

11 July 2017

Committee	Audit
Date	Wednesday, 19 July 2017
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	
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.	
4. MINUTES	1 - 11
To approve the Minutes of the meetings held on 22 March and 16 May 2017.	
5. AUDIT COMMITTEE WORK PROGRAMME	12 - 18
To consider the Audit Committee Work Programme.	
6. GRANT THORNTON PROGRESS REPORT	19 - 32
To consider the external auditor's report on progress against planned outputs.	
7. EXTERNAL AUDITORS' FEE LETTER 2017/18	33 - 36
To consider the external auditors' fee letter in relation to the audit work to be undertaken during 2017/18.	
8. BULKY WASTE AUDIT PROGRESS REPORT	37 - 43
To consider the progress made in respect of the recommendations arising from the bulky waste audit.	
9. INTERNAL AUDIT PLAN MONITORING REPORT	44 - 65
To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	
10. INTERNAL AUDIT ANNUAL REPORT 2016/17	66 - 72
To consider the Internal Audit Annual Report 2016/17 and the assurance from the work undertaken during the year on the level of internal control within the systems audited.	
11. COUNTER FRAUD UNIT REPORT AND WORK PLAN 2017/18	73 - 85
To consider the Work Plan 2017/18 and to consider the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy to comment thereon to the Executive Committee.	
12. NATIONAL FRAUD INITIATIVE 2016/17	86 - 88
To consider the outcomes of the data matching exercise.	
13. ANNUAL GOVERNANCE STATEMENT 2016/17	89 - 102
To approve the Annual Governance Statement 2016/17.	

DATE OF NEXT MEETING
THURSDAY, 21 SEPTEMBER 2017

COUNCILLORS CONSTITUTING COMMITTEE

Councillors: K J Cromwell, A J Evans, Mrs P A Godwin, B C J Hesketh,
Mrs S E Hillier-Richardson, Mrs H C McLain (Vice-Chair) and V D Smith (Chair)

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, 22 March 2017 commencing at
2:00 pm**

Present:

Chair
Vice Chair

Councillor R Furolo
Councillor Mrs H C McLain

and Councillors:

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

AUD.40 ANNOUNCEMENTS

- 40.1 The evacuation procedure, as noted on the Agenda, was taken as read.
- 40.2 The Chair welcomed David Johnson, Grant Thornton's Audit Manager for Tewkesbury Borough Council, and Julie Masci, the Engagement Lead from Grant Thornton, to the meeting.

AUD.41 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

- 41.1 Apologies for absence were received from Councillor A J Evans. There were no substitutions for the meeting.

AUD.42 DECLARATIONS OF INTEREST

- 42.1 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.
- 42.2 There were no declarations made on this occasion.

AUD.43 MINUTES

- 43.1 The Minutes of the meeting held on 14 December 2016, copies of which had been circulated, were approved as a correct record and signed by the Chair.

AUD.44 AUDIT COMMITTEE WORK PROGRAMME

- 44.1 Attention was drawn to the Audit Committee Work Programme, circulated at Pages No. 12-18, which Members were asked to consider.
- 44.2 A Member raised concern that the July Agenda was very heavy and she questioned whether any items could be moved to September. The Head of Corporate Services explained that some items, such as the Annual Governance Statement 2016/17, must go to the next meeting; however, there may be some scope to push back the Annual Report on Health and Safety Activities and the Bulky Waste Follow-Up Audit and he undertook to consult with the Head of Finance and Asset Management following the meeting.
- 44.3 It was
- RESOLVED** That the Audit Committee Work Programme be **NOTED**.

AUD.45 GRANT THORNTON CERTIFICATION LETTER MARCH 2016

- 45.1 Attention was drawn to Grant Thornton's Certification Letter March 2016, circulated at Pages No. 19-21, which set out the findings of the claim which had been certified during the year. Members were asked to consider the information provided.
- 45.2 The Audit Manager from Grant Thornton reminded Members that the findings of the Certification Letter had been flagged at the last meeting of the Committee. Appendix A to the report provided details of the claims and returns certified for 2015/16; this confirmed that the housing benefits subsidy claim had been certified and had resulted in an overall adjustment of approximately £7,000 which, for expenditure of £18.7M, was a fairly good result. Clarification was provided that the figure of £7,000 was an extrapolation; the pure amendment to the claim was £1,169. The fee for the 2015/16 certification work was outlined at Page No. 21, Appendix B to the report, and was the same as had been outlined in previous plans.
- 45.3 It was
- RESOLVED** That the Grant Thornton Certification Letter March 2016 be **NOTED**.

AUD.46 GRANT THORNTON AUDIT PLAN 2016/17

- 46.1 Attention was drawn to Grant Thornton's Audit Plan 2016/17, circulated at Pages No. 22-42, which set out the Audit Plan for the year ended 31 March 2017. Members were asked to consider the information provided.
- 46.2 The Engagement Lead from Grant Thornton explained that the Audit Plan outlined the planned scope and timing of the audit which allowed Grant Thornton to discharge its responsibilities under the Code of Audit Practice, issued by the National Audit Office, in terms of giving an opinion on the Council's financial statements and specific responsibilities around the value for money conclusion. Pages No. 25-26 of the report gave a high level overview of the key areas which had been considered in understanding the challenges faced by the Council and identifying key risks. The ongoing financial challenges, particularly in terms of the delivery of the Medium Term Financial Plan, had been well documented and there had been a lot of conversations around continuing business rates appeals and the impact of the Autumn Statement. In terms of financial reporting, the most significant change to the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 2016/17 was a presentational reporting requirement which aimed to try to tell the story better in terms of how organisations reported financial outturns to stakeholders and relevant readers of the accounts. It was also necessary to restate the accounts for the previous year. Members were reminded

that the Accounts and Audit Regulations 2015 required Councils to bring forward the approval and audit of the financial statements to 31 July by the 2017/18 financial year and a dry-run was being carried out this year to ensure that both the Council and Grant Thornton were prepared for the earlier timeframes.

- 46.3 Members were advised that the concept of materiality was applied when performing the audit so Grant Thornton did not look at every single transaction. Materiality was risk-based and required a professional judgement to be made in the context of Grant Thornton's knowledge of the Council. This was determined as a proportion of the gross revenue expenditure of the Council and, for the purposes of planning the audit, this had been deemed to be £707,000, or 2% of the gross revenue expenditure. Any adjustments over and above £35,000 were referred to as 'trivial' matters but still needed to be stated in the accounts. The Engagement Lead explained that this would be kept under review and she would report back to the Audit Committee meeting in July if necessary. There were certain items where separate materiality levels were appropriate, for instance, if they were sensitive or in the public interest, and these were set out at Page No. 26 of the report. Page No. 27 of the report set out the significant risks that had been identified for the audit. There were two presumed significant risks that were applicable to all audits under the accounting standards: that the revenue cycle included fraudulent transactions and management over-ride of controls. Two other significant risks had been identified: fraudulent transactions in the expenditure cycle and the valuation of the pension fund net liability and the details were set out at Page No. 29 of the report. Other key risk areas included operating expenses - specific work would be carried out to ensure that expenditure was not being underestimated in this area - and employee remuneration which was a key item of expenditure for the Council. Page No. 30 of the report referred to the specific risk around the new requirement of the CIPFA Code of Practice and the specific work in terms of the restatement of the previous years' figures in order to comply with the new requirements. The Finance Team had already prepared the statements and shared these with Grant Thornton.
- 46.4 The scope of the value for money conclusion had changed and the table at Page No. 32 of the report set out the three sub-criteria. The main risk was the Medium Term Financial Strategy and the ongoing challenge of delivering the savings plan over the next couple of years, particularly given the continuing reduction in central government funding and the need to find alternative strategies in terms of income sources. Members had considered the Ubico contract monitoring arrangement at the last meeting of the Committee and, given the concerns raised following the outcome of the internal audit work, Grant Thornton wanted to understand how the Council was working with partners to address this. This linked to the sub-criteria around the Council's arrangements for working with third parties effectively to deliver services.
- 46.5 It was noted that Grant Thornton had carried out an interim visit to the Council and the early findings from the interim audit work were summarised at Pages No. 36-37 of the report. A high level overview of internal audit's overall arrangements had been undertaken which had given assurance that it provided an independent and satisfactory service to the Council. In terms of entry level controls, a review of the assurance framework and risk management arrangements identified that the risk registers were not being sufficiently reviewed on a regular basis. This had been included as a recommendation in the action plan and it was understood that a piece of work was being carried out to address this. The audit timetable was set out at Page No. 38 of the report and the fees for the audit could be found at Page No. 39; these were based on rates set by Public Sector Audit Appointments Limited.

- 46.6 In terms of operating expenses, which had been identified as a 'reasonably possible risk', a Member noted that the risk related to year-end creditors and accruals not being recorded and he questioned how this was tested. Members were advised that it would be necessary to look at what had been paid by BACS in the first few months of the financial year 2017/18 and to check that these payments had been properly accounted for in 2016/17 under the accrual process. Another Member sought clarification as to why it was necessary to restate the accounts for 2015/16. The Engagement Lead explained that, under the accounting standards, it was necessary to have comparable information and the previous years' figures had to be restated alongside the current figures in order to allow this comparison to be made. This was a presentational change which would mean that the information would be more in line with how it was received internally and would therefore be more relevant to the authority.
- 46.7 With regard to the Medium Term Financial Strategy, a Member went on to question how further income generation opportunities would be identified. The Engagement Lead explained that this risk specifically related to the robustness of the Council's financial plans. Grant Thornton did not consider the details; rather it sought assurance that the Council was actively looking at ways to deliver services more effectively, or options for generating additional income, in order to mitigate the gap in funding. Tewkesbury Borough Council had a RAG (Red, Amber, Green) rated savings plan and Grant Thornton focused on the likelihood of the new income streams coming to fruition, for example, if the savings plan said that an income source would generate £200,000 then Grant Thornton would be looking for the substance behind that and "stress-testing" the plans to make sure they were realistic.
- 46.8 Having considered the information provided, it was
RESOLVED That Grant Thornton's Audit Plan 2016/17 be **NOTED**.

AUD.47 STATEMENT OF ACCOUNTING POLICIES

- 47.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 43-62, set out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 supported by International Financial Reporting Standards. Members were asked to approve the accounting policies to be used during the 2016/17 closedown.
- 47.2 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 2016/17. In order to do this, the Council had to review all of its accounting policies to ensure that it complied with the Code. The proposed accounting policies were largely unchanged from those used in the 2015/16 accounts, with the exception of a few minor amendments. The main change was the way in which the accounts were reported. Due to the revised format of the income and expenditure statement, and the introduction of the new expenditure and funding analysis, the Council no longer had to show the costs of overheads and support services within the service segments as they were not included within the quarterly management reports. Property, Plant and Equipment (PPE) had been tidied up to ensure that their value at year end reflected their current value and the Council Tax and Non-Domestic Rates policy had been amended to explain the relationship between the Council and other preceptors and how this was accounted for. The full list of accounting policies was attached at Appendix A to the report.

- 47.3 It was
RESOLVED That the accounting policies to be used during the 2016/17
closedown be **APPROVED**.

**AUD.48 CRITICAL JUDGEMENTS AND ASSUMPTIONS MADE DURING THE
PREPARATION OF THE STATEMENT OF ACCOUNTS**

- 48.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 63-71, set out the critical accounting judgements and key sources of estimation uncertainty that would be used in preparing the 2016/17 accounts. Members were asked to approve the judgements and to note the key sources of estimