

**NORTHAMPTON BOROUGH COUNCIL
AUDIT COMMITTEE**

Your attendance is requested at a meeting to be held in the
The Jeffrey Room, St. Giles Square, Northampton, NN1 1DE.

on Monday, 20 May 2013

at 6:00 pm.

**D Kennedy
Chief Executive**

AGENDA

1. APOLOGIES

Please contact Peter Storey on 01604 837356 or
pstorey@northampton.gov.uk when submitting apologies for
absence.

2. MINUTES

(Copy herewith)

3. DEPUTATIONS / PUBLIC ADDRESSES

4. DECLARATIONS OF INTEREST

**5. MATTERS OF URGENCY WHICH BY REASON OF
SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE
OPINION SHOULD BE CONSIDERED**

6. FINANCIAL MONITORING REPORT

Phil Morrison ext
7194

Regular update of financial data to 28 February 2013.

(Copy herewith)

7. POLICY FOR NON-AUDIT WORK

Rebecca Smith
(KPMG)

(Copy herewith)

8. INTERNAL AUDIT ANNUAL OPINION REPORT

Chris Dickens (PWC)

(Copy herewith)

9. INTERNAL AUDIT PROGRESS REPORT

Chris dickens (PWC)

(Copy herewith)

10. EXCLUSION OF PUBLIC AND PRESS

THE CHAIR TO MOVE:

“THAT THE PUBLIC AND PRESS BE EXCLUDED FROM THE REMAINDER OF THE MEETING ON THE GROUNDS THAT THERE IS LIKELY TO BE DISCLOSURE TO THEM OF SUCH CATEGORIES OF EXEMPT INFORMATION AS DEFINED BY SECTION 100(1) OF THE LOCAL GOVERNMENT ACT 1972 AS LISTED AGAINST SUCH ITEMS OF BUSINESS BY REFERENCE TO THE APPROPRIATE PARAGRAPH OF SCHEDULE 12A TO SUCH ACT.”

<TRAILER_SECTION>

A7145

Public Participation

Members of the public may address the Committee on any non-procedural matter listed on this agenda. Addresses shall not last longer than three minutes. Committee members may then ask questions of the speaker. No prior notice is required prior to the commencement of the meeting of a request to address the Committee.

AUDIT COMMITTEE

Monday, 18 March 2013

PRESENT: Councillor Larratt (Chair); Councillor Oldham (Deputy Chair); Councillors Beardsworth, Lynch, Nunn and Subbarayan.

1. APOLOGIES

Apologies were received from Councillors Palethorpe and Strachan and from the Director of Resources.

2. MINUTES

The Minutes of the meeting held on 14 January 2013 were confirmed and signed by the Chair as a true record.

3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

4. DECLARATIONS OF INTEREST

There were none.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

6. FINANCIAL MONITORING REPORT

The Head of Finance and Resources presented a report on the financial position as at 31 December 2013, the position on car parking income and usage and the position in relation to the Council's outstanding debts as at 31 January 2013.

It was noted that daily car parking was forecast to be £200k below budget and that a further shortfall in season ticket income of £200k was forecast as a result of corporate contracts being cancelled. In the current economic climate people were tending to purchase car parking tickets on an ad hoc basis rather than buying season tickets. Officers were looking at ways to promote Council car parks and season tickets, including to railway commuters. A report would be presented to the Committee in the summer on this issue.

The Head of Finance and Resources responded to Members' comments and questions, as summarised below:

- The forecast reduction of £600k to the Bad Debt Provision was basically a technical adjustment, effectively being a rent equalisation over ten years, leading to some of the benefit paid to the HRA being deducted from annual subsidy from the Department for Work and Pensions. With the de-pooling of service charges the amount deducted from annual subsidy has reduced;
- The Call Care service is being reviewed to ensure it can be viable going forward. As part of that process reduction in costs, relocation of the service and ways of becoming more competitive were under consideration;
- All services carry a vacancy factor and posts are reviewed when a vacancy occurs

rather than being automatically filled. There were sometimes opportunities to “act up” when vacancies occurred. Not immediately filling a vacancy generated a saving until that post was filled. Officers were mindful of the need to maintain delivery of service and of the wellbeing of staff when vacancies occurred;

- The training budget had been reducing over the last few years as the Council decreased in size. Much of the training was now carried out on-line and through e-learning packages, rather than bringing in trainers;
- New software licences related to either upgrades of existing software or new software required for changes to service provision, e.g. the welfare reform provisions. In the future, LGSS would manage IT requirements for core services, should we enter the partnership;
- More people were presenting themselves as homeless now but the numbers being placed in bed and breakfast accommodation were reducing and the management of the process had been improved;
- Commercial rents were reviewed on an annual basis. Insurance was reviewed on an on-going basis. A question was asked in respect of the costs for Northampton Alive and the Head of Finance and Resources undertook to look into the matter and to provide information to Members;
- The Head of Finance and Resources also undertook to provide Members with further information on the proceeds of mortgage repossessions, which had generated a windfall saving of £30k;
- The underspend of £804,034 on housing capital schemes could be as a result of delays to the decent homes programme resulting from the Housing Needs Review and the new allocations system. The Head of Finance and Resources would look into the matter and inform Members as he could not confirm this was the direct reason. It was noted that the underspend itself would be carried forward into 2013/14 if the projects were to continue.

RESOLVED:

1. That the contents of the report be noted as below:
 - General Fund Revenue Monitoring (Appendix 1 of the report);
 - Housing Revenue Account (HRA) Revenue Monitoring (Appendix 2 of the report);
 - General Fund Capital Monitoring (Appendix 3 of the report);
 - HR Capital (Appendix 4 of the report).
2. That the position on car parking usage and income as at 31 January 2013 be noted (Appendix 5 of the report).
3. That the latest position in relation to the Council’s outstanding debts as at 31 January 2013 be noted.

7. PERFORMANCE REPORT TO THE END OF JANUARY 2013

The Head of Finance and Resources reported on the Council’s key performance exceptions for the year to date.

The Head of Finance and Resources responded to Members’ comments and questions, as summarised below:

- The system of accountability had not changed following the re - organisation of the Performance Team twelve months previously but Directors and the Chief Executive continue to hold Heads of Service to account for performance in their service areas. Any problems are fed back through Heads of Service for corrective action to be taken. Management Board and the Cabinet still review targets and receive a

- corporate indicator system of performance for consideration;
- The Cabinet Member for Environment had attended the previous meeting of the Committee on 14 January 2013 to present a report on the Enterprise contract and a further report would be made in six months' time. The Cabinet Member for Finance stated that the Enterprise contract contained penalty clauses and some of these had been activated. Discussions were on-going with the contractor;
- Work was underway regarding homelessness, which was a national issue, including looking at a gateway project. Much work was also underway to mitigate the effects of the welfare reforms, many of which would come into effect in April 2013, and which were an unknown quantity at this time. Members asked for a report on the effects of the welfare reforms to a future meeting.

Members considered that it would be helpful if an additional column could be added to the exception tables indicating the trend for each exception item.

RESOLVED:

That the report be noted.

8. ANTI-FRAUD ANNUAL REPORT

The Benefit Fraud Manager presented a report summarising the anti-fraud work and activity undertaken during 2012/13. Reference was also made to the high degree of uncertainty around the introduction of the proposed Single Fraud Investigation Service, which would involve NBC officers working under Department of Works and Pensions processes and procedures, which was delayed in December 2012 and would not now happen until sometime during 2014/15.

It was noted that:

- As a result of investigating sub-letting this year eight properties had been recovered for re-letting and discrepancies had been identified and resolved in five other properties. Using private sector partners this year with Credit reference data had helped to make it easier to identify risks by making it possible to drill down into the available data on properties and tenants;
- A pilot project starting on 21 March 2013 will use fraud officers and credit reference data to identify people on the housing register who are due to be allocated a property but whose circumstances have changed or were misrepresented stopping the fraud from entering the system in the first place.
- The service attempted to work with Wellingborough Homes and Corby Borough Council but was unsuccessful in a bid for finances from the LGA. A further funding bid has been made to the DCLG to continue to move this work forward and eventually set up an information hub. It is planned that other local authorities will join this local hub where data and good practice can be exchanged. East Northamptonshire and Daventry Councils have already been invited to participate.
- The time taken from beginning an investigation to completing a prosecution takes on average twelve months, however there are alternatives to prosecution which can be taken, such as Cautions and administrative penalties which can reduce the timeframe to a few weeks.
- New housing legislation is being enacted which would increase the powers available to local authorities in respect of housing fraud issues and the ability to prosecute offenders. Officers are looking into the impacts of this and the effective deterrent it can bring.

RESOLVED:

That the report be noted.

9. CERTIFICATION OF GRANTS AND RETURNS 2011-2012

The External Auditor presented his report for consideration. The report confirmed the change of auditor from the Audit Commission to KPMG from 1 September 2012, with the certification work completed by the Audit Commission prior to that date forming the basis of the report.

A minor technical qualification had been identified on the Housing and Council Tax Benefit Claim but this had no effect on the amount claimed. No amendments to any grant claims were required and grants and returns had been submitted on a timely basis, with working papers of good quality.

The External Auditor stated that following the discovery of a minor error where benefit had been underpaid further testing had taken place and three errors had been identified in total. These had been corrected and the correct benefit was being paid. With between 50,000 and 70,000 transactions made annually in this area plus all other transactions the overall figure of error was approximately 2.5%. As the errors could have resulted in overpayments rather than underpayments a letter of qualification had been sent to the Council. The External Auditor stated that sending such a letter was a common occurrence with local authorities. Further testing would take place in 2012/13 to ensure that the same errors were not still occurring.

RESOLVED:

That the KPMG report on the certification of Grants and Returns 2011/12 be noted.

10. EXTERNAL AUDIT PLAN 2012-13

The External Auditor presented the external audit plan prepared by KPMG, the Council's external auditors, for consideration.

It was noted that KPMG's provisional fee included a period of 3 weeks set aside for the audit, which was shorter than the time of most previous external audits of the Council. The fee was 40% lower than for the previous audit as a result of the Audit Commission tendering process nationally. The fee did not allow scope to accommodate anything which was not correct when provided to KPMG and if the auditor had to come back for further information an additional fee would be charged. The External Auditor stated that there had not been any difficulties with the information provided by the officers in recent years.

It was noted that KPMG proposed to use their Global Services team, based offshore in India, for parts of the audit and NBC officers would need to be assured as to the security of information transferred to and from that team and also that there would be no delays to the audit on doing so. The External Auditor gave details of the security arrangements which would be in place for this part of the work, as set out in the report.

The External Auditor referred to two key audit risks – transfer to LGSS and the new Fixed Asset system. He stated that KPMG would require assurances in respect of both issues and suggested that the Internal Auditor should be asked to look at both areas. The External Auditor suggested that there were no significant concerns regarding the transfer of services to LGSS but this was a major change and so presented a risk. It was noted that the SLAs for the services to be transferred stated that the current levels and standards of service had to be maintained. Many staff would not change their place of work on day one which would help to prevent disruption to services. NBC would retain the responsibility for the

management of services, which would be provided through LGSS after the transfer, via staff who would be employed by NCC. The s151 officer role would continue but would work for LGSS.

RESOLVED:

That the Audit Plan 2012/13 be noted.

11. INTERNAL AUDIT PROGRESS REPORT 2012/13

The Internal Auditor presented a summary of the progress made against the approved internal audit plan for 2012/13 up to the date of this Committee meeting (18 March 2013).

It was noted that since the last update final reports had been issued in three areas (Budgetary Control, Debt recovery and IBS Creditors) and all were classed as Low Risk.

The Internal Auditor stated that the Council's management had requested that an investigation be undertaken into car parking to challenge the service and see if was being provided as effectively as possible.

It was noted that some of the investigations planned for the current year had been deferred due to the changes to services being made as a result of LGSS. The Internal Auditor stated that he had received assurances from the officers in respect of those deferred services.

The Internal Auditor stated that with the transfer of services to LGSS the role of NBC would change, to become more of a commissioning body, with the skills required being those of project and contract management rather than service provision.

The Internal Auditor was currently looking at the whole process of NBC transferring to LGSS and the project management and would probably look at the business case for the transfer to LGSS in the future.

RESOLVED:

That the report be received.

