

16 June 2015

Committee	Audit
Date	Wednesday, 24 June 2015
Time of Meeting	2:00 pm
Venue	Committee Room 1

ALL MEMBERS OF THE COMMITTEE ARE REQUESTED TO ATTEND



**for Sara J Freckleton
Borough Solicitor**

Agenda

1. ANNOUNCEMENTS

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the visitors' car park at the front of the building and await further instructions (staff should proceed to their usual assembly point). Please do not re-enter the building unless instructed to do so.

In the event of a fire any person with a disability should be assisted in leaving the building.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive apologies for absence and advise of any substitutions.



Item	Page(s)
3. DECLARATIONS OF INTEREST	
<p>Pursuant to the adoption by the Council on 26 June 2012 of the Tewkesbury Borough Council Code of Conduct, effective from 1 July 2012, as set out in Minute No. CL.34, Members are invited to declare any interest they may have in the business set out on the Agenda to which the approved Code applies.</p>	
4. MINUTES	1 - 10
<p>To approve the Minutes of the meetings held on 18 March and 26 May 2015.</p>	
5. GRANT THORNTON PROGRESS REPORT	11 - 23
<p>To consider the external auditor's report on progress against planned outputs.</p>	
6. GRANT THORNTON ACCOUNTS AUDIT PLAN 2014/15	24 - 38
<p>To consider Grant Thornton's report on the Accounts Audit Plan 2014/15.</p>	
7. GRANT THORNTON FEES LETTER 2015/16	39 - 42
<p>To consider the fee letter from Grant Thornton in relation to the audit work to be undertaken during 2015/16.</p>	
8. CRITICAL JUDGEMENTS AND ASSUMPTIONS MADE DURING THE PREPARATION OF THE STATEMENT OF ACCOUNTS	43 - 48
<p>To approve the critical accounting judgements that will be used in completing the 2014/15 annual accounts and to note the key sources of estimation uncertainty.</p>	
9. INTERNAL AUDIT PLAN MONITORING REPORT	49 - 88
<p>To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited during 2014/15.</p>	
10. INTERNAL AUDIT ANNUAL REPORT 2014/15	89 - 94
<p>To consider the Internal Audit Annual Report 2014/15 and the assurance from the work undertaken during the year on the level of internal control within the systems audited during the year.</p>	
11. CORPORATE RISK REGISTER	95 - 103
<p>To consider the Risk Register and the risks contained within it.</p>	

	Item	Page(s)
12.	ANNUAL GOVERNANCE STATEMENT 2014/15	104 - 124
	To approve the Annual Governance Statement 2014/15.	

DATE OF NEXT MEETING
WEDNESDAY, 30 SEPTEMBER 2015
COUNCILLORS CONSTITUTING COMMITTEE

Councillors: K J Cromwell, A J Evans, R Furolo (Chairman), Mrs P A Godwin, B C J Hesketh, Mrs S E Hillier-Richardson and Mrs H C McLain (Vice-Chairman)

Substitution Arrangements

The Council has a substitution procedure and any substitutions will be announced at the beginning of the meeting.

Recording of Meetings

Please be aware that the proceedings of this meeting may be recorded and this may include recording of persons seated in the public gallery or speaking at the meeting. Please notify the Democratic Services Officer if you have any objections to this practice and the Chairman will take reasonable steps to ensure that any request not to be recorded is complied with.

Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the public and press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,
Gloucester Road, Tewkesbury on Wednesday, 18 March 2015 commencing at
2:00 pm**

Present:

Chairman
Vice Chairman

Councillor M Dean
Councillor R E Allen

and Councillors:

Mrs K J Berry, Mrs J E Day, Mrs S E Hillier-Richardson and A C Tugwell

AUD.37 ANNOUNCEMENTS

- 37.1 The evacuation procedure, as noted on the Agenda, was advised to those present.
- 37.2 The Chairman welcomed David Johnson, Audit Manager for Tewkesbury Borough Council from Grant Thornton, to the meeting. At the request of the Audit Manager Item 6 – Grant Thornton Certification Report 2013/14 would be taken before Item 5 – Grant Thornton Progress Report.

AUD.38 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

- 38.1 Apologies for absence were received from Councillor D J Waters. There were no substitutions for the meeting.

AUD.39 DECLARATIONS OF INTEREST

- 39.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.
- 39.2 There were no declarations made on this occasion.

AUD.40 MINUTES

- 40.1 The Minutes of the meeting held on 10 December 2014, copies of which had been circulated, were approved as a correct record and signed by the Chairman.

AUD.41 GRANT THORNTON CERTIFICATION REPORT 2013/14

- 41.1 Attention was drawn to Grant Thornton's Certification Report 2013/14 which set out the findings of the claim which had been certified during the year. Members were asked to consider the information provided.
- 41.2 The Audit Manager from Grant Thornton advised that the claim which had been certified in 2013/14 was in respect of the housing benefit subsidy relating to expenditure of £18.7million. The claim had been audited in line with Audit Commission guidance and the key messages were set out at Page No. 26 of the report. In terms of the accuracy of the claim forms submitted to the auditor, this was flagged as amber as the claim had been amended and was subject to a qualification letter. Two errors had been identified in the original testing sample and further testing had resulted in a very small amendment of £148. A Member queried what percentage this equated to and the Audit Manager indicated that he believed it was around 0.01% but he undertook to check this following the meeting and report back. He clarified that there were no tolerance values in relation to certification; it was either right or wrong. It was noted that there was a slight amendment to the fee as an additional £625 had been charged for the extra work undertaken to ensure completion of the certification work.
- 41.3 It was
RESOLVED That the Grant Thornton Certification Report 2013/14 be **NOTED**.

AUD.42 GRANT THORNTON PROGRESS REPORT

- 42.1 Attention was drawn to Grant Thornton's progress report, circulated at Pages No. 11-22, which set out the progress which had been made in relation to the Audit Plan, together with any emerging national issues and developments that might be relevant to the Borough Council. Members were asked to consider the report.
- 42.2 Members were advised that the interim accounts audit had commenced that month and the findings would be used to inform the Audit Plan which would be brought to the June meeting of the Committee. This would lead into the final accounts audit 2014/15 which would be undertaken in July and August 2015 and assurance was provided that there were ongoing conversations between Grant Thornton and the Council's Finance Team about any issues which may arise. There were a number of general items which may be of significance to the authority and had been included for information.
- 42.3 It was
RESOLVED That the Grant Thornton progress report be **NOTED**.

AUD.43 STATEMENT OF ACCOUNTING POLICIES

- 43.1 The report of the Finance and Asset Management Group Manager, circulated at Pages No. 32-51, set out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15. The Committee was asked to approve the accounting policies to be used during the 2014/15 closedown.

43.2 Members were advised that the Council was required to produce an annual Statement of Accounts, prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15. The accounting policies governed the accounting treatment used to close the final accounts which the Committee was asked to approve each September. A full list of the accounting policies was attached at Appendix 1 to the report, with the main changes highlighted in yellow, and outlined in the report at Page No. 33, Paragraph 2.0. The changes were relatively minor for Tewkesbury Borough Council with the main impact being at County level. Members were informed that there had been a slight amendment to the policy for depreciation on vehicles, plant, furniture and equipment, set out at Page No. 47, from 3-5 years to 'percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer' which effectively meant that they could be assessed on a case by case basis, rather than being restricted to 3-5 years. An additional sentence had been added at Page No. 35 to provide clarification on the definition of cash: 'cash is represented by cash in hand deposits with financial institutions repayable without penalty on notice of not more than 24 hours'. This was simply to distinguish cash from cash equivalents. With regard to the amendment at Page No. 36 in respect of post-employment benefits, Members were advised that, until the actuary report was received, it was not possible to confirm the rate at which liabilities would be discounted. In order to make the accounts more 'user-friendly' some policies which were not relevant to Tewkesbury Borough Council had been removed e.g. foreign currency translation, borrowing and restructuring of debt plus acquisitions and discontinued operations. The Chartered Institute for Public Finance and Accountancy (CIPFA) had already indicated the changes which would come into effect under the 2015/16 Code and it was noted that the main ones which would impact upon the Council were in relation to Heritage Assets and the International Financial Reporting Standards (IFRS) Fair Value Measurement. Further explanation would be provided on those changes when the Statement of Accounts was considered by the Committee in September.

43.3 In response to a query regarding the markdown in respect of vehicles, plant, furniture and equipment, the Finance Manager advised that, rather than being a fixed percentage, consideration could be given to the lifetime of the asset, for example, a computer was likely to have a shorter life than grounds maintenance machinery. A Member noted that the local government pension scheme was administered by Gloucestershire County Council and overseen by a County Pension Committee and he questioned whether there was Borough Council representation on that Committee. The Finance and Asset Management Group Manager explained that Tewkesbury Borough Council was a member of the countywide pension scheme and he attended its AGM and was able to input via the Chief Finance Officer, however, there was no direct membership or oversight of the Committee.

43.4 It was

RESOLVED That the accounting policies to be used during the 2014/15 closedown be **APPROVED**.

AUD.44 INTERNAL AUDIT PLAN MONITORING REPORT

- 44.1 The report of the Policy and Performance Group Manager, circulated at Pages No. 52-91, summarised the work undertaken by the Internal Audit team for the period December 2014 to February 2015. Members were asked to consider the audit work completed and the assurance given on the adequacy of internal controls operating in the systems audited.
- 44.2 Members were advised that full details of the work undertaken during the period were attached at Appendix 1 to the report and a list of audits within the 2014/15 Audit Plan and their progress to date could be found at Appendix 2 to the report. The Policy and Performance Group Manager confirmed that the team was currently on target to achieve the minimum 90% completion of the Audit Plan by the end of the financial year. It had previously been reported to the Audit Committee that the Council's Environmental Safety Officer would be seconded to the Internal Audit team to undertake health and safety audits with the findings from the audit formally reported to the Audit Committee. Unfortunately this had not happened as quickly as anticipated due to the Environmental Safety Officer being involved in a significant health and safety investigation. The first of the audits, 'risk assessments including asbestos and legionella', was now at draft report stage and would be reported to the Audit Committee in June. The Policy and Performance Group Manager was pleased to advise that no incidents of fraud, corruption, theft or whistleblowing had been reported during the period. It had been reported to the Audit Committee on 24 September 2014 that there had been a request from Tewkesbury Town Council for its internal audit work to be undertaken by the Borough Council's Internal Audit Team. This had been approved by the Corporate Leadership Team and Members were informed that a total of 12 days had been incurred on the audit; this was longer than the estimated 5-7 days as it had taken time for Officers to get to grips with the systems used. The Town Council would be recharged for the full 12 days.
- 44.3 In terms of the audits which had been completed during the period, Members were advised that an audit had been undertaken on the Repair and Renew grants. The Memorandum of Understanding between the Council and the Department for Environment, Food and Rural Affairs (Defra) required the Council's Chief Internal Auditor to give an audit opinion that invoices submitted by the Council were in compliance with the grant scheme. At the time of the audit, £205,125.22 had been awarded and a sample of applications had been checked, along with the underlying monitoring framework. The audit confirmed that expenditure had been correctly approved; a record had been maintained of each grant application, the measures applied for, the value and an individual reference number; and a number of pre and post inspections had been carried out greater than the required sample size of 5%. With regard to invoicing Defra, at the time of the audit quarterly invoices were yet to be raised. It was a requirement of the scheme for the Council to provide a schedule on the last working day of every quarter and to invoice Defra within 20 working days of the last quarter. As no expenditure had been incurred in quarter 1, and only £39,000 had been incurred during quarter 2, it had been verbally agreed with Defra that this could be carried forward to the quarter 3 invoice; however, the quarter 3 invoice was yet to be raised. Defra had confirmed that a revised submission date of 28 February 2015 was acceptable and an invoice had been received for £177,000. There would be two further submission dates of 31 March and 30 June 2015. A number of recommendations had been made in order to strengthen the arrangements in relation to the administration of the scheme: terms and conditions should be issued and signed for each grant award; the check against the Business Flood Grant Scheme needed to be evidenced; and post-inspections undertaken needed to be reported within the Defra schedule.

- 44.4 In terms of the new leisure centre audit, there had been found to be adequate project management procedures in place, a risk register had been in place throughout the project and budget monitoring was also in place. Furthermore, Officers were satisfied that the procurement process was being followed through a framework agreement with SCAPE, a local authority owned and controlled company. The Council was currently in the process of developing its information governance framework. It was acknowledged that the overarching policy was at an early draft stage but an audit had established that the key policies and procedures which supported the framework were in place and they had been reviewed during the audit to ensure that they were robust, up-to-date and relevant. Recommendations had been made in relation to reviewing and updating policies which were now due for review, developing document retention/destruction policies for service areas where they did not currently exist and developing an information governance training programme for staff and Members. In accordance with the Freedom of Information Act, the Council had developed a Publication Scheme; this needed to be updated and published in accordance with the Information Commissioner's model scheme. With regard to the S106 grants follow-up audit, the process for handling S106 Agreements had been reviewed and updated in line with the previous audit recommendation. The S106 monitoring module was found to record obligations accurately, however, the data retained did not provide assurance that regular monitoring was being undertaken in respect of identifying the number of properties being built, including those obligations associated with affordable properties. To assist with this, consideration was now being given to receiving valuation updates from the revenues inspection process.
- 44.5 Appendix 3 to the report contained a statement of internal audit recommendations. In terms of particular areas of interest, the Policy and Performance Group Manager indicated that it had been reported at the last Committee that the Council had failed the 2014/15 Public Sector Network (PSN) Code of Compliance as five PSN users had not undergone the Baseline Personnel Security Standard (BPSS) check. These users had now been checked and the Council was PSN compliant; an item was included later on the Agenda to discuss this further. In terms of budgetary control, the Finance Team had reviewed the budget scheme of delegation and produced a new handbook for managers which would support the budget control framework for the new financial year. It was also noted that, based on feedback from local businesses, a proposal had been put forward to the Department of Business, Innovation and Skills (BIS) to use the remaining flooded business support grant money in other ways in order to build resilience in the flood impacted areas of the Borough. Approval had been obtained in January which would allow the remaining £225,000 to be spent more flexibly. In respect of flood alleviation grants, there had previously been a limited internal audit opinion in relation to Government grants under £220,000 as there were no formal arrangements in place. An agreement between Gloucestershire County Council and Tewkesbury Borough Council had been drafted and other District Councils were now looking to put a formal agreement in place. The tree inspections audit had recommended that a database of inspections should be established and maintained and Members were informed that days had been allocated within the 2015/16 Internal Audit Plan to follow-up the implementation of the database and to give assurance that inspections were being undertaken in accordance with the tree management policy. It was noted that the recommendations in relation to the food control audit were outstanding as a result of the Environmental Health review and would be addressed once the new staff structure was in place. Finally, a number of recommendations had been made in relation to the garden waste database. This would transfer from Environmental and Housing Services to Customer Services as part of the Ubico transfer and would be looked at as part of the current Customer Services review. A number of days had been allocated in the 2015/16 Internal Audit Plan to follow-up this audit.

- 44.6 With regard to S106 Agreements, a Member sought clarification as to when the money was payable and was advised that this would be dependent on the particular Agreement as they all had different trigger points ranging from the first spade going into the ground to the last house being built. In response to a query regarding the garden waste service moving to Customer Services, the Environmental and Housing Services Group Manager clarified that one full-time post would remain within Tewkesbury Borough Council to deal with garden waste administration; all other staff within the department would transfer to Ubico. 75% of the garden waste role would be within Customer Services, the remaining 25% related to invoicing. With regard to the information governance audit and the Freedom of Information Act, a Member went on to question whether there was potential for using the Firmstep Platform. The Policy and Performance Group Manager advised that Firmstep was a piece of software for local authorities; currently all Freedom of Information requests were logged and monitored manually whereas the software may be able to automate the process.
- 44.7 A Member was surprised that only half of the Repair and Renew grant funding had been spent and the Environmental and Housing Services Group Manager explained that only £205,125 had been awarded at the time of the audit, however, over £400,000 had now been claimed. Officers from Tewkesbury Borough Council and Gloucestershire Rural Community Council (GRCC) had done a huge amount of work with residents to ensure that they claimed as much as possible.
- 44.8 Having considered the information provided, it was
RESOLVED That the Internal Audit Plan Monitoring Report be **NOTED**.

AUD.45 INTERNAL AUDIT PLAN 2015/16

- 45.1 The report of the Policy and Performance Group Manager, circulated at Pages No. 92-96, set out, at Appendix 1, the Internal Audit Plan 2015/16. Members were asked to approve the Plan.
- 45.2 Members were advised that the Internal Audit Plan 2015/16 was divided into five main areas: corporate governance; corporate improvement; fundamental financial systems; service areas; and other areas. The Plan had been informed by recommendations from Group Managers and had been endorsed by the Corporate Leadership Team. Members were informed that it had come to light that there were inconsistencies in how annual leave, flexi leave and time off in lieu (TOIL) were dealt with across the authority and this had been included in the Internal Audit Plan as a result. In addition, under corporate governance, the team would be looking at the Local Government Transparency Code to ensure ongoing compliance; complaints framework; national fraud initiative; and tree inspections. The work on fundamental financial systems would help to inform Grant Thornton's year end work on the accounts. In terms of the service areas included in the Plan, audits would be carried out in relation to grants within economic development; garden waste; ICT; new leisure centre; Ubico; Repair and Renew grants; Cascades; elections; car parks; and Disabled Facilities Grants (DFGs). Consultancy and advice had been allocated 30 days within the Plan which accounted for representation on corporate groups e.g. Health and Safety Group, Business Continuity Group etc. and a further 30 days had been set aside for follow-up audits.

45.3 A Member queried why 15 days had been allocated to Tewkesbury Town Council when the recommendation had originally been for 5-7 days. The Policy and Performance Group Manager explained that the initial audit carried out during 2014/15 had been estimated to take 5-7 days but had actually taken 12 days. It was considered that it would be appropriate to allocate 15 days within the 2015/16 Plan as it would also be necessary to carry out an end of year audit during May/June 2015. With regards to tree inspections, a Member queried whether the Council was able to recover costs when it took action on trees which were within private ownership. The Environmental and Housing Services Group Manager advised that the tree inspection programme was primarily for trees on Tewkesbury Borough Council-owned land. Inspections had been carried out on all high risk trees with inspections on medium risk trees currently underway and inspections on low risk trees planned for November 2015. The Council could help to clear fallen trees on private property but the relevant parties would be invoiced for that work.

45.4 It was

RESOLVED That the Internal Audit Plan 2015/16 be **APPROVED**, as detailed at Appendix 1.

AUD.46 SAFEGUARDING AUDIT

46.1 Attention was drawn to the report of the Environmental and Housing Services Group Manager, circulated at Pages No. 97-107, which set out the progress which had been made in relation to the recommendations arising from the safeguarding audit. Members were asked to consider the report.

46.2 Members were advised that a review of the Safeguarding Children's Self-Assessment had been carried out in 2014. All issues identified within the audit had either been actioned, or were ongoing. Councillor Mrs Claire Wright had been identified as the Lead Member for Safeguarding, and now received regular updates at her Portfolio Briefings, and Paula Baker had been appointed as the Housing Services Manager with part of her role being to act as Deputy Safeguarding Officer. In addition, Members were informed that new posters had been displayed around the staff areas of the Council Offices giving relevant contact information and safeguarding would be included in the induction for new staff. In respect of training, some Officers had already received training and others were booked on to courses throughout the year. Safeguarding champions had been appointed in each of the teams across the organisation and could help to identify staff who required training. The Section 11 Audit would be reviewed and updated by the Environmental and Housing Services Group Manager on a quarterly basis and it was intended to bring it to the Audit Committee on an annual basis.

46.3 Accordingly, it was

RESOLVED That the progress which had been made in relation to the recommendations arising from the safeguarding audit be **NOTED**.

AUD.47 PUBLIC SERVICE NETWORK COMPLIANCE

- 47.1 The report of the Business Transformation Group Manager, circulated at Pages No. 108-111, provided Members with an update on the Council's submission to remain accredited to the Public Sector Network (PSN). Members were asked to consider the report.
- 47.2 The Business Transformation Group Manager explained that local authorities, Government departments, the NHS and agencies such as the Driver and Vehicle Licensing Agency (DVLA) and Police had their own computer networks which were connected together using the PSN. The Council currently used PSN to send and receive data electronically with other PSN connected authorities, the main users being Revenues and Benefits, for electronic transfer of data, and Customer Services, for 'Tell Us Once' notifications. To remain accredited to the PSN, the Council was required to complete an annual assessment process which included an annual check of the ICT infrastructure; failure to meet the required standards could result in the Council's connection being withdrawn. In September 2014, a report had been brought to the Audit Committee to provide more information on PSN, although the Council had not made its submission at that time. She was pleased to report that the Council had now been successful and had received approval to continue to use PSN until January 2016. Paragraph 2.2 of the report set out the steps which had been taken to strengthen compliance, following an internal audit review of the self-assessment.
- 47.3 A Member noted that one of the recommendations was that all requests for the use of removable media devices should be supported with a business case, suitably documented and approved, and she asked for further explanation as to what this involved. The Business Transformation Group Manager advised that using removable devices such as USB sticks was a security risk to the Council and the requirement to put forward a business case meant that IT could work with individuals around their particular needs and ensure that they were connected only when necessary. The Member queried how many Councillors had removable devices and was advised that none had been provided by the IT department. Members did not tend to connect their laptops to the Council's infrastructure so, if they did use their own personal devices, the risk to Council security would be minimal. The Member went on to seek clarification as to what 'Patch Management' involved and was informed that the IT team frequently had to add patches and extra coding and it was good practice to have a process to ensure that they were applied in a controlled way; patch management software was available to help to do this.
- 47.4 It was

RESOLVED That the report on Public Sector Network Compliance be **NOTED**.

AUD.48 CORPORATE RISK REGISTER

- 48.1 The report of the Policy and Performance Group Manager, circulated at Pages No. 112-120, attached the corporate risk register which had been reintroduced in 2014. Members were asked to consider the corporate risk register and the risks contained within it.

- 48.2 Members were advised that the corporate risk register was reported through the performance management framework which was reviewed by the Overview and Scrutiny Committee. The reporting of the register had been discussed by the Corporate Governance Group where it was agreed that the Audit Committee was the most appropriate Committee to review the register given that its Terms of Reference included the responsibility to monitor the effective development and operation of risk management.
- 48.3 The register had first been reported to the Audit Committee at its meeting on 9 September 2015 and, therefore, this was the second update. The register was attached at Appendix 1 to the report and had been amended to include changes in risk over time, as requested by the Committee. For example, Page No. 119 referred to the new leisure centre; the risk had previously been around planning approval being obtained, however, since planning permission had been granted, the risk now related to unforeseen works.
- 48.4 In response to a query regarding individual electoral registration (IER), the Borough Solicitor explained that IER was a process which people were required to comply with and, whilst the Council could provide information to the public about the new registration system, it was their individual responsibility to ensure that they were registered correctly. A Member questioned what was being done in terms of leadership capability which had been included as a risk and affected both managers and Members. The Policy and Performance Group Manager explained that this was something which had been mentioned in the Corporate Peer Review; Officers were currently undergoing training and this would be included in the Member Development Programme for the new Council which would come forward later in the year. A Member suggested that it would be beneficial to carry out an audit of Member skills as she felt that there may be resources going to waste, for instance, she had attended various safeguarding training sessions over the years but had not been asked to input into the Borough's safeguarding. A Member noted that the majority of actions within the register were due for implementation in March 2016 and she questioned whether that was achievable. The Policy and Performance Group Manager advised that some would be ongoing beyond that date, for example, the delivery of the Transform Programme, but work would be progressed throughout the course of the year. He hoped that some of the work would be achieved prior to that date.
- 48.5 It was

RESOLVED That the information within the Corporate Risk Register be
NOTED.

The meeting closed at 3:05 pm

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,
Gloucester Road, Tewkesbury on Tuesday, 26 May 2015 commencing at 6:15 pm**

Present:

Chairman
Vice Chairman

Councillor R Furolo
Councillor Mrs H C McLain

and Councillors:

K J Cromwell, A J Evans, Mrs P A Godwin, B C J Hesketh and Mrs S E Hillier-Richardson

AUD.1 ELECTION OF CHAIRMAN

1.1 The Mayor opened the meeting by seeking nominations for the Chairmanship of the Committee.

1.2 It was proposed and seconded that Councillor R Furolo be nominated as Chairman of the Committee. Upon being put to the vote it was

RESOLVED That Councillor R Furolo be elected as Chairman of the Audit Committee for the ensuing Municipal Year.

AUD.2 APPOINTMENT OF VICE-CHAIRMAN

2.1 Councillor R Furolo took the chair and invited nominations for Vice-Chairman of the Committee.

2.2 It was proposed and seconded that Councillor Mrs H C McLain be nominated as Vice-Chairman of the Committee. Upon being put to the vote it was

RESOLVED That Councillor Mrs H C McLain be appointed as Vice-Chairman of the Audit Committee for the ensuing Municipal Year.

The meeting closed at 6:20 pm

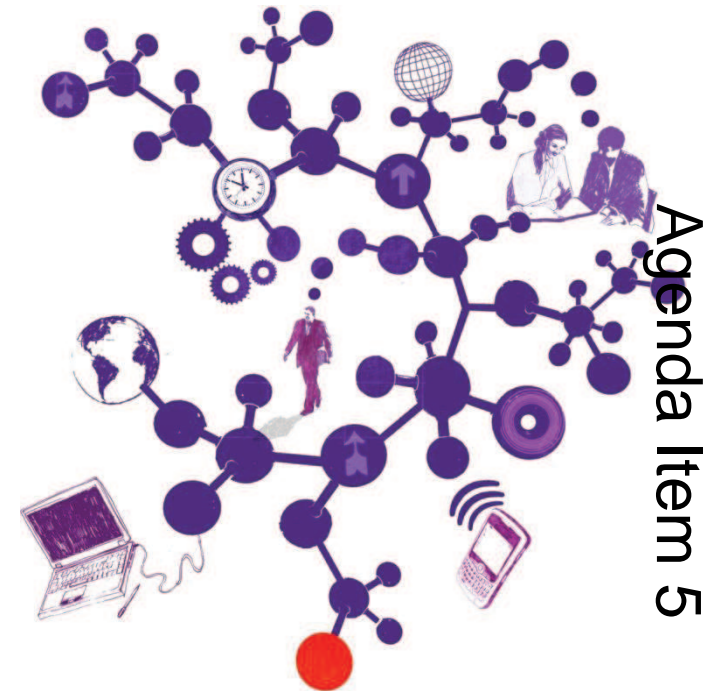
Audit Committee Update for Tewkesbury Borough Council

Year ended 31 March 2015

June 2015
→

Alex Walling
Engagement Lead
T +44 (0) 117 305 7804
E alex.j.walling@uk.gt.com

David Johnson
Manager
T +44 (0) 117 305 7727
E david.a.johnson@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section	Page
Introduction	4
Progress at June 2015	5
Emerging issues and developments	7

Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- ~~A~~ All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Alex Walling - Engagement Lead T 0117 305 7804 M 07880 456142 alex.j.walling@uk.gt.com
David Johnson - Audit Manager T 0117 305 7727 M 07825 028921 david.a.johnson@uk.gt.com

Progress at 24 June 2015

Work	Planned date	Complete?	Comments
<p>2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.</p>	June 2015	Yes	We will present the audit plan at the June audit Committee as a separate item
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing 	March 2015	Yes	The findings from our interim work are reflected in the Audit Plan to be presented to the June Audit Committee. The findings will be used to inform work to be undertaken at final accounts audit
<p>2014-15 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2014-15 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	August 2015	No	Initial discussions have been held with Council Officers to identify emerging issues. Council Officers also attended CIPFA FAN events, run by Grant Thornton, which identified challenges to Local Government accounts for 14/15

Progress at 24 June 2015

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2014/15 VfM conclusion comprises:</p> <ul style="list-style-type: none"> • An initial risk assessment; • A detailed review of arrangements; • Using knowledge from other audits; • Reviewing key documents; and • Discussion with officers <p>16</p>	June 2015	No	<p>This work has commenced and our work will be focussed on the two criteria specified by the Audit Commission i.e.</p> <ul style="list-style-type: none"> • The organisation has proper arrangements in place for securing financial resilience; and • The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness. <p>It is anticipated that Value for Money work will begin earlier than the accounts' audit to allow full consideration of the Council's processes to managing economy, effectiveness and efficiency</p>

Emerging issues and developments

17

Developing Local Authority Trading Companies

Grant Thornton Publications

Austerity has made a significant impact on local government. Our report *'Responding to the challenge: alternative delivery models in local government'* looked at the increased use of alternative delivery models to protect and develop services. This trend has continued over the last year.

Whilst some councils have always had a commercial approach, many traditionally avoided commercial considerations. This is no longer the case.

As councils continue to confront financial pressure, many have considered how to reduce costs, generate income and improve efficiency by introducing commercial structures. For many councils, the use of Local Authority Trading Companies (LATCs) is a step towards becoming self-financing.

→
∞
Over the last five years, we have seen a significant increase in the use of different service delivery models by local government. The introduction of LATCs has been a key part of this innovation. While restricted initially to areas such as entertainment or airports – for example Birmingham's NEC and Manchester Airport – they have grown into new areas such as highways, housing and education.

More recently, LATCs dedicated to the delivery of social care services have emerged.

However, the delivery of a successful company is not easy.

Our report *'Spreading their wings'* is the first in a series looking at alternative service delivery models in more detail. The report provides practical guidance – drawn from interviews with councils and from the successful companies we have worked with – on the steps that need to be followed in:

- deciding to set up a local authority trading company
- setting up a local authority trading company
- building a successful local authority trading company

Copies can be obtained via your Engagement Lead or Audit Manager.



Independent Commission into Local Government Finance

Local government issues

The Independent Commission on Local Government Finance was established in 2014 to examine the system of funding local government in England and bring forward recommendations on how it can be reformed to improve funding for local services and promote sustainable economic growth. It published its final report, [Financing English Devolution](#), on 18 February 2015.

The report notes that the core of the Commission's proposition is the devolution of powers, funding and taxes to sub-national entities over a 10 year period. They estimate that this could lead to over £200 billion in public expenditure being controlled at a sub-national level. The expectation is that councils and their partners would work collaboratively to manage differences in capacity and resources. They see local areas becoming self sufficient.

The Commission advocates a 'variable speed' approach to reform with 'Pioneers' able to and wishing to reform at a faster pace. Reforms advocated for all authorities include:

- An independent review of the functions and sustainability of local government in advance of the next spending review
- Freedom to set council tax and council tax discounts and full retention of business rates and business rates growth
- Multi-year financial settlements
- The ability to raise additional revenue through the relaxation of the rules on fees and charges

'Pioneer' authorities would also implement:

- Single placed-based budgets for all public services
- Management of funding equalisation across a sub-national area
- Further council tax reforms including the ability to vary council tax bands and undertake revaluations
- Newly assigned and new taxes such as stamp duty, airport taxes and tourism taxes
- The establishment of Local Public Accounts Committees to oversee value for money across the placed-base budget.

Challenge question

Have members been briefed [by your Chief Finance Officer] on the key findings of the Independent Commission's final report?

Easing the burden – the impact of welfare reform on local government and the social housing sector

Grant Thornton

Our national report, 'Easing the burden – the impact of welfare reform on local government and the social housing sector', was published in May and is available at: <http://www.grant-thornton.co.uk/en/Publications/2015/Easing-the-Burden/>

This is our second welfare reform report and it follows on from our initial report 'Reaping the benefits?', to provide insight into the impact of welfare reform on English local authority and social housing organisations over the past two years.

It focuses on:

- the governance and management arrangements being put in place nationally across the two sectors to deliver reform
- the early signs of how successful the reforms have been
- the upcoming issues and risks on the reform agenda in the wider context of social impact.

The key findings from our review include:

- The cumulative effect of various welfare reforms is putting a significant financial strain on those needing support
- The majority of local authorities and housing associations surveyed had seen a rise in average council tax and rent arrears since 2012/13
- Local authorities are becoming reliant on Discretionary Housing Payments (DHP) to plug the gap for those unable to pay.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Provision for Business Rates Appeals

Accounting and audit issues

Unlodged appeals

The Chancellor's Autumn Statement included a change to the rules relating to business rates appeals. As a result we do not expect to see any provisions for unlodged appeals in local authorities' 2014/15 accounts, although we will expect this to be re-considered for 2015/16 accounts.

The change restricts the backdating of Valuation Office Agency (VOA) alterations to rateable values. Only VOA alterations made before 1 April 2016 and ratepayers' appeals made before 1 April 2015 can now be backdated to the period between 1 April 2010 and 1 April 2015. The aim is to put authorities in the position as if the revaluation had been done in 2015 as initially intended, before the deadline was extended to 2017.

There may be some fluctuations in provisions at 31 March 2015 as unlodged appeals provisions are released. However, there may also be increased numbers of appeals lodged prior to 31 March 2015. These appeals may be more speculative in nature and therefore authorities may need to consider whether prior year assumptions remain valid in estimating their provisions.

Utilisation of provision

As part of the provisions disclosures in the accounts, local authorities need to disclose additional provisions made in the year, the amounts used (i.e. incurred and charged against the provision) during the year and unused amounts reversed during the year.

We understand that the software used for business rates may not provide values for the amounts charged against the provision during the year and that there is no simple software solution for this for 2014/15. Local authorities will need to consider available information and make an estimate of the amount for appeals settled in the year.

Challenge questions

- Has your Finance and Asset Management Group Manager reassessed the methodology for making the business rates provision?
- Has your Finance and Assets Management Group Manager got arrangements in place for the estimation of appeals to be charged against the provision?

Earlier closure and audit of accounts

Accounting and audit issues

Legislation was recently passed to bring forward the deadlines for the preparation and audit of Local Government financial statements from 2017/18 onwards. The timeframes for the preparation of the financial statements and their subsequent audit will be reduced by one month and two months respectively as follows:

- Deadline for preparation of financial statements – 31 May (currently 30 June)
- Deadline for audit completion – 31 July (currently 30 September)

Although July 2018 is over 3 years away, both local authorities and their auditors will have to make real changes in how they work to ensure they are 'match-fit' to achieve this deadline. This will require leadership from members and senior management.

Local government accountants and their auditors should start working on this now.

Top tips for local authorities:

- make preparation of the draft accounts and your audit a priority, investing appropriate resources to make it happen
- make the year end as close to 'normal' as possible by carrying out key steps each and every month
- discuss potential issues openly with auditors as they arise throughout the year
- agree key milestones, deadlines and response times with your auditor
- agree exactly what working papers are required.

Auditors are already working on bringing forward more testing to before the financial statements are prepared and will be discussing further changes with local authorities including greater use of estimates in the accounts which will enable the audits to be brought forward further.

Some authorities currently produce their financial statements ahead of the current deadline, or have plans to do so in 2014/15, and some audits are completed before 31 July.

We will be assessing how this has been achieved and will share our findings in a national report, expected in early 2016.



© 2015 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk

The Audit Plan for Tewkesbury Borough Council

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

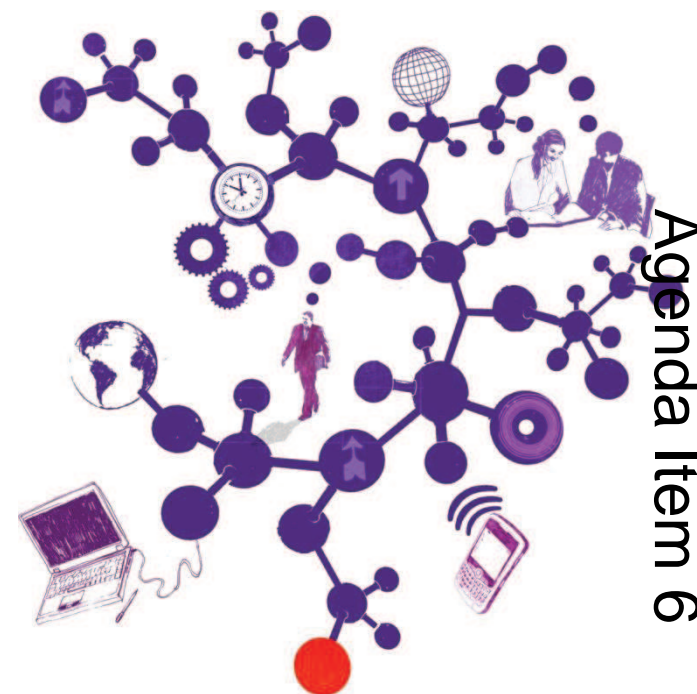
Year ended 31 March 2015

24 June 2015

4

Alex Walling
Engagement Lead
T 0117 305 7804
E alex.j.walling@uk.gt.com

David Johnson
Audit Manager
T 0117 305 7727
E david.a.johnson@uk.gt.com



Agenda Item 6

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section	Page
1. Understanding your business	4
2. Developments relevant to your business and the audit	5
3. Our audit approach	6
4. Significant risks identified	7
5. Other risks	8
6. Value for Money	9
7. Results of interim work	10
8. Key dates	12
9. Fees and independence	13
10. Communication of audit matters with those charged with governance	14

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

Challenges/opportunities

1. Service provision and joint working arrangements

- Delivering efficiency savings provision of shared services through One Legal and outsourcing of waste collection to UBICO

2. LG Reorganisation

- Regional devolution plans
- Combined authorities
- Confederations

3. LG Finance Settlement

- The local government spending settlement showed local authorities are facing a cash reduction in their spending power of 6% in 2015-16.

4. Business Rates

- The upholding of the appeal against the Rateable Value for the Council's largest business provides a challenge to the Council achieving a balanced budget in future year.
- The Council is part of a business rates pool. The appeal against the Rateable Value as outlined above has resulted in a payment to the Council and a deficit position for the pool.

Our response

- We will review the progress you have made in delivering your efficiency savings in this area as part of our work on your arrangements for financial resilience.

- We will discuss your plans in these areas through our regular meetings with senior management and those charged with governance, providing a view where appropriate.

- We will review your Medium Term Financial Plan and financial strategy as part of our work on your arrangements for financial resilience.

- We will review your Medium Term Financial Plan and financial strategy as part of our work on your arrangements for financial resilience
- We will discuss your plans in these areas through our regular meetings with senior management and those charged with governance, providing a view where appropriate.

Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice ('the code') and associated guidance.

Developments and other requirements

1. Financial reporting

- Changes to the CIPFA Code of Practice

2. Legislation

- Local Government Finance settlement

3. Corporate governance

- Annual Governance Statement (AGS)
- Explanatory foreword

4. Financial Pressures

- Managing service provision with less resource
- Progress against savings plans

5. Other requirements

- The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion
- The Council completes grant claims and returns on which audit certification is required

28

Our response

We will ensure that

- the Council complies with the requirements of the CIPFA Code of Practice through discussions with management and our substantive testing

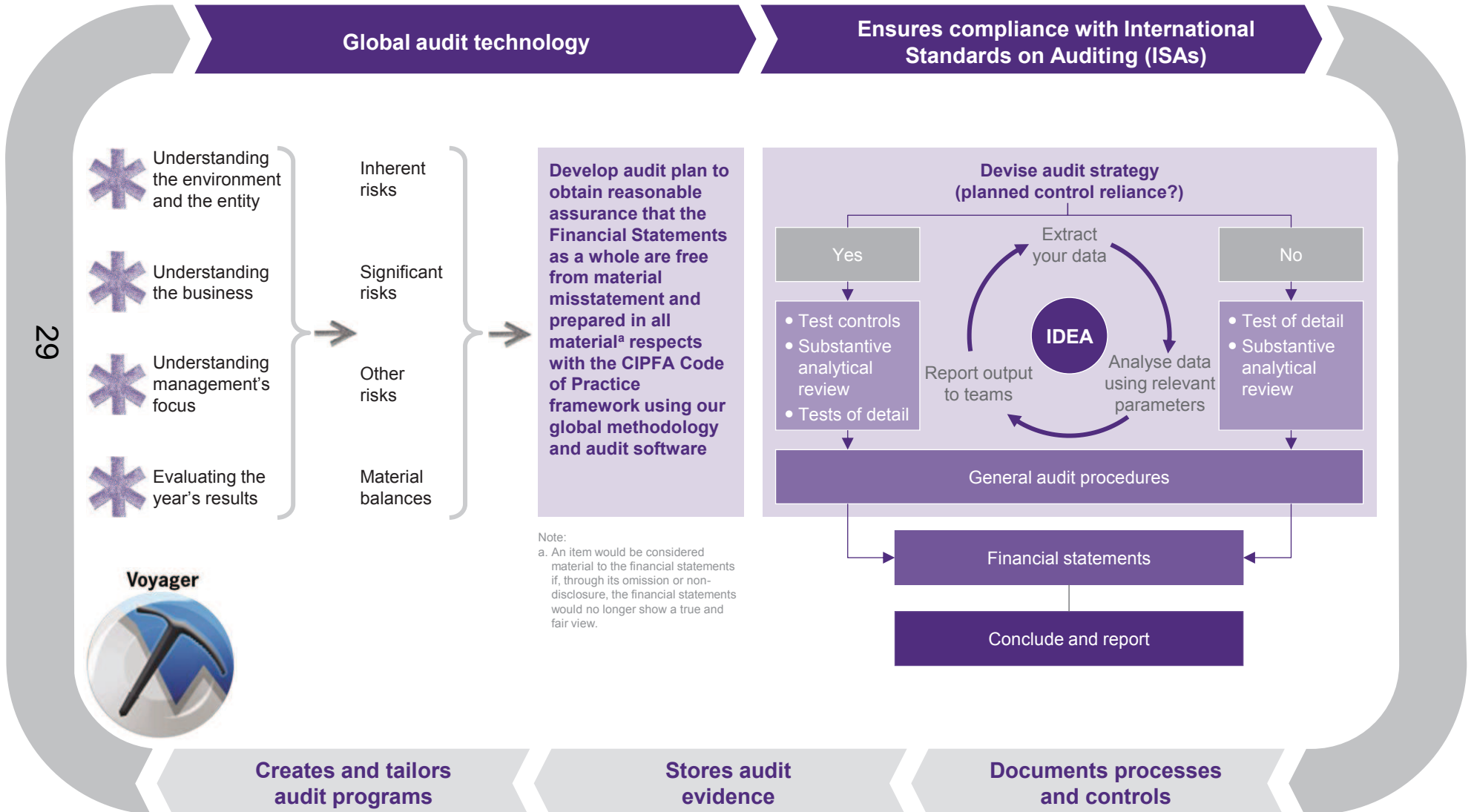
- We will discuss the impact of the legislative changes with the Council through our regular meetings with senior management and those charged with governance, providing a view where appropriate

- We will review the arrangements the Council has in place for the production of the AGS
- We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge

- We will review the Council's performance against the 2014-15 budget, including consideration of performance against the savings plan

- We will carry out work on the WGA pack in accordance with requirements
- We will certify the housing benefit subsidy claim in accordance with the requirements specified by Public Sector Audit Appointments Ltd. This company will take over the Audit Commission's responsibilities for housing benefit grant certification from 1 April 2015.

Our audit approach



Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p style="text-align: center; font-size: 2em;">30</p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Tewkesbury Borough Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate revenue recognition • Opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including Tewkesbury Borough Council, mean that all forms of fraud are seen as unacceptable.
<p>Management over-ride of controls</p>	<p>Under ISA 240 the presumption that the risk of management over-ride of controls is present in all entities.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Documentation of controls at entity and activity levels • Initial testing of journal entries for periods 1-11 <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries for period 12 • Review of unusual significant transactions

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit Approach
<p>Operating expenses</p> <p style="text-align: center; font-size: 2em;">31</p>	<p>Creditors understated or not recorded in the correct period (Operating expenses understated)</p>	<p>Work Completed to date</p> <ul style="list-style-type: none"> • Documentation and understanding of controls • Walkthrough of controls to confirm that controls are operating as described • Substantive testing of operating expenditure for period M1 to M11 <p>Further work planned</p> <ul style="list-style-type: none"> • Complete substantive testing of operating expenditure • Undertake trend analysis of payroll costs
<p>Employee remuneration</p>	<p>Employee remuneration accruals understated (Remuneration expenses not correct)</p>	<p>Work Completed to date:</p> <ul style="list-style-type: none"> • Document our understanding of the controls operating in the payroll system • Walkthrough of controls to confirm that controls are operating as described • Partial substantive testing of employee remuneration expenses <p>Further work planned</p> <ul style="list-style-type: none"> • Complete substantive testing of employee remuneration expenses

Value for money

Value for money

The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

Our VfM conclusion is based on the following criteria specified by the Audit Commission:

VfM criteria	Focus of the criteria
The organisation has proper arrangements in place for securing financial resilience	The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness	The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity

We have undertaken a risk assessment to identify areas of risk to our VfM conclusion. Our work will include a review of:

- key indicators of financial performance
- strategic financial planning
- financial governance
- financial control
- delivery of savings against the 2014/15 budget
- the medium term financial plan (MTFP) and capital programme

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings report and in the Annual Audit Letter.

Results of interim audit work

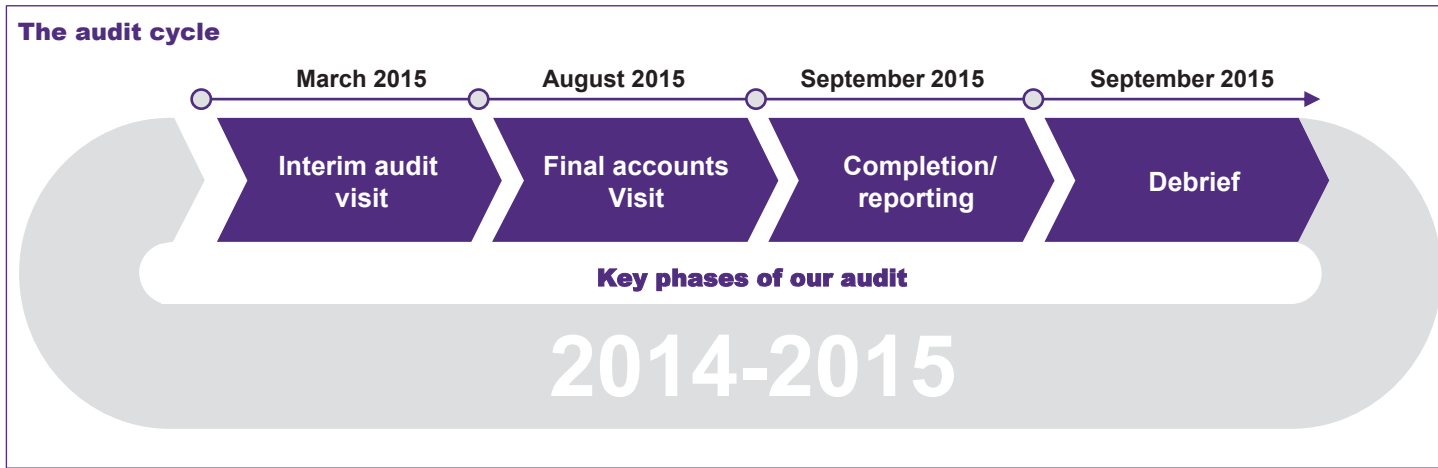
The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed and findings	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service continues to provide an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment at the Council.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Walkthrough testing 33	<p>We have completed walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements</p>

Results of interim audit work (cont'd)

	Work performed	Conclusion
Review of information technology controls	<p>A high level review of the general IT control environment has been undertaken as part of the overall review of the internal controls system. We have also performed a follow up of the issues that were raised last year.</p> <p>IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.</p>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>
Journal entry controls	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p>	<p>Overall we have concluded that journal entry policies and procedures are satisfactory and have not identified any weaknesses which impact on our audit approach.</p> <p>Testing of journal entries will be undertaken as part of the audit of the statement of accounts</p>
Early substantive testing	<p>We have undertaken substantive testing of operating expenses transactions for periods 1 to 11.</p> <p>We have undertaken substantive testing of employee remuneration expenses for periods 1 to 11</p>	<p>Testing of operating expenses found no issues that impact on our audit approach.</p> <p>Testing of employee remuneration is on-going and any issues identified will be resolved as part of testing of the Financial statements. There is no impact on our audit approach.</p> <p>Testing of operating expenses and employee remuneration transactions for period 12 will be undertaken as part of the audit of the financial statements</p>

Key dates



35

Date	Activity
March 2015	Planning
March 2015	Interim site visit
June 2015	Presentation of audit plan to Audit Committee
August 2015	Year end fieldwork
September 2015	Audit findings clearance meeting with S151 Officer
September 2015	Report audit findings to those charged with governance - Audit Committee
September 2015	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	59,895
Grant certification	12,700
Total fees (excluding VAT)	72,595

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited, as the successor to the Audit Commission in this area.

Fees for other services

Service	£
None	Nil

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



© 2015 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires.

Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk



Mike Dawson
Chief Executive
Tewkesbury Borough Council
Council Offices
Tewkesbury
Gloucestershire
GL20 5TT

Grant Thornton UK LLP
Hartwell House
55 – 61 Victoria Street
Bristol BS1 6FT
T +44 (0)117 305 7600
www.grant-thornton.co.uk

20 April 2015

Dear Mike

Planned audit fee for 2015/16

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. In this letter we set out details of the audit fee for the Tewkesbury Borough Council along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The Council's scale fee for 2015/16 has been set by the Audit Commission at £44,921, which compares to the audit fee of £59,895 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission's closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/ and on the Public Sector Audit Appointments PSAA website psaa.co.uk

The audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

Certification of grant claims and returns

The Council's indicative grant certification fee has been set by the Audit Commission at £9,110.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2015	11,230.25
December 2015	11,230.25
March 2016	11,230.25
June 2016	11,230.25
Subtotal	44,921.00
Grant Certification	
December 2016	9,110.00
Total	54,031.00

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2015 to March 2016. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in August 2016 and work on the whole of government accounts return in September 2016

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2015- March 2016	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to Sept 2016	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	Jan to Sept 2016	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2016	Opinion on the WGA return (If applicable)	This work will be completed alongside the accounts audit.
Annual audit letter	October 2016	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2016	Grant certification report	A report summarising the findings of our grant certification work

Our team

The key members of the audit team for 2015/16 are:

	Name	Phone Number	E-mail
Engagement Lead	Alex Walling	0117 305 7804	alex.j.walling@uk.gt.com
Engagement Manager	David Johnson	0117 305 7727	david.a.johnson@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact John Golding, our Public Sector Assurance regional lead partner john.golding@uk.gt.com

Yours sincerely



Alex Walling
Engagement Lead
For Grant Thornton UK LLP

cc: Simon Dix

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	24 June 2015
Subject:	Critical Judgements and Assumptions Made During the Preparation of the Statement of Accounts
Report of:	Simon Dix, Finance and Asset Management Group Manager
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor D J Waters
Number of Appendices:	Two

Executive Summary:

The purpose of this report is to explain to the Audit Committee the critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the 2014/15 accounts.

Recommendation:

To APPROVE the critical accounting judgements that will be used in completing the 2014-15 annual accounts and note the key sources of estimation uncertainty.

Reasons for Recommendation:

The Code of Practice on Local Authority Accounting in the United Kingdom requires disclosure of the judgements that management have made in the process of applying the authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements. Also it requires disclosure about major sources of estimation uncertainty at the end of the reporting period.

Resource Implications:

There are no direct financial implications arising from the approval of the critical judgements, although should Members not approve them it may impact on the final outturn.

Legal Implications:

There are no direct legal implications arising from the approval of the critical judgements. However, Section 21 of the Local Government Act 2003 enables the Secretary of State to make regulations concerning the accounting practices to be followed by local authorities. The relevant regulations in this case are the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 which provides that the accounting practices contained in the Code of Practice of Local Authority Accounting in the United Kingdom are proper practices. Any requirements of the Code should therefore be followed.

Risk Management Implications:

There is a risk of the accounts being qualified if the proper accounting practices are not followed or if they deviate substantially from the Code of Practice on Local Authority Accounting.

Performance Management Follow-up:

Grant Thornton will audit this as part of the year end audit and will issue an opinion in September 2015.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The Council is required to produce an annual statement of accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15. In order to do this the Council has to apply its accounting policies (which Audit Committee approved in March 2015) to produce them.

2.0 CRITICAL ACCOUNTING JUDGEMENTS

2.1 In applying the authority's accounting policies the Council has to make certain judgements about complex transactions or those involving uncertainty about future events.

2.2 The relevant judgements are those that have the most significant effect on amounts recognised in the financial statements. Judgements made in arriving at estimates are excluded.

2.3 The disclosure of critical judgements should enable users of the financial statements to better understand how the accounting policies are applied and to use these in making comparisons between authorities regarding the basis on which management make these judgements.

2.4 The judgements can be seen in Appendix A and the main one this year is to do with the provision for business rates and how we have calculated the figure by using historical data on success rates and outcomes (more information can be found in the Appendix).

3.0 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

3.1 In preparing the annual accounts there are areas where estimates are made. These include useful lives and valuations of properties which are estimated by qualified valuers, the amount of arrears that will not be collected (which is estimated based on past experience of collection of different types of debt) and the liability for future pension payments, which is estimated by qualified actuaries. Details of these are shown in Appendix B.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

- 5.0 CONSULTATION**
- 5.1 None.
- 6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**
- 6.1 None.
- 7.0 RELEVANT GOVERNMENT POLICIES**
- 7.1 Local Government Act 2003 and Accounts and Audit Regulations 2011.
- 8.0 RESOURCE IMPLICATIONS (Human/Property)**
- 8.1 None.
- 9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 9.1 None.
- 10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 10.1 None.
- 11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 11.1 Approval of the Statement of Accounting Policies – Audit Committee on 18 March 2015.

Background Papers: Statement of Accounting Policies 2014/15

Contact Officer: Emma Harley, Finance Manager
01684 272006 emma.harley@tewkesbury.gov.uk

Appendices: Appendix A – Critical Judgements in Applying Accounting Policy
Appendix B – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Critical Judgements in Applying Accounting Policy

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision and we believe we will remain a going concern into the future.
- The Authority has the right to appoint the majority of delegates on the board of the Swimming Bath Trust and as management agents has control over the financial and operating policies of the pool. Also, the Council deficit funds the operations of the pool. It has been determined that the Authority has control of the Trust and should be treated as a subsidiary. However, due to the value of the leisure centre being revalued to nil the Council have decided not to prepare group accounts on the basis of immateriality.
- The Council's former insurers Municipal Mutual Insurance Limited ceased trading in 1992 and the Council became a party to the scheme of administration for liabilities outstanding at that time. Previously the administrators advised that the assets would at least match the liabilities and a solvent run off of the scheme could be expected. However the directors of MMI 'triggered' MMI's Scheme of Arrangement under section 425 of the Companies Act 1985 on 13 November 2012 and Ernst and Young LLP became responsible for the management of the MMI's business, affairs and assets in accordance with the terms of the Scheme. The claw back scheme to which Tewkesbury is subject provides for a maximum liability of £159,699. Ernst and Young suggested an initial levy rate of 15% to achieve a solvent run off and this (£23,954) was paid over in January 2014. We have provided for an additional 10% in long term provisions as we have not had any confirmation that this would be the final payment.
- The level of provision for business rate appeals under the business rate retention scheme has been calculated using historic appeals information. Those on the list at 31st March 2015 with a code of grounds where we have statistical information relating to the success and outcome of past appeals have been calculated using the average success rate and rateable value lost. The appeals relating to Virgin Media are treated separately as these are unique cases that were heard as part of a special programme. The hearing relating to the 2005 assessment resulted in a reduction in rateable value of 40% and so we have used that basis for establishing a provision for the outstanding 2010 Virgin Media appeals.
- IAS 19 disclosures include information on the assets that make up the Local Government Pension Scheme for the Council as required under 6.4.3.42 (8) of the Code of Practice. We have taken the decision to disclose, in summary, the categories that the Pension Fund have invested in. The Council does not directly influence the activities of the Fund and as the fund assets do not impact on the revenue account it is our decision that the disclosure is sufficient in line with section 6.4.3.42 (2) of the Code of Practice. Should further information be required on the categories of pension assets and the decision making on the strategy for investment then we would direct the query to the Pension Fund administrators.

Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year (due to assumptions/judgements) are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £11,348 for every year that useful lives had to be reduced.
Business Rates	Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2012-13 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2014. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2014.	The appeals provision has been calculated using historic data for appeal success per category of appeal. Using this data we have extrapolated an appeals figure assuming this success rate is representative of what will happen in future. There is a likelihood that some appeals will be settled differently to anticipated which could cause a large refund of previous years' rates. In order to minimise the impact of this scenario on the Council we have set aside a business rate appeal equalisation reserve of £420,000.
Arrears	At 31st March 2014, the Authority had a balance on doubtful debts of £477,970 of which £463,495 related to a general provision. Housing benefit general provision has increased from 30% to 45% due to the level of debts increasing, increased pressure on those on benefits and the future introduction of Universal Credit. This along with the fact that 28 out of the 750 debts were over £5k but came to £284,410 in total means that recovery is likely to get more difficult and so a higher provision is required.	If collection rates deteriorate then our revenue reserves would be impacted but we feel that the increased provision helps mitigate this potential risk.

Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The actuaries, Hymans Robertson, are engaged to provide the Authority with expert advice about the assumptions to be applied. Changes in assumptions can have a significant effect on the value of the retirement benefit obligation.	The effects on the scheme liabilities of changes in individual assumptions can be measured and the sensitivities regarding the principal assumptions are set out below:	
	Change in assumptions at year ended 31 Mar 2014	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
	0.5% decrease in Real Discount Rate	10%	6,369
	1 year increase in member life expectancy	3%	2,011
	0.5% increase in the Salary Increase Rate	3%	1,911
0.5% increase in the Pension Increase Rate	7%	4,379	

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	24 June 2015
Subject:	Internal Audit Plan Monitoring Report
Report of:	Graeme Simpson, Corporate Services Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor R J E Vines, Leader of the Council
Number of Appendices:	3

<p>Executive Summary:</p> <p>This report is the final monitoring report of the financial year and summarises the remaining 2014/15 work of the Internal Audit team.</p>
<p>Recommendation:</p> <p>To consider the audit work completed, and the assurance given on the adequacy of internal controls operating in the systems audited.</p>
<p>Reasons for Recommendation:</p> <p>The work of Internal Audit Work complies with the Public Sector Internal Audit Standards (PSIAS). These standards state that the Chief Audit Executive (CAE) must report functionally to the board. This includes reporting on Internal Audit's activity relative to its plan.</p>

<p>Resource Implications:</p> <p>None.</p>
<p>Legal Implications:</p> <p>None.</p>
<p>Risk Management Implications:</p> <p>If the CAE does not report functionally to the board then this does not comply with the PSIAS.</p> <p>If there are delays in response to the acceptance/implementation of essential audit recommendations then this potentially increases the risk of fraud, error, inefficiency or areas of non-compliance remaining within the systems audited.</p>
<p>Performance Management Follow-up:</p> <p>All recommendations made by Internal Audit are followed up within appropriate timescales to give assurance they have been implemented. All recommendations made by Internal Audit are now reported to the Audit Committee and these can be found in Appendix 3.</p>

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The 2014/15 Internal Audit Plan was approved at Audit Committee on 19 March 2014. This is the final monitoring report for the year and summarises Internal Audit work completed since the last report to the Audit Committee on 18 March 2015. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Group Manager Corporate Services) reports formally to the 'board' (Audit Committee).

2.0 INTERNAL AUDIT WORK FOR THE PERIOD

2.1 The work undertaken in the period is detailed in Appendix 1. This provides commentary on the activity audited, the control objectives for each activity and the audit opinion for each control objective.

2.2 A list of the audits within the 2014/15 Audit Plan and their progress to date can be found in Appendix 2. This confirms all audit work is now complete except for the audit of Individual Electoral Registration (IER). Days have been allocated within the 2015/16 Audit Plan to accommodate this work. This translates to a 92.31% completion of the original Plan i.e. 24 of 26 audits completed. In addition to IER, one audit was completed after 31 March 2015. It is important to note, however, that two additional internal audits were undertaken during the year; business flood grants and Repair and Renew grants, as well as the Tewkesbury Town Council audit.

2.3 When reporting, a 'split' opinion can be given. This means an individual opinion can be given for different parts of the system being audited. This approach enables Internal Audit to identify to management specific areas of control that are operating or not. Assurance opinions are categorised as 'good', 'satisfactory', 'limited' and 'unsatisfactory'. For the period being reported, all audit opinions have been given either a good or satisfactory level of control with the exception of Health & Safety (risk assessments), which has a limited audit opinion, and ICT asset inventory, which has an unsatisfactory audit opinion.

2.4 As reported to previous Audit Committees, details of all audit recommendations have been included within this monitoring report. This will help provide the Committee with an overview of the breadth of work undertaken and allow the Committee to monitor the implementation of the audit recommendations. The list of recommendations and their status can be found in Appendix 3.

Note: recommendations that have been previously reported to the Audit Committee as implemented have been removed from the template.

3.0 HEALTH AND SAFETY WORK

3.1 It was previously reported to Audit Committee that the Council's Environmental Safety Officer (ESO) would be 'seconded' to the Internal Audit team to undertake Health and Safety Audits. The audits would be undertaken using the methodology used by Internal Audit. Health and Safety is a key part of the Councils' governance framework and findings from the audits will be formally reported to the Audit Committee. The first of these audits were completed in the reporting period - 'Risk Assessments' and the opinion of this audit can be found in Appendix 1.

4.0 FRAUD/CORRUPTION/THEFT/WHISTLEBLOWING

4.1 No incidents have been reported during the period.

5.0 PARTNERSHIP ARRANGEMENT WITH TEWKESBURY TOWN COUNCIL

5.1 As reported at previous Audit Committees, the Internal Audit team has been commissioned by Tewkesbury Town Council to undertake their internal audit. An interim audit report was issued during the period and considered by the Town Council's Finance Committee. A formal year end audit is currently underway.

6.0 OTHER OPTIONS CONSIDERED

6.1 None.

7.0 CONSULTATION

7.1 All managers are consulted prior to the commencement of the audit to agree the scope and each manager has the opportunity to complete a client survey at the end of the audit.

8.0 RELEVANT COUNCIL POLICIES/STRATEGIES

8.1 Internal Audit Charter and Internal Audit Annual Plan.

9.0 RELEVANT GOVERNMENT POLICIES

9.1 None.

10.0 RESOURCE IMPLICATIONS (Human/Property)

10.1 None.

11.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

11.1 None.

12.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

12.1 Internal Audit contributes to VFM through its improvement work.

13.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

13.1 None.

Background Papers: None

Contact Officer: Graeme Simpson, Corporate Services Group Manager
01684 272002 Graeme.simpson@tewkisbury.gov.uk

Appendices: Appendix 1 – Audit work undertaken March 2015
Appendix 2 – Audit Plan progress
Appendix 3 – Summary of recommendations

**List of Audits Completed as Part of the 2014/15 Audit Plan
(February 2015 – March 2015)**

Audit	Audit Objective & Opinion		
Payroll	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. Key parameters have been correctly input to the system and are applied correctly during the payroll process. 2. Salary adjustment notifications are entered correctly into the payroll system. 3. Reconciliation and assurance checks are undertaken during the processing of the payroll, supported by a monthly reconciliation to the main accounting system. 4. The payment of employees is verified on an annual basis. <p>Audit opinion</p>		
	CO	Assurance Level	Opinion
	1	Good	Key parameters in respect of income tax, national insurance and pension contributions for the current tax year 2014/ 2015, have been input accurately to the payroll system. Audit testing confirmed that these are applied correctly to employees' salaries during the payroll process.
	2	Good	Salary adjustment notifications received by the Payroll Officer are applied correctly within the payroll system. Furthermore, claims in respect of mileage, overtime and timesheets were found to have been processed in accordance with the claim forms submitted. In respect of the agreed 2014/15 pay award, salaries and non-disclosure payments were found to have been paid accurately in line National Joint Council agreement.
	3	Good	A number of assurance checks are carried out during the processing of each payroll run. The total BACS payments processed for the month are reconciled to the monthly posting summary from the payroll system. A payroll calculation error report is also produced and checked by the Payroll Officer and remedial action taken where necessary. Furthermore, monthly reconciliations are carried out between the general ledger and the payroll system which are reviewed by the Finance Manager. Audit testing of reconciliations undertaken for August and November 2014 were found to be accurate.
	4	Good	A list of employees paid for each service area has been verified by the relevant managers. This exercise, performed annually at the end of the financial year, has been carried out independently of the Payroll Officer. New starters banking information has been inputted onto the system; authorised and checked correctly by the Finance Manager.

Risk Management

Control Objectives (CO):

1. There are satisfactory governance arrangements in place for effective risk management.

Audit Opinion:

CO	Assurance Level	Opinion
1	Satisfactory	<p>It has been concluded that the Council have satisfactory risk management arrangements in places, this conclusion was formed on the basis of:</p> <ul style="list-style-type: none">• There is an approved risk management strategy. The strategy is to be formally reviewed during 2015/16, in line with its three year review period.• There is a corporate risk register in place which is presented at each Audit Committee. Individual project risk registers are in place for the Council's significant projects.• Risk management is a standard item on the monthly Corporate Leadership Team Agenda. It also forms part of the Corporate Governance Group Agenda – this group has Lead Member representation.• Risk management training was provided to management and Members following approval of the previous strategy. <p>Following review and update of the current strategy, it is recommended that further training is organised. Training was last provided in 2012.</p>

Personal Professional Development (PPD)

Control Objectives (CO):

1. To ensure that the current Personal & Professional Development (PPD) procedures have been rolled out within the authority.

Audit Opinion:

CO	Assurance Level	Opinion
1	Satisfactory	<p>Following the first year of implementation of the Personal & Professional Development (PPD) procedure, early 2014, there is satisfactory assurance that the procedure has been rolled out to members of staff within the authority. As confirmation was obtained that the majority of the PPD's have been appropriately carried out, with the exception of staff within the Grounds Maintenance Team who had not yet received a PPD appraisal. It was also noted 29% of the PPDs tested had not been forwarded to Human Resources.</p> <p>There was assurance that the PPD forms were completed in respect of part 2 (reviewing, setting performance targets & achievements), part 3 (reviewing performance against the skills checklist) and part 4 (setting & reviewing learning & development objectives). It was noted the content within these sections did vary, in particular where staff had not undertaken the PPD training (50% of staff tested had not received either the appraiser or appraisee training). It is important in the next round of PPD's that staff receive the required training in completing the forms. Where review dates had been stipulated reasonable assurance was obtained that these had been carried out but had not always been recorded.</p> <p>With regards to the delivery of training requested via the PPD's it was found that in-house training had been provided where appropriate and, where more specific service training was required, the necessary 'Request for Training' forms had been completed. One of the main outcomes of the PPD process is the identification of corporate training by HR. Verbal assurance was provided by the Human Resources Manager that a review of PPD's will be carried out and this will support the development of a new training plan for 2015/2016.</p> <p>There was assurance that upward feedback given by staff members about their line managers had been provided to the relevant senior manager. A possible enhancement to this process would be to obtain external feedback from partnership organisations, who work alongside line managers- this could be considered during the next review of the PPD process.</p>

ICT – Asset Inventory

Control Objective (CO)

1. To ascertain if the Council adequately record, insure and control the issue and disposal of ICT hardware.

Audit Opinion

CO	Assurance Level	Opinion
1	Unsatisfactory	<p>The ICT department maintain an asset register for the purpose of assisting with the management of items of ICT hardware. The review of this register has concluded it is not fit for purpose, and procedures to support the recording and control of acquisitions and disposals need significant improvement. Currently, there are no documented procedures to manage the process from when an item of computer equipment is purchased through to when it is disposed of.</p> <p>Specific areas for improvement include;</p> <ul style="list-style-type: none"> • Documenting the acquisition and disposal system so procedures are applied consistently. • Ensure there is adequate separation of duties within the process. • The ability to track a piece of equipment from when it is purchased and received in ICT to when it is transferred and used by service areas – there are a number of items located in the register deemed to be 'lost'. This is particularly important for mobile devices. • The introduction of regular checks to verify the hardware is still held. • Reviewing how the disposal supplier has been procured to ensure best value is being achieved. • Using the asset register to inform insurance requirements. <p>The limitations of the current system are recognised and ICT Services have commenced the implementation of an improved version of the register. The audit recommendations can therefore be included as part of this process and will complement the work that has already started.</p>

Health and Safety – Risk Assessments

Control Objective

1. Risk assessments are undertaken in accordance with the risk assessment policy.

Audit Opinion

CO	Assurance Level	Opinion
1	Limited	<p>The risk assessment policy is a general policy statement setting out the commitment to managing health and safety effectively within the organisation. A review of the policy considers that it is 'fit for purpose'. A recommendation has been made to ensure the policy is reviewed regularly, the last review was carried out in 2012 and to determine the approval of the policy, if any changes were to occur.</p> <p>The current policy and supporting procedures are available on the intranet. In respect of undertaking an annual risk assessment, the majority of service areas have now complied with this requirement. A number were prompted however by the undertaking of the audit review despite a continued risk gap update being reported corporately by the Environmental Safety Officer over the last 12 months. This demonstrates the update of assessments are not a routine part of corporate business.</p> <p>Of the assessments which had not been updated and submitted for audit review or require further review, particular attention should be given to:</p> <ul style="list-style-type: none"> • Grounds Maintenance – these have not been reviewed since 2011. To ensure the safety of staff, contractors and members of the public and to achieve compliance to legislation it is imperative that this review is carried out. • Community and Economic Development - risk gaps in relation to the activities they are involved in and some of the existing risk areas identified are still in need of review. The team is involved in many events/activities that all have risk implications that require a specific risk assessment to ensure that suitably sufficient controls are implemented to control these risks. • Asset Management – there were gaps in the identification of key hazards in particular asbestos and legionella. In response to this, a management plan is being developed to manage these risks. This plan will also include the control of fire and electrical hazards. The completion of this management plan and implementation of the findings is imperative to ensure safety of staff, contractors and members of the public and to achieve compliance to legislation.

		<p>It is evident from a review of risk assessments generally that training is required to ensure all assessments are completed consistently and to the required standard. All services need to revisit their risk assessments to ensure controls have been actioned and if so a signature and date for this action needs to be documented.</p> <p>When updating assessments, version control needs to be improved so that the previous assessment is saved and not overwritten. The use of a document management system, such as Sharepoint could be considered.</p> <p>The number of assessments being completed should also be reviewed to identify if the process can be streamlined. Each service is completing a number of similar assessments, for example, an office related assessment. Consideration could be given to producing one generic assessment though this will need to be tailored to meet specific service needs where appropriate.</p>
--	--	---

Homelessness	Control Objective		
	1. Housing and storage support has been provided for homeless individuals through the assessment stage and to those who are accepted as being unintentionally homeless.		
	Audit Opinion		
	CO	Assurance Level	Opinion
	1	Satisfactory	<p>There is a satisfactory level of assurance that temporary housing is provided where necessary to an applicant through the homelessness determination process and after an unintentional homeless has been determined. It was noted during testing that records on Abritas concerning temporary accommodation 'TA placed and closed dates' were not, on occasions, consistent within B&B dates noted on the homeless payments spreadsheet.</p> <p>Rental charges paid by TBC are accurate and housing benefit has been claimed by TBC where appropriate. However, call off contracts should be entered into with each B&B establishment and assurance sought on a regular basis as to the continuous suitability of the accommodation for the homeless applicant.</p> <p>Where appropriate, storage costs were correctly only being paid whilst a homeless application is being assessed and where an unintentional homeless determination has been accepted. The procurement of storage needs to be reviewed in order to demonstrate best value and as part of this procurement exercise consideration needs to be given to obtaining assurance that items being stored are for personal property only and the formula for calculating storage charges is stated.</p>

Benefits

Control Objective

1. Housing benefit forms have been accurately entered into Northgate with evidence retained to support the application and benefit entitlement has been correct calculated.
2. Benefit checks are performed.
3. A reconciliation of benefits to council tax and general ledger is performed

Audit Opinion

CO	Assurance Level	Opinion
1	Satisfactory	Housing benefit forms have been accurately entered into Northgate with evidence retained to support the application and benefit entitlement has been correctly calculated. To support the benefit application process in respect of foreign nationals, documentary evidence of the Tier 1 and Tier 2 assessment and associated decision made by the benefits assessor should be retained.
2	Satisfactory	A new checking regime has been implemented from November 2014 to support the subsidy return – this is a key risk area for the service. This checking reviews overpayments and confirms the accuracy of key change of circumstances data such as ‘information received date’ and ‘earliest change date’. This new process needs to note the date that checking was undertaken in order to demonstrate the regularity of the check being made. In respect of new claims, the main risk identified for 2014/15 is data entry by new staff and it was verbally confirmed by the Benefits Team Leader that all new claims by such staff are currently checked. The previous checking regime for April 2014-October 2014 is not currently complete in that 2 new claims and 3 changes of circumstances have not been checked for each day of processing. This is acknowledged as an issue by the Operational Manager and the intention is to have the appropriate number of claims checked by the end of June 2015.
3	Satisfactory	Reconciliation of benefits to council tax has been performed regularly. A regular monthly reconciliation of benefits to the general ledger has been performed in respect of HB creditors and debtors. To confirm the integrity of the reconciliation process, entries from the HB Creditors and Debtor balancing statement July 2014 were checked and in all instances the values had been correctly stated.

Recycling	<p>Control Objective</p> <ol style="list-style-type: none"> 1. Agreement in respect of the disposal of recycling waste has been established and key performance data is provided in accordance with the terms of the contract and expenditure in relation to disposal costs is accurate. 2. Kerbside recycling processes are in place to ensure that recycling credit tonnage is accurate and invoices to the county are raised for the correct amount. <p>Audit Opinion</p>	
CO	Assurance Level	Opinion
1	Satisfactory	<p>A contract for the disposal of kerbside recycling waste has been established. Key performance data is provided to the Council in accordance with the terms of the contract through the issue of monthly weighbridge data and summary reports. The Group Manager of Environmental and Housing Services confirmed that additional information concerning waste licence details and calibration test results will be provided from the new contractor through the contract monitoring processes carried out by the Joint Waste Team (JWT) on behalf of the Council.</p> <p>With regard to the earlier MRF contract, and two earlier audit recommendations, there is evidence to demonstrate that calibration tests results have been obtained (previous recommendation 3) and partial licence checks have been performed (previous recommendation 2) by the Council. Expenditure in relation to the disposal of waste is accurate and procedures are in place to monitor possible reconciliation payments.</p>
2	Satisfactory	<p>The development of an agreement between the County Council and the collection authorities has been negated through the establishment of a Joint Waste Committee (JWC) and the setting up of a inter-authority agreement between the County and collection authorities including Tewkesbury Borough Council. Further consideration now needs to be given to establishing the contract monitoring expectations of the JWT (which delivers the functions of the JWC) and the establishment of an escalation process to handle any discrepancies such as the possible withholding of recycling credits.</p> <p>With regard to the waste recycled in 2014/15, there is reasonable assurance that the waste claimed for recycling is from domestic households and credit tonnages claimed have been fairly stated. Invoices for tonnages were raised correctly and at the appropriate charge rate. At the time of the audit there was no evidence to demonstrate that waste at its end destination point was being recycled, however, verbal assurance was provided by the GMEH that such evidence is to be collected through the JWT contract monitoring process. The two outstanding actions concerning the previous audit recommendation (1) will be mitigated by the performance of this check.</p>

The level of internal control operating within systems will be classified in accordance with the following definitions:-

LEVEL OF CONTROL	DEFINITION
<i>Good</i>	Robust framework of controls – provides substantial assurance.
<i>Satisfactory</i>	Sufficient framework of controls – provides satisfactory assurance – minimal risk. Probably no more than one or two 'Necessary' (Rank 2) recommendations.
<i>Limited</i>	Some lapses in framework of controls – provides limited assurance. A number of areas identified for improvement. A number of 'Necessary' (Rank 2) recommendations, and one or two 'Essential' (Rank 1) recommendations.
<i>Unsatisfactory</i>	Significant breakdown in framework of controls – provides unsatisfactory assurance. Unacceptable risks identified – fundamental changes required. A number of 'Essential' (Rank 1) recommendations.

Recommendations/Assurance Statement

CATEGORY		DEFINITION
1	Essential	Essential due to statutory obligation, legal requirement, Council policy or major risk of loss or damage to Council assets, information or reputation. Where possible it should be addressed as a matter of urgency.
2	Necessary	Could cause limited loss of assets or information or adverse publicity or embarrassment. Necessary for sound internal control and confidence in the system to exist and should be pursued in the short term, ideally within 6 months.

Progress of Audit Plan

Audit	Status
Disclosure and Barring Policy	Complete – reported to Audit Committee 24.09.14
Data Quality (1)	Complete – reported to Audit Committee 24.09.14
Treasury Management	Complete – reported to Audit Committee 24.09.14
Garden Waste	Complete – reported to Audit Committee 24.09.14
Property Leases	Complete – reported to Audit Committee 24.09.14
Food Control	Complete – reported to Audit Committee 24.09.14
S106	Complete - reported to Audit Committee 18.03.15
Safeguarding	Complete – reported to Audit Committee 24.09.14
Main Accounting System	Complete – reported to Audit Committee 24.09.14
Budgetary Control	Complete – reported to Audit Committee 24.09.14
Capital Accounting	Complete - reported to Audit Committee 10.12.14
NNDR	Complete - reported to Audit Committee 10.12.14
Business Flood Grants (additional audit requested by Deputy Chief Executive)	Complete - reported to Audit Committee 10.12.14
National Fraud Initiative	Complete - reported to Audit Committee 10.12.14
Data Quality (2)	Complete - reported to Audit Committee 10.12.14
Homelessness	Complete – reported to Audit Committee 24.06.15
Council Tax	Complete - reported to Audit Committee 10.12.14

Audit	Status
New leisure centre	Complete – reported to Audit Committee 18.03.15
ICT (1) – PSN compliance	Complete - reported to Audit Committee 10.12.14
Individual Electoral Registration (IER)	c/fwd to 15/16
Recycling	Complete – reported to Audit Committee 24.06.15
Risk Management	Complete – reported to Audit Committee 24.06.15
Personal Professional Development/Behaviours Framework.	Complete – reported to Audit Committee 24.06.15
Information Governance	Complete – reported to Audit Committee 18.03.15
Housing Benefits (2)	Complete – reported to Audit Committee 24.06.15
Payroll	Complete – reported to Audit Committee 24.06.15
ICT (2)	Complete – reported to Audit Committee 24.06.15
Repair and Renewal Grants (additional audit – Defra requires internal audit sign off)	Complete – reported to Audit Committee 18.03.15

AUDIT RECOMMENDATIONS

Key:

✓	<i>Recommendation implemented</i>
✗	<i>Recommendation not implemented</i>
—	<i>Recommendation partly implemented</i>
	<i>Follow-up not completed/ not due</i>

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
<i>DEVELOPMENT SERVICES</i>								
S106	The monitoring process should give consideration to actively identifying completion of properties with the S106 module	<ol style="list-style-type: none"> 1. Procedures to be set up for any new S106 agreements which will take into account the following actions:- <ul style="list-style-type: none"> - Regular updates in respect of dwellings occupied should be recorded within the monitoring module. - Regular updates on non-monetary obligations including affordable homes should be obtained and recorded within the monitoring module. - To update existing S106 conditions within the S106 monitoring module and to align current S106's to the new procedures. 	Development Control Manager	December 2015	N		To be followed up in Qtr1 2015/16.	1.7

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
ENVIRONMENTAL & HOUSING SERVICES								
64 Licensing	The aide memoire is turned into a formal quality assurance checklist to be used for all licence types.	1. A quality assurance template is tailored for each licence type.	Senior Licensing Officer/ Licensing Officers	End March 2014 Revised date: End October 2014	N	August 2014 May 2015	A formal follow-up has been carried and confirms that the recommendations have been negated through the checking and authorisation being carried out by the Licensing Team Leader.	✓ 2.7
	The quality assurance checklist is subject to sign off by a manager and together with all supporting documentation is scanned to IDOX.	1. Notify Licensing team of this requirement. 2. Update procedure notes. 3. Ensure all documentation relating to the approval of a licence is scanned.	Senior Licensing Officer	End March 2014 Revised date: End October 2014	N	August 2014 May 2015		✓ 2.7

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?		File ref
65 Flood Alleviation Grants	A robust mechanism for monitoring the flood alleviation grants should be established.	<ol style="list-style-type: none"> 1. Grant terms and conditions should be formalised between Tewkesbury Borough Council and Gloucestershire County Council. 2. The progress reports should be enhanced to include details of the payee (i.e. Parish Council or contractor), the use of unique references for each scheme to trace expenditure within new financials, a record of the expenditure code used, details of the net and gross amounts paid for the purposes of reclaiming VAT and a record of invoices raised to GCC to reclaim the grant monies. 3. The progress reports should be updated on a regular basis, reconciled against the new financials system and provided to the Flood Risk Management Group. 4. In respect of schemes being led by the County Council, regular progress reports (including financials) should be requested. 5. The electronic project folders set up on the drainage drive should be kept up to date with all relevant documentation 6. A review of the capital/ revenue split and cost codes used for the works should be undertaken in conjunction with Financial Services. 	Environmental Health Manager	End August 2014 Revised implementation date: End June 2015	E	February 2015	An agreement between GCC and TBC has been drafted (Action 1), meeting notes between GCC and TBC are documented (Action 4), and a review of expenditure against the finance system has been carried out (Action 6). Actions 2,3,5 to be implemented upon initiation of new projects.	—	2.8

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	x	File ref
<p style="text-align: center;">66</p> <p>Creditors</p>	<p>The arrangements for the storage of personal belongings for individuals identified as homeless should be enhanced.</p>	<ol style="list-style-type: none"> 1. An inventory of the items for which storage is being provided should be obtained for insurance purposes and to ensure that only items for which the Council has a duty to protect are being stored. 2. The liability for loss or damage to such items should be established and appropriate cover and/or agreements be put in place. 3. Invoices received should be verified in respect of the number of storage containers and the dates for which storage has been provided. 4. Consideration should be given to establishing a maximum number of storage containers to be provided to any one individual based on the size of the accommodation and recharging for these storage costs. 5. Competitive quotes should be obtained in order to ensure we are continuing to obtain best value. 	<p>Housing Options Team Leader/ Group Manager Environmental & Housing Services</p>	<p>End July 2014 Revised implementation date: End December 2015</p>	<p>N</p>	<p>April/ May 2015</p>	<p>It has been recommended that a procurement exercise is carried out within the next 6 months in order to demonstrate value for money. This exercise will include implementation of the audit recommendations.</p>	<p>x</p>	<p>2.11</p>

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
67 Tree Inspections	A database of tree inspections should be established and maintained.	<ol style="list-style-type: none"> 1. The database should incorporate the tag numbers of all trees as well as details obtained from forms A, B and C as appropriate. 2. The database should be capable of providing a report of all outstanding remedial works recorded on Form B's. In the interim, a temporary schedule of trees with outstanding remedial works should be established. 3. The database should also be capable of providing reports of inspection intervals for all trees. In the interim, a schedule of high risk trees subject to further inspection should be established. 	Group Manager Environmental & Housing Services	End March 2015	E	June 2015	<p>Days have been formally allocated to the 2015/16 Internal Audit Plan to follow up not only the implementation of the database but to give assurance inspections are being undertaken in accordance with the tree management policy.</p> <p>Interim findings are:</p> <ul style="list-style-type: none"> • Tag numbers and risk scores are being recorded • Remedial works not yet noted on the database and revisit reports not yet being generated. 	2.12

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?		File ref
68	Form A's should be reviewed and missing sections completed where necessary.	<ol style="list-style-type: none"> 1. Officers should revisit the format of Form A and determine whether all of the sections currently shown are needed. 2. Form A's for inspections completed to date should be reviewed and any relevant missing sections retrospectively completed. 3. The risk zone information section should be completed for each tree inspection in order to ensure that any low and medium risk trees are reclassified to high risk where necessary and any work and future inspections are carried out. 	Grounds Maintenance Manager	End April 2014	N	March 15	Action points 1 & 2 have been implemented in that form A has been amended to record multiple tree inspections for the whole area being inspected. Form B will still need to be completed in respect of defective trees. There were issues with the plotting points for trees and a new GPS handheld device now gives more accurate plot site recordings. Risk scoring of each tree is recorded, however, no reports are being generated from the database to inform grounds maintenance manager of next date for tree inspections.	—	2.13

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?		File ref
Food control	Enhancements should be made to the food business registration process.	<ol style="list-style-type: none"> 1. In order to obtain authorisation from the applicant, a declaration should be added to the online registration form. 2. Registration forms should be dated upon receipt and the date of registration be recorded as the date at which the business is recorded as a food establishment within the Uniform database. 3. The requirements for registering and inspecting childminders as food business operators should be clarified and the appropriate action taken. 4. Consideration should be given to making the public register of food businesses available on the Council's website. 	Environmental Health Manager	<p>End September 2014</p> <p>Revised date: end August 2015</p>	N	<p>October 2014 & January 2015 & March 2015</p>	<p>Recommendation: partially implemented</p> <p>Registration forms received through the post are date stamped. In respect of childminders, these are considered low risk and therefore instead of an initial inspection regime the childminders will be invited to attend seminars on food safety.</p> <p>To be followed up Qtr 2 2015/16.</p>	—	2.14
	The risk evaluation programme should be subject to a periodic management review.	<ol style="list-style-type: none"> 1. A periodic management review should be undertaken to ensure that the risk evaluation programme is applied consistently by all inspecting officers. 2. As required by the Food Law Code of Practice, the procedure for the authorisation of officers should be documented. 	Environmental Health Manager	<p>End August 2014</p> <p>Revised date: end August 2015</p>	N	<p>October 2014 & January 2015 & March 2015</p>	<p>Recommendation: outstanding</p> <p>There will be a new Environmental Health staff structure and currently the intention is to have a lead Food Safety Officer in post. The action points for this recommendation will be dealt with by this new post holder.</p>	X	2.15

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
70	The following updates should be made in relation to the authorisation of Officers.	<ol style="list-style-type: none"> 1. The Food Standards Agency should be notified of the changes to Tewkesbury Borough Council's Lead Officer for environmental health matters, for inclusion in the Environmental Health Directory. 2. The warrant cards issued to all authorised officers should be updated as follows: <ul style="list-style-type: none"> - A signature of authorisation should be made by R North, Deputy Chief Executive. - The EC 852/2004 regulations should be included in the list of Acts and Orders of Regulations under which officers are authorised. 	Environmental Health Manager	<p>End August 2014</p> <p>Revised date: end August 2015</p>	N	<p>October 2014 & January 2015 & March 2015</p>	<p>Recommendation – partially implemented</p> <p>Action point 1 – not implemented. This will be carried out when the new Lead Officer for food safety has been identified.</p> <p>Action point 2 – implemented.</p> <p>A letter of authorisation by the Deputy Chief Executive has been completed and this now supports the warrant card.</p>	2.16
Garden Waste	Regular reconciliation between the garden waste database and the general ledger should be performed.	<ol style="list-style-type: none"> 1. Reconciliation between the garden waste database and general ledger should be performed on a monthly basis and a threshold established at which any variances should be investigated. 	Garden Waste & Finance Officer	<p>End September 2014</p> <p>Revised date: End August 2015</p>	N	<p>January 2015 & March 2015</p>	<p>Audit recommendations will be followed up in full audit programme for 2015/16.</p> <p>Garden Waste Service is currently under review as it is being transferred into Customer Services with effect from April 2015.</p>	2.17

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
71	The following actions should be undertaken in respect of the new garden waste system:	<ol style="list-style-type: none"> 1. A review of payments made in April 2014 should be undertaken for all 'cases awaiting action'. 2. Consideration should be given to incorporating a read receipt within the garden waste renewal emails in order to confirm receipt. 3. The option for customers to make a garden waste renewal payment via the 'MISC income payment' page on the Councils website should be removed in order to direct all customers to the self-service portal where their details will be recorded within the garden waste database. 4. The garden waste database should be reviewed in order to identify any duplicate subscriptions which could potentially be appearing on both the collection and no collection lists. 	Garden Waste & Finance Officer/ Web & Digital Take-up Officer	End October 2014 Revised date: End August 2015	N	January 2015 & March 2015	<p>Audit recommendations will be followed up in full audit programme for 2015/16.</p> <p>Garden Waste Service is currently under review as it is being transferred into Customer Services with effect from April 2015.</p>	2.18

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
	In order to identify efficiencies, the following should be undertaken:	<ol style="list-style-type: none"> <li data-bbox="564 260 931 451">1. The necessity for the current number of renewal stages should be re-assessed with a view to streamlining the renewals process and reducing the number of letters sent to customers. <li data-bbox="564 475 931 635">2. The Garden Waste Service Handbook should be updated to reflect the new garden waste system and any amendments to the stages within the recovery procedure. 	Direct Services Manager/ Garden Waste & Finance Officer	End December 2014 Revised date – end August 2015.	N	January 2015 & March 2015	Audit recommendations will be followed up in full audit programme for 2015/16. Garden Waste Service is currently under review as it is being transferred into Customer Services with effect from April 2015.	2.19
Safeguarding Children Self-assessment 72	The following actions should be undertaken in respect of identifying and reporting safeguarding issues.	<ol style="list-style-type: none"> <li data-bbox="564 671 931 807">1. Safeguarding children should be defined under an appropriate Lead Member Portfolio and updates be provided accordingly. <li data-bbox="564 831 931 1070">2. Following the appointment of the Housing Services Manager, contact details for the Council's Deputy Designated Officer should be updated within the safeguarding children policy and other relevant forms of communication i.e. posters. <li data-bbox="564 1094 931 1230">3. Relevant safeguarding training should be identified and provided to appropriate staff and training records maintained. <li data-bbox="564 1254 931 1382">4. Safeguarding children should continue to be a consideration within the upcoming review of the corporate induction process. 	Group Manager Environmental & Housing Services	End November 2014 End January 2015 End March 2015 End November 2014	E	January 2015 & May 2015	Partially implemented: As this was given 'limited' assurance by Internal Audit, a formal report on progression of the actions was brought to Audit Committee in March 2015 confirming progress as: All issues identified within the audit have either been actioned or are ongoing: <ul style="list-style-type: none"> <li data-bbox="1715 1031 2029 1222">• Councillor Claire Wright has been identified as the Lead Member for Safeguarding. Councillor Wright receives regular updates at her briefings each month. <li data-bbox="1715 1246 2029 1398">• Paula Baker has now been appointed as the Housing Services Manager. Part of her job description is to act as Deputy Safeguarding 	— 2.20

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
73							<p>Officer.</p> <ul style="list-style-type: none"> • New posters giving relevant contact information have been installed around the staff areas of the Council. • Arrangements have been made for new starters to be inducted in relation to their role and safeguarding. • In respect of training, some Officers have already received training; others are booked on training courses over the year. Safeguarding Champions have been appointed in each of the teams across the organisation; part of their role is to identify staff that require training. • The Section 11 Audit will be reviewed and updated by the Environmental and Housing Services Group Manager and the Housing Services Manager on a quarterly <p>A formal follow up will be undertaken in quarter3/4 of 2015/16 to confirm implementation of the recommendations.</p>	

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?		File ref
74	Monitoring of the action plan should be undertaken.	<ol style="list-style-type: none"> 1. In order to monitor progress and ensure completion, ownership of the safeguarding children self-assessment action plan should be identified and monitored by an appropriate Officer. 2. The action plan should remain fluid and be updated to include any new actions as a result of the Housing Options Team Leader leaving the authority etc. 3. Implementation dates within the action plan should be reviewed to ensure any new dates are feasible and can be achieved. 	Group Manager Environmental & Housing Services	End March 2015	E	January 15 & May 15	See above	—	2.21

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
REVENUES & BENEFITS								
76 Housing Benefits - Debtors	The Revenues and Benefits Write-Off Policy should be amended to reflect changes in the organisational structure and the authorisation limits as set out in the Financial Procedure Rules. In addition, the proforma used to write-off debt should be enhanced to provide an explanation on how the outstanding debt arose.	<ol style="list-style-type: none"> 1. Write-off policy to be updated to reflect current authorisation limits. 2. The write off of overpayments by officers should be reflected within the policy. 3. The write off proforma to be enhanced to provide an explanation on how the outstanding debt arose as in accordance with the requirements of the current policy. 	Operational Manager	End January 2014 Revised date: end December 2014 Further revised date: end August 2015	N	August 2014 & March 2015	Recommendation: outstanding	X 3.3
HB Fraud	Fraud procedures in relation to Council Tax reduction scheme need to be established and in this connection communicating the level of underpayment to the Fraud Investigation Officer should be considered.	<ol style="list-style-type: none"> 1. Council Tax reduction scheme fraud policy and procedures to be developed. 	Group Manager Revenues and Benefits	End September 2014 Revised implementation date End August 2015	N	January 2015 & March 2015	Recommendation: outstanding. The single fraud investigation services are taking over the benefit fraud investigation in May 2015. Any processes set up in respect of the reduction scheme will need to give consideration to how the SFIS handle the benefit fraud cases. A new implementation date of end August 2015 has been agreed with the Revenues Operations Manager.	X 3.7

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
	In order to assist with the processing and monitoring of claims, referral sheets should be downloaded onto Information at Work upon receipt and the start and end dates of referral should reflect the actual period of investigation.	<ol style="list-style-type: none"> Referral sheets should be downloaded onto Information at Work upon receipt. Start and end dates of referral should reflect the actual period of investigation. 	Group Manager Revenues and Benefits/ Operational Manager	End June 2014 Revised implementation date End August 2015	N	August 2014 & March 2015	See comments above	X 3.8
Council Tax 2014/15	Inspection process needs to be enhanced to ensure that Council Tax is raised at the earliest opportunity	1. Investigation of the possible use of electronic devices to record inspection data whilst out in the field – this may be linked to a similar review which is to be taken place within the planning section	Revenues Team Leader together with Group Manager	End February 2016	N			3.9
77	A regular review process to be established in relation to severe mental impairment	<ol style="list-style-type: none"> A disregard review programme plan is to be established that will identify disregards including severe mental impairment for which periodic reviews will be carried out. A severe mental impairment disregard and exemption review will be carried out. 	Revenues Team Leader	End September 2015	N			3.10

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
78 NNDR	The Council's discretionary policy should give consideration to the changes introduced by the Localism Act 2011 in which discretionary relief can be given to any ratepayer.	A review of the discretionary policy in terms of the Localism Act 2011 will need to consider how business rate discretion could possibly support social economic activities.	Revenues and Benefits Group Manager with Development Services Group Manager	End December 2015	N			3.11
	The Business Rates recovery processes included in the Revenues and Benefits review, should give consideration to validation of a companies standing, the requesting for leases and checking their validity	Outstanding action to recommendation: Recovery of debt in respect of Heybridge and Galeta. Visit and letters left in respect of the cases. Request to write off current debt to be reported to Executive Committee (possibly 15 July 2015).	Revenues and Benefits Manager and Revenues Team Leader.	End July 2015	N			3.12

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
FINANCE & ASSET MANAGEMENT								
National Fraud Initiative	Consolidation of duplicate creditor records.	1. A review of the suppliers identified as having more than one creditor reference should be undertaken and their records consolidated where appropriate.	Financial Services Manager	End September 2013 Revised implementation date: End March 2015 Revised implementation date: End June 2015	N	May 2014 & January 2015 & May 2015	Partially implemented: The Finance Manager verbally confirmed that the Credit Control Officer is currently undertaking this task.	4.2
Budgetary Control	The Council's Financial Procedure Rules should be updated.	1. The Council's Financial Procedure Rules should be updated to reflect the new titles, roles and responsibilities of Officers; be appropriately approved and communicated to staff.	Finance Manager	End December 2014	N	January 2015 & May 2015	Partial Implementation Update: May 2015 The Financial Procedure Rules have been updated. However, approval to the changes cannot take place until the review of the constitution has been completed in March 2016.	4.3
Playgrounds follow-up	Prior to the transfer of a playground to TBC, documentary information confirming the playground conforms to EU standards and is in good condition should be obtained.	1. A playground history/maintenance file should be initiated on establishment of S106 agreement and updated on an ongoing basis following transfer:	Asset Manager	Agreed to follow-up following the completed transfer of a new playground into the Council's ownership.	E	February 2015	Due to take on a new playground at Cold Pool Lane in the next 3- 4 months. (Comment March 15: The Asset Manager has indicated that this transfer should take place September 2015).	4.5

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	—	File ref
Car Parks	Formal procedures for the monitoring of the contractor's performance under the contract should be developed and documented.	1. The procedures should include the following: <ul style="list-style-type: none"> • The monitoring activities to be undertaken by the Parking Officer. • The day to day monitoring of performance of CEO's on the ground. • Achievement. • Reporting and verification of KPI's. • Monitoring of machine income and enforcement income. 	Asset Manager	End June 2014 Revised implementation date: End March 2015 Revised implementation date: End December 2015	N	August 2014 & January 2015 & May 2015	Partially Implemented Evidence to demonstrate that monitoring of the contractors performance under the contract is undertaken could be provided. Update May 2015: Formal procedures are in the process of being documented and will be based on the key performance indicators – see below Ref 4.8		4.7

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?		File ref
81	Consideration should be given as to whether the KPI's currently in place under the contract are appropriate.	1. In consultation with the lead authority and other participating Councils; consider whether alternative KPI's should be adopted, as provided for by para 1.6.3.8 of the contract.	Asset Manager	End September 2014 Revised implementation date: end April 2015 Revised implementation date: End December 2015	N	January 2015 & May 2015	Partially implemented Update May 2015: The Asset Manager explained that changes were made in the Car Parking Strategy that had implications on how the parking contract is monitored. They have now identified that the current performance indicators are not fit for purpose and new performance indicators which measure income, patrolled hours, expenditure, number of penalty notices issued and the quality of their issue are required. The formal setting of these indicators would support the current mechanisms in place that are used to review the delivery of the contract and which needs to be documented (see Ref 4.8).	—	4.8

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref	
Property Audit – TBC building tenant leases	Charges raised should comply to the terms of the lease and receipt of payment should be monitored.	<ol style="list-style-type: none"> 1. Debtor invoice request forms raised in relation to rent and service charges should state the payment terms of the lease. 2. Penalty charges should be raised where payments connected with the lease agreement are not received within the stated lease payment timescale. Details are to be recorded within the invoice. 3. GCC Service and shower charge debt raised should adhere to the lease/deed of variation terms. In this connection to check invoices raised to GCC for 2013/14. 4. Evidence to support the costing of KW/hr in respect of GCC and the police utilities charge should be retained. 	Asset Manager	End November 2014 Revised implementation date: End April 2015 Revised implementation date: End August 2015	N	January 2015 & March 2015 & May 2015	Recommendation: partially implemented Action 1: not implemented Action 2: implemented. No cases have arisen yet but would be considered where there is a consistent late payment. Action 3: implemented. Action 4: implemented.	—	4.10
	The disposal of commercial waste by TBC on behalf of tenants should be incorporated within the lease and the appropriate debt raised against the tenants.	<ol style="list-style-type: none"> 1. To review the collection and disposal of tenanted waste and to ensure consideration has been given to legal compliance and to the reimbursement of costs associated with this service by the tenants. 	Asset Manager	End November 2014 Revised implementation date: End April 2015 Revised implementation date: End August 2015	N	January 2015 & March 2015 & May 2015	Recommendation: partially implemented Discussions have taken place with the Environment Agency in respect of treating the waste from whole of TBC site (including tenants) as one commercial waste entity. This approach, however, does need further legal clarification.	—	4.11

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
83	Property inspections should be carried out when a lease is initiated and then at least on an annual basis	1. Agreed	Asset Manager	End November 2014 Revised implementation date: End April 2015 Revised implementation date: End March 2016.	N	January 2015 & March 2015 & May 2015	Recommendation: outstanding Update May 2015: The Asset Manager acknowledged that formal annual inspections have not yet been carried out. However, ad-hoc meetings which involve inspecting aspects of the tenanted premises have taken place. The Asset Manager agreed to have formal inspections undertaken on the following high rent tenants which include TBC Office tenants by end of March 2016	✗ 4.12
	The management of asbestos in respect of Council offices needs to be developed.	1. Property inspections should demonstrate that consideration has been given to the occurrence of asbestos. 2. A facilities management plan including asbestos to be developed.	Asset Manager	End November 2014 Revised implementation date: end April 2015	N	January 2015 & May 2015	Recommendation: implemented Update May 2015: Action 1 & 2: The Asset Manager demonstrated that Asbestos Management Plans are in place. The intention is to provide these to each tenant. These will also be used during the inspection process.	✓ 4.14
Capital Accounting	A periodic check of the asset register maintained by Financial Services should be carried out against the land and property terrier in order to identify any omissions.	1. Consider carrying this out as part of the year-end review.	Finance Manager	End March 2015 Revised date: end July 2015	N	May 2015	Not yet in place.	✗ 4.15

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?	File ref
New Leisure Centre	Project management arrangements should be enhanced as follows:	1. The Leisure Facility Member Reference Group Terms of Reference should be updated to reflect the roles of Officers who currently sit on the group.	Asset Manager	End April 2015 Revised Date: End July 2015	N	May 2015	The Asset Manager indicated that a review of the terms and conditions including current post holders is to be discussed at the next Reference Group Meeting in July 2015	✗ 4.18
	The following information should be requested from Faithful & Gould:	1. In order to ensure that the Council is indemnified against any claims, proceedings, compensation and costs payable arising from the agreement; evidence of the insurances required to be in place under the delivery agreement should be obtained. 2. As required by the delivery agreement, evidence of a quality policy statement and quality plan should be requested.	Asset Manager	End March 2015	E	May 2015	1. Evidence of insurances obtained 2. The F&G quality policy statement and plan have not been obtained. The Asset Manager indicated that F&G are responsible for giving the Council assurance as to the quality of the construction (in the absence of the Council having their own clerk of works post). The Asset Manager demonstrated that Wilmot Dixon (the construction company) have a quality plan and through weekly inspection reports F&G are formally reporting to TBC on the development of the new leisure centre including construction methods, building issues etc. The Asset Manager is of the opinion that in view of the amount of information being receipted in respect of these inspections that he is assured that F&Q are reviewing the quality of	✓ 4.19

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?		File ref
							the build. In the circumstances, this action has been mitigated through receipt of weekly inspection reports.		
CORPORATE SERVICES									
Human Resources 85	That a staff check between current staff within the key areas i.e. Cascades, housing and sports development and the DBS spreadsheet is undertaken on a yearly basis.	1. DBS spreadsheet amended to show that check will be carried out yearly from 1/4/15.	Human Resources Manager/Human resources assistant	End April 2015	N				5.3
Procurement Strategy 2013-2014	To demonstrate compliance to the procurement strategy, the pre-procurement checklist should be completed in respect of high value procurement contracts and include suitable reference to 'social value'	1. Pre-procurement checklist to be amended to include additional aspects of the strategy i.e. 'Management of Risk'; 'Sustainability', 'Environmental responsibility' and 'Health and Safety' 2. Procurement Group to include this recommendation as part of the action plan of the group and give consideration to this recommendation within future procurement training and dissemination of procurement information to staff.	Principal Solicitor (Commercial) Group Manager of Financial Services and Asset Management - as Chair of Procurement Group	End June 2014 Revised implemented date: end December 2015	N	August 2014 & March 2015	Action 1 - implemented In respect of action point 1, the procurement checklist has been amended. Action 2 – contract procedure rules currently being redrafted to align to new procurement legislation. These procedure rules will need to be agreed by committee after which there will be staff training. Update May 2015: Social Value is an agenda item for the Procurement Working Group Meeting on 15 June 2015.	—	5.10

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?		File ref
	To comply with the Procurement Strategy, a formalised approach to the Community Right to Challenge needs to be established.	1. To be reviewed through the G8 group with CLT	Policy and Performance Manager	End July 2014 Revised implementation date: End June 2015 Revised implementation date: End December 2015	N	August 2014 & May 2015	Extended deadline reflects that there have been no receipted community right to challenge bids.	✘	5.11
ICT 2013/14 PSN Compliance 88	The following actions should be undertaken in respect of reviewing and updating ICT and PSNA documentation.	<ol style="list-style-type: none"> 1. The Powerpoint presentation used to provide awareness training to PSN users should be updated to reflect the new PSN framework. 2. Where personal commitment statements have not been received, these should be requested and upon receipt by fully completed by ICT Services and signed by an appropriate Officer. 3. All requests for the use of removable media devices should be supported with a business case, suitably documented and approved. 4. A review of the Council's Change Management Policy, last updated in 2010, should be undertaken. 	ICT Operations Manager	End January 2015	N		Yes Verbal assurance and documentary evidence supplied to demonstrate that action points have been implemented.	✔	5.12

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed-up	Implemented?		File ref
		<p>5. The Council's incident response process flow should be updated to reflect roles and responsibilities within the current organisational structure.</p> <p>6. Consideration should be given to Patch Management being made a policy in its own right.</p>							
<p>ICT Asset Inventory</p> <p>87</p>	<p>Implement a robust and accurate asset inventory supported with documented procedures.</p>	<p>To include (but not a definitive list);</p> <p>Purchase orders to be recorded, separation of duties in the acquisition and disposal process, physical check of equipment, escalation process for exceptions, disposal procedures, user responsibility, asset register structure, ensuring prior to roll out the register is accurate from the outset.</p>	<p>ICT Operations Manager</p>	<p>September 2015</p>	<p>E</p>				
<p>Risk Management</p>	<p>Refresher training should be provided for staff and Members who have an involvement with the risk management framework.</p>	<p>1. Arrange training for staff and Members who have an involvement in the risk management framework.</p>	<p>Group Manager – Policy and Performance</p>	<p>December 2015</p>	<p>N</p>				

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	24 June 2015
Subject:	Internal Audit Annual Report 2014/15
Report of:	Graeme Simpson, Corporate Services Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor R J E Vines, Leader of the Council
Number of Appendices:	None

<p>Executive Summary:</p> <p>To provide Members with a summary of Internal Audit work undertaken during 2014/15 and to provide an opinion on the effectiveness of the Council's framework of governance, risk management and control.</p>
<p>Recommendation:</p> <p>To CONSIDER the Internal Audit Annual Report 2014/15 and the assurance from the work undertaken during the year that, generally, overall there is a satisfactory level of assurance in relation to the effectiveness of the Council's framework of governance, risk management and control.</p>
<p>Reasons for Recommendation:</p> <p>The Public Sector Internal Audit Standards (PSIAS) require that the Chief Audit Executive (CAE) i.e. Group Manager Corporate Services must report functionally to the board i.e Audit Committee.</p> <p>One example of functional reporting is the Internal Audit annual report. PSIAS also requires that the CAE delivers an annual audit opinion and report that can be used by the organisation to inform its governance statement.</p>

<p>Resource Implications:</p> <p>None.</p>
<p>Legal Implications:</p> <p>None.</p>
<p>Risk Management Implications:</p> <p>If the CAE does not report functionally to the board then this does not comply with PSIAS.</p> <p>If the Council does not have in place a framework of sound governance, risk management and control then there is a risk it will not achieve its objectives.</p>

Performance Management Follow-up:

All recommendations made from individual audits are followed up during the year to ascertain if they have been implemented or not. Any audit where a limited or unsatisfactory opinion has been concluded requires the relevant manager to report back to the Committee to give assurance that issues identified have been resolved.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Audit Executive (CAE) delivers an annual Internal Audit opinion and report that can be used by the organisation to inform its governance statement. For Tewkesbury Borough Council, the CAE is defined as the Group Manager – Corporate Services.

1.2 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

1.3 To direct and effectively deploy the audit resource, a risk based Annual Audit Plan is produced and this Plan is approved by Audit Committee. The 2014/15 Plan was approved by Audit Committee on 19 March 2014. It should be noted that internal audit is only part of the Council's assurance framework and therefore the annual audit opinion is only reflective and restricted to the systems audited during the year.

1.4 Part 2 – Internal Control (para3) of the Accounts and Audit Regulations 2015 requires that: -

“a relevant authority must ensure that it has a sound system of internal control which –

- (a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) Ensures that the financial and operational management of the authority is effective; and
- (c) Includes effective arrangements for the management of risk

Part 2 –Internal Control (para 5 (1)) requires that: -

“a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”

Part 2 – Internal Control (para 6 (1)) requires that:

“ a relevant authority must, each financial year -

- (a) Conduct a review of the effectiveness of the system of internal control
- (b) Prepare an annual governance statement

Internal Audit, along with other assurance processes of the Council, has a responsibility to provide assurance from the work they undertake during the year in respect of the control environment operating within the Council to feed into this review. The annual audit opinion therefore needs to be included within the Annual Governance Statement.

2.0 SUMMARY OF 2014/15 AUDIT WORK

2.1 The Annual Audit Plan is pulled together using a risk based approach and was informed by the following activities:

- Governance issues and work relevant to the production of the annual governance statement.
- Work on fundamental financial systems.
- Work of a service based nature.
- Corporate improvement work.
- Follow-up work.
- Consultancy and advice.

This approach results in a comprehensive range of audits that are undertaken during the course of the year to support the overall opinion on the control environment.

2.2 In compliance with PSIAS, regular monitoring reports of internal audit activity are presented at Audit Committee. These are presented on a quarterly basis. Audit work undertaken in the year on governance, key financial systems and service related audits consisted of the following:

<ul style="list-style-type: none"> • Disclosure and Barring Policy • Data quality • Treasury Management • Garden Waste • Property leases • Food Control • S106 • Safeguarding • Main Accounting System • Budgetary Control • Information Governance • Housing Benefits • Payroll • Health & Safety – risk assessments 	<ul style="list-style-type: none"> • Capital Accounting • NNDR • Business Flood Grants • National Fraud Initiative • Homelessness • Council Tax • New Leisure Centre • ICT – PSN Compliance • Recycling • Risk Management • Personal Professional Development • ICT – asset inventory • Repair and Renewal Grant
---	---

There is one outstanding audit from the 2014/15 Audit Plan and this relates to Individual Electoral Registration (IER). Days have been allocated within the 2015/16 Audit Plan to undertake this audit. As well as internal work, the team also provide the internal audit service to Tewkesbury Town Council. This arrangement commenced part way through 2014/15. Days have been formally allocated within the 2015/16 audit plan to accommodate this work on an ongoing basis.

2.3 In addition to the above, the Internal Audit team also undertook a variety of corporate improvement work initiatives. The Audit Plan has an allocation of days for this type of work. The senior management team are aware of this allocation and can request Internal Audit to help assist areas of work that need to be moved forward. The following was undertaken;

- Revenues & Benefits Improvement programme.
- Local Government Transparency Code.
- Repair and Renew Grants (set up).
- Selling to the Council Guide.
- Health & Safety Audit (set up).

2.4 The team is also represented on key corporate groups such as the Corporate Governance Group, Equalities Steering Group, ‘Keep Healthy, Stay Safe’ Group and Procurement Group and therefore has the remit to provide advice on key governance frameworks and keep abreast of emerging issues. The team is also contacted on a regular basis to provide ad hoc advice on a range of activities, for example compliance with the Council’s contract procedure and financial procedure rules and proposed changes to systems and processes.

3.0 OPINION ON THE OVERALL ADEQUACY OF THE CONTROL ENVIRONMENT

3.1 The opinion is based upon and limited to the activities audited during the year. The opinion does not imply that Internal Audit has reviewed the whole control environment of the Council during the year. As well as the Internal Audit opinion, the Council relies upon other aspects of its assurance framework to help inform the completeness of the Annual Governance Statement. For example, the performance management framework, risk management framework, standards and codes of conduct and external audit reports help inform the adequacy of the Council’s governance arrangements.

3.2 When reporting, Internal Audit can provide a ‘split’ opinion. This means individual opinions can be given for different parts of a system being audited. This approach enables Internal Audit to identify to management, specific areas of control that are operating/not operating as intended. A summary of the number of opinions given during the year can be found in the table below: -

Opinion	Number
Good	17
Satisfactory	29
Limited	2
Unsatisfactory	1
Total	49

3.3 Where a limited or unsatisfactory opinion has been given, the relevant Manager has attended to take questions and provide a progress report to the next meeting. There were 2 limited opinions and 1 unsatisfactory opinion given during the year. These related to Safeguarding, Risk Assessments and ICT Asset Inventory respectively. Recommendations have been made and agreed with the appropriate Managers to improve control.

3.4 During 2014/15, an appendix of all Internal Audit recommendations and their status were reported to each Audit Committee. Following implementation and the reporting of implementation, the recommendation is removed from the template.

4.0 TEAM STRUCTURE AND INDEPENDENCE

4.1 Management of Internal Audit is overseen by the Corporate Services Group Manager. Delivery of the Annual Audit Plan is carried out by two full-time employees. One employee is currently on maternity leave and this position has been covered during the year through a combination of an Internal Audit contractor and a secondment from another service area.

4.2 As defined in the Internal Audit Charter, the Internal Audit team has remained organisationally independent during 2014/15. Internal Audit sits within a larger Policy and Performance Team (now Corporate Services) which are located in the Chief Executive's Unit. This enables free and unfettered access to the Chief Executive. If the need was to arise, it is also stipulated within charter that the Group Manager will also have access to the Chairman of the Audit Committee.

4.3 Moving forward into 2015/16, greater consideration will need to be given to the independence of managing the Internal Audit team, given the Group Manager's wider remit of Corporate Services.

5.0 FRAUD/THEFT/CORRUPTION/WHISTLEBLOWING

5.1 There were no reported incidents during the financial year.

6.0 SUMMARY OF AUDIT PERFORMANCE

6.1 The performance monitoring information for achievement against the Plan is based on the number of completed audits vs the number of planned audits. The outturn for the twelve month period was 92.31%; this is above the 'industry' benchmark of 90%. In addition to this, Internal Audit has received a 'good' level of client satisfaction - a client survey is sent at the end of each audit.

7.1 MOVING FORWARD TO 2015/16

7.1 The team has now started work on the 2015/16 Audit Plan. This will include work around areas such as:

- Complaints framework.
- Tree inspections.
- Key finance systems.
- Economic development.
- Leisure centre.
- Cascades.
- Disabled Facility Grants.
- Ubico.

7.2 In terms of corporate improvement work, potential activities identified include; review of the Council's fraud arrangements, ICT asset register, Revenues and Benefits policies, Customer Services improvement programme.

8.0 CONCLUSION

8.1 Based upon the work undertaken during the year, Internal Audit can provide reasonable assurance that overall there is generally a satisfactory level of control in relation to the effectiveness of the Council's governance, risk management and control environment. This Internal Audit opinion is one of the sources of assurance that is used to support the Council's Annual Governance Statement.

9.0 OTHER OPTIONS CONSIDERED

9.1 None.

10.0 CONSULTATION

10.1 One of the key performance indicators relates to the use of client survey.

11.0 RELEVANT COUNCIL POLICIES/STRATEGIES

11.1 Internal Audit Charter and Internal Audit Annual Plan.

12.0 RELEVANT GOVERNMENT POLICIES

12.1 None.

13.0 RESOURCE IMPLICATIONS (Human/Property)

13.1 None.

14.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

14.1 None.

15.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

15.1 None

16.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

16.1 None.

Background Papers: None

Contact Officer: Graeme Simpson, Corporate Services Group Manager
01684 272002 Graeme.simpson@teWKesbury.gov.uk

Appendices: None

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	24 June 2015
Subject:	Corporate Risk Register
Report of:	Graeme Simpson, Corporate Services Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor R J E Vines, Leader of the Council
Number of Appendices:	1

Executive Summary:

The Corporate Risk Register was re-introduced in 2014 and was reported through the performance management framework which is reviewed by Overview and Scrutiny Committee. At Corporate Governance Group, which is attended by the relevant Lead Member, the reporting of the register was discussed. There was full agreement that the most appropriate Committee for reviewing the register was the Audit Committee. The Committee has within its terms of reference the responsibility to monitor the effective development and operation of risk management.

Recommendation:

To CONSIDER the Risk Register and the risks contained within it.

Reasons for Recommendation:

Risk management is an important part of the Council's assurance framework. The Risk Register is a mechanism to demonstrate that key corporate risks are recognised and managed. The Audit Committee has within its Terms of Reference the responsibility to monitor the effective development and operation of risk management.

Resource Implications:

None.

Legal Implications:

None.

Risk Management Implications:

If a sound risk management framework is in place then this will help deliver the Council's priorities and key projects.

Performance Management Follow-up:

The register will be a 'live' document and updates will be provided to the Audit Committee at each of its meetings.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The Corporate Risk Register was originally reported through the performance management framework which is reviewed by Overview and Scrutiny Committee. At Corporate Governance Group, which is attended by the relevant Lead Member, the reporting of the register was discussed. There was full agreement that the most appropriate Committee for reviewing the register was the Audit Committee. The Committee has within its Terms of Reference the responsibility to monitor the effective development and operation of risk management.

2.0 CORPORATE RISK REGISTER

2.1 The Risk Register was re-introduced in 2014 and reported to Overview and Scrutiny Committee on 9 September 2014. The register was first reported to Audit Committee on 10 December 2014. This is, therefore, the third update to the Audit Committee. The Corporate Governance Group oversees the Council's overall risk management arrangements. The register is a corporate document and has been endorsed by the Corporate Leadership Team. The register can be found in Appendix 1.

2.2 The register is a live document and, as such, risk descriptions may change in time, new risks emerge and current risks mitigated. Any changes to the register will be notified to the Audit Committee, a report will be brought to each Committee. Changes to the register since the last update are shown in bold.

2.3 Corporate related risks are formally discussed at monthly management team meetings with operational related risks forming part of normal business dialogue within the services. The risk register is a high level summary document, risks relating to project type activities such as the Joint Core Strategy and new leisure centre are supported by more detailed project risk registers.

2.4 The risk management framework including the risk management strategy and risk register is programmed for review during the course of 2015/16. This will be supported with training for relevant Officers and Members.

