.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change requirements or consequences of this proposal.

#### 4. Financial Implications

There are no direct financial implications from this report

#### 5. Background

- 5.1 A key part of the Audit Committee's role is to provide independent assurance of the adequacy of the risk management framework and the associated internal control environment. The Committee oversees the financial reporting process and it also provides independent scrutiny of the Council's financial performance to determine the extent to which it affects the Council's exposure to risk and weakens the control environment.
- 5.2 The Audit Committee has a well established role within the Council and it is important that an Annual Assurance report based on the work of the Committee is produced and recommended to Council. In compiling this assurance report, information provided at the Audit Committee meeting on 25 June 2015 has also been taken into account.
- 5.3 In addition, this report has been reviewed to ensure its continuing compliance CIPFA<sup>1</sup>'s Audit Committees, Practical Guidance for Local Authorities and Police, 2013 edition. Section 6.34 requires the Audit Committee to be held to account on a regular basis by the Council specifically in relation to:
- Whether the:
- committee has fulfilled its agreed terms of reference;
  - committee has adopted recommended practice;
  - development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities;
  - committee has assessed its own effectiveness, or been the subject of a review, and the conclusions and actions from that review and,
  - What impact the committee has on the improvement of governance, risk and control within the Council.
- 5.4 The annual assurance report to Council for 2014/2015, attached to this report, is a helpful way to address the key areas where the committee should be held to account. **(Appendix A).**

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<sup>1</sup> The Chartered Institute of Public Finance and Accountancy

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

CIPFA's Audit Committees, Practical Guidance for Local Authorities and Police, 2013 edition

Draft Internal Annual Audit Plan 2014/15 - Audit Committee 27 March 2014

Internal Audit Plan 2014/15 – Ten month review - Audit Committee 23 February 2015

Internal Audit Plan 2014/15 – Seven month review - Audit Committee 27 November 2014

Internal Audit Plan 2014/15 – Performance report- Audit Committee 18<sup>th</sup> September 2014

Internal Audit Annual Report 2014/15 – Audit Committee 25 June 2015

**Cabinet Member (Portfolio Holder)**

Keith Barrow, Leader of the Council and Brian Williams, Chairman of Audit Committee

**Local Member**

N/A

**Appendices**

Appendix A - Draft Audit Committee Annual Assurance Report 2014/15

## DRAFT AUDIT COMMITTEE ANNUAL ASSURANCE REPORT 2014/2015

### STATEMENT FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

1. Governance of the public sector continues to be high profile with the Chartered Institute of Public Finance and Accountancy (CIPFA) supporting good practice in local government. In Shropshire we have a Code of Corporate Governance which is reviewed annually in line with the best practice issued by CIPFA and SOLACE<sup>2</sup>; we have also produced an Annual Governance Statement, again in line with best practice and legislative requirements. Being well managed and well governed are important attributes in helping to improve performance and in reducing the risk of failing to achieve our objectives and providing good service to our community.
2. Shropshire Council has a well-established Audit Committee in seeking to maintain and improve our governance procedures. The Committee is a key component of the Council's corporate governance arrangements and a major source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment and reporting on financial and non-financial performance.
3. The benefits to the Council of operating an effective Audit Committee are:
  - Increasing public confidence in the objectivity and fairness of financial and other reporting.
  - Reinforcing the importance and independence of internal and external audit and any other similar review process; for example, reviewing the Annual Statement of Accounts and the Annual Governance Statement.
  - Providing additional assurance through a process of independent and objective review.
  - Raising awareness within the Council of the need for governance, internal control and the implementation of audit recommendations.
  - Providing assurance on the adequacy of the Council's risk management arrangements and reducing the risk of illegal or improper acts.
4. The Committee continues to enjoy a pleasant though professional and at arm's length relationship, with Grant Thornton, the Council's external auditors, who attend all meetings of the Committee to offer their advice where needed.
5. The Committee undertakes a substantial range of activities and works closely with both our internal and external auditors and the Chief Finance Officer (Section 151 Officer) in achieving our aims and objectives. We have put together a work and development plan for the year to enable key tasks to be considered and completed.
6. As Chairman of the Audit Committee, I have always seen training as a key