The meeting concluded at 7:35 pm

Appendices:

6



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Financial Monitoring Report
---------------------	------------------------------------

AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	20 May 2013
Policy Document:	No
Directorate:	Resources
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

- 1.1 To present Committee with the Council's financial position as at 28 February 2013.
- 1.2 To update Committee on the position on car parking usage and income to 31 March 2013.
- 1.3 To update Committee on the position in relation to the Council's outstanding debt as at 31 March 2013.

2. Recommendations

- 2.1 To consider the contents of the following reports:
 - General Fund Revenue Monitoring (Appendix 1)
 - Housing Revenue Account (HRA) Revenue Monitoring (Appendix 2)
 - General Fund Capital Monitoring (Appendix 3)
 - HRA Capital Monitoring (Appendix 4).
- 2.2 To note the position on car parking usage and income as at 31 March 2013 (Appendix 5).
- 2.3 To note the latest position in relation to the Council's outstanding debts as at 31 March 2013 (Appendix 6).
- 2.4 To consider whether Committee requires any additional information in order to perform its governance role.

3. Issues and Choices

3.1 Report Background

- 3.1.1 A Finance and Performance report is taken to Cabinet on a quarterly basis (including the outturn report). Finance reports are published monthly on the intranet with the exception of the beginning of the financial year and the final months of the financial year.
- 3.1.2 Committee has asked to receive these reports which are brought to the first available meeting following their production.
- 3.1.3 Committee has also asked for more detailed information in relation to car parking usage and income, and debt recovery.

3.2 Issues

3.2.1 Budget monitoring commenced at Period 2 (position to 31 May 2012) for this financial year. The latest position and financial variances for Period 11 (to 28 February 2013) are outlined in the following appendices:

- Appendix 1 – General Fund Revenue
- Appendix 2 – HRA Revenue
- Appendix 3 – General Fund Capital
- Appendix 4 – HRA Capital.

3.2.2 Significant variances at this point in the year are as follows:

3.2.2.1 General Fund Revenue – (£331k) favourable

Note: for ease of understanding adverse variations (i.e. additional costs or reductions income) are shown without brackets, while favourable variations (increased income or cost savings) are shown within them.

- Electricity savings at vacant properties and additional insurance recharges to commercial tenants within Regeneration and Development have offset additional costs of promotional material (£17k for publication of Northampton Guides for Northampton Alive), for the Northampton Alive festival.
- Planning activity has been lower than estimated and the anticipated price increase by central government has been delayed, resulting in a projected shortfall in income of £69k. However, this has been more than matched by additional Building Control income and management action to delay the filling of vacancies, resulting in overall savings of (£196k).
- Additional software licence and temporary communication staff costs have been incurred within Resources; these have been partially offset by managed vacancies.
- The proceeds of mortgage repossessions from several years ago, which were previously held on the balance sheet, have now been credited to the General Fund revenue account resulting in a windfall saving of (£30k).
- There has been a reduction in external audit fees which was not known when the budget was set. Together with savings on the internal audit contract, this has produced a saving of (£71k).

- Savings of around (£44k) have arisen through energy prices rising by less than originally expected.
- Lower than expected Housing Benefit Subsidy of £47k is projected, largely as a result of increased numbers in bed and breakfast accommodation which attracts lower rates of subsidy. Vacant posts have been held open to offset this loss of income.
- A number of key service areas under Strategic Housing are showing forecast overspends due to Call Care contract cancellations. Vacancies are being held to help manage the overall Strategic Housing budget. In addition management are now forecasting additional income from licensing of HIMO's and other admin fees resulting in a net saving of (£22k) for the service.
- The Customers and Communities Directorate is projecting an underspend of (£80k) mainly as a result of reduced gas and NNDR costs and posts being held vacant.
- The Community Safety service is reporting a £44k overspend due to the cancellation of the Daventry CCTV contract becoming more costly than originally forecast and a partial loss of funding for the Crime and Disorder service.
- Lower take up of the free rat control service has produced a saving of (£36k).
- Savings of (£117k) are forecast through the reorganisation of the Neighbourhood Management service and the recovery of depot sewerage costs.
- An overspend of £40k is forecast for the Museum service, as a consequence of the vacancy factor not being achieved and a fall in income from donations and sponsorship.
- Additional costs of £48k are projected as the consequence of having to put some higher specification printing out to private suppliers. These costs will be recharged to the service areas which commissioned the work.
- Savings of (£39k) in IT are mainly the result of managed vacancies, while additional grant income and external contributions towards Events have produced savings of (£33k).
- Daily Car Parking income is forecast to be £200k below budget. A further shortfall in season ticket income of £210k as a result of corporate contracts being cancelled is also forecast.
- Lower than estimated electricity prices at the bus station and the re-allocation of security patrols to car parks have saved (£97k).
- The amount of money required to be set aside to finance borrowing is (£325k) below budget as less borrowing was undertaken in 2011-12 than planned. £141k of this has been transferred to the debt financing earmarked reserve to protect against future interest rate volatility. Other variations, including an additional (£109k) interest on a backdated VAT claim and a reduction in leasing costs, result in a forecast saving of (£111k).

3.2.2.2 HRA Revenue – (£677k) favourable

- Dwelling rent income is forecast to be (£261k) higher than originally estimated, largely as the result of improvements made in the management of void dwellings resulting in nearly halving the void rate.

- Service charge income is forecast to be £284k lower, reflecting reduced charges to leaseholders in respect of repairs and maintenance.
- General Management costs are (£58k) lower largely as a result of savings on the stock condition survey now being conducted under the Stock Options project.
- Repairs and maintenance costs in relation to gas systems and boilers have increased by £67k.
- There have been further savings (£57k) on Council Tax and standing utility charges for empty properties, following the demolition of Robinson House and the refurbishment of Paget House.
- Contributions to the Bad Debt Provision are forecast to be reduced by (£150k), reflecting better than budgeted arrears performance.
- Rent Rebate Subsidy Limitation reductions are forecast to be (£623k) less than budgeted as a consequence of de-pooling service charges from rents.
- Net recharges from the General Fund are forecast to be (£72k) lower than budget.
- However, interest charges on new long-term borrowing are higher by £295k, largely due to last minute changes to interest rates at the time of the HRA Subsidy buyout.
- The original budget anticipated drawing £2.0m from earmarked reserves, assuming an early repayment of housing debt of £8.2m. Fixed repayment schedules mean that this amount (together with other net savings during the year) will now be a contribution to earmarked reserves.
- Changes in the funding of capital expenditure have resulted from the move to self-financing. There has been an increase in the Major Repair Allowance of £2.9m and a consequent a (£2.2m) reduction in Revenue Contributions to Capital.
- The overall effect of these movements is that the contribution to earmarked reserves is forecast to be (£7.9m) more than originally budgeted.

3.2.2.3 Capital Programme

- HRA – The approved changes in year for the Head of Strategic Housing, (approved at 13th February 2013 Cabinet), are made up of:
 Sheltered Housing Improvements (£650k), Eleonore House project, re-phased to 2013/14. Planning work is completed and project delivery will be in 2013/14.
 IT Capital (£170k) the scheduling of works tool for Property Maintenance has been re-phased to 2013/14
 Woodside Way New Build £16k – this scheme was completed in 2010/11 but the retention payment came due in 2012/13 so budget had to be found for it. The original project had underspent.

3.2.3 A comparison of car parking usage and income over the last three financial years is shown at Appendix 5.

3.2.4 The managed debt analysis and commentary to 31 March 2013 are shown at Appendix 6.

3.3 Choices (Options)

This report provides a statement of current year activity so no options are relevant.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications arising from this report.

4.2 Resources and Risk

4.2.1 The reports at Appendices 1-4 detail any resource issues facing the Council from its forecast financial position for 2012/13.

4.2.2 Appendix 5 provides further detail in relation to car parking usage and income compared with the two previous financial years.

4.2.3 Appendix 6 provides a snapshot of the Council's debt position and its management.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 None at this stage.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Protecting and enhancing the reputation of Northampton Borough Council.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

Isabell Procter
Director of Resources, ext 8757

APPENDIX 1

Division	Ksa	Service Area	Revised Budget £000's	Forecast £000's	Forecast Variance £000's	RAG Status	Description
	DR02	Director of Regeneration, Enterprise & Planning	239	247	7	G	
Director of Regeneration, Enterprise and Planning			239	247	7	G	
	FA01	Asset Management	1,513	1,480	(33)	G	Savings are currently forecast as a result of posts being vacant
	FA06	Other Buildings & Land	(1,460)	(1,473)	(14)	G	
	RG01	Head of Regeneration & Development	98	92	(6)	G	
	RG02	Regeneration & Investment	1,060	1,053	(7)	G	
Head of Regeneration and Development			1,211	1,151	(60)	G	
	PE02	Building Control	(36)	(60)	(23)	G	Increased Building control income of (£10k) and underspent dangerous structures budget of (£5k).
	PE03	Development Control	432	337	(94)	G	Planning Fee income (£30k), Legal costs recovery (£14k) and staffing savings of (£75k) offset by additional costs of £25k
	PE06	Head of Planning	115	110	(5)	G	
	PE15	Joint Planning Unit Manager	252	252	(0)	G	
	PE17	Planning & Regen Central Support	100	81	(19)	G	
	RG04	Planning Policy & Conservation	733	679	(54)	G	Savings mainly a result of posts being vacant.
Head of Planning			1,595	1,400	(196)	B	
Director of Regeneration, Enterprise & Planning			3,045	2,798	(248)	B	
Corporate			4,305	4,305	0	G	
	DR03	Director of Resources	1,449	1,429	(19)	G	
Director of Resources			1,449	1,429	(19)	G	
	HR01	Human Resources	968	972	5	G	
	GC08	Communications	224	260	35	G	£27k employee overspends due to additional temporary staff costs. £7k one off payment for a software licence.
	GC15	Emergency Planning	53	63	10	G	
	PI20	Performance and Change	274	260	(14)	G	
Head of Business Change			1,518	1,554	36	G	
	HS02	Head of Finance & Resources	86	95	9	G	
	FA02	Financial Services	1,353	1,323	(30)	G	(£23k) transfer to revenue of the proceeds of mortgage repossession previously held on the balance sheet
	FA03	Audit	353	282	(71)	G	Lower scale of fees for external audit than anticipated and savings on the internal audit contract.
	FA05	Investments	65	44	(21)	G	Additional savings resulting from switching of bank account.
	FA08	Office Accommodation	1,614	1,570	(44)	G	Mainly due to savings as a result of energy price rises not being as high as originally anticipated.
	FA19	Exchequer Service	489	472	(17)	G	
	HS01	Benefits	(100)	(70)	30	G	£47k lower than anticipated Benefit Subsidy, largely as a result of an increased caseload on bed and breakfast which attracts lower subsidy levels, partially offset by a saving on employee vacancies (£17k).