3.0 OTHER OPTIONS CONSIDERED

3.1 None.

4.0 CONSULTATION

4.1 None

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Risk Management Strategy

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None unless there are any specific risks identified.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None unless there are any specific risks identified.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 Risk management will help deliver the priorities of the council.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None

Contact Officer: Graeme Simpson, Corporate Services Group Manager
01684 272002 Graeme.simpson@teWKesbury.gov.uk

Appendices: Appendix 1 – Corporate Risk Register

CORPORATE RISK REGISTER

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Financial sustainability: if in light of further cuts in government funding, a shortfall in planned income or significant increases in operating costs then this will impact upon the quality and level of service delivery and the ability to influence and address community issues.</p>	<p>Corporate Leadership Team Group Manager – Finance & Asset Management</p>	<p>MTFS, Savings Programme, Budget Working Group, Business Transformation strategy.</p>	<p>Delivery of savings programme and Transform programme (March 2016) , strategic service review programme (March 2016), procurement action plan (March 2016)</p>
<p>Business Transformation: If projects within the business transformation programme are not properly scoped then there is the potential the programme will not realise the required financial savings and deliver the necessary transformational outcomes.</p>	<p>Group Manager – Corporate Services</p>	<p>Business Transformation Strategy, Transform Working Group, Savings programme, project management framework, customer access model.</p>	<p>Scope individual projects - review project management arrangements (July 2015). Strategic service review programme (March 2016). Develop channel shift strategy (March 2016)</p>
<p>Leadership capability: If Managers and Members do not work together effectively to proactively drive and take decisions that are needed in a difficult environment then it will impact upon building a more resilient Council and balancing a difficult budget.</p>	<p>Chief Executive</p>	<p>Member & Officer Protocol. Portfolio briefings. Political structure.</p>	<p>Leadership development training. (March 2016)</p>

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Collaboration: If the Council does not effectively collaborate with its strategic partners then this could lead to a reduction in services or failure to address social issues which cannot be addressed in isolation.</p>	Deputy Chief Executive	<p>Leadership Gloucestershire</p> <p>Local Strategic Partnership (Public Service Centre Partners)</p> <p>GCC relationship</p> <p>Town and Parish Council relationship</p>	<p>Delivery of Transformation Programme (March 2016)</p> <p>Financial Inclusion (March 2016)</p>
<p>Economic growth: If there is inadequate engagement with the business community, particularly at a strategic level then the potential to deliver sustainable economic growth for the Borough may not be fulfilled to its maximum potential.</p>	Group Manager – Development	<p>Strategic Economic Plan (SEP), partnership working with LEP, Tewks Town Centre Masterplan, Economic Development & Tourism Strategy, Car Parking Strategy.</p>	<p>Delivery of SEP (March 2016), deliver phase 3 of the Tewkesbury Town Centre Masterplan (March 2016), delivery of ED & T strategy (March 2016).</p> <p>Develop new ED&T strategy (March 2016)</p>
<p>Joint Core Strategy: if the JCS fails at the examination stage then this will result in significant delay to the timetable then resulting in the failure to develop sustainable growth and prevent piecemeal development.</p>	Group Manager – Development	<p>JCS consultation, formal project programme, evidence base.</p>	<p>Ensure all supporting evidence is robustly presented. (July 2015)</p>

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Government policy: If there is a change in government or shift in government policy then the significance of this change/shift will need to be carefully assessed to determine any financial/legislative/economic/social impact on the council and its communities.</p>	<p>Corporate Leadership Team Group Manager – Corporate Services</p>	<p>Strategic policy network e.g. LGA, CIPFA, Centre for Public Scrutiny, professional networking.</p>	<p>Ongoing review and monitoring of national landscape (ongoing action).</p>
<p>Asset Management: If assets are not managed to optimum performance then this could adversely affect the Council's finances and there could be missed opportunities to maximise their potential.</p>	<p>Group Manager – Finance & Asset Management</p>	<p>Office refurbishment and rationalisation, new leisure centre.</p>	<p>Review of asset portfolio (March 2016). Development of Asset Management Strategy. (December 2015)</p>
<p>Training & Development: If workforce planning is not effective then employees and Members may not have the skills and capacity to fulfil their potential and help deliver the Council's priorities.</p>	<p>Group Manager – Corporate Services Group Manager – Democratic Services</p>	<p>Behaviours framework, corporate training budget, Service Plans, and 1-2-1 sessions.</p>	<p>Develop training & development programme. (December 2015) Develop new workforce strategy (December 2015)</p>
<p>Customer expectation: If the Council does not effectively communicate its purpose and priorities to influence customer demand then customer expectation may not realistically reflect the significant financial pressures facing the Council.</p>	<p>Group Manager – Corporate Services</p>	<p>Communications Strategy, complaints framework, satisfaction survey.</p>	<p>Develop new customer services strategy incl Channel Shift (March 2016)</p>

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Delivery of Operational Services: If the transfer of operational services are not effective then this may lead to customer dissatisfaction and represent a reputational risk to the Council.</p>	<p>Deputy Chief Executive Group Manager – Environment & Housing</p>	<p>Interim management arrangements with CBC, sharing of CBC depot. Governance arrangements in place.</p>	<p>Development of Client Monitoring Framework. (March 2016)</p>
<p>Business Continuity: If robust business continuity arrangements are not in place then in the event of an incident there could be sustained loss of key services.</p>	<p>Group Manager – Corporate Services</p>	<p>Corporate Business Continuity Plan, service business plans, ICT disaster recovery arrangements.</p>	<p>Identify priority services and test plan (September 2015)</p>
<p>Information Governance: if necessary safeguards for, and appropriate use of, personal information and data are not in place then the council and individual employees may become individually liable for breaches of legislation.</p>	<p>Deputy Chief Executive Group Manager – Business Transformation</p>	<p>PSN compliant, ICT policy, Data Protection policy, fraud & corruption policy, nominated Senior Information Risk Owner.</p>	<p>Development of information governance policy (July 2015), Training programme (December 2015).</p>
<p>Welfare reform: if the impact of welfare reform legislation is not managed then this potentially affects the understanding of the impact and the ability to address the implications on services, the community and partners.</p>	<p>Deputy Chief Executive</p>	<p>Revenues & Benefits Improvement Programme</p>	<p>Work with Severn Vale Housing/CAB/DWP particularly around financial inclusion (March 2016)</p>

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Emergency planning: if the Council fails to respond effectively to an emergency then this will have an adverse impact upon the needs of our communities.</p>	<p>Group Manager – Environment & Housing</p>	<p>Emergency plan and team, Communications Strategy, testing of rest centre arrangements, Flood Risk Management Group.</p>	<p>Emergency planning training (March 2016)</p>
<p>New leisure centre: If unforeseen works occur or value engineering assumptions are not deliverable then additional capital investment will be required to complete the centre.</p>	<p>Group Manager – Finance & Asset Management</p>	<p>Project management framework, approved budget.</p>	
<p>Individual Electoral Registration: If not implemented correctly then there is a risk the electoral register will be incomplete and would result in denying individuals the right to vote.</p> <p>If the register is incomplete then there is a risk that individuals entitled to vote will not have the right to exercise their vote.</p> <p>Risk to be removed from register as result of recent elections being successfully managed.</p>	<p>Group Manager – Democratic Services</p>	<p>DWP data matching, software testing, council tax movements, project plan.</p> <p>Household notification letter to every property</p> <p>Early despatch of poll cards</p> <p>data sharing agreement with GCC (16-17 yrs persons)</p>	<p>Monthly checks, data sharing agreement with GCC (16-17 yrs persons), awareness campaign (Heart FM and council tax booklet feature) – (May 2015)</p>

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Tewkesbury Borough Plan: if the Tewkesbury Borough Plan (TBP) fails to progress to the pre-submission stage then this will result in the failure to develop sustainable growth and prevent piecemeal development.</p>	<p>Group Manager – Development</p>	<p>Project Management</p>	<p>Progression of Plan to pre-submission stage (December 2015)</p>

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	24 June 2015
Subject:	Annual Governance Statement 2014/15
Report of:	Corporate Governance Group
Corporate Lead:	Sara Freckleton, Borough Solicitor
Lead Member:	Councillor R J E Vines, Leader of the Council
Number of Appendices:	1

Executive Summary:

Every Council must ensure that its business is conducted within the law and proper standards, public money is safeguarded and used economically, efficiently and effectively. Governance of the Council is reviewed regularly by the Corporate Governance Group, and is formally assessed through an Annual Governance Statement by that Group. The Annual Governance Statement (AGS) is produced in accordance with CIPFA/SOLACE guidance.

Recommendation:

To APPROVE the Annual Governance Statement 2014/15.

Reasons for Recommendation:

The Accounts and Audit (England) Regulations 2011, regulation 4 (3) requires all relevant bodies to prepare an Annual Governance Statement.

Resource Implications:

None arising directly from the report.

Legal Implications:

Contained in report.

Risk Management Implications:

If the Council does not produce an Annual Governance Statement then it is not compliant with legislation.

Performance Management Follow-up:

Significant governance issues will be subject to review throughout the year by the Corporate Governance Group and by the Audit Committee.

Implications for Biodiversity:

None

1.0 INTRODUCTION/BACKGROUND

- 1.1 Every Council has to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4 (3), which requires all relevant bodies to prepare an Annual Governance Statement.
- 1.3 As a matter of best practice, the Annual Governance Statement should normally be approved at the same time as, and certainly no later than, the Statement of Accounts.
- 1.4 To ensure the framework remains fit for purpose, the CIPFA/SOLACE Joint Working Group reviewed the framework and in December 2012 issued an addendum. The supplement to the framework includes an example Governance Statement which has been updated to give an increased emphasis on strategic approach. The Statement should provide a brief communication regarding the review of governance that has taken place and the role of the governance structures involved. It should be high level, strategic and written in an open and readable style.
- 1.5 The Good Governance Framework is based on six principles of corporate governance which are set out below and which are underpinned by supporting principles and requirements.
- (a) defines and updates a vision for the area;
 - (b) enables Members and Officers to work together to achieve a common purpose;
 - (c) demonstrates good governance by upholding high standards of conduct and behaviour;
 - (d) manages risk and takes informed and transparent decisions, which are subject to effective scrutiny;
 - (e) develops the capacity and capability of members and officers to be effective; and
 - (f) engages with stakeholders to promote public accountability.
- 1.6 The addendum identifies the key elements of the systems and processes that comprise an authority's governance arrangements and these support the delivery of the six principles above. The Council's 2014/15 Annual Governance Statement has been produced in accordance with the requirements of the addendum.

2.0 REVIEWING THE GOVERNANCE ARRANGEMENTS

2.1 The requirements of the CIPFA/SOLACE Framework have been reviewed by the Corporate Governance Group. Evidence to support the Council's compliance with the Framework has been documented and areas for improvement in processes and procedures have been identified. This has enabled the production of the draft Annual Governance Statement for 2014/15 which is attached at Appendix 1. The significant areas for improvement are reflected in the Annual Governance Statement and the proposed action and timescale for these to be addressed has also been developed.

2.2 The documents, procedures and processes which have informed the Annual Governance Statement are summarised in diagrammatic within the statement itself. The Statement will be subject to review by the Council's external auditors to give assurance that it has been produced in compliance with guidance.

3.0 TEWKESBURY BOROUGH COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2014/15

3.1 The draft Annual Governance Statement for 2014/15 is attached at Appendix 1 and has been prepared in line with the CIPFA /SOLACE guidance.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 Corporate Governance Group and the Corporate Leadership Team.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Tewkesbury Borough Council's Local Code of Corporate Governance.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None arising directly from this report.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 None.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 None.

Background Papers: Delivering Good Governance in Local Government CIPFA / SOLACE
2007

Tewkesbury Borough Council's Local Code of Corporate Governance

Contact Officer: Sara Freckleton, Borough Solicitor
01684 272011 sara.freckleton@tewkesbury.gov.uk

Appendices: Appendix 1 – Draft Annual Governance Statement 2014/15

TEWKESBURY BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2014-15

1. SCOPE OF RESPONSIBILITY

- 1.1 Tewkesbury Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Tewkesbury Borough Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Tewkesbury Borough Council is responsible for putting in place proper arrangements of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 Tewkesbury Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority's code is on our website at www.tewkesbury.gov.uk. This statement explains how Tewkesbury Borough Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4 (3), which requires all relevant bodies to prepare an annual governance statement.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Tewkesbury Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Tewkesbury Borough Council for the year ended 31 March 2015 and up to the date of approval of the annual report and statement of accounts.

3. THE GOVERNANCE FRAMEWORK

3.1 *Delivering Good Governance in Local Government* identifies six core principles which should guide the organisation in its operations. These are: -

- **Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**
- **Members and Officers working together to achieve a common purpose with clearly defined functions and roles**
- **Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
- **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
- **Developing the capacity and capability of members and officers to be effective**
- **Engaging with local people and other stakeholders to ensure robust public accountability**

3.2 These principles are outlined in the Council's Local Code of Corporate Governance. To support the six principles, the Chartered Institute of Public Finance & Accountancy (CIPFA) have identified key elements of the typical systems and processes that comprise an authority's governance arrangements. These are: -

- identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users
- reviewing the authority's vision and its implications for the authority's governance arrangements
- translating the vision into objectives for the authority and its partnerships
- measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money
- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality
- reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

- ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained
- ensuring effective management of change and transformation
- ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)* and, where they do not, explain why and how they deliver the same impact
- ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* and, where they do not, explain why and how they deliver the same impact
- ensuring effective arrangements are in place for the discharge of the monitoring officer function
- ensuring effective arrangements are in place for the discharge of the head of paid service function
- undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- whistleblowing and for receiving and investigating complaints from the public
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- enhancing the accountability for service delivery and effectiveness of other public service providers
- incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

4. The Council's Governance Framework

An overview of the Council's assurance framework is shown in diagram 1. The key elements of the governance framework the Council has in place are detailed below: -

4.1 Council Plan

4.1.1 The Council Plan (2012-16) was approved at Council on 15 May 2012. The plan is a live document and this is demonstrated through its annual refresh. The Council Plan (2012-16, Year 4) was approved at Council on 14 April 2015 and reaffirms the Council's vision, five priority themes and key objectives.

4.1.2 We are a Council that has a vision for the Borough as 'a place where a good quality of life is open to all' and also sets out the values which we hold as we work towards the vision. We are a Council which puts its customers first, is

positive about working with others and one which values its employees. In delivering the vision, the Council will:

- Use resources efficiently and effectively
- Promote economic development
- Improve recycling and care for the environment
- Provide customer focussed community support
- Develop housing relevant to local needs

4.1.3 Each priority theme is supported by a number of objectives and key operational actions. Delivery of these actions is monitored through our performance management framework. Our key achievements are summarised in the refreshed Council plan and in the annual 'State of the Borough' address by the Leader to the Council.

4.1.4 The Council Plan is now in its final year and work will be commencing during the Summer / Autumn of 2015 towards the adoption of a new Council Plan next year to take the Council forward from 2016.

4.1.5 In undertaking its activities, the Council must remain transparent. This is the foundation of local accountability and something which gives local people the information they need to play a bigger role in society. In 2011, the Government introduced a code for local authority data transparency to place more power into citizen's hands. This code has now been updated by the Local Government Transparency Code 2014. The implications of the new code require more data to be released and communicated by the Council including; further procurement data, letting of contracts, local authority land, grants, trade union facility time, parking revenues. The Council is complying with the requirements of the transparency legislation.

4.2 Performance Management

4.2.1 The progress of Council Plan actions is monitored through a performance tracker which is reported on a quarterly basis to the Overview and Scrutiny Committee. By way of further challenge, the Committee's comments and observations are then considered by the Executive Committee.

4.2.2 Each service group within the Council produces a service plan prior to the commencement of the financial year. For accountability purposes, individual Council plan actions are allocated to service groups. Service plans also detail non-Council plan actions to be delivered in the year. Monitoring of all actions also forms part of normal business through management dialogue, one to one meetings and Lead Member briefings.

4.2.3 Supporting the quarterly reporting of the performance tracker is a set of key performance indicators and a financial summary statement. The performance indicators are broadly aligned to our Council plan priorities. The Council will during 2015/16 be considering benchmarking of key indicators.

4.2.4 As part of our data quality arrangements, Internal Audit has a rolling programme to ensure the accuracy of what is being reported. An overarching data quality protocol is also in place. Significant projects are monitored through the project management framework and there are established governance arrangements to support this.

4.3 Complaints

- 4.3.1 The Council has an established complaints framework which is published on the website. A six monthly report is presented at Overview and Scrutiny Committee which provides a breakdown of the complaints received and summarises them by type, contact channel, parish and remedy. The complaints procedure is programmed for review during 2015/16.
- 4.3.2 The Council has a relatively low number of complaints; 48 (41) formal complaints were received for the period January to December 2014. The previous year's figures are shown in brackets.
- 4.3.3 A report on complaints received by the Local Government Ombudsman (LGO) is also reported on a six monthly basis at Overview and Scrutiny Committee. For the period January to December 2014, 4 complaints were received and of the complaints concluded within that period, none have been upheld. The annual review letter for 2013/14 published by the LGO confirms they received 13 complaints /enquiries about the Council.

4.4 Peer Review

- 4.4.1 The Council is keen to ensure that as an organisation it performs at a high level and is fit for purpose in meeting the needs of its communities. To provide an external 'health check' of the organisation the Council arranged for a Peer Review to be undertaken by the Local Government Association. The Review considered:

- Does the Council understand its local context and has it established clear priorities?
- Does the Council have a plan in place to ensure long term financial viability and is this being implemented successfully?
- Does the Council have effective political and managerial leadership?
- Are effective governance and decision making arrangements in place?
- Are organisational capacity and resources focused to deliver agreed priorities?

- 4.4.2 In addition the Council asked the Peer Challenge team to address the following:

- Do we have a clear, cohesive and understandable message?
- Is it owned and are our people signed up to it?
- Is there organisational capacity and culture to deliver it?
- Have we missed anything?

The Challenge Team comprising experienced elected member and officer peers with the assistance of the LGA Peer Challenge Manager, undertook the review during the 11 – 14 November 2014.

- 4.4.3 The report of the Team was received on the 17 December 2014 and found that the Council has an energetic and active approach towards its service delivery and in developing itself as an effective organisation with a strong emphasis on value for money. It found that the Council had not only undertaken many internal transformation activities to achieve these aims but has maintained an external focus and developed very good relations with

partner organisations at all levels of operation. It found that the levels of resident satisfaction both with Tewkesbury and the Council itself are very high.

- 4.4.4 The report said that “There is a strong sense of community leadership and the Council has an ambitious growth agenda for both business and homes. It is pioneering a multi-service and partner approach to its activities e.g. the impressive public service approach in the civic offices. The Council wishes to extend this approach still further and is embarking on a ‘Place’ initiative which is designed to help ensure that all public services are co-ordinated around the needs of individual communities. This approach will also have benefits within the Council itself, helping to discourage silo working and develop the new tier of group managers as a corporate team.”
- 4.4.5 The Peer Team concluded that there was much for the Council to be proud of and it “punches above its weight” at local, county and regional level.
- 4.4.6 The Peer Team did identify a number of recommendations and ideas for consideration and the Council considered these recommendations and approved at its meeting on the 14 April 2015 an Action Plan in response.

4.5 Quality of services

Change

- 4.5.1 The Council is continuing to build on the successful creation of the Public Service Centre within the Borough Council offices and in its approach by LGA Peer Review report in November was commended for ‘pioneering public sector integration’.. The co-location includes front line staff from the following public sector agencies; Children’s and Young People services from Gloucestershire County Council, the integrated health and adult social care functions run by Gloucestershire Care Services, the local Police neighbourhood team, Department of Work and Pensions’ Job Centre, the community team from the Fire and Rescue Service, the Citizens Advice Bureau and two of our local Registered Housing Providers.
- 4.5.2 This co-location has enabled staff from across organisations to work together to find effective solutions for local residents in a more holistic and joined up manner. The Council hosted a Ministerial visit in February 2015 from Mark Harper , Junior Minister in the Department of Work and Pensions, and the front line staff he met reinforced the success of the approach with a range of case studies showing positive outcomes achieved by working across professional silos . The Council has worked with partners to create the appropriate environment within the offices to maximise the impact of these opportunities through a shared staff lounge, regular joint Information Sessions for all staff, and joint training and development events to embed cultural change.
- 4.5.3 In addition the more efficient use of our key property asset by renting out space to other partners has created new income, approximately £166K p.a. to support the Council’s budget and release funds for service delivery.
- 4.5.4 Next steps to further build on the Public Service Centre concept, by attracting new services into the building and to reconfigure the Reception space to

reflect the breadth of public agencies present and to create a joined up gateway into local public services are key priorities for 2015/16 .

4.6 Transformation

- 4.6.1 The Council's Transform Programme is in its second year and outcomes achieved reflect the different approaches used to reduce costs and increase efficiency and quality of service. The authority has developed a mixed portfolio of methods to transform the way services are delivered but at the heart is a clear commitment to maintaining priority around what is 'better for customers and better for business'.
- 4.6.2 The Council has joined the local authority owned company – Ubico Ltd to deliver its Depot services including waste, street cleansing and grounds maintenance, which has secured the future of these services, saved significant costs and provided a platform to share resources with others to reduce future financial pressures.
- 4.6.3 In the Leisure service the Council approved the building of a new Leisure Centre with considerable dry facilities including a gym and dance studio to replace the dilapidated Cascades Pool. The contract for the management of the centre will generate an annual revenue surplus to the authority.
- 4.6.4 A service review of the Council's Revenues and Benefits service has been completed by staff within the year which has resulted in savings of over £227k over 2 years, transformational performance improvement from bottom to top quartile levels nationally, a dramatic reduction in customer complaints and the capacity to focus on broader financial inclusion, working with the Job Centre and other partners to introduce welfare reform to the borough's residents.
- 4.6.5 The Council's shared legal service, One Legal, has been expanded to include Gloucester City Council as well as Tewkesbury and Cheltenham Borough Councils.
- 4.6.6 The Council has demonstrated through the delivery of the Transform programme to date that it is open to any ideas which maintain high quality services to our customers but at the same time reduced costs to our tax payers.

4.7 Value for money

- 4.7.1 These are unprecedented times for budget setting, with significant cuts in public spending. The Government have an ambition of running a surplus budget at a national level and have therefore embarked on a journey of reduced spending on public services. A number of services are protected from these reductions and so unprotected services, of which Local Government is one, have seen significant cuts over the last 5 years. In addition, the economy has been in a poor position in the last five years but recently there have been the signs of recovery based on apparent solid foundations.
- 4.7.2 To counter these impacts, the Council continue to set an annual budget within the context of a rolling five year resource strategy. A longer term strategic view is taken when decisions are made that have a financial impact beyond the annual budget which enables us to assess the sustainability of such

decisions. The financial strategy is linked to our key strategic objectives and incorporates both national and local improvement priorities which have been included in our individual service plans and strategies.

- 4.7.3 A key component for the Council in tackling the financial issues it faces, is the ongoing dialogue and collaboration with Members. In previous years the Council has maintained several working groups including the Budget Working Group, Income Working Group and Transform Working Group. A decision was taken in early 2014 to combine all three working groups into one to provide a consistent and joined up approach to issues which previously cut across more than one working group. This has resulted in more effective meetings and output from the working group.
- 4.7.4 As well as working with Members on budget development, a new framework will be introduced in 2015/16 to ensure that understanding and development of budgets is embedded within the authority and that budget holders are accountable. **This has been identified as a significant governance issue.**
- 4.7.5 The new Transform Working Group regularly reviews progress against the Business Transformation strategy. The delivery of the strategy is essential in delivering a balanced budget for the Council whilst retaining and improving the services it offers to the public and businesses within the Borough. The strategy is not about simply cutting resources from services but about rethinking and redesigning services to deliver efficiency savings and better outcomes.
- 4.7.6 In 2014/15 there were a number of service reviews completed under the business transformation agenda. These included a review of the operation of the Council's waste services and full service review in Revenues and Benefits. Significant improvements in service delivery were realised within the reviews and efficiency savings of £171,000 banked against an in-year target of £150,000.
- 4.7.7 The Council also made a number of decisions in 2014/15 that will have beneficial impacts for future years targets under Business Transformation. These include the transfer of depot based services to Ubico Ltd which should generate savings of nearly £100,000 per annum from 2016/17, the construction of a new leisure centre operated by a third party will see a return of 3% on capital invested, the expansion of One Legal with Gloucester City saves £19,000 for this Council and a reorganisation of the Business Transformation Group generates a further £24,000. The work programme for 2015 includes reviews of Customer Services, Planning and Environmental Health.
- 4.7.8 2014 saw the delivery of an office refurbishment for the Public Service Centre which has enabled the rationalisation of space used by the Borough Council. The surplus space was used to host the May 2015 elections but can now be let to partner organisations who will enhance the public service centre ethos within the building. The Council's wider asset base continues to come under scrutiny to ensure only assets required for service delivery are retained and where they are retained, they are operated and maintained efficiently. A number of Council assets were disposed of in 14/15 including play areas and chapels with further disposals expected in 2015.

- 4.7.9 A new Procurement Officer Group was established in 2014 to ensure the delivery of the Procurement Strategy and ensure good practice is embedded within the organisation. The 2015/16 budget saw £115,000 of procurement savings banked and 2015 will see the roll out of new Contract Procedure Rules and Officer training.
- 4.7.10 Despite the financial climate and challenges, the Council continues to deliver value for money while freezing Council tax for the fifth year running. The Band D equivalent of £99.36 is the lowest in Gloucestershire and the 5th lowest in the country. This level is over £40 below the bottom quartile threshold and £60 below the national average for Council tax in a second tier authority.
- 4.7.11 The Council's external auditor, Grant Thornton also concluded within their Annual Audit Letter that the Council has sound arrangements in place to secure economy, efficiency and effectiveness. Their Audit Findings include the following statement 'in a period of austerity, the Council has, to date, managed its finances effectively'.

4.8 Communications

- 4.8.1 Communicating effectively is really important to us. To ensure we reach out to as many of our communities and stakeholders as possible, we use a wide range of communication channels. Tewkesbury Borough News is our residents' newspaper, which is delivered to all 37,000 households in the borough. The paper, which is also available in large print and online, communicates information and news about our services, and includes a community news page which focuses on updates from organisations and parish Councils from across the borough. Our latest residents' satisfaction survey revealed that Tewkesbury Borough News is the main way in which residents find out about the Council, and 80 per cent of residents read it in full or in part.
- 4.8.2 Other forms of communication include press releases to the media, which are reported online, through print, and on radio and television, as well as responding quickly to the many media enquiries we receive. Alongside these traditional forms of communication, we are also communicating via social media, such as Twitter, Facebook and Instagram, and through e-newsletters. We have three Twitter accounts, one for Council news generally, one for business news and one for tourism. We also have two Facebook pages, a corporate one and a sports development one. Each of our social media accounts is continuing to grow and offer us a way of communicating to people and groups that may not have used the more traditional methods to find out about our services.
- 4.8.3 We produce two main e-newsletters. Parish Matters is our quarterly electronic newsletter, which communicates the latest news from the Council to our parish and town Councils. Borough in Business is our e-newsletter to businesses, which provides the latest relevant information to our businesses across the borough. We also value our partnership working with our 50 town and parish Councils and twice yearly host a seminar to discuss topical issues.
- 4.8.4 Through all of our channels of communication, and in line with our new Communications Strategy (2015-2017), we are committed to being open, honest and transparent, which ensures accountability. Our Communications Strategy ensures that we are communicating as effectively and openly as

possible and includes a range of specific actions, such as media training, facilitating the introduction of a new intranet to benefit internal communications, and supporting the Council's Transform programme.

4.9 Defining function and roles

4.9.1 The Council's constitution provides a clear statement on the roles and responsibilities of members and senior officers. In light of the organisational review and new management responsibilities, a revised Scheme of Delegation was approved at Council on 30 July 2013 as an interim measure pending a full review of the Scheme due to be undertaken during Autumn 2015.

4.9.2 The last full review of the Council's constitution was undertaken at the end of 2007. Since that time, as stated in paragraph 4.9.1 above, it has been updated on a piecemeal basis taking account of changes to the political and management structure of the Council. In order to ensure good governance and open government a comprehensive update of the constitution will be undertaken including any revisions required following all out Council elections in 2015. **The review of the constitution has been identified as a significant governance issue.**

4.9.3 The Council's political governance has, since May 2009, comprised an Executive Committee with an Overview & Scrutiny Committee and a separate Audit Committee. The Council is responsible for determining the most significant plans, policies and strategies (the Policy Framework). All other matters relating to operational delivery within the budget and policy framework are delegated to the Executive Committee or to officers. The Executive Committee consists of Lead Members who oversee their individual portfolios and as necessary communicate matters of specific interest to the wider Council membership.

4.9.4 The Overview & Scrutiny Committee provides challenge and assists with policy formulation. A review of the effectiveness of this committee is programmed for 2014/15. The Council has two committees which deal with governance, internal control and ethical arrangements (Audit Committee and Standards Committee). Additionally, there are two quasi-judicial committees dealing with licensing and planning.

4.10 Risk Management

4.10.1 There are satisfactory arrangements in place for the management of risk. The Council has a risk management strategy in place which is programmed for review in 2015/16. A corporate risk register of key business risks is maintained and reported at each Audit Committee. All significant projects are monitored a corporate project management database, Sharepoint and each project is supported with a risk register. At an operational level, risk is considered in a number of ways. For example, Internal Audit work to a risk based audit plan, Food Control undertake inspections on a risk basis, the Revenues team undertake quality assurance checks on benefit claims on a risk basis. Risk management is a standard Corporate Management Team agenda item and the corporate committee report template includes a risk implication section.

4.10.2 Business continuity is a strand of risk management. The corporate Business Continuity Group (BCG) has facilitated the completion of individual service continuity plans which has previously been identified as a significant governance issue. An action outstanding from the work of the group is to test the Council's business continuity arrangements. This action has been carried forward into 2015/16. As this **testing of the plan** is outstanding it will be carried forward as a **significant governance issue**.

4.11 Fraud and Whistle blowing

4.11.1 The Council has an anti-fraud, corruption and bribery policy and a separate whistle blowing policy. Internal Audit routinely considers the likelihood of fraud occurring within the systems being audited and where appropriate makes recommendations to improve internal control. There have been no whistle blowing incidents or frauds reported during the year.

4.11.2 The Council has successfully transferred responsibility for investigating Housing benefit fraud to the new Single Fraud Investigation service (SFIS). The Council retains an officer to support early detection and to work with SFIS on case work in addition to focusing on other areas of fraud across the service.

4.12 Audit Committee

4.12.1 The Audit Committee has received training on the new Public Sector Internal Audit Standards. However further training will be undertaken in 2015/16 following changes to Committee membership following the Elections in 2015. This helps to supplement its terms of reference and undertake the core functions of an audit committee as identified within CIPFA guidance *Audit Committees Practical Guidance for Local Authorities*.

4.13 Role of the Chief Financial Officer

4.13.1 The Council's 2013/14 financial management arrangements conform to the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* (2010). The governance arrangements are an inherent part of the role and responsibilities of the Group Manager (GM) – Finance and Asset Management and are fulfilled in a number of ways, for example:

- The GM is a member of Corporate Management Team, helping it to develop and implement strategy and to resource and deliver the Council's strategic objectives.
- The establishment of a Medium Term Financial Strategy. This is updated on a rolling basis and is supported by a robust annual budget setting and monitoring process, developed in conjunction with the Budget Working Group.
- The level of reserves and balances is provided in line with good practice guidance.
- Compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.

- The provision of clear, well presented, timely, complete and accurate information and reports to budget managers on budgetary and financial performance.
- The continued publication of accurate and timely accounts, in compliance with IFRS.
- Supported by a finance team with the resources, expertise and systems necessary to perform its role effectively.

4.14 Role of the Monitoring Officer

4.14.1 The Council appointed the Borough Solicitor as Monitoring Officer. The post is shared with Cheltenham Borough Council. This function is to ensure compliance with established policies, procedures, laws and regulations. The Monitoring Officer must report to the Council, after consulting with the Head of Paid Service (Chief Executive) and Chief Finance Officer, if any proposal, decision or omission would give rise to unlawfulness or maladministration. No cases have been reported during the year by the Monitoring Officer. The roles and responsibilities of the Monitoring Officer are defined within the Council's constitution.

4.15 Member and senior officer development

4.15.1 The Council's final year in office has seen the delivery of extensive training and development. The programme has focused on two main areas; the first being the Joint Core Strategy as the strategy progressed towards an examination in public commenced in May 2015 and the second being the budget and the financial pressures facing the Council. The National Local Government Network delivered a "Gaming the Cuts" Workshop and various seminars on the budget, finance and transform projects, such as the transfer of the Waste Service to Ubico, as Members worked towards setting a balanced budget for 2015/16. Other areas of development included delivery by South West Councils of 'Bringing Money into your Ward', 'Community Infrastructure Levy' delivered by the Planning Advisory Service and a self-help IT Pilot Group aimed at developing Member IT skills in basic Microsoft applications.

4.15.2 A programme of workforce development was commenced in 2014/15 using data from the annual assessments undertaken under the new Behaviours Framework. In addition, a management development programme was undertaken to support managers in their roles and ensure their skills and competences are developed. Phases 1 and 2 have been completed in 2014/15 and phase 3 of this ongoing programme will be undertaken in 2015/16. This will include supported learning sets and coaching and wider engagement with the whole workforce to support ongoing corporate improvement. The Council's workforce is recognised as its most important asset. Therefore, establishing an effective and cohesive approach to the development of the Council's workforce is essential. The findings of the Peer review recognised that the Council needed to take a more proactive and planned approach to workforce development. In response a **Workforce Development Strategy** will be developed in 2015/16. This strategy will draw together the actions and resources required to develop and maintain a workforce which has the necessary competences to meet the needs of the

Council Plan and the changing environment in which the Council operates.
This has been identified as a significant governance issue.

4.16 Standards Committee

4.16.1 The role of the committee is to promote and ensure high standards of member conduct and behaviour including those in town and parish Councils and to assist members and co-opted members to observe the Code of Conduct. The committee has adopted a programme for review and revision of the Council's protocols. The Licensing Protocol and Protocol for Councillors and Officers involved in the Planning Process have been revised and adopted by the Council in January 2014 and April 2015 respectively. The review of the Gifts and Hospitality and Member / Officer Relations Protocols will commence in 2015/16.

4.17 Role of Head of Internal Audit

4.17.1 The Council's internal audit arrangements conform to the governance requirements of the CIPFA document *'the role of the head of internal in public service organisations Statement on the Role of the Chief Financial Officer in Local Government (2010)*.

4.17.2 Annually, the Chief Audit Executive (Group Manager – Corporate Services) produces a report summarising the work of Internal Audit. This report provides an overall opinion on the level of control that exists within the systems audited. The 2014/15 annual report, presented at Audit Committee on 25 June 2014, concluded that a satisfactory level of control exists in relation to the Council's governance, risk and systems of internal control.

4.18 Head of Paid Service function (Chief Executive)

4.18.1 This post is required by the Local Government and Housing Act 1989 with the function and duties detailed within the Council's constitution. The Chief Executive heads a Corporate Leadership Team (CLT) comprising a Deputy Chief Executive and Borough Solicitor. Supporting this team, are 8 Group Managers.

4.18.2 Effective arrangements are in place for the discharge of the Head of Paid Service. For example, the post holder has a 6 monthly appraisal by members, is subject to peer mentoring, regularly meets with Group Leaders to discuss key strategic issues and leads CLT which meets on a weekly basis.

4.19 Partnership working

4.19.1 The Council recognises that it cannot achieve its priorities without effective partnership working. We are positive about working with others and this is a core value within our Council plan. This includes working with communities, the voluntary sector, town and parish Councils and neighbourhood groups to achieve common goals.

4.19.2 The Council is receptive to exploring opportunities for service delivery options and further shared services development. A programme of strategic service reviews has been developed as part of the Transform programme. Customer Services, Environmental Health and Development Services are all subject to

service review during 2015/16. A significant project currently underway is the design and build of a new leisure centre.

- 4.19.3 The Council continues to develop partnership working further through its Public Service Centre. Residents can access a range of services under one roof due to the number of agencies located at the Council offices. Not only making it easier for residents, it has also made it easier for the organisations to link up on a number of issues such as anti-social behaviour and the Families First Programme. Tewkesbury Jobcentre Plus relocated here in April 2014 to strengthen its links with our Housing Services, Revenue Services, the police and county Council services.
- 4.19.4 We currently have two shared service arrangements, legal services (One Legal) and building control which are both shared with Cheltenham Borough Council (CBC). CBC is the lead authority for building control and TBC the lead for One Legal which expanded in April 2015 to include Gloucester City. Each arrangement is supported with a robust governance structure. On an annual basis, as part of the evidence to support the AGS, Councils provide certificates of assurance to each other. The 2014/15 certificates indicate there are no significant issues to report.
- 4.19.5 The Council is part of the Gloucestershire Joint Waste Management Committee. A key benefit is that the Council will have influence over the whole waste management system for Gloucestershire, including future projects for treatment or disposal options and the recycling centres. The Council's Depot Services function including its waste and recycling services were transferred to the Local Authority Company Ubico, in which the Council is one of the shareholders.

5 REVIEW OF EFFECTIVENESS

- 5.1 Tewkesbury Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior management who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The Council's process for maintaining and reviewing the effectiveness of the governance framework included the following (but is not an exhaustive list):

- Quarterly performance reports presented to Overview & Scrutiny Committee, and the outcome of their review taken to Executive Committee.
- External audit reporting and any issues identified brought to the attention of the Audit Committee.
- Internal Audit reporting and any issues identified brought to the attention of the Audit Committee.
- Audit Committee monitoring of significant governance issues.
- Annual review of the effectiveness of Internal Audit.
- Monitoring delivery of key corporate projects.

- Regular Corporate Leadership Team meetings and management team meetings
- Member representation and where appropriate, independent representation on key projects e.g. organisational review, office refurbishment projects.
- Strong political structure and good Member/officer relationships to support accountability and transparency
- Regular meetings of the Budget Working Group (now Transform Working Group) to help deliver a sustainable budget.
- The work of the Standards Committee in promoting and maintaining high standards of conduct by Councillors.
- Monitoring of and outcomes from key policies and procedures such as the Whistleblowing Policy, anti-fraud and corruption policy and complaints framework, including Local Ombudsman reports.
- Assurance from key partnerships.
- Corporate Governance Group which consists of senior officers and Lead Member and oversees matters relating to the governance of the Council.
- Health and Safety work

5.2 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance Group and endorsement by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Governance Framework – Key Documents/Functions

- Council Plan
- Performance Management Framework
- Constitution & scheme of delegation
- Transform Programme
- Communication Strategy
- Human Resources Strategy
- Council Procedure Rules
- Record of Decisions
- Code of Conduct (Employees and Members)
- Officer and Member Protocols
- Code of Corporate Governance
- Risk Management Framework
- Anti-Fraud and Corruption Policy
- Whistleblowing Policy
- Project management framework
- ICT Policy and ICT Governance
- Procurement Strategy
- Contract Procedure Rules
- Medium Term Financial Strategy
- Treasury Management policy
- Annual Statement of Accounts
- Financial Procedure Rules
- Complaints Framework
- Equalities Framework
- Internal and External Audit
- One Legal
- Data Quality Policy

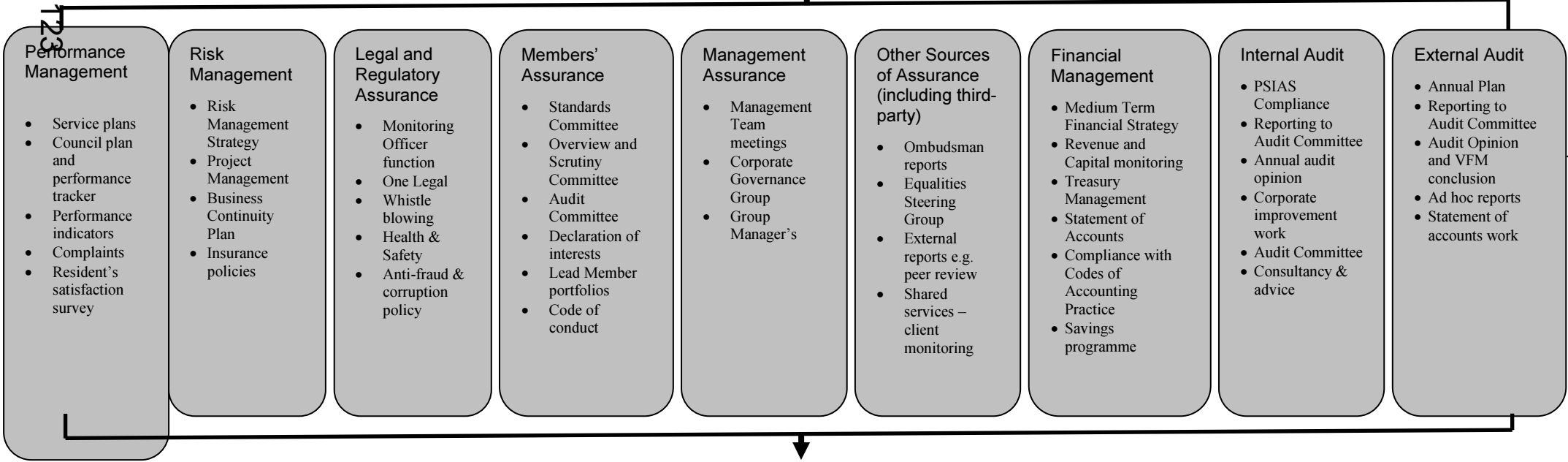
Annual Governance Statement
Signed by the Leader of the Council and Chief Executive and published with the Statement of Accounts

Review and approval of AGS by Audit Committee

Review of the effectiveness of the system of Internal Audit

Council's assurance framework

Corporate Governance Group – responsible for drafting AGS after evaluating assurance framework



On-going assurance on adequacy and effectiveness of controls over key risks

6 SIGNIFICANT GOVERNANCE ISSUES

6.1 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

No	Governance Issue	Proposed Action	Timescale	Responsible officer/group
1	Embedding of budget understanding/ development/ ownership	<ul style="list-style-type: none"> Provision of financial training (external) for budget holders Develop and implement a detailed and robust financial reporting process for Members and Officers Provide dedicated accountancy support for all services 	September–December 2015	Group Manager Finance & Asset Management
2	Business Continuity	<ul style="list-style-type: none"> Testing of Business Continuity arrangements 	December 2015	Business Continuity Group
3	Constitution update	<ul style="list-style-type: none"> Review of Constitution including the Responsibility for Functions (Scheme of Delegation) Update Constitution as necessary 	September–December 2015 March 2016	Group Manager Democratic Services
4	Workforce Development Strategy	<ul style="list-style-type: none"> Develop and implement a corporate Workforce Development Strategy 	September 2015 – March 2016	Group Manager Corporate Services

Signed on behalf of Tewkesbury Borough Council

Councillor Robert Vines

Mike Dawson

Leader of the Council

Chief Executive

Date

Date