

Report

5

Report to: **Risk and Audit Scrutiny Forum**
 Date of Meeting: **17 September 2013**
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **Internal Audit Annual Assurance Report 2012/2013**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ report on the progress of Internal Audit for the full year 2012/2013 and to provide an audit opinion on the strength of the Council's control environment

2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- (1) note that Internal Audit performance is positive
- (2) note the overall findings from internal audit work and that these have informed the Council's 2012/2013 Governance Statement
- (3) note the level of assurance
- (4) note that a summary of this report will be presented to Executive Committee on 6 November 2013

3. Background

- 3.1. Internal audit activity is delivered in line with the Internal Audit Code of Practice for Local Authorities. The Council's External Auditor (PricewaterhouseCoopers) monitors the service against this Code. A review of compliance with the Code during 2012/2013 assessed the internal audit service within the Council as 95% compliant. A further 4% of areas are partially compliant. These areas of partial and non-compliance are not considered to impact upon the quality of the internal audit service or audit opinion expressed within the annual report. A new Code of Practice was introduced on 1 April 2013 and 2013/2014 will be the first full year of compliance. An interim check on compliance and any action that requires to be taken to address potential gaps will be reported to the Forum during 2013/2014.
- 3.2. The high level of compliance in 2012/2013 is attributable to the delivery of an action plan, presented to the Forum in November 2012, to address gaps in adherence to the Code of Practice and to best practice in relation to audit committees. At 30 April 2013, there was only one outstanding action which will also be delivered by 31 March 2014.
- 3.3. As required by the Accounting Code of Practice, this Statement of Assurance will inform the Governance Statement, which will be published in the Council's Annual Report.

- 3.4. The Risk and Audit Scrutiny Forum met three¹ times during 2012/2013 to:-
- ◆ review insurance and risk management arrangements
 - ◆ consider internal and external audit reports in relation to all areas of audit and progress with best practice
 - ◆ note the activity of the Performance and Review Scrutiny Forum and Finance Resources Scrutiny Forum
 - ◆ endorse the Efficiency Statement and Governance Action Plan and
 - ◆ receive reports on the Council's response to national Audit Scotland reports
- 3.5. Internal Audit has continued to develop a more effective working relationship with PwC during 2012/2013 and this has led to specific requests for assistance which have been recognised in the 2013/2014 audit plan.
- 3.6. Internal Audit also delivered services to South Lanarkshire Leisure and Culture, Strathclyde Fire and Rescue and the Lanarkshire Joint Valuation Board under the terms of agreed Service Level Statements. A programme of agreed audits has been delivered for each of these external clients in 2012/2013 and annual reports have been prepared and presented, where appropriate, to the respective Boards in May and June 2013.
- 4. Internal Audit Performance – 2012/2013**
- 4.1. The actual number of audit days delivered in 2012/2013 of 2,172 was 12.5% above plan. Prudent estimates in relation to likely 'lost time' did not materialise and, together with an increase in productivity levels across the team, generated additional audit days.
- 4.2. 100% of the agreed plan was delivered to draft stage by 30 April 2013 and 84% of draft audit reports were issued within 21 days and action plans signed by the client within seven weeks.
- 4.3. More robust quality assurance procedures have been applied throughout 2012/2013 and significant effort has been made to protect the quality of output and to reach consensus with clients over the content of reports whilst protecting the ability of Internal Audit to express an independent opinion. The quality and coverage of reporting has continued to improve and remains a focus for 2013/2014. This has, however, had an impact on the ability to deliver audit assignments within estimated time-scales and against a target of 80%, 74% were delivered. This shortfall can be attributed to under estimating of time required to complete some more complex areas of investigative work. The need to ensure robust QA procedures are applied and to consider the evolving nature of some investigative work have been recognised in allocated assignment budgets for 2013/2014 and improved performance in this area is anticipated.
- 4.4. In summary, Internal Audit has maintained performance in 2012/2013 by delivering 100% of the Plan by 30 April and improved performance in relation to the timeous issue of audit reports, level of productivity and, with the assistance of the Corporate Improvement Advisory Board (CIAB), delivery by Resources against an increased target for audit recommendations. The delivery of jobs within estimated time-scales has fallen below target and steps have been taken to address this for 2013/2014.