Division	Ksa	Service Area	Revised Budget	Forecast	Forecast Variance	RAG Status	Description
	HS03	Revenues	337	353	16	G	
	PR01	Procurement	139	137	(2)	G	
	Head of Finance & Resources		4,337	4,205	(132)	B	
	Director of Resources		11,609	11,494	(115)	B	
	DR05	Director of Housing	172	172	0	G	
	Director of Housing		172	172	0	G	
	CS02	Call Care	(229)	26	255	R	A number of Call Care contracts have been cancelled, resulting in lower levels of income. This has been partly offset by savings in expenditure.
	HS05	Home Choice & Resettlement	426	384	(41)	G	There are a variety of posts being held vacant within this service to help manage the Strategic Housing budgets.
	HS12	Housing Options	449	438	(11)	G	
	HS13	Head of Strategic Housing	130	130	(0)	G	Employee savings on travellers site due to a vacant post April until September. Also, a lower contribution to the Countywide Travellers Unit.
	PE09	Travellers Sites	26	4	(22)	G	
	PE12	Private Sector Housing Solutions	68	(135)	(203)	B	Higher licensing income resulting from increased registration and re-licensing of Houses in Multiple Occupation. (£159k) increased Disabled Facilities Grant admin fees.
	RG03	Housing Strategy	56	56	0	G	
	Head of Strategic Housing		926	904	(22)	G	
	Housing		1,098	1,076	(22)	G	
	CX01	Chief Executive	184	185	0	G	
	GC02	Civic and Mayoral Expenses	104	101	(4)	G	
	GC05	Overview and Scrutiny	43	44	1	G	
	GC06	Councillor & Managerial Support	563	541	(22)	G	Mostly due to savings on Members training and conference costs.
	LD02	Electoral Services	174	186	12	G	
	LD03	Land Charges	(61)	(71)	(10)	G	
	LD04	Legal	710	711	1	G	
	LD08	Democratic Services	303	298	(4)	G	
	Borough Secretary		2,021	1,994	(27)	G	
	Borough Sec		2,021	1,994	(27)	G	
	DR01	Director of Customers and Communities	276	237	(39)	G	Savings as a result of posts being vacant.
	Director of Customers and Communities		276	237	(39)	G	
	GC04	Policy	8	48	40	G	Additional costs incurred in relation to the Community Governance Review.
	GC09	Community & Other Grants	1,218	1,225	7	G	
	GC10	Community Development	148	86	(62)	G	Savings due to vacant posts.
	GC11	Community Centres	427	387	(40)	G	(£8k) savings on NNDR, (£11k) savings on gas & (£18k) additional rent income.
	LS01	Head of Partnership Support	111	96	(15)	G	
	SS01	Neighbourhood Management	99	89	(10)	G	
	Head of Partnership Support		2,011	1,931	(80)	G	
	CE02	Community Safety	405	449	44	G	25k funding for the Crime & Disorder service which is not going to be received. The cancellation of the Daventry CCTV contract has been more costly than anticipated. Further reductions in CCTV expenditure have become evident due to the loss of the contract.
	CE04	Leisure Contract	946	939	(7)	G	
	LD05	Licensing	(239)	(234)	4	G	

Division	Ksa	Service Area	Revised Budget	Forecast	Forecast Variance	RAG Status	Description
	PE07	Pest Control	42	7	(36)	G	The new rat control service for those on Housing or Council Tax Benefit was only introduced on 1 October and take up is anticipated to be significantly below expected levels.
	PE10	Commercial Services	332	339	7	G	
	PE11	Environmental Protection	1,058	941	(117)	B	Savings have been achieved through the reorganisation of the Neighbourhood Management Service. Receipt of prior year income for sewerage and delay in recruitment resulting in reduced employee costs.
	PE16	Head of Public Protection	73	76	3	G	
	SS09	Environmental Services Contract	6,679	6,679	0	G	
	SS20	Environmental Services	(372)	(353)	18	G	
		Head of Public Protection	8,924	8,842	(83)	G	
	CE06	Museums and Arts	671	711	40	G	£32k additional employee costs and vacancy factor not being met. £10k legal advice on ownership of artefacts. Savings on utilities of (£20k).
	CS03	Head of Customer & Cultural Services	106	90	(16)	G	
	CS04	Customer Access	1,545	1,558	12	G	
	CS05	Print Unit	223	271	48	G	
	P102	Information Technology	2,131	2,092	(39)	G	Additional costs of outsourcing printing of higher technical specifications, which will be recovered from the commissioning services (£33k) Savings resulting from vacant posts
	P114	Telephones	247	247	0	G	
		Head of Customer & Cultural Services	4,924	4,968	44	G	
	CE03	Events	424	410	(14)	G	
	CE23	Town Centre Management	(32)	(18)	15	G	
	CE24	Car Parking	(1,864)	(1,444)	420	R	Car parking daily ticket income is decreasing resulting in a shortfall in income of £200k. There have also been some season ticket contracts cancelled, and further review resulting in a further shortfall of £230k. Reduced utility costs (£60k) have been offset against £25k realigned security costs and £5k cost of deep cleaning Grosvenor car park.
	CE26	Bus Station	242	144	(97)	G	Lower than estimated electricity prices and reallocation of security patrols to car parks (offset against car parking security costs).
	FA09	Markets	51	42	(9)	G	
		Head of Town Centre Management	(1,180)	(866)	314	R	
		Director of Customers and Communities	14,955	15,112	157	R	
		Total Service Budgets	32,728	32,474	(254)	B	
		Debt Financing	1,673	1,562	(111)	B	Minimum Revenue Provision, which is the amount of money required to be set aside to finance borrowing (including finance leases), is £325k below budget, mainly due to capital financing decisions made in 2011-12 (the use of capital receipts instead of borrowing and changes from planned financing leading to MRP savings), and the carry forward of capital expenditure delaying MRP impact to future years. £141k of this saving has been transferred to a debt financing earmarked reserve to mitigate risk in the investment interest budgets in 2013-14 against a background of falling interest rates. An amount of £109k interest on a backdated VAT claim has been received from HMRC. This has also been transferred to the debt financing earmarked reserve. Interest achieved on investments is forecast at around £14k over budget. Further savings arise from on interest on finance leases, where actual liability is around £271k less than budgeted. Recharges from the HRA are forecast at around £112k more than budgeted, due both to an increase in the levels of forecast average HRA balances, and the achievement of a higher than budgeted rate of return on investments.
		Recharges to the HRA	(5,470)	(5,436)	34	G	
		Contributions from reserves	(1,185)	(1,185)	0	G	
		Council Tax and other funding	(27,755)	(27,755)	0	G	
		Contribution to GF Balances	100	100	0	G	
		Total Corporate Budgets	(32,637)	(32,714)	(77)	G	
		Total General Fund	91	(240)	(331)		



**HOUSING REVENUE ACCOUNT
FINANCIAL YEAR 2012/2013**

For Period Ending 28 February 2013

	£,000's Current Budget	£,000's Actuals	£,000's Forecast Outturn	£,000's Variance	RAG Status
INCOME					
Rents - Dwellings Only	(46,572)	(41,961)	(46,833)	(261)	
Rents - Non Dwellings Only	(1,112)	(1,011)	(1,107)	5	
Service Charges	(2,453)	(2,000)	(2,169)	284	
Other Income	(85)	(50)	(51)	34	
Total Income	(50,222)	(45,022)	(50,160)	62	A
EXPENDITURE					
Repairs and Maintenance	10,990	10,569	11,058	67	
General Management	6,294	4,716	6,313	18	
Special Services	3,173	2,802	3,179	6	
Rents, Rates, Taxes & Other Charges	87	14	31	(57)	
Increase in Bad Debt Provision	450	275	300	(150)	
Rent Rebate Subsidy Deductions	643	18	20	(623)	
Total Expenditure	21,638	18,394	20,900	(738)	B
Net Cost of Services	(28,584)	(26,628)	(29,260)	(677)	B
Net Recharges to the General Fund	4,921	4,445	4,849	(72)	
Interest & Financing Costs	6,072	5,836	6,367	295	
Voluntary Debt Repayment	8,198	0	0	(8,198)	
RCCO	3,148	849	926	(2,222)	
Depreciation/MRA	8,246	10,205	11,133	2,887	
Net Contribution (from) / to Earmarked Reserves	(2,000)	5,487	5,986	7,986	
Net Transfer From / (To) Working Balance	(0)	194	0	0	G
Working Balance b/f	(5,000)	(5,000)	(5,000)	0	
Working Balance Outturn	(5,000)	(4,806)	(5,000)	0	G

Notes on Forecast Variances

Rents - Dwellings Only

Projected higher rent income largely as a result of faster turnaround times on void properties (currently 1.27% against estimated 2.5%).

Service Charges

Anticipated lower charges to Leaseholders in respect of repair and maintenance expenditure (includes prior year adjustment).

Note that depooled service charges are now shown on this line (this income was previously included in Dwelling Rents).

Repairs and Maintenance

Higher levels of repairs and maintenance work to gas systems and boilers than had been anticipated.

Rents, Rates, Taxes & Other Charges

Savings largely relate to Robinson House and Paget House (Council Tax & utility cost savings for empty properties).

Increase in Bad Debt Provision

Lower contribution to the Bad Debt Provision, reflecting lower levels of rent arrears than projected.

Rent Rebate Subsidy Deductions

Lower expenditure as a result of the depooling of service charges from rent.

Interest & Financing Costs

Interest rates on the new HRA long-term borrowing is higher than budgeted.

Voluntary Debt Repayment / Contribution to Reserves

Fixed debt repayment schedules have been put in place. Balances will be transferred to HRA Reserves.

RCCO / Depreciation/MRA

The implementation of the Self-Financing HRA has led to changes in the funding of capital expenditure. There has been an increase in the Major Repairs Allowance (MRA) and a subsequent reduction in the required contribution from Revenue (RCCO).

GF CAPITAL

Project Code & Project Description	Approved Budget February 2012	Approved Changes In Year	Latest Approved Budgets	YTD Actual Expenditure	Forecast Year End Spend	Forecast - Underspend / +Overspend for Year End	Budget Carried Forward	Forecast Variance RAG	Carry Forward RAG
	A	B	C=A+B	D	E	F=E-C	G		
	£	£	£	£	£	£	£		
Chris Cavanagh (CC4)									
BA122 - Fire Safety Improvement Works	0	83,291	83,291	69,291	83,291	0	0	G	G
BA132 - St Crispin Changing Rooms, Toilet, Car park	0	0	0	0	0	0	750,989	G	G
BA133 - St Crispin Football Pitches and Play Provision	0	126,639	126,639	405	126,639	0	100,000	R	R
BA136 - Water Management Works	85,000	183,585	268,585	267,076	268,585	0	93,000	G	R
BA138 - Cemeteries Refurbishment Works	0	33,234	33,234	33,234	33,234	0	0	G	G
BA139 - Works to Churchyards (footpaths and boundary walls)	0	2,000	2,000	1,871	2,000	0	0	G	G
BA140 - Corporate Properties - DDA Issues	0	0	0	4,527	4,527	4,527	0	G	G
BA141 - Unexpeded in Year Failures	0	-70,000	12,000	-277	-277	-277	70,000	R	R
BA146 - Water Hygiene - Monitoring Improvements	82,000	294,105	294,105	276,599	294,105	0	0	G	G
BA169 - Northampton Skatepark	0	197	197	0	0	-197	0	G	G
BA179 - Abington Park, Changing Room refurbishment	0	0	0	0	0	0	500,000	G	G
BA180 - Strategic Property Investment	0	0	0	0	0	0	0	G	G
BA181 - Refurbishment Abington Park Cottages 1&2	0	0	0	1,780	1,780	1,780	0	G	G
BA183 - Timber Footbridge Replacements	0	0	0	827	837	837	0	G	G
BA184 - Improvements to Ridings Car Parks	0	0	0	278	0	0	0	G	G
BA186 - Improvement to Parks Infrastructure	65,000	210,482	275,482	202,615	275,482	0	27,200	G	A
BA187 - Racecourse Bowling Green Footpaths	0	350	350	0	350	0	0	G	G
BA189 - Corporate Asset Improvements	200,000	51,777	251,777	205,908	251,777	0	30,000	G	A
BA190 - Investment Properties Enhancements	100,000	-24,000	76,000	15,485	76,000	0	24,000	G	R
BA194 - Guildhall Renewals	132,000	36,000	168,000	118,135	168,000	0	39,000	G	R
BA196 - Grosvenor/Greyfriars - Stagecoach Relocation	0	3,000,000	3,000,000	0	3,000,000	0	0	G	G
BA197 - Delapre Abbey Restoration Minor Projects	100,000	-90,000	10,000	28	10,000	0	90,000	R	R
BA368 - Upton Park Pedestrian & Cycle Bridge	0	208,011	208,011	204,259	208,011	0	78,400	G	R
BA385 - Town Centre Enhancements	0	50,000	50,000	0	50,000	0	0	G	R
BA887 - Grosvenor Greyfriars Car Park Improvement Works	0	73,000	73,000	75,311	73,000	2,311	5,000	G	A
BA889 - Mayohold Car Park - Drainage Works	0	5,000	5,000	3,275	5,000	0	75,000	R	R
BA891 - Bus Interchange	6,386,000	-5,170,000	1,216,000	849,641	1,216,000	0	4,284,000	G	R
BA892 - Urgent Lift Renewals	181,500	-50,000	131,500	0	131,500	0	50,000	G	R
BA894 - Mounts Baths Roof	150,200	25,200	175,400	171,025	175,400	0	0	G	G
Total for Head of Regeneration and Development	7,481,700	-1,021,129	6,460,571	2,501,292	6,467,241	8,981	6,266,589	G	R
Fran Rodgers (FR2)									
BK010 - Countrywide Climate Friendly Communities	0	98,511	98,511	51,894	98,511	0	0	G	G
BK013 - Empty Homes Programme	0	200,000	200,000	60	200,000	0	432,090	G	R
BK014 - CBL Sub-regional scheme	0	0	0	0	0	0	0	G	G
BK015 - DFGs Owner Occupiers	1,475,000	728,972	2,203,972	2,254,483	2,256,373	52,401	0	A	G
BK029 - Hot Property 3	0	1,392	1,392	-2,482	1,392	0	0	G	G
BK030 - Heatsstreets	0	0	0	-56	0	0	0	G	G
BK043 - Ecton Lane Remedial Works 2	0	11,620	11,620	11,620	11,620	0	0	G	G
BK044 - GOEM Decent Homes Assistance	0	153,602	153,602	114,793	153,602	0	0	G	G
BK050 - Wrapped Up Scheme	0	50,000	50,000	25,947	50,000	0	0	G	G
BK051 - Fuel Poverty Fund County Wide	0	504,000	504,000	39,081	504,000	0	0	G	G
Total for Head of Strategic Housing	1,475,000	1,748,097	3,223,097	2,495,341	3,275,498	52,401	432,090	A	A
Isabell Procter (IP1)									
BA383 - Cinepod - Royal & Demgate Theatre	0	350,000	350,000	102,194	350,000	0	0	G	G
Total for Director of Resources	0	350,000	350,000	102,194	350,000	0	0	G	G
Julie Seddon (JS14)									
BA144 - Playbuilder - Dallington	0	300	300	0	300	0	0	G	G
BA167 - I Love My Parks	0	15,254	15,254	11,441	15,254	0	17,000	G	R
Total for Director of Customers & Communities	0	15,554	15,554	11,441	15,554	0	17,000	G	R
Marion Goodman (MG3)									
BA111 - Partnership Information Hub GIS	0	0	0	0	0	0	0	G	G