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<sup>2</sup> Society of Local Authority Chief Executives

priority for myself and the other members in order to undertake our roles effectively. The Committee continues to undertake a full and extensive programme of training and this year has been no exception. In addition, the committee has updated a self-assessment of its activities against CIPFA's practical guidance released in 2013 to ensure that it continues to adopt recommended practice. The results of which have informed the future development needs and will help to ensure that all members of the Audit Committee continue to have access to appropriate training and are provided with the skills and knowledge to enable them to fulfil their roles effectively and efficiently. Members also have access to CIPFA's Better Governance Forum network which provides specific information in the form of regular briefings, an informative web site and attendance at training events

7. I am pleased to pay tribute to the work of all my four colleagues and their substitutes who are enthusiastic in their interest in the purpose and objectives of the Committee and whose regular attendance at training sessions has been impressive. As Chairman of the Audit Committee, I believe we have helped contribute to improvements and developments in the Council's corporate governance, risk and internal control arrangements and I intend that we will continue with the high standards and contributions established by this Committee over a number of years.
8. This year we have held six meetings including the meeting held on 27 June 2015. Four of which were planned, the other two arranged for Members to receive a specific update from officers on the IT control environment. We have received and considered a substantial number of reports across key areas of the Council's activity (see **Annex A**). The care and attention of the Section 151 Officer, Audit Service Manager and her staff to ensuring that members receive all reports in time for adequate consideration has been impressive. The dedication of Audit staff to the preparation of our training sessions in order to ensure that members can understand and give critical appraisal to all documents has been appreciated. We have asked questions and received answers to our questions. In line with best practice, we are completely satisfied that we are in a positive position to provide our annual assurance statement based on the reports received and considered and on the information provided by our officers and our External Auditors.

### **Audit Committee Membership and Dates of Meetings**

9. Membership of the Audit Committee for 2014/15 was made up of the following Councillors:
  - Mr B Williams (Chairman)
  - Mr M Wood (Vice Chairman)
  - Mr J Cadwallader
  - Mr M Williams
  - Mr C Mellings
10. And substitutes who are invited to attend and contribute at all meetings and training are:

- Mr D Carroll
- Mr R Macey
- Mrs P Moseley
- Mr R Evans
- Mr S West

11. Meetings of the Committee have been held on
- 18 September 2014
  - 27 November 2014
  - 10 February 2015
  - 23 February 2015
  - 5 June 2015
  - 25 June 2015

### Details of Reports/Information Received

12. **Annex A** provides a summary of the key reports and information received by the Audit Committee at its meetings. These appear categorised in the areas which under the Audit Committee's Terms of Reference we have a responsibility to consider and report upon. They are:

- Governance;
- Risk management framework;
- Controls, including specific focus on:
  - Contracts and partnerships
  - Fraud, corruption and whistleblowing
  - Value for money
- Financial reporting and treasury management.

A detailed audit work plan has been agreed for the current year.

13. Following receipt of the reports the Audit Committee agreed that:
- There were effective arrangements for corporate governance and where improvements are required there is a clear improvement plan with dedicated lead officers that will be monitored by Members;
  - The Risk management framework was fit for purpose and operating as intended but expressed concerns over the reduced level of Internal Audit resources when compared to the risk profile demands of the Council;
  - On the whole key controls were fit for purpose, being operated as intended, and were monitored by management. Ongoing concern was expressed relating to the controls in place on the IT infrastructure systems. The Committee were dissatisfied with the lack of progress in IT meeting the agreed improved controls and requested further updates and assurance from them to future meetings of the Committee.;
  - There is effective management and monitoring of contracts and partnerships. Performance around the management of contracts and commissioning processes will be strengthened further during 2015/2016 as the Council's commissioning guidance is adopted more widely;
  - There were effective arrangements for the prevention and detection of fraud and corruption, and for enabling whistleblowing (confidential reporting);
  - There were effective arrangements to ensure Value for Money;

- Financial statements reflected the Council's true position, were complete including all transactions, and were prepared in accordance with International Financial Reporting Standards
14. Given the Audit Service Manager's qualified opinion on the Council's internal control environment, the Audit Committee confirms that it had been made aware of the increase in terms of numbers and negative direction of travel of the internal audit assurances provided on the IT infrastructure systems. It has sought further explanation and appropriate assurance from management to address the issues identified by Internal Audit which are already known and reflected in the strategic risk register. Given the significance of the systems attracting limited and unsatisfactory assurances with the Audit Service Manager's explanations; it is understood that Council application systems reviewed in the year were in the main given a reasonable or higher level of assurance, confirming that material application systems are generally well embedded, well administered and controlled. However, the IT infrastructure on which they operate continues to present a clear risk to service continuity sufficient to warrant qualifying the annual audit opinion to the extent that management must prioritise implementing their responses to address the issues identified. As the Audit Service Manager has reviewed these control weaknesses and highlighted them to management, the Audit Committee is satisfied that there has been no evidence of significant IT business failure or material errors that could result in a material misstatement in the Council's accounts and reliance can be placed upon them for that purpose.