¹ Reduced number of meetings in 2012/13 as a result of 2012 local government elections

- 4.5. For 2012/2013, Internal Audit continued to develop an important consultative role and has responded to adhoc requests as well as being involved in a number of corporate work and scrutiny review groups. The presence on such groups provides an independent opinion and ensures that emerging risks are known and addressed if required.
- 4.6. Feedback is sought from auditees following each assignment and from Heads of Services annually. In 2012/2013, a percentage target return was set together with a performance target to identify and address any issues. During the year, on average, 65% of questionnaires were returned with a 'satisfaction' rate of 94%. This year, the results indicated that audit planning was robust, audit testing focussed on key risks and reports were clear, concise and relevant. Areas for improvement surround the extent to which auditors research and understand a client's business that better informs the production of an audit action plan. A more formal method of issuing questionnaires has been established for 2013/2014 and audit clients continue to be encouraged to provide constructive feedback as this is the most effective way of driving improvement within the Internal Audit team.

5. Council Wide Performance – Delivery of Audit Actions 2012/2013

- 5.1. A sound Council wide approach to audit and inspection is a requirement of the Code of Practice. Individual Resource reports will be issued in August 2013 detailing Resource-specific audit and performance data. Delivery of audit recommendations has met the revised target set in 2012/2013 of 85% for both internal and external audit actions delivered on time. This target has been increased to 90% for 2013/2014. To establish the position going forward each year, Resources will now be provided with a list of outstanding audit actions at the end of each year to highlight audit recommendations that still require to be implemented. In addition, throughout the year earlier prompts of actions falling due will be sent to Resources.

6. Internal Audit Workload – 2012/2013

- 6.1. The internal audit annual plan of work for 2012/2013 was approved by Executive Committee on 7 March 2012. The Plan allowed time to deal with emerging concerns which arise during the year and reflected both management concerns and the growing knowledge of key Council risks. The Plan was the subject of extensive consultation and external audit views were also sought. An evaluation of risk was used to prioritise the operational and financial assignments that formed the Plan.
- 6.2. Details of the 2012/2013 audit plan are noted in Table 1 below.

Table One- Internal Audit workload analysis for 2012/2013

	Total No. Jobs
Planned	105
Deferred until 2013/2014	(4)
Added	43
Adjusted workload	144
Reports completed to draft	144

- 6.3. Of 144 reports noted in the table above, 96% have been concluded and issued as final. In a few instances, findings noted below relate to draft reports although all outstanding draft reports are at final approval stage and no material changes are anticipated.

7. Link to Council's Top Risks

- 7.1. Assignments within the Audit Plan each year are linked to the Council's top risks to ensure that work is focused in areas of greatest risk and where potentially an independent review will add greatest value. For 2012/2013, six of the top risks have been examined by work included in the Audit Plan. For two further areas, reliance was placed on the work of external inspectors and on ongoing review by Operational Services. Remaining risks were not tested as it was unlikely that an audit would have added significant value. All of the Council's top risks are reviewed by Risk Management on a monthly basis through monitoring of action taken by Resources to implement controls and mitigate identified risks.
- 7.2. An emerging risk in relation to "the effects of the implementation of Welfare Reform legislation" has been under review throughout the year and Internal Audit form part of the Welfare Reform Council Monitoring Group. The practical impact of the new legislation will commence in 2013/2014 and the audit plan for this year includes a number of areas of work to review new responsibilities and transitional arrangements.