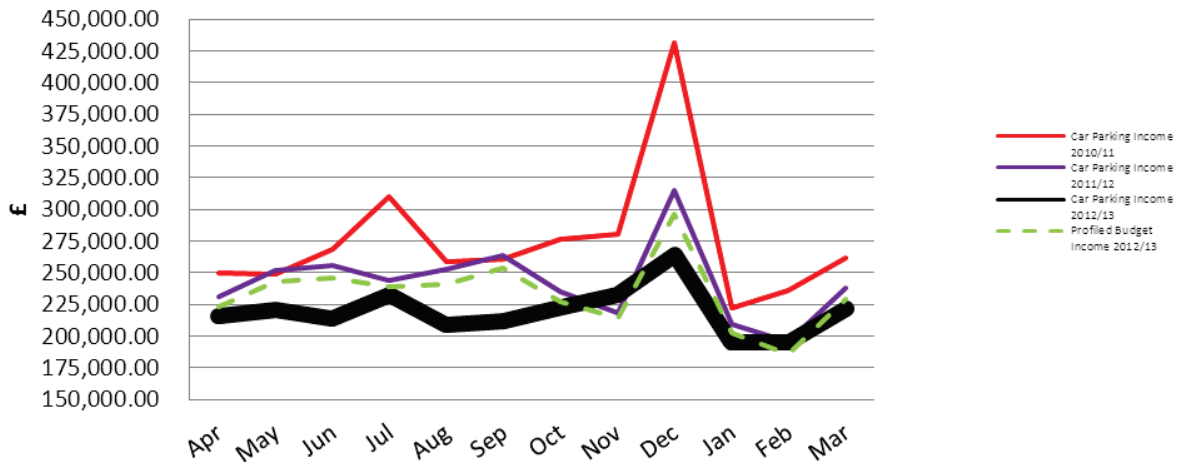
GF CAPITAL

Project Code & Project Description	Approved Budget February 2012	Approved Changes In Year	Latest Approved Budgets	YTD Actual Expenditure	Forecast Year End Spend	Forecast - Underspend / +Overspend for Year End	Budget Carried Forward	Forecast Variance RAG	Carry Forward RAG
	A	B	C=A+B	D	E	F=E-C	G		
	£	£	£	£	£	£	£		
BA157 - COM; Telephony (VoIP)	0	7,108	7,108	-1,011	7,108	0	0	G	G
BA164 - COM; IT Equipment New ways of working	0	65,900	65,900	65,900	65,900	0	0	G	G
BA173 - Multi-Function Devices (MFDs)	0	0	0	0	0	0	29,628	G	G
BA192 - Content Management System Upgrade for Websites	0	3,650	3,650	3,199	3,650	0	0	G	G
BA193 - Refurbishment - Northampton Museum and Art Gallery	0	0	0	-325	9,934	9,934	0	G	G
BA207 - IT Infrastructure - Servers and Network Storage	162,000	0	162,000	160,343	162,000	0	0	G	G
BA384 - Cultural Quarter - Street & Building Signage	0	50,000	50,000	0	50,000	0	0	G	G
BA743 - Electronic Record Management	0	5,911	5,911	0	5,911	0	0	G	G
BA764 - One Stop Shop, CRM	0	29,966	29,966	0	29,966	0	0	G	G
BA786 - Data Network Improvements	0	29,334	29,334	-8,871	29,334	0	50,000	G	R
BA808 - IT Network Replacement Programme	0	34,236	34,236	5,667	34,236	0	0	G	G
BA893 - Microsoft Office 2010 Upgrade	195,200	-165,000	30,200	29,815	30,200	0	145,000	G	R
Total for Head of Customer & Cultural Services	357,200	61,105	418,305	253,818	428,239	9,934	224,628	G	R
Nicci Marzec (NMI3)									
BA356 - Community Centres Refurbishment	15,000	5,145	20,145	22,801	20,145	0	0	G	G
Total for Head of Partnership Support	15,000	5,145	20,145	22,801	20,145	0	0	G	G
Robin Bates (RB4)									
BA145 - Cliftonville Move; New ways of working	0	55,246	55,246	28,723	55,246	0	0	G	G
Total for Corporate	0	55,246	55,246	28,723	55,246	0	0	G	G
BA165 - COM; Document Management	0	98,071	98,071	0	98,071	0	0	G	G
BA209 - Hosted Debit and Credit Card Payments	0	39,173	39,173	39,173	39,173	0	0	G	G
BA646 - Re-furbishment of the Great Hall Kitchen	0	60,000	60,000	0	60,000	0	61,500	G	R
Total for Head of Finance & Resources	0	197,244	197,244	39,173	197,244	0	61,500	G	R
Susan Bridge (SB11)									
BA210 - Jeffrey Room Audio and Visual Improvements	0	6,539	6,539	4,228	6,539	0	0	G	G
BA883 - Planning IT Improvements (HPDG)	0	2,278	2,278	2,278	2,278	0	191,335	G	R
Total for Head of Planning	0	8,817	8,817	6,506	8,817	0	191,335	G	R
Steve Eley (SE3)									
BA208 - Eastfield Park Improved Park Entrance	0	0	0	-140	0	0	0	G	G
BA211 - Extension of Duxton Cemetery	0	2,000	2,000	2,000	2,000	0	40,450	G	R
BA872 - Night Safe & Target Hardening - SSSNP	0	0	0	0	0	0	13,825	G	G
BA890 - Central Museum - Boiler Replacement	35,000	0	35,000	34,800	35,000	0	0	G	G
BA895 - Allotment Provision	100,000	-100,000	0	605	0	0	100,000	G	G
BA896 - Guildhall Loft Insulation Saix project	0	4,842	4,842	0	4,842	0	0	G	G
BA897 - Grosvenor Car Park T5 Lighting Upgrades	0	40,117	40,117	32,503	40,117	0	0	G	G
BA898 - St Michaels Car Park Led Lighting	0	88,839	88,839	71,628	88,839	0	0	G	G
Total for Head of Public Protection	135,000	35,798	170,798	141,395	170,798	0	154,275	G	R
TOTALS	9,463,900	1,455,877	10,919,777	5,602,685	10,988,782	71,316	7,347,417	A	R