#### **Additional Responsibilities**

15. Members of the Audit Committee and the Audit Service Manager and her staff are well aware of the changing nature of local government in relation to the greater responsibilities for innovative practice allowed by the Government's Powers of Competence Act. In particular we are aware that the Audit function have an essential and on-going role to play in monitoring the risks involved in the arrangements for strategic commissioning and the creation of a Council owned trading company for service delivery. Members continue to receive training in this extended aspect of their responsibilities, and the Audit Service Manager is ensuring that adequate resources are available in order to minimise any possibility of the risk of financial malpractice. Members of the Committee and Audit staff are fully seized with the need to keep "ahead of the game", as the role of local government changes and evolves to meet the challenges of severe reductions in many of the traditional sources of income.

#### **Audit Service Staff**

16. I have written above about the impressive manner in which Audit staff prepare the wide range of reports which are necessary for the consideration of Committee members. The key staff are James Walton, the Section 151 Officer, Ceri Pilawski, the Audit Service Manager and Katie Williams, her Deputy.
17. Without the enthusiastic and committed support of all Audit staff and, in particular, of the three officers mentioned above, it would not be possible for the Audit Committee to be as highly effective as peer comparisons show us to be. My thanks and that of my fellow committee members are given to all our Audit Service officers who are coping with an increasing workload with much reduced

numbers.

**Annual Statement of Assurance**

18. On the basis of:
- The work carried out by the Internal and External Auditors and their reports presented to this Committee;
  - Reports from service managers and
  - The work carried out by the Section 151 Officer, Audit Service Manager and their reports presented to this Committee.
19. It is the Audit Committee’s opinion, based on those reports, explanations and assurances received, that the Council continues to be aware that it is liable to increased risks in the currently operating IT systems. Whilst there is no evidence of significant IT business failure or material errors reported that could result in a material misstatement in the Council’s accounts; a number of internal control improvements have been agreed by management and require urgent dedicated implementation in order to improve internal control systems.

**RECOMMENDATION – Council is invited to accept this report**

Signed ..... Date.....  
On behalf of the Audit Committee  
Brian Williams



## Summary of assurance reports received by Audit Committee

### Governance

#### **Annual Governance Statement and a review of the effectiveness of the Council's system of internal control 2014/2015**

Report of the Section 151 Officer on the effectiveness of the system of internal controls and the production of the Annual Governance Statement.

#### **Annual review of the effectiveness of the system of Internal Audit and Quality Assurance and Improvement Programme (QAIP) 2014/2015**

Report of the Section 151 Officer on the effectiveness of the system of Internal Audit in 2014/2015.

#### **Annual Assurance report of Audit Committee to Council 2014/2015**

Report of the Section 151 Officer in respect of the Audit Committee's Annual Assurance report to Council.

#### **Audit Committee self-assessment of good practice**

Report of the Section 151 Officer which requested members to review and comment on the self-assessment of good practice questionnaire to assess the effectiveness of the Audit Committee and identify any further improvements.

#### **Review of the Audit Committee's annual work plan and future learning and development requirements 2015/16**

Report of the Audit Service Manager providing members with a proposed work plan for the year ahead to ensure they received appropriate learning and development to deliver their responsibilities effectively to fulfil their roles as members of the Audit Committee

#### **External Audit: Informing the Audit Risk Assessment for Shropshire Council**

Report of the Engagement Lead (Grant Thornton) which set out the contribution towards the effective two-way communication between auditors and the Council's Audit Committee, as 'those charged with governance'.

#### **Review of Shropshire Council's Code of Corporate Governance**

Report of the Engagement Auditor providing an update on the review of the Council's compliance with the Code of Corporate Governance.

The Audit Committee agreed there were effective arrangements for corporate governance and where improvements are required there is a clear improvement plan with dedicated lead officers that will be monitored by Members.