8. Management of Fraud Risks

- 8.1. The primary route for the alert of fraud is through local management within Resources with approximately 65% of total concerns reported in the year coming through this source. The in-house "Fraud Alert" links into the Council's CRM system and information is passed directly to the Internal Audit section. One assignment was received through this route in 2012/2013 in relation to an employee conduct issue. Irrespective of the source of alert, all notifications are risk assessed and dependent on an initial evaluation of risk, either investigated by Internal Audit, Resources or jointly. All significant frauds in 2012/2013 were in relation to operational activities.
- 8.2. A Fraud Risk Evaluation Diagnostic assessment was undertaken in 2011/2012 and an action plan was developed for implementation in 2012/2013. As at 31 March 2013, of the 20 improvement measures, 14 have been delivered or are nearing completion and the remaining six are work in progress to be completed during 2013/2014.
- 8.3. In addition to the above investigative work, Internal Audit and Benefits personnel from Housing and Technical Resources continued to work on the National Fraud Initiative (NFI) during 2012/2013. Data was provided for the interim exercise in 2011/2012 and resulting matches have been investigated during 2012/2013.
- 8.4. As well as work undertaken for NFI, the Benefits team also address benefits fraud identified through other avenues. Benefits fraud amounted to £94,500 for 2012/2013.
- 8.5. Total fraud investigated during 2012/2013 amounted to £168,000. On investigation, £162,000 has been proven as founded. The balance of £6,000 was either unfounded or there was insufficient information to pursue. The total value of concerns investigated has fallen by 58.2% compared to 2011/2012. Standard fraud indicators are included in all audit programmes and testing has not highlighted any major areas of concern.

9. Financial Controls and Findings

- 9.1. Overall, there is a good level of assurance over financial control across the Council. Basic controls such as segregation of duties, appropriate levels of authorisation, review of transactions and use of reconciliations are effective tools and continue to be important alongside imbedded financial system controls. Highlights in support of

this opinion follow and the Forum is asked to note this positive level of assurance surrounding financial controls.

- 9.2. The main areas of financial audit undertaken during 2012/2013, where there is good assurance over the controls in operation are:-

Financial Strategy

- ◆ the Council's Financial Strategy incorporates the key, good practice, elements outlined in Audit Scotland's Financial Management Best Value Toolkit, 2010 and takes account of the Council's priority objectives; draws regular input from Council Resources; is arithmetically accurate, and sets a balanced budget for each of the years it covers; is underpinned by credible and prudent assumptions; and ensures that sufficient reserves are held as a buffer against unforeseen revenue budget shortfalls. All reasonable steps have been taken to mitigate the risk in relation to the Government grant funding assumption made for 2015/2016 that is outwith the current Scottish Government three year financial settlement.

Savings and Efficiencies

- ◆ savings project monitoring and reporting controls are considered to be sufficiently robust to ensure that project shortfalls are quickly identified and appropriate action is taken to address them with the progress and delivery of 2011/2012 savings projects found to have been accurately reported. Significant improvements were in evidence including a concise summary of the final outcome of each individual saving.

Payroll

- ◆ the payroll control account reconciliation is complete and accurate
- ◆ interim payments made as a result of the move to four-weekly payroll have mostly been repaid, at the time of the audit, and the new system is accruing the expected savings.

Trading Services: Fleet Management Accounts

- ◆ the trading accounts for Fleet Services were found to be overall accurate, robust and in compliance with the Accounting Code of Practice requirements. Controls over the calculation of charges, reporting of and the accuracy of data throughout the trading account process were also generally robust.

The main areas of financial audit undertaken during 2012/2013, where there is adequate assurance over controls in operation are:-

Accounts Payable (BACS payments)

- ◆ the BACS payment process incorporates all of the expected controls in relation to system user responsibilities, ability to set-up and amend standing data and suppliers and payment checks pre and post payment runs.

Non-iprocurement Ordering and Authorisation

- ◆ non-iprocurement spending is generally in line with the Certified Payments Policy with standard procurement controls, in most instances, in evidence for non-iprocurement/non-certified payments.

Direct Debits

- ◆ processes are in place to reconcile and review payments made through the Council's bank accounts to identify fraudulent direct debits with protection against financial loss being secured through the Direct Debit Guarantee that is in place across the banking sector. A residual reputational risk exists which will be mitigated by the implementation of audit actions.

- 9.3. In addition to the above, financial audit testing covered the provision of grant certificates, preparation and examination of Charitable Trust Fund accounts, petty cash analysis and testing, service costing methodology and follow-up audit work. Work in all of these areas provided generally positive assurance over controls.
- 9.4. There was also a continuation of the CCM project to inform 'intelligent' sampling and to raise awareness within Resources of the type of control data that can now be readily accessed. Data downloads in 2012/2013 covered Oracle FMS, Payables and ICON (income management system) and a further 70 days have been allocated in the 2013/2014 Plan to continue these downloads and to investigate an extension to Oracle i-Procurement system. Reports will be developed during 2013/2014 to provide more formal output that can potentially be used by Resources to further strengthen their financial control environment.