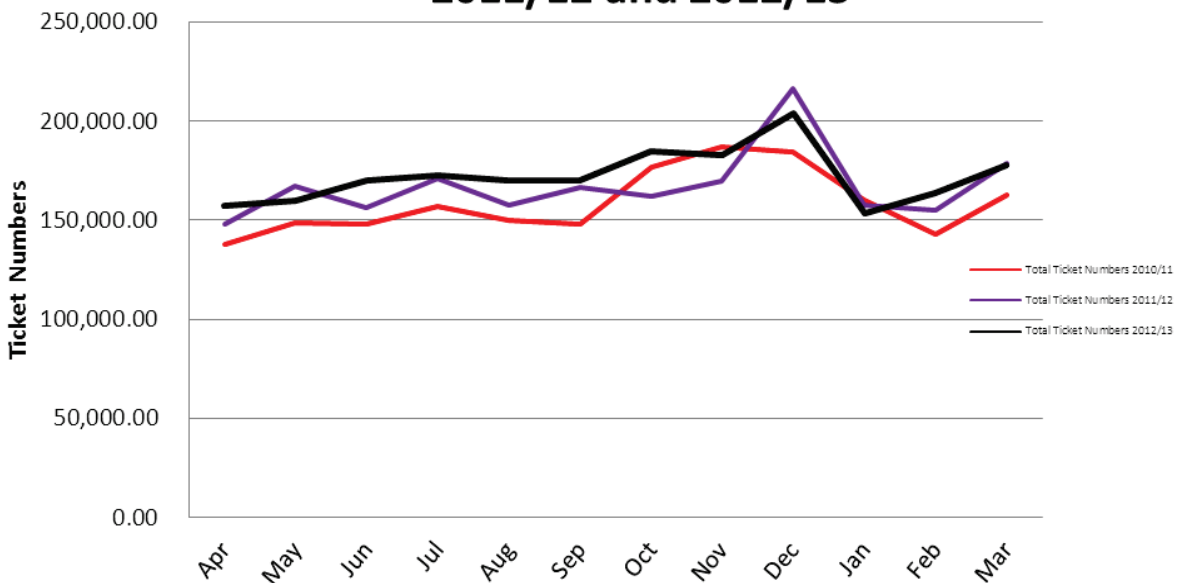
HRA CAPITAL

Project Code & Project Description	Approved Budget February 2012		Approved Changes In Year		Latest Approved Budgets		YTD Actual Expenditure		Forecast Year End Spend		Forecast - Underspend / +Overspend for Year End		Budget Carried Forward		Forecast Variance RAG		Carry Forward RAG		
	A	B	C=A+B	D	E	F=E-C	G	H	I	J	K	L	M	N	O	P	Q	R	
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Fran Rodgers (FR2)																			
BH006 - Woodside Way New Build	0	15,966	15,966	15,966	15,966	0	15,966	15,966	15,966	15,966	0	0	0	650,000	G	G	G	G	
BH366 - Sheltered Housing Improvements	1,000,000	-650,000	350,000	334,986	350,000	0	334,986	334,986	350,000	350,000	0	0	0	170,000	R	R	R	R	
BH367 - IT Capital	200,000	-170,000	30,000	9,466	30,000	0	9,466	9,466	30,000	30,000	0	0	0	0	G	G	G	G	
Total for Head of Strategic Housing	1,200,000	-804,034	395,966	360,479	395,966	0	360,479	360,479	395,966	395,966	0	0	820,000	0	G	G	G	G	
Head of Landlord Services (Mary Wood) (HOLS)																			
BH003 - Garages, Roofs & Doors Replacement	40,000	25,201	65,201	48,072	65,201	0	48,072	48,072	65,201	65,201	0	0	0	0	G	G	G	G	
BH009 - Fire Safety Works - communal areas	150,000	0	150,000	134,307	150,000	0	134,307	134,307	150,000	150,000	0	0	0	0	G	G	G	G	
BH011 - Capital Improvement Works	300,000	-198,402	101,598	350	101,598	0	350	350	101,598	101,598	0	0	200,000	0	G	R	R	R	
BH014 - Estate Regeneration	150,000	198,224	348,224	496	348,224	0	496	496	348,224	348,224	0	0	0	0	G	G	G	G	
BH019 - Window Restrictors	0	26,283	26,283	0	26,283	0	0	0	26,283	26,283	0	0	0	0	G	G	G	G	
BH020 - Periodical Electrical Works	125,000	60,489	185,489	144,703	185,489	0	144,703	144,703	185,489	185,489	0	0	0	0	G	G	G	G	
BH021 - New Communal Boilers	0	0	0	398	398	0	398	398	398	398	0	0	0	0	G	G	G	G	
BH022 - Community Energy Savings Programme (CESP)	750,000	2,226,828	2,976,828	2,416,201	2,976,828	0	2,416,201	2,416,201	2,976,828	2,976,828	0	0	0	0	G	G	G	G	
BH023 - External Gas Supply Replacement	0	5,550	5,550	2,670	5,550	0	2,670	2,670	5,550	5,550	0	0	0	0	G	G	G	G	
BH140 - Disabled Grant - Major Repairs	1,000,000	209,000	1,209,000	1,263,044	1,209,000	0	1,263,044	1,263,044	1,366,914	1,366,914	166,914	0	0	0	R	R	R	R	
BH302 - Minor Adaptations for People with Disabilities	140,000	30,000	170,000	167,493	170,000	0	167,493	167,493	170,000	170,000	0	0	0	0	G	G	G	G	
BH304 - Complete Roofs	400,000	275,110	675,110	316,497	675,110	0	316,497	316,497	675,110	675,110	0	0	216,000	0	G	R	R	R	
BH305 - Structural Repairs	400,000	0	400,000	442,074	400,000	0	442,074	442,074	442,074	442,074	0	0	0	0	G	G	G	G	
BH317 - Decent Homes and Poor Condition Improvement	10,000,000	7,945,000	17,945,000	14,279,511	17,945,000	0	14,279,511	14,279,511	17,945,000	17,945,000	0	0	0	0	G	G	G	G	
BH321 - Door & Window Replacement	30,000	3,495	33,495	23,467	33,495	0	23,467	23,467	33,495	33,495	0	0	0	0	G	G	G	G	
BH324 - Gas Appliance Replacement - Planned Ptnship	700,000	0	700,000	541,481	700,000	0	541,481	541,481	700,000	700,000	0	0	0	0	G	G	G	G	
BH325 - Gas Appliance Replacement - Responsive	500,000	0	500,000	500,195	500,000	0	500,195	500,195	500,195	500,195	195	0	0	0	G	G	G	G	
BH329 - Asbestos Remedial Action	100,000	0	100,000	104,255	100,000	0	104,255	104,255	104,255	104,255	4,255	0	0	0	G	G	G	G	
BH338 - Capital Works	1,000,000	89,557	1,089,557	194,222	1,089,557	0	194,222	194,222	1,089,557	1,089,557	0	0	0	0	G	G	G	G	
BH345 - Kitchen replacement	200,000	46,666	246,666	202,970	246,666	0	202,970	202,970	246,666	246,666	0	0	0	0	G	G	G	G	
BH351 - Door Entry Updates	90,000	45,119	135,119	95,311	135,119	0	95,311	95,311	135,119	135,119	0	0	0	0	G	G	G	G	
BH354 - Lift Refurbishment	0	14,119	14,119	16,071	14,119	0	16,071	16,071	16,071	16,071	1,952	0	0	0	G	G	G	G	
BH364 - Environmental enhancements to housing land	140,000	187,521	327,521	263,056	327,521	0	263,056	263,056	327,521	327,521	0	0	0	0	G	G	G	G	
BH365 - Walkways	100,000	0	100,000	0	100,000	0	0	0	100,000	100,000	0	0	0	0	G	G	G	G	
BH368 - Communal Area Upgrades	200,000	0	200,000	5,666	200,000	0	5,666	5,666	200,000	200,000	0	0	0	0	G	G	G	G	
Total for Head of Landlord Services	16,515,000	11,180,760	27,695,760	21,162,508	27,695,760	0	21,162,508	21,162,508	27,911,547	27,911,547	215,767	0	416,000	0	R	R	R	R	
Lesley Weir (LWS)																			
BH370 - Repurchase of Former Council Houses	0	500,000	500,000	0	500,000	0	0	0	500,000	500,000	0	0	0	0	G	G	G	G	
BH371 - Off Grid to Renewable Technologies	0	162,254	162,254	1,059	162,254	0	1,059	1,059	162,254	162,254	0	0	0	0	G	G	G	G	
Total for Director of Housing	0	662,254	662,254	1,059	662,254	0	1,059	1,059	662,254	662,254	0	0	0	0	G	G	G	G	
TOTALS	17,715,000	11,038,980	28,753,980	21,524,046	28,753,980	0	21,524,046	21,524,046	28,969,767	28,969,767	215,767	0	1,236,000	0	R	R	R	R	

Total Daily Ticket Income 2010/11, 2011/12 and 2012/13



Total Summary Ticket Numbers 2010/11, 2011/12 and 2012/13



Notes:

- Income for 2012/13 was £166k lower than budgeted, (Budget £2,799k), and £274k less than in 2011/12.
- The volume of tickets sold during 2012/13 was 61k higher than in 2011/12.
- St John's Surface Car Park: closure was effective from 15 June.
- Budgeted Income for 2013/14 £2,599k.

APPENDIX 6

Managed Debt Analysis - Rolling Year 2011/12 into 2012/13

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
TOTAL ARREARS	15,431,525	14,996,370	15,723,236	15,440,900	14,869,067	14,542,390	14,040,261	12,975,601	12,427,852	12,108,299	11,863,070	12,605,465
Awaiting Action	603,464	597,557	1,603,144	1,067,494	1,198,759	1,319,232	1,003,214	577,223	691,227	680,363	837,742	635,627
Debt in Progress	14,828,061	14,398,813	14,120,092	14,343,406	13,670,307	13,223,158	13,037,047	12,398,378	11,736,625	11,427,936	11,025,327	11,969,838
% Inactive debt [PI]	3.91%	3.98%	10.20%	6.91%	8.06%	9.07%	7.15%	4.45%	5.56%	5.62%	7.06%	5.04%
CTAX	7,698,098	7,913,392	7,590,716	7,290,809	6,995,888	6,748,462	6,816,581	6,079,436	5,851,338	5,628,763	5,456,867	6,090,188
Inactive	136,260	142,488	118,927	103,463	155,201	190,988	61,718	87,926	119,645	119,590	74,444	111,528
In progress	7,561,838	7,770,904	7,471,789	7,187,346	6,840,687	6,557,474	6,754,863	5,991,510	5,731,693	5,509,173	5,382,423	5,978,660
Inactive debt	1.77%	1.80%	1.57%	1.42%	2.22%	2.83%	0.09%	1.45%	2.04%	2.12%	1.36%	1.83%
NNDR	2,514,144	1,896,873	1,709,394	1,618,141	1,455,859	1,454,169	1,190,202	1,048,011	792,303	711,325	817,539	776,782
Inactive	0	0	0	0	0	0	0	0	0	0	0	0
In progress	2,514,144	1,896,873	1,709,394	1,618,141	1,455,859	1,454,169	1,190,202	1,048,011	792,303	711,325	817,539	776,782
Inactive debt	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FTA	1,176,332	1,148,887	1,112,712	1,093,926	1,098,773	1,101,424	1,141,274	1,087,911	1,108,105	1,083,038	817,980	814,503
Inactive	113,802	125,612	131,638	24,451	88,542	87,568	93,895	41,540	78,244	14,594	34,978	30,016
In progress	1,062,530	1,023,275	981,074	1,039,476	1,010,231	1,013,856	1,047,379	1,046,371	1,029,861	1,068,444	783,002	784,487
Inactive debt	9.67%	10.93%	11.83%	2.23%	8.06%	7.95%	8.22%	3.82%	7.06%	1.35%	4.28%	3.69%
HBOP	4,042,951	4,037,218	4,062,784	4,042,524	4,139,805	4,090,115	4,062,487	4,113,948	4,152,394	4,186,745	4,167,924	4,122,698
Inactive	353,402	329,457	380,956	420,694	432,663	409,456	427,157	351,527	402,007	447,019	700,472	328,701
In progress	3,689,549	3,707,761	3,681,828	3,621,830	3,707,142	3,680,659	3,635,330	3,762,421	3,750,387	3,739,726	3,467,452	3,793,997
Inactive debt	8.74%	8.16%	9.38%	10.41%	10.45%	10.01%	10.51%	8.54%	9.68%	10.68%	16.81%	7.97%
SD	Not Avail	Not Avail	1,247,630	1,395,500	1,178,742	1,148,220	829,717	646,295	523,712	498,428	602,760	687,083
Inactive	Not Avail	Not Avail	971,623	518,886	522,353	631,220	420,444	96,230	91,331	99,160	27,848	51,171
In progress	Not Avail	Not Avail	276,007	876,613	656,388	517,000	409,273	550,065	432,381	399,268	574,911	635,912
Inactive debt	Not Avail	Not Avail	77.88%	37.18%	44.31%	54.97%	50.67%	14.89%	17.44%	19.89%	4.62%	7.45%

All figures given below, are the movement in the last eleven months.

- Overall debt levels as at 31st March 2013
Compared to March 2012, unmanaged debt is £40,911 less, and the outstanding arrears continue to reduce, as they are £3,912,099 less.
- Council Tax as at 31st March 2013
Unmanaged debt is £24,732 less and the overall outstanding arrears are £1,607,910 less.
- Business Rates as at 31st March 2013
Unmanaged debt remains unchanged. The overall outstanding arrears are £1,747,362 less.
- Former Tenant Arrears as at 31st March 2013
Unmanaged debt is £83,786 less and the overall outstanding arrears are £361,829 less.
- Housing Benefit Overpayments Payments as at 31st March 2013
Unmanaged debt is £24,701 less and the overall outstanding arrears are £79,747 more, due to an increase of appeals and an increase in pending overpayments, and the financial climate of trying to recover a low priority debt.
- Sundry Debts as at 31st March 2013
Compared to March 2012, unmanaged debt is £21,903 less, and the overall outstanding balance is £398,956 less.
- Priority Debts 31st March 2013
As a result of priority debt as defined by the Corporate Debt Policy we now have debt on hold awaiting clearance of priority debts. This is broadly broken down as FTA £79.2k, Sundry debt £3.7k and OPHB £152.8k, as at 19th April 2013. As more cases reach consideration for court action this category of debt pending other priority debt will increase.

Appendices:

1



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Policy for Non – Audit Related Activity
---------------------	--

AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	20 May 2013
Policy Document:	No
Directorate:	Resources
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

- 1.1 To outline the policy for Northampton Borough Council for non-audit related work conducted by our appointed external auditors.

2. Recommendations

- 2.1 To approve the policy as provided at Appendix A.
- 2.2 To approve that any assignments related to additional audit work that exceed **£20k** are referred to audit committee to test that the independence of audit is not compromised.
- 2.3 To approve that any additional advisory services from KPMG are approved by audit committee prior to commencement.

3. Issues and Choices

3.1 Report Background

- 3.1.1 It is important that the independence of our external auditors (KPMG) in reporting to members and Northampton Borough Council does not appear to be compromised. It is equally important however that the Council can still access the expertise of KPMG where required on non – audit related matters.

- 3.1.2 This policy therefore sets out any threats to audit independence that potentially exist and defines the non – audit work that can be shared by the Council and KPMG.
- 3.1.3 This policy also sets out the approval process and corporate reporting mechanisms that will be in place for any non – audit work that KPMG perform on behalf of the Council.

3.2 Issues

- 3.2.1 The institute for Chartered Accountants in England and Wales sets out threats to independence as follows:
- Self Interest, where an interest in the outcome of their work or in depth relationship with the Council may conflict with an auditors objectivity,
 - Self-audit, where the auditors may be checking their own organisations work,
 - Advocacy, which may be present in engagement but could become a threat if an auditor becomes an advocate for an extreme position in an adversarial matter,
 - Familiarity or Council, where the level of constructive challenge is diminished as a result of assumed knowledge,
- 3.2.2 As a result of these perceived threats and in order to provide the Council with a transparent mechanism by which non-audit work can be reviewed, KPMG have provided categories that relate to specific professional services that they provide. These are:
- 1. Statutory and audit related work not requiring audit committee approval,
 - 2. Audit related and advisory work not requiring audit committee approval,
 - 3. Projects that are not permitted
- 3.2.3 Approval against point 2 above will not be required, unless any assignment exceeds the approved limit of **£20K**. Where this limit is exceeded the audit committee will be asked to ensure that the assignment does not compromise the independence of our external auditors based on the threats identified in 3.2.1
- 3.2.4 Approval against categories 1 and 2 above are requested for approval in 2.2 and 2.3 respectively.
- 3.2.5 The table on page 3 of the policy at Appendix A gives examples against the three categories provided in 3.2.2.

3.3 Choices (Options)

- 3.3.1 This report recommends the policy provided at Appendix A

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 There are no specific policy implications arising from this report.