### Risk Management Framework

#### **Risk and Insurance Annual Report 2013/2014**

Report from the Risk Management Team Leader which set out the challenges and achievements accomplished by the Risk Management Team during 2013/2014. She advised that both the Risk Management and Insurance teams had been audited with no recommendations identified. It was noted that strategic risks remained a key area for the

Risk Management Team and updates were regularly reported to the Senior Management Team and Cabinet

#### **Internal Audit report of the review of Risk Management 2014/2015**

Report of the Engagement Auditor which summarised the detailed findings identified in the Internal Audit review of risk management of which the overall control environment had been assessed as Reasonable.

#### **Draft Internal Audit risk based plan 2015/2015**

Report of the Audit Service Manager on the draft Internal Audit Plan for 2014/15. It was noted that the plan provided audit coverage across the Council's services and also delivered internal audit services for a range of external clients. The Audit Service Manager summarised the Audit Plan and confirmed that the plan could be adjusted during the course of the year as workflow dictated and indicated that this would be undertaken in consultation with the Section 151 Officer if necessary. The Committee expressed significant concern in relation to the reduction in resources and acknowledged the significant challenges faced by the Internal Audit Team as a result. The Head of Finance, Governance and Assurance (Section 151 Officer) undertook to bring this issue to the attention of the Senior Management Team and Cabinet to ensure they were fully apprised of the concerns of the Audit Committee. The committee resolved that the proposed Internal Audit Plan 2015/2016 be accepted and adopted with concern expressed that the reduced resources were close to failing to meet the risk profile of the Council.

The Audit Committee agreed that the Risk management framework was fit for purpose and operating as intended but expressed concerns over the reduced level of Internal Audit resources when compared to the risk profile demands of the Council.

### **Controls**

#### **Internal Audit Plan 2014/2015 Performance Report September 2014**

Report of the Audit Services Manager which set out an update to the draft Internal Audit Plan considered by the Committee in March. She indicated that several changes both in the Council's structure and available resources had necessitated changes to the draft plan. The refined Internal Audit Plan provided members of the Committee with an update on the work undertaken by the Internal Audit Team between the 1st April and the 17th August 2014. The Audit Service Manager reported that despite a challenging start to the year, 28% of the revised audit plan had been completed to date which was in line with a year-end target of 90%. Members of the Committee were informed that since April 2014, 37 final reports had been issued with 25 good and reasonable assurances, one unsatisfactory and a further 11 limited assurance opinions issued.

#### **Internal Audit Plan 2014/15 - Seven Month Review**

Report of the Audit Service Manager provided members with an update of the work undertaken by Internal Audit since the last report considered in September 2014 and summarises progress against the 2014/15 Internal Audit Plan.

#### **Internal Audit Plan 2014/15 - Ten Month Plan Report**

Report of the Audit Service Manager which provided members with an update of the work undertaken by Internal Audit since the last report considered in November 2014 and summarised the progress achieved against the 2014/15 Internal Audit Plan.

**Management Report on the Implementation of IT Control Improvements and Risks**  
Report by the Head of Service Support, Marketing and Engagement provided members with an update on work being undertaken to ensure that the ICT infrastructure was, and continued to be, fit for purpose, robust and PSN compliant. The Committee was advised that the ICT Governance Framework would in future be monitored by the Information Governance Group to ensure the appropriate measures were in place to meet legal and external compliance requirements and to ensure appropriate business continuity measures were in place. A further IT update was provided to Committee in June 2015. The Committee expressed dissatisfaction with the lack of progress against the agreed audit recommendations and requested management update reports to the June and September Audit committees and an independent Internal Audit update to their November committee.

**Internal Audit: IT Update**

Report of the Audit Engagement Officer which set out details of the work undertaken on the IT control environment by the Internal Audit Team. The Audit Engagement Officer reported that good progress had been made on implementing the agreed control improvements however, two audits had achieved the same unsatisfactory audit opinion as in 2013/2014 and identified further work required to mitigate the ongoing risks identified. Due to the levels of concerns highlighted within the report, members requested that an update report be circulated at the earliest opportunity to seek to assure members of improvements to the IT control environment. Due to the severity of the concerns raised by the Committee, it was agreed that a special meeting be convened to consider the matter further. Exempt reports were provided at a meeting on the 10<sup>th</sup> February 2015 and the Committee is following up ongoing progress with officers.

**Internal Audit Annual report 2014/2015**

Report of the Audit Service Manager on achievements against the revised internal audit plan for 2014/2015 and the annual internal audit assurance. The Audit Service Manager qualified her overall opinion on the Council's internal control environment based on the continuing numbers, and negative direction of travel, of the internal audit assurances provided on the IT infrastructure systems.

**Management Report on Housing Benefit Overpayment Performance**

Report of the Revenues Manager which provided members with performance monitoring information on the collection of income in respect of Council Tax and National Non Domestic Rates for the year up to 31 July 2014.

**Management Report: Council Tax and Non Domestic Rates Performance Monitoring Report**

Report from the Revenues Manager which set out the performance monitoring rates on the collection of income through Council Tax and National Non Domestic Rates for the year up to 31 March 2014 and progress on the year to 31 March 2015.

**External Audit: Audit Committee Update Report**

Report of the Engagement Lead (Grant Thornton) which summarised the emerging national issues and developments and identified a number of challenge questions in respect of the emerging issues.

**Council tax and non-domestic rates performance monitoring report**

Report of the Revenues Manager setting out performance monitoring information on the collection of Council Tax and National Non Domestic Rates (NNDR).

### **The control environment for compromise agreements**

Report of the Head of Human Resources on the control environment for compromise agreements following a request from members.

The Audit Committee agreed that on the whole key controls were fit for purpose, being operated as intended, and were monitored by management. Ongoing concern was expressed relating to the controls in place on the IT infrastructure systems. The Committee were dissatisfied with the lack of progress in IT meeting the agreed improved controls and requested further updates and assurance from them to future meetings of the Committee

### **Controls: Contracts and Partnerships**

#### **Land sales – public question**

A question received from a member of the public: “Can the Audit Committee give serious consideration to investigating all land sales that were conducted by a particular officer and that all land sales documents are kept for future investigation and made publically available on line?” was responded to by Council officers who explained the audit and retention of documents processes to the satisfaction of the committee.

#### **Management Report on Programme Management Controls and Risks including Contract Health Check**

Report of the Director of Commissioning provided a progress update on the Council’s programme management controls and contract management activities. Members’ attention was draw to the robustness of the governance arrangements for the change related activities arising from the Council’s Business Plan and Financial Strategy. The Director sought to assure members that the Council was managing its risk in a consistent, cohesive and resilient manner.

#### **Update on programme management and the top fifty contracts, controls and risks**

Report of the Director of Commissioning provided a progress update on the Council’s programme management controls and contract management activities.

The Audit Committee agreed there is effective management and monitoring of contracts and partnerships. Performance around the management of contracts and commissioning processes will be strengthened further during 2015/2016 as the Council’s commissioning guidance is adopted more widely.

### **Controls: Fraud, Corruption and Whistleblowing**

#### **Internal Audit Counter Fraud Management Update**

Report of the Audit Engagement Officer provided members with an update on the Council’s counter fraud activities and initiatives. She stated that the active participation in counter fraud remained a positive and integral part of the Council’s commitment to the detection and prevention of fraud.

#### **Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy**

Report of the Audit Service Manager which informed members that the Counter Fraud, Bribery and Anti-Corruption Strategy had been reviewed and refreshed in line with best

practice and aligned to the CIPFA Code of Practice.

### **Annual Whistleblowing report**

Report of the Head of Human Resources on the number of cases raised about Council employees over the last year through the whistleblowing process.

### **Fraud and Special Investigation Updates (Exempted by Categories 2, 3 and 7)**

Exempt reports of the Audit Engagement Officer on an update on the current fraud and special investigations undertaken are provided to Members.

### **Benefit fraud Investigations - performance monitoring reports**

Report of the Revenues and Benefits Service Manager set out details of the investigative work undertaken into fraudulent claims for Housing Benefit, Council Tax Benefit and other Welfare Benefits jointly with the Department for Work and Pensions for the financial year 2014/2015 to the 10 February 2015.

The Audit Committee agreed that there were effective arrangements for the prevention and detection of fraud and corruption, and for enabling whistleblowing (confidential reporting).

## **Controls: Value for Money**

### **External Audit: Shropshire Council Audit Findings 2013/2014**

Report of the Engagement Lead (Grant Thornton) on key matters arising from the audit of Shropshire Council's financial statements for the year ending 31 March 2014 which was substantially complete. The report highlighted the key messages arising from the audit of the Council's financial statements and the results of work undertaken to assess the Council's arrangements to secure value for money and use of resources. The External Auditor reported on his intention to issue an unqualified value for money conclusion which would confirm that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

### **External Audit: Annual Audit Letter 2013/2014**

Report of the Engagement Lead (Grant Thornton) which set out the findings from the 2012/2013 audit of the assessment of the Council's arrangements to achieve value for money in its use of resources.

### **External Audit: Plan 2014/15**

Report of the Engagement Lead (Grant Thornton) setting out the work that Grant Thornton would be undertaking to discharge their responsibilities to provide a conclusion on the Council's arrangements for achieving Value for Money (VFM) and to consider the Council's Annual Governance statement.

The Audit Committee agreed that there were effective arrangements to ensure Value for Money.

## **Financial reporting**

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

Report of the Section 151 Officer which set out the final audited outturn position for the

financial year 2013/14 which would be confirmed by Council on the 25th September 2014. The Head of Finance, Governance and Assurance informed members that there had been no material changes to the main accounting statement since the version considered by the Committee in June.

**Revenue outturn report 2014/2015**

Report from the Section 151 Officer providing details of the revenue outturn position for the Council.

**Capital outturn report 2014/2015**

Report from the Section 151 Officer informing members of the full year capital expenditure and financing of the Council's capital programme.

**Review of the Annual Statement of Accounts 2014/2015**

Report of the Section 151 Officer on the draft Annual Statement of Accounts.

**External Audit: Audit Committee update for Shropshire Council**

Report of the Engagement Lead (Grant Thornton) which highlighted the progress made on work undertaken during the year and summarised the emerging national issues and developments of relevance to the Council. He indicated that no major issues had been identified.

**External Audit: Certification summary reports 2014/15 including housing benefits**

Report of the Engagement Lead (Grant Thornton) detailing the Certification Work Report 2013/14 relating to grants, subsidy and the return of financial information. It was noted that Grant Thornton had certified two claims for the financial year 2013/14 which related to £72 million. It was reported that the fees for the certification of housing benefit subsidy claims had been reduced by 12% to reflect the removal of council tax benefit.

**External Audit: Pension Fund audit plan 2014/2015**

Report of the Engagement Lead (Grant Thornton) which summarises for members the 2014/2015 planned audit of the Pension Fund financial statements.

**External Audit: Certification plan 2014/2015**

Report of the Engagement Lead (Grant Thornton) which summarised the overall assessment of the outcome of the grant certification work undertaken during the last financial year.

**External Audit: Shropshire Council Audit Findings 2013/2014**

Report of the Engagement Lead (Grant Thornton) on key matters arising from the audit of Shropshire Council's financial statements for the year ending 31 March 2014 which was substantially complete. The report highlighted the key messages arising from the audit of the Council's financial statements and the results of work undertaken to assess the Council's arrangements to secure value for money and use of resources. The External Auditor confirmed that he proposed to issue an unqualified opinion on the financial statements.

**External Audit: Shropshire County Pension Fund Audit Findings Report 2013/2014**

Report of the Engagement Lead (Grant Thornton) summarised the findings for the year

ended 31 March 2014 on the audit of the Pension Fund financial statements. He informed the meeting that this report would be considered by the Pensions Committee and had been brought to the Audit Committee as an information item.

**External Audit: Annual Audit Letter 2013/2014**

Report of the Engagement Lead (Grant Thornton) which set out the findings from the 2012/2013 audit of the Council's financial statements.

**External Audit: Plan 2014/15**

Report of the Engagement Lead (Grant Thornton) setting out the work that Grant Thornton would be undertaking to discharge their responsibilities in relation to the Council's financial statements.

**Treasury Management**

**Annual Treasury report 2013/2014**

Report of the Section 151 Officer providing information on treasury activities for Shropshire Council for 2013/2014. He indicated that the internal Treasury Team had outperformed their investment benchmark by 0.3% in 2013/2014 and performance for the last three years was 0.5% per annum above benchmark.

**Treasury Strategy 2014/2015 Mid-Year Report**

Report of the Section 151 Officer on a mid-term review of the Treasury Strategy which had been prepared in compliance with CIPFA's Code of Practice on Treasury Management. He highlighted that the internal Treasury Team achieved a return of 0.57% on the Council's cash balances, outperforming the benchmark by 0.27%.

**Treasury Strategy 2015/16**

Report of the Section 151 Officer which proposed the Treasury Strategy for 2015/2016 and the recommended Prudential Indicators for 2015/16 to 2017/18

The Audit Committee agreed that Financial Statements reflected the Council's true position, were complete including all transactions, and were prepared in accordance with International Financial Reporting Standards.