10. Operational Controls and Findings

- 10.1. Operational control across the Council is adequate. Operational controls were found to generally exist but, on occasion, lacked implementation by local managers. Controls such as proper processes and accuracy and completeness of documentation are a recurrent theme and key controls rely on management checks and monitoring. Adherence to procedures remains key to ensuring a full audit trail is available to support all activity. Details in support of this opinion follow and the Forum is asked to note this positive level of assurance surrounding operational controls.
- 10.2 The main areas of operational audit undertaken during 2012/2013, where there is good assurance over controls in operation are:-

Computer

- ◆ IT training provided by the Council is appropriate, effective and meets Council and Resources objectives
- ◆ procedures, for the sample selected, are effective in identifying, evaluating and procuring external resources to provide consultancy and expertise required to meet larger and wider IT project objectives.

Debt Recovery

- ◆ contract is managed in accordance with contract specifications and all financial and operational aspects are monitored and reported. Value for money is generally being achieved under the existing contract with the current diligence arrangements being reviewed in advance of the next tender exercise

Governance Assurance

- ◆ arrangements are in place to progress governance and improvement actions and to prepare the Council's annual Governance Statement. There is good progress with delivering most of the governance improvement actions. Some inconsistencies remain at Resource level but this is being addressed by a more inclusive approach to the preparation of the 2012/2013 Governance Statement with senior Resource representation on the Good Governance Group.

Procurement Capability Assessment (PCA)

- ◆ procurement arrangements are improving evidenced by PCA score of 55% (improved performance) during 2012/2013, a 19% improvement on the 2011/2012 score. This recognises the improvements made internally with the organisation of procurement activities and progress with the Procurement Strategy.

The main areas of operational audit undertaken during 2012/2013, where there is adequate assurance over controls in operation are:-

Contract

- ◆ adequate assurance that telephony contract is being managed effectively and that key controls are in place
- ◆ positive assurance over the controls in place and management of the scaffolding contract ensuring contract objectives are being achieved with arrangements appearing to deliver value for money.
- ◆ inherent system controls within Quick Quote are effective but would benefit from the introduction of some additional controls and enhanced system monitoring
- ◆ RM managed service contract is complying with the terms of the contract.

Information Governance (Third Parties)

- ◆ controls are effective in all areas, within Resource audited, although further assurances should be sought that information relating to service users shared with third party organisations is held securely in accordance with the Data Protection Act 1998.

- 10.3 In relation to vulnerable clients, there was good assurance over both the implementation of Reablement (Supporting Your Independence) which has delivered a significant change to the provision of home care services and for Community Payback Orders where the management and support arrangements have been recognised at a national level. There was adequate assurance that information retained within files for adults with incapacity and child protection cases was consistent, accurate and current.
- 10.4 Two further audits covering administration functions identified a need for improved procedures in relation to document security, data retention and system house-keeping. Actions have been agreed and have, in some cases, already been implemented by the Resource to mitigate identified risks. The client has agreed to timeously implement the remaining recommendations and this will be monitored by Internal Audit.
- 10.5 In addition to the above, operational audit testing covered the flexible working system, top risk controls, assistance with carbon certification process, travel and subsistence claims, schools modernisation programme communication process, system control objectives, blue badge scheme, anti-fraud reviews, common repairs,

lighting stores and follow-up audit work. Work in all of these areas has provided positive assurance over controls.

- 10.6 During 2012/2013, benefits audit work covered overpayments recovery, appeals and follow-up work. Audit findings were generally positive and supported by a robust programme of audit by the Resources' own internal audit team.
- 10.7 Audit Scotland issued a risk assessment report to the Council in March 2013 in relation to housing and council tax benefits. Proposals to reduce risks identified, together with action already taken, were considered by Audit Scotland to provide a positive contribution to the continuous improvement of the Council's housing and council tax benefits service. As requested, further performance information was subsequently provided to Audit Scotland in relation to the first quarter of 2013/2014.

11. Follow-up

- 11.1. Informal follow-up is undertaken on a monthly basis and this information informs the performance indicator reported monthly. Benefits have accrued from the practice of using CIAB members to collate feedback on implementation and the revised target for implementation of audit actions on time of 85% has been met for 2012/2013.
- 11.2. Formal follow-up is also undertaken in the year with a specific allowance included in the annual audit plan to allow an independent check on all high priority actions that have fallen due for implementation within the current financial year. During 2012/2013, twenty-four formal follow-up audit assignments were completed. Of these assignments, 62% provided good assurance that actions had been fully implemented and the balance, 38% that adequate progress had been made and evidence available to demonstrate progress with the implementation of audit recommendations. Implementation of audit recommendations is key to securing improvements in the control environment and an increased target delivery percentage will ensure a renewed focus in this area in 2013/2014.
- 11.3. Refreshed informal follow-up procedures are now in place to support Resources in the delivery of the audit actions.

12. Other Areas of Reliance

- 12.1. The Council is subject to a shared risk assessment process each year that involves all of the main inspection agencies. In expressing an audit opinion, consideration is given to the output from this strategic scrutiny activity which, in general, relates to reports from Audit Scotland, Education Scotland, the Care Inspectorate and the Scottish Housing Regulator.
- 12.2. National Audit Scotland reports are now routinely reported to the Risk and Audit Scrutiny Forum. Reports are prepared covering the key messages and their application to South Lanarkshire Council. Any relevant actions are identified and a responsible officer allocated. Progress is monitored by Resources and formal follow-up work is undertaken by Internal Audit at the end of each financial year. The Assurance and Improvement Plan for 2012 to 2015, prepared by Audit Scotland, indicated that three risk areas of uncertainty existed for South Lanarkshire Council at the beginning of 2012/2013 that required to be addressed by the Council. Progress has been made in each of these areas and for 2013/2014 only one area remains as "requiring further information". The 2012/2013 audit plan included sufficient coverage of this one area, procurement, and findings from audits have been considered in the assessment of the overall operational control environment.

- 12.3. Education Scotland undertook a number of schools and Early Years Establishments but none at an organisational level.
- 12.4. The Care Inspectorate undertook twenty-nine 'unit' inspections within Social Work Resources in the year but none at an organisational level.
- 12.5. The Scottish Housing Regulator undertook some follow-up activity in relation to homelessness services and noted progress in relation to three specific areas of scrutiny but identified areas for improvement in relation to access to homelessness services. The report notes that an improvement plan is in place to address these issues.
- 12.6. The audit opinion also considers significant partnerships and assurances are sought in relation to governance arrangements. No issues have been identified that require specific note within this annual report.

13. Summary of Overall Assurance and Audit Opinion

- 13.1. Of the audit assignments completed in 2012/2013, 88% provided positive assurance as to the adequacy and effectiveness of controls. Overall, there is a good level of assurance over the financial controls in operation across the Council and adequate level of assurance over the operational controls in operation across the Council.
- 13.2. Internal control remains, primarily, a management responsibility to ensure that the Council conducts its business in a sound, structured and efficient manner, to ensure adherence to policies and safeguard the assets and records of the Council. The presence of an internal audit function does not negate the importance of effective internal controls. Internal Audit cannot be expected to give total assurance that control weaknesses or irregularities do not exist but the above financial and operational audit opinions are based upon the audit work undertaken during the year and knowledge of the Council's governance and risk management arrangements.
- 13.3. The Forum is asked to note the above findings and that these will inform the Council's annual Governance Statement. As required by the Code of Practice, a signed Annual Internal Statement of Assurance is included in appendix one based on the view of the Council's own internal audit function.

14. Employee implications

- 14.1. The Internal Audit service in 2012/2013 was delivered by a team of fifteen. Of the team of fifteen, eleven are partly or fully qualified through either the Chartered Institute of Internal Auditors (IIA) or one of the Consultative Committee of Accountancy Bodies (CCAB).
- 14.2. Feedback is sought on audit assignments and this is used to highlight areas for training and development. These are progressed on an individual basis. Regular team meetings at assistant and auditor level are convened throughout the year at which best practice information is shared and learning points discussed.

15. Financial implications

- 15.1. The Internal Audit service, during 2012/2013 spent £510,187 against a budget of £582,160 (to period 14). The underspend relates to savings in employee costs and additional income in the year from the re-charging of costs.

16. Other implications

- 16.1. As highlighted by the Assurance and Improvement Plan Update 2013 to 2016, procurement remains an area in which the Local Area Network (LAN) retains an ongoing interest. The 2012/2013 Audit Plan included an allowance 150 days for

both contract audit and also specific procurement assignments to provide assurance. The 2013/2014 audit plan continues to recognise this as a key area with 145 days allocated to review contracts in excess of £50,000, assess contractor performance evaluation processes, participate in 'gateway review' groups and assist in preparation for the 2013 PCA assessment. Further time can be accommodated within general contingency time, if required, to address emerging risks.

16.2. Each audit assignment seeks to identify efficiencies and report as a part of the audit opinion where appropriate. Of the audit assignments completed in the year, 15 included specific process efficiencies and 6 assignments identified monetary efficiencies. This is an area for development for 2013/2014 and links to the ongoing objective of delivering a more value-added internal audit service to the Council.

16.3. There are no sustainability issues in terms of the information contained in this report.

17. Equality impact assessments and consultation arrangements

17.1. There is no requirement to carry out an impact assessment in terms of the information contained within this report.

17.2. Resource Heads of Service are consulted in advance of every planned audit assignment and following completion of fieldwork. Resources and elected members are also consulted during preparation of the annual audit plan.

Paul Manning

Executive Director (Finance and Corporate Resources)

21 August 2013

Link(s) to Council Values and Objectives

- Governance and Accountability

Previous References

- 2012/2013 progress reports to the Risk and Audit Scrutiny Forum

List of Background Papers

- Figtree statistical and assurance and Eureka time recording extracts
- Code of Practice for Internal Audit for Local Authorities – CIPFA
- Fraud statistics and NFI updates

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Yvonne Douglas, Audit Manager

Ext: 5957 (Tel: 01698 455957)

E-mail: yvonne.douglas@southlanarkshire.gov.uk

Signed Statement of Assurance for 2012/2013

Appendix One

To the members of South Lanarkshire Council, the Chief Executive and Executive Directors

As Audit Manager of South Lanarkshire Council, I am pleased to present my annual statement and report on the adequacy and effectiveness of the internal control system of the Council for the year ended 31 March 2013.

Respective responsibilities of management and internal auditors in relation to internal control

It is the responsibility of the Council's senior management to establish an appropriate and sound system of internal control, exercise good governance and to monitor the continuing effectiveness of that system.

It is the responsibility of the Audit Manager to provide an annual overall assessment of the robustness of the internal control system and the Council's governance arrangements as far as they are reflected in audit work. The Audit Manager cannot be expected to give total assurance that control weaknesses or irregularities do not exist but can form an opinion based on work undertaken during the year and her knowledge of control systems.

The work of Internal Audit

Internal Audit is an independent appraisal function established to review the internal control system as a service to the Council. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to general governance arrangements and more specifically the proper, economic, efficient and effective use of resources.

The Internal Audit Service operates in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government in the United Kingdom. The section undertakes an annual programme of work approved by the Risk and Audit Scrutiny Forum and the Executive Committee. All plans are based on a formal risk evaluation process, which reflects agreed and emerging risks and changes within the Council.

All internal audit reports identifying risks, areas for improvement and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility to ensure that proper consideration is given to internal audit reports. Internal auditors ensure that management has understood agreed actions or assumed the risk of not taking action through a system of closing meetings. Follow-up statistics and further audits are used to determine that agreed actions are implemented. Significant matters arising from internal audit work are reported to the Chief Executive and the Council's Risk and Audit Scrutiny Forum.

Basis of opinion

My evaluation of the control environment relates only to South Lanarkshire Council and is informed by a number of sources including audit work undertaken during the year, external inputs and involvement in risk and governance activities.

Limitation of scope

No individual audit assignments were specifically limited in scope at the outset but scopes were amended to reflect the progress of the job under scrutiny, the local policy applying at the time of the audit and the resources available.

Subject to the constraints raised in the Internal Audit Annual Assurance Report, it is my opinion, based on the above, that good assurance can be placed upon the reasonableness and effectiveness of the Council's internal financial control system and adequate assurance can be placed upon the reasonableness and effectiveness of the Council's internal operational control system in the year to 31 March 2013.

Signature:-

Yvonne Douglas BA CA

16 May 2013