4.2 Resources and Risk

4.2.1 This report recommends the policy at appendix A in order to mitigate any risk from non – audit related assignments by our external auditors.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 None at this stage.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Protecting and enhancing the reputation of Northampton Borough Council.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

Robin Bates
Head of Finance and Resources, ext 7119



Policy for Engagement of External Auditors for Non- Audit Work

Introduction and purpose of this policy

It is important that the independence of our external auditors in reporting to members and Northampton Borough Council (the Council) does not appear to be compromised but equally that the Council should not be deprived of expertise where it is needed and can be leveraged from KPMG as a whole. This policy therefore seeks to set out what threats to audit independence theoretically exist and thus provides a definition of non-audit work which can be shared by the Council and KPMG. It then seeks to establish the approval processes and corporate reporting mechanisms that will be put in place for any non-audit work that KPMG is asked to perform.

Threats to independence

The Institute of Chartered Accountants in England and Wales sets out threats to independence as:

self interest	where an interest in the outcome of their work or in a depth of relationship with the Council may conflict with the auditors' objectivity
Self-audit	where the auditors may be checking their own colleagues work and might feel constrained from identifying risks and shortcomings
advocacy	which may be present in engagement but could become a threat if an auditor becomes an advocate for an extreme position in an adversarial matter
familiarity or Council	where the level of constructive challenge provided by the auditor is diminished as a result of assumed knowledge or relationships that exist

Defining types of non-audit work and the associated approval process

In order to provide the Council a transparent mechanism by which non-audit work can be reviewed and progressed without too great an administrative burden falling on the Council, the following three categories of work have been agreed as applying to the professional services available from KPMG:

1. Statutory and audit related work not requiring Audit Committee approval

There are certain projects where the work is clearly audit related and the external auditors are best placed to do the work (e.g. providing a certificate on grant claims outside of the Audit Commission regime). It is proposed that such assignments do not require Council or Audit Committee approval. However, recognising that the level of non-audit fees may also be a threat to independence, a limit of £20,000 [to be decided by the Audit Committee] is set, above which prior Audit Committee approval should be sought for such work.

2. Audit related and advisory services requiring prior audit committee approval

There are projects and engagements where the auditors are best placed to perform the work:

- Due to their network within and knowledge of the business (e.g. taxation advice, due diligence and accounting advice);
- Due to their previous experience or market leadership.

It is proposed that prior Audit Committee approval is sought for projects of this nature.

3. *Projects that are not permitted*

There are some projects that are not to be performed by the external auditors. These projects represent a real threat to the independence of the audit team such as where the external auditors would be in a position where they are auditing their own work (for example, systems implementation). The Audit Committee is responsible for approving all non-audit work undertaken by the external auditors and reporting any instances to the Council. These proposed categories of non-audit work along with the related approval levels are set out below. More detail on each type of work is set out in Appendix A.

For the avoidance of doubt, seeking approval from the Audit Committee involves the business sponsor of the proposed work obtaining a proposed scope and fee estimate from KPMG before the work commences. If the fee exceeds the proposed limits or falls into a category of work that requires approval, details of the scope and fee proposal should be submitted to the Audit Committee Chairman and Director of Finance. If approved, the project should be logged by the Audit Committee secretary to be raised at the next Audit Committee meeting and the Council Secretary informed in order that a schedule of non-audit fees can be maintained and Council of Governors updated.

In cases where it is undecided which category services fall into they will default to the category that requires Audit Committee approval and be expected to take that route until such as time as this policy is reviewed and updated by the Audit Committee.

Reviewing and updating this policy

KPMG will include within our annual ISA 260 (report to those charged with governance) an appendix that summarises any additional work that they have performed for the Council and a review of the effectiveness of this policy.

The Audit Committee will formally agree on an annual basis that it is content with the structure, content and operation of this policy.

Appendix A: Examples of work types

The table below sets out examples of the different work types that could be requested from KPMG. As it would not be practical to consider all the services provided by KPMG we have documented the characteristics that drive the classification of services into the different work streams. This table is intended to provide illustrative examples of how the implementation of this policy would be approached should the Council request assistance from KPMG.

	Statutory and audit related (Not requiring audit committee approval, unless in excess of £20k)	Audit and assurance related and non-audit advisory services (Sensitive projects requiring referral without de minimis)	Projects that are not permitted
Characteristics	<ul style="list-style-type: none"> Advice on areas core to the financial statements audit 	<ul style="list-style-type: none"> Requiring independent objective assessment of information or procedures Staff secondments Other advisory services 	<ul style="list-style-type: none"> Participation in management
Acquisitions / Disposals	<ul style="list-style-type: none"> Accountants reports Reporting on financial assistance Audit of carve out financial statements 	<ul style="list-style-type: none"> Due diligence and related advice Completion accounts audit Agreement of price adjustment as a result of completion accounts Advice on integration activities Preparation of forecast of investment proposals 	
Internal Audit and Risk Management Services	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Provision of specialist skills / training Advice on methodology and systems Co-sourcing Advice and design of policies, systems or procedures 	<ul style="list-style-type: none"> Full outsourcing Systems implementation
Taxation	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Preparation of draft returns Submission of returns and correspondence with tax authorities Advice on tax matters Transfer pricing 	<ul style="list-style-type: none"> Preparation of accounting entries for tax Handling taxation payments

		<ul style="list-style-type: none"> Valuation for the purposes of taxation 	
General Accounting	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Advice on accounts preparation and application of accounting standards Training for accounting and risk management projects Booking keeping services 	<ul style="list-style-type: none"> Preparation of accounting entries Preparation of financial information

Internal Audit Annual Report 2012/2013

Northampton Borough
Council
May 2013

Contents

1. Executive summary	1
2. Summary of findings	3
3. Internal Audit work conducted	4
4. Follow up work conducted	10
<hr/>	
Appendices	11
Appendix 1: Limitations and responsibilities	12
Appendix 2: Basis of our classifications	13

Distribution List

For action	Senior Management Team
	Heads of Service
For information	Audit Committee

This document has been prepared only for Northampton Borough Council and solely for the purpose and on the terms agreed with Northampton Borough Council.

1. *Executive summary*

Background

The relevant government standards, CIPFA's Audit Code of Practice requires that the Head of Internal Audit provides a written report to the Audit Committee timed to inform the organisation's Annual Governance Statement. As such, the purpose of this report is to present our view on the adequacy and effectiveness of Northampton Borough Council's system of governance, risk management and control.

Whilst this report is a key element of the framework designed to inform the Annual Governance Statement, there are also a number of other important sources to which the Audit Committee should look to gain assurance. This report does not supplant the Audit Committee's responsibility for forming its own view on governance, risk management and control.

This report covers the period to the year ended 31 March 2013. The specific time period covered by our work for each individual audit is recorded in Section 3.

Scope

Our findings are based on the results of the internal audit work performed as set out in the Internal Audit Risk Assessment and Plan approved by the Audit Committee on 19 March 2012. All changes have been outlined in our update reports taken to the Audit Committee during the year.

Our opinion is subject to the inherent limitations of internal audit (covering both the control environment and the assurance over controls) as set out in Appendix 1.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to CIPFA's Audit Code of Practice. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

Opinion

Our opinion is based solely on our assessment of whether the controls in place support the achievement of management's objectives as set out in our Internal Audit Risk Assessment and Plan and Individual Assignment Reports.

We have completed the program of internal audit work for the year ended 31 March although some reports remain in draft where management comments are still awaited.

Our work identified 1 high, 15 moderate and 48 low rated findings. Based on the work we have completed, we believe that there is some risk that management's objectives may not be fully achieved. Improvements are required in those areas to enhance the adequacy and / or effectiveness of governance, risk management and internal control.

The key factor that contributed to our opinion is summarised as follows:

- **Housing allocations** - The key weakness identified in this report relates to the lack of availability of key documents which provide evidence of compliance with established procedures. It is important the Authority retain this key documentation in order to substantiate the allocation of council housing to those in greatest need in compliance with the Housing Act, 1996 and so they can defend their decisions in light of growing public and political scrutiny regarding the allocation of council properties across the region.

A summary of the key findings are described in further detail on page 3.

On pages 4, 5 and 6 we show the direction of travel for both individual review areas and for the number of audit recommendations in each risk category (critical, high, medium and low). This indicates that the overall control environment at the Council has improved from the prior year.

For many of the areas reviewed in the year, the rating this year was either better or the same as last year. The number of internal audit findings and recommendations has reduced with a total number of 64 findings in 2012/13 compared to 72 in the previous year. There are reductions in the high and medium risk categories and a small increase in the low risk category.

Reviews deferred into 2013/14 Plan

The following reviews have been deferred into the 2013/14 plan:

- Car parking - due to lack of availability of management, work is deferred to May/June 2013
- IT review: "Bring your own devices" – fieldwork completed in May 2013
- Asset management – planned timing was not considered to be appropriate by management
- National Fraud Initiative: Data matching – work is ongoing and will be completed during the first half of 2013/14

Acknowledgement

We would like to take this opportunity to thank Northampton Borough Council staff, for their co-operation and assistance provided during the year.

2. Summary of findings

Our annual internal audit report is timed to inform the organisation's Annual Governance Statement.

A summary of key findings from our programme of internal audit work for the year is recorded in the table below:

<i>Description</i>	<i>Detail</i>
<p>Overview</p> <p>We completed 26 internal audit reviews (including value enhancement reviews). This resulted in the identification of 0 critical, 1 high, 16 medium and 47 low risk findings to improve weaknesses in the design of controls and / or operating effectiveness.</p>	<p>Our audit plan was scoped to address the Council's key risks and strategic objectives. We mapped each review to these areas in our 2012/13 Internal Audit plan</p> <p>We have completed our internal audit plan in line with the set timescales, subject to the amendments agreed by management.</p>
<p>Internal Control Issues</p> <p>During the course of our work we identified one high risk finding that the Council may wish to consider including in its Annual Governance Statement.</p>	<p>The following high risk area has been identified in 2012/13:</p> <p>Housing allocations</p> <p>The key weakness identified in this report relates to the lack of availability of key documents which provide evidence of compliance with established procedures. It is important the Authority retain this key documentation in order to substantiate the allocation of council housing to those in greatest need in compliance with the Housing Act, 1996 and so they can defend their decisions in light of growing public and political scrutiny regarding the allocation of council properties across the region.</p>
<p>Good practice</p> <p>We also identified a number of areas where few weaknesses were identified and / or areas of good practice were observed.</p>	<p>The following reviews were classified as low risk in 2012/13:</p> <ul style="list-style-type: none"> • Council tax • Budgetary control • General Ledger • Debtors • Cash and banking • Creditors (IBS and Agresso) • Fixed assets • Payroll • Housing benefits • Debt recovery • HR – Potentially violent persons • Landlord services – Gas Safety /Property Transfer • Strategic Housing – Accounting for grant income • Policy and community engagement – Equalities • Cultural Services – Museum security • Conflicts of interest

3. Internal Audit work conducted

Introduction

Our internal audit work was conducted in accordance with our letter of engagement dated 18 October 2010, CIPFA Audit Code of Practice and the Internal Audit Risk Assessment and Plan.

The table below sets out the results of our internal audit work. The direction of travel is also analysed so management can consider whether they should take action to reverse a trend or address stagnation.

We also include a comparison between planned internal audit activity and actual activity, to assist with budgeting and forward planning.

Results of individual assignments






Audit unit	Report status	Direction of Travel	Report classification	Number of findings			
				Critical	High	Medium	Low
Cross Cutting							
Council tax	Final	No review performed in prior year	Low Risk	0	0	0	1
NNDR	Final	No review performed in prior year	Medium Risk	0	0	4	1
Budgetary Control	Final	↔	Low Risk	0	0	1	0
General Ledger (part of core financial systems review)	Final	↔	Low Risk	0	0	1	2
Debtors (part of core financial systems review)	Final	↔	Low Risk	0	0	0	4
Creditors (Agresso) (part of core financial systems review)	Final	↔	Low Risk	0	0	0	1
Payroll (part of core financial systems review)	Draft	↔	Low Risk	0	0	1	1
Cash and Banking (part of core financial systems review)	Final	↔	Low Risk	0	0	0	1
Creditors (IBS)	Final	↑	Low Risk	0	0	0	0

Audit unit	Report status	Direction of Travel	Report classification	Number of findings			
				Critical	High	Medium	Low
Fixed Assets	Final	↔	Low Risk	0	0	0	2
Housing Benefits	Final	↔	Low Risk	0	0	0	4
Housing rents	Final	↓	Medium Risk	0	0	2	4
Debt Recovery	Final	↔	Low Risk	0	0	0	4
Shared Services Transition Planning	Draft	No review performed in prior year	Medium Risk	0	0	3	2
Departmental							
Human Resources – Potentially violent persons	Final	No review performed in prior year	Low Risk	0	0	1	2
Landlord Services – Gas safety checks and property transfer process	Draft	No review performed in prior year	Low Risk	0	0	1	4
Strategic Housing – accounting for grant income	Final	No review performed in prior year	Low Risk	0	0	0	1
Strategic Housing – Housing Allocations	Draft	No review performed in prior year	Medium Risk	0	1	0	4
Policy and Community Engagement – Equalities	Draft	No review performed in prior year	Low Risk	0	0	0	4
Cultural Services – Museum security	Final	No review performed in prior year	Low Risk	0	0	1	3
Conflicts of Interest	Final	No review performed in prior year	Low Risk	0	0	0	3
			Total	0	1	15	48

In addition we have carried out the following reviews where no risk rating has been provided:

- Risk Management (final)
- Cultural Services – Leisure Trust Contract (follow-up review) (final)
- Environmental Services – Environmental Services Contract (follow-up review) (final)
- Landlord Services – Decent Homes Contract (follow-up review) (final)
- Landlord Services - Voids Management (follow-up review) (final)
- Borough Solicitor Function – Anti-fraud Health Check (follow-up review) (draft)

Direction of control travel

Finding rating	Trend between current and prior year	Number of findings		
		2012/13	2011/12	2010/11
Critical		0	0	0
High		1	4	5
Medium		15	30	62
Low		48	38	63
Total		64	72	130

It should be noted that the mix and focus of our internal audit plans have differed between years and therefore these results may not be directly comparable.

Implications for management

Management should look to concentrate on higher risk areas and those with deteriorating performance (e.g. Housing Allocations and Housing Rents) to ensure that controls in these areas are improved. Actions may include raising awareness, training, increasing compliance checks or improved escalation processes.

Comparison of planned and actual activity

Ref	Audit Type	Audit Type	Planned number of audit days	Actual number of audit days
A	Cross-cutting			
A.1	Risk Management and Business Continuity	Value protection	5	5
A.2	Council Tax	Value protection	6	6
A.3	NNDR	Value protection	10	10

A.4	Core Financial Systems Reviews	Value protection	40	45*
A.5	Budgetary Control	Value protection	8	8
A.6	Creditors (IBS)	Value protection	8	8
A.7	Fixed Assets	Value protection	6	8
A.8	Housing Benefits	Value protection	8	8
A.9	Housing rents	Value protection	6	7*
A.10	Debt Recovery	Value protection	10	10
Total			107	115
B Departmental				
B.1	Human Resources - potentially violent persons	Value protection	8	9*
B.2	Customer Services and ICT - IT review	Value protection	15	2
B.3	Landlord Services - Voids and repairs process	Value protection	15	15
B.3	Landlord Services - Decent Homes	Value protection	5	6*
B.4	Strategic Housing - Accounting for grant income	Value protection	8	8
B.4	Strategic Housing - Housing allocations	Value protection	8	9*
B.5	Communications Team - Eforms	Value protection	5	1
B.6	Policy and Community engagement - Equalities	Value protection	8	14
B.7	Asset Management - time recording system, disposals, delivery of corporate programme	Value protection	8	2
B.8	Environmental Services - environmental services contract	Value protection	5	6*
B.9	Cultural Services - Leisure trust	Value protection	5	5
B.9	Cultural Services - Museums security	Value protection	8	8
B.10	Corporate Performance and Change - data quality	Value protection	8	1
B.11	Democratic and Chief Executive Services - Community asset transfer scheme	Value protection	8	1
B.12	Borough Solicitor Function - corporate fraud arrangements - anti fraud health check follow up	Value protection	5	8*
	Car Parking review	Specialist	0	7
Total			119	102
VE Value Enhancement				
VE.1	Governance and controls workshop	Value enhancement	2	0
VE.2	Audit Committee Effectiveness Training	Value enhancement	2	0
VE.3	Anti-fraud awareness training	Value enhancement	4	4
VE.4	NFI data matching	Value enhancement	20	8

VE.5	Support on HR project	Value enhancement	12	2
VE.6	Conflicts of Interest	Value enhancement	5	5
	Shared Services Transition Planning	Specialist	0	20
Total			45	39
PM	Project Management/Other			
PM.2	Teamcentral	N/A	10	0
	PwC audit tracker	N/A	0	10
PM.3	Audit Management	N/A	18	30**
Total			28	40
TOTAL DAYS			299	296

Adjustments to the original agreed audit plan

The following adjustments were made to the audit plan originally agreed by the Audit Committee. These have been reported as part of the Progress Reports to the Audit Committee during the year.

Review	Days	Comments
Removed from 12/13 plan		
IT review	-13	Timing not considered appropriate. To be included in the 13/14 audit plan.
Communications team – eforms	-4	Eforms have not been implemented therefore will not be audited in the year.
Asset Management	-6	Timing not considered appropriate. To be included in the 13/14 audit plan.
Corporate Performance and Change – data quality	-7	Corporate Performance and Change Team advised that a review in this area is no longer necessary.
Democratic and Chief Executive Services – Community asset transfer scheme	-7	Director of Resources advised that a review in this area is no longer necessary.
Governance & controls workshop and Audit Committee Effectiveness training	-4	This will be reassessed as part of the 13/14 plan when post LGSS governance structures are in place
NFI data matching	-12	Fieldwork is ongoing, days to be deferred into the 13/14 audit plan
Support on HR project	-10	This project is no longer going ahead therefore a review in this area is no longer considered necessary.
Team Central	-10	The software licence for Team Central has expired during the year and is no longer utilised therefore updates to the system are no longer required
Total	-73	
Included in the 12/13 plan		
Car Parking Review	+ 7	A specialist review of the process in place to develop and monitor budgets. Originally planned that work would be completed in 12/13 however due to lack of availability of management, fieldwork and reporting is deferred to May/June 2013 and will be included

		in 13/14 plan.
Shared Services Transition Planning	+ 20	A specialist review of the control and governance around LGSS transition plans
PwC audit tracker	+ 10	Implementation of the new PwC recommendation tracker software tool to replace Team Central (implementation to commence May 2013)
Policy and Community engagement – Equalities	+ 6	Additional days used to extend the scope of this review at the request of the Head of Business Change
Fixed assets	+2	Original audit plan had not allowed for changes due to implementation of new fixed asset system and the change in accounting policy.
* Additional days for various reviews	+13	A number of reviews took longer than originally planned, primarily due to the lack of availability of NBC staff and management to support the internal audit review and reporting process.
** Additional days for audit management	+12	We have incurred significant additional management time as a result of reviews being delayed or rescheduled. In addition draft reports have taken a long time to finalise as a result of difficulties in getting hold of officers to provide comment and review. This has been particularly noticeable during the last quarter during which the LGSS transition has started to have an impact.
Total	+ 70	
Overall net position	3	

4. Follow up work conducted

Introduction and results of follow up work

Within the Internal Audit Risk Assessment and Plan for 2012/13, days were assigned within each review for following up recommendations raised during previous periods in order to assess whether agreed actions had been implemented by management.

We have considered the progress made and reported this where relevant in each individual report issued throughout the year. There are no matters that we wish to specifically draw out here. We considered prior year recommendations as part of all the reviews undertaken within the 2012/13 Internal Audit Risk Assessment and Plan.

Summary

We recommend that further work is conducted by Northampton Borough Council to ensure all previously agreed recommendations are implemented at the earliest opportunity. Recommendations that are ongoing and outstanding have been re-raised in the current year where relevant. The implementation of the new audit tracking system will support this process.

Appendices

Appendix 1: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have prepared the Internal Audit Annual Report and undertaken the agreed programme of work as agreed with management and the Audit Committee, subject to the limitations outlined below.

Opinion

The opinion is based solely on the work undertaken as part of the Internal Audit Risk Assessment and Plan, which provided for 26 internal audit reviews (including value enhancement reviews) in 296 days. The work addressed the control objectives agreed for each individual internal audit assignments as set out in our Individual Assignment Reports.

There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence management and the Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

Internal control:

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods:

Our assessment of controls relating to Northampton Borough Council is for the year ended 31 March 2013. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

The specific time period for each individual internal audit is recorded within section 3 of this report.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.





We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2: Basis of our classifications

Report classifications

The report classification is determined by allocating points to each of the findings included in the report

<i>Findings rating</i>	<i>Points</i>
<i>Critical</i>	40 points per finding
<i>High</i>	10 points per finding
<i>Medium</i>	3 points per finding
<i>Low</i>	1 point per finding

<i>Report classification</i>		<i>Points</i>
	Critical risk	40 points and over
	High risk	16– 39 points
	Medium risk	7– 15 points
	Low risk	6 points or less

Individual finding ratings

<i>Finding rating</i>	<i>Assessment rationale</i>
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation or brand of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation or brand of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on the organisation's operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>



In the event that, pursuant to a request which Northampton Borough Council has received under the Freedom of Information Act 2000 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the “Legislation”), it is required to disclose any information contained in this terms of reference, it will notify PwC promptly and consult with PwC prior to disclosing such information. Northampton Borough Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Act to such information. If, following consultation with PwC, Northampton Borough Council discloses any such information, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared for the intended recipients only. To the extent permitted by law, PricewaterhouseCoopers LLP does not accept or assume any liability, responsibility or duty of care for any use of or reliance on this document by anyone, other than (i) the intended recipient to the extent agreed in the relevant contract for the matter to which this document relates (if any), or (ii) as expressly agreed by PricewaterhouseCoopers LLP at its sole discretion in writing in advance.

© 2013 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom), which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Internal Audit Risk Assessment and Plan

2013/2014

Northampton Borough
Council

Distribution List

Senior Management Team
Heads of Service
Audit Committee

DRAFT

Contents

<i>1. Introduction and Approach</i>	<i>1</i>
<i>2. Risk Assessment</i>	<i>3</i>
<i>3. Internal Audit Plan and Indicative Timeline</i>	<i>5</i>
<i>Appendix 1: Risk Assessment Criteria</i>	<i>9</i>
<i>Appendix 2: Detailed methodology</i>	<i>10</i>

1. Introduction and Approach

Introduction

This document sets out the internal audit risk assessment and annual plan for Northampton Borough Council.

Approach

A summary of our approach to developing the risk assessment and annual internal audit plan is set out below. A more detailed description can be found in Appendix 2.



Our usual approach is to engage with key stakeholders as part of the planning process and to utilise the existing risk registers to inform our audit plans.

In view of the impending move to Local Government Shared Services (LGSS) this has not been possible this year as engagement with key stakeholders has been difficult due to conflicting demands and pressures and also the risk registers require further work to reflect the changing organisation.

2. Risk Assessment

Audit universe of Northampton Borough Council with risk assessment results

Each auditable unit has been assessed for inherent risk and the strength of the control environment, in accordance with the methodology set out in Appendix 2.

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency
A Cross-cutting						
A.1	Risk Management	5	3	4	●	Every year
A.2	Procurement	5	2	4	●	Every year
A.3	Business Continuity	6	4	4	●	Every year
A.4	Governance	6	4	4	●	Every year
A.5	Treasury Management	5	5	3	●	Every two years
A.6	Budgetary Control	6	5	4	●	Every year
A.7	Insurance claims	3	2	2	●	Every three years
A.8	General Ledger	6	4	4	●	Every year
A.9	Debtors	6	4	4	●	Every year
A.10	Creditors	6	3	4	●	Every year
A.11	Payroll	6	2	5	●	Every year
A.12	Fixed Assets	6	4	4	●	Every year
A.13	Cash and Banking	6	5	4	●	Every year
A.14	Expenses	5	2	4	●	Every year
A.15	Housing Benefits	6	3	4	●	Every year
A.16	Debt Recovery	6	2	5	●	Every year
A.17	Collection Fund	5	4	3	●	Every two years
A.18	Housing Rents	6	4	4	●	Every year
B Departmental Level						
B.1	Finance & Resources					
B.1.1	Finance	6	4	4	●	Every year
B.1.2	Revenues and Benefits	6	3	4	●	Every year
B.2	Business Change					
B.2.1	Human Resources	5	3	4	●	Every year
B.2.2	Corporate Performance and Change	4	3	3	●	Every two years
B.2.3	Communications Team	3	2	2	●	Every three years
B.3	Customer & Cultural Services					

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency
B.3.1	Customer Services	6	4	4	●	Every year
B.3.2	ICT Operations/ Business Development	6	4	4	●	Every year
B.3.3	Culture & Heritage Services	5	3	4	●	Every year
B.3.4	Town Centre Operations	3	3	2	●	Every three years
B.4	Regeneration and Development	4	3	3	●	Every two years
B4.1	Asset Management	4	3	3	●	Every two years
B.5	Public Protection	4	3	3	●	Every two years
B.5.1	Environmental Services	5	3	4	●	Every year
B.5.2	Community Safety	4	3	3	●	Every two years
B.6	Borough Secretary	5	3	4	●	Every year
B.6.1	Democratic and Chief Executive Services	4	2	3	●	Every two years
B.7	Landlord Services	5	2	4	●	Every year
B.8	Strategic Housing	5	2	4	●	Every year
B.9	Planning	5	3	4	●	Every year
B.10	West Northamptonshire Joint Planning Unit	4	3	3	●	Every two years
B.11	Policy and Community Engagement	3	2	2	●	Every three years

Key to frequency of audit work

Audit Requirement Rating	Colour Code	Timescale	Description
6, 5 and 4	●	Every year	A review of processing and monitoring control design and operating effectiveness
3	●	Every two years	A review of the design and operating effectiveness of monitoring controls
2	●	Every three years	A review of the adequacy of breadth of monitoring controls and analytical review of the output of monitoring controls.
1	●	No further work	n/a

3. Internal Audit Plan and Indicative Timeline

Internal Audit Plan and Indicative Timeline

The following table sets out the internal audit work planned for 2013/14.

Ref	Auditable Unit	Indicative number of audit days	2013/14				Comments
			Q1	Q2	Q3	Q4	
A	Cross-cutting						
A.1	Risk Management	8			X		Specialist review to cover controls and processes around the risk management framework. Consideration of structures, roles and responsibilities post LGSS with respect to risk management, to ensure that NBC retains an ability to fulfill its governance requirements going forward.
A.2	Business Continuity	10			X		Review was not performed in 12/13. Specialist review to consider business continuity arrangements post LGSS
A.3	Governance	10				X	Review of governance arrangements following move to LGSS
A.4	Corporate Fraud	8			X		Specialist review to consider structures, roles and responsibilities post LGSS with respect to corporate fraud, to ensure that NBC retains an ability to fulfill its governance requirements going forward, fraud risks are effectively managed and reported.
A.2	Procurement	10			X		Procurement review to cover: <ul style="list-style-type: none"> • Tendering • Purchasing • Supplier selection
A.4	Treasury Management	5		X			Treasury management review to cover: <ul style="list-style-type: none"> • Treasury Management Strategy • Monitoring controls over compliance with strategy
A.5	Budgetary Control	8		X			Budgetary Controls review to cover: <ul style="list-style-type: none"> • Budget setting process • Budget monitoring and reporting
A.6	Insurance claims	8			X		Insurance claims review to cover: <ul style="list-style-type: none"> • Policies and procedures • Claims processing • Monitoring and reporting

Ref	Auditable Unit	Indicative number of audit days	2013/14				Comments
			Q1	Q2	Q3	Q4	
A.7	General Ledger	7			X		General Ledger review to cover: <ul style="list-style-type: none"> • Policies and procedures • Journals • Feeder system reconciliations • Suspense accounts • Access to the ledger
A.8	Debtors	7			X		Debtors review to cover: <ul style="list-style-type: none"> • Sundry invoice raising • Subscriptions • Reconciliations
A.9	Creditors	6			X		Creditors review to cover: <ul style="list-style-type: none"> • Purchase order authorization • Invoicing and payment • Reconciliations
A.10	Payroll	6			X		Payroll review to cover: <ul style="list-style-type: none"> • Starters, leavers and amendments • Exception reports • Management information • Reconciliations
A.11	Cash	6			X		Cash and banking review to cover: <ul style="list-style-type: none"> • Security of collection points • Banking arrangements • Allocation of income • Reconciliations • Management information
A.12	Creditors (IBS)	7			X		Creditors review to cover: <ul style="list-style-type: none"> • Purchase order authorization • Invoicing and payment • Reconciliations
A.13	Fixed Assets	8				X	Fixed Assets review to cover: <ul style="list-style-type: none"> • Policies and procedures • Additions / disposals / adjustments • Re-valuations • Depreciation • Reconciliations • Access to the general ledger
A.14	Expenses	5			X		Expenses review to cover: <ul style="list-style-type: none"> • Policies and procedures • Claims processing
A.15	Housing Benefits	8				X	Housing Benefits review to cover: <ul style="list-style-type: none"> • Benefit processing • Payment of benefits
A.16	Debt Recovery	5			X		Debt Recovery review to cover: <ul style="list-style-type: none"> • Adequacy of debt collection, recovery and write-off procedures.
A.17	Collection Fund	7		X			Collection Fund review to cover: <ul style="list-style-type: none"> • Identification of assets • Valuation • Billing

Ref	Auditable Unit	Indicative number of audit days	2013/14				Comments
			Q1	Q2	Q3	Q4	
A.18	Housing Rents	8			X		Housing Rents review to cover: <ul style="list-style-type: none"> • Rent setting and annual increases • Calculation of annual rent debit • Changes to housing stocks • Debt collection, allocation and rebates
Total		147					
B	Departmental Level						
	Human Resources	8				X	<i>Sickness and absence</i> – Processes and controls around recording and monitoring absences from work
	Finance – IT review	10		X			<i>IT review</i> – Specialist review of the general computer controls and workflow arrangements established in Agresso
	Finance – NFI data matching	-					* See note below
	Landlord Services	15		X			<i>Travis Perkins</i> – Specialist review of Travis Perkins contract and new arrangements for e-invoicing
	Strategic Housing	8			X		<i>Housing allocations</i> – Processes and controls around housing allocations under the new procedure.
	Planning	8				X	Planning review to cover: <ul style="list-style-type: none"> • Policies and procedures • Process • Management information
	ICT Operations/ Business Development	14	X				<i>Bring your own devices</i> – Processes and controls around using personal devices for NBC business
	Environmental Services	15		X			Performance monitoring and reporting
	Regeneration and Development	15				X	<i>Regeneration project</i> – Processes and controls around the major regeneration projects and Enterprise Zone
	Asset management	7		X			Asset management review to cover: <ul style="list-style-type: none"> • Strategy • Rationalisation of asset base • Delivery of the strategy • Governance
	Culture and Leisure	8		X			<i>Delapre Park concerts</i> – Processes and controls around the organisation of the Delapre Park concerts
Total		108					
C	Value Enhancement						
C.1	Post LGSS reviews	30	X	X	X	X	Reviews to consider: <ul style="list-style-type: none"> - Monitoring of SLA's and performance metrics - Business as usual operations - HR skill set management - Change management
Total		30					

Ref	Auditable Unit	Indicative number of audit days	2013/14				Comments
			Q1	Q2	Q3	Q4	
D	Project management / other						
D.1	PwC tracker	-					PwC tracker maintenance & support will be billed separately £3,850
D.2	Project management	20	X	X	X	X	Management of the internal audit contract
Total		20					
TOTAL PROPOSED DAYS		305					

* Finance – NFI data matching.

14 days were originally planned to be carried over from the 2012/13 internal audit plan to conduct a review of the National Fraud Institute data match reports for the following areas: creditor history, creditor standing data, insurance claimants, payroll and taxi drivers.

Given the depth of experience that exists in the Council around fraud investigation, we suggest that it will be more efficient for the Council to undertake this work in-house. There is no requirement for it to be performed by internal audit. These days can then be utilised to address areas of risk or other value enhancement work.

Appendix 1: Risk Assessment Criteria

Determination of Inherent Risk

We determine inherent risk as a function of the estimated **impact** and **likelihood** for each auditable unit within the audit universe as set out in the tables below.

Impact rating	Assessment rationale
6	Critical impact on operational performance or Critical monetary or financial statement impact or Critical breach in laws and regulations that could result in material fines or consequences; or Critical impact on the reputation or brand of the organisation which could threaten its future viability.
5	Significant impact on operational performance; or Significant monetary or financial statement impact; or Significant breach in laws and regulations resulting in large fines and consequences; or Significant impact on the reputation or brand of the organisation.
4	Major impact on operational performance; or Major monetary or financial statement impact; or Major breach in laws and regulations resulting in significant fines and consequences; or Major impact on the reputation or brand of the organisation.
3	Moderate impact on the organisation's operational performance; or Moderate monetary or financial statement impact; or Moderate breach in laws and regulations with moderate consequences; or Moderate impact on the reputation of the organisation.
2	Minor impact on the organisation's operational performance; or Minor monetary or financial statement impact; or Minor breach in laws and regulations with limited consequences; or Minor impact on the reputation of the organisation.
1	Insignificant impact on the organisation's operational performance; or Insignificant monetary or financial statement impact; or Insignificant breach in laws and regulations with little consequence; or Insignificant impact on the reputation of the organisation.

Likelihood rating	Assessment rationale
6	Has occurred or probable in the near future
5	Possible in the next 12 months
4	Possible in the next 1-2 years
3	Possible in the medium term (2-5 years)
2	Possible in the long term (5-10 years)
1	Unlikely in the foreseeable future

Appendix 2: Detailed methodology

Step 1 - Understand corporate objectives and risks

In developing our understanding of your corporate objectives and risks, we have:

- drawn on our knowledge of Local Government
- met with a number senior management personnel

Step 2 - Define the Audit Universe

In order that our internal audit plan reflects your management and operating structure we have identified the audit universe for Northampton Borough Council made up of a number of auditable units. Auditable units include functions, processes, systems, products or locations. Any processes or systems which cover multiple locations are separated into their own distinct cross cutting auditable unit.

Step 3 - Assess the inherent risk

Our internal audit plan should focus on the most risky areas of the business. As a result each auditable unit is allocated an inherent risk rating i.e. how risky the auditable unit is to the overall organisation and how likely the risks are to arise.

The inherent risk assessment is determined by:

- mapping the corporate risks to the auditable units
- our knowledge of your business and its sector
- discussions with management.

Impact Rating	Likelihood Rating					
	6	5	4	3	2	1
6	6	6	5	5	4	4
5	6	5	5	4	4	3
4	5	5	4	4	3	3
3	5	4	4	3	3	2
2	4	4	3	3	2	2
1	4	3	3	2	2	1

Step 4 - Assess the strength of the control environment

In order to effectively allocate internal audit resources we also need to understand the strength of the control environment within each auditable unit. This is assessed based on:

- our knowledge of your internal control environment
- information obtained from other assurance providers
- the outcomes of previous internal audit reviews.

Step 5 - Calculate the audit requirement rating

The inherent risk and the control environment indicator are used to calculate the audit requirement rating. The formula ensures that our audit work is focused on areas of with high reliance on controls or a high residual risk.

Inherent Risk Rating	Control design indicator					
	1	2	3	4	5	6
6	6	5	5	4	4	3
5	5	4	4	3	3	n/a
4	4	3	3	2	n/a	n/a
3	3	2	2	n/a	n/a	n/a
2	2	1	n/a	n/a	n/a	n/a
1	1	n/a	n/a	n/a	n/a	n/a

Step 6 - Determine the audit plan

Your risk appetite determines the frequency and scope of internal audit work at each level of audit requirement.

Your risk appetite determines the frequency of internal audit work at each level of audit requirement. Auditable units may be reviewed annually, every two years or every three years.

Step 7 - Other considerations

In addition to the audit work defined through the risk assessment process described above, we may be requested to undertake a number of other internal audit reviews such as regulatory driven audits, value enhancement or consulting reviews. These have been identified separately in the annual plan.

This document has been prepared for the intended recipients only. To the extent permitted by law, PricewaterhouseCoopers LLP does not accept or assume any liability, responsibility or duty of care for any use of or reliance on this document by anyone, other than (i) the intended recipient to the extent agreed in the relevant contract for the matter to which this document relates (if any), or (ii) as expressly agreed by PricewaterhouseCoopers LLP at its sole discretion in writing in advance.

© 2013 PricewaterhouseCoopers LLP. All rights reserved. 'PricewaterhouseCoopers' refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom) or, as the context requires, other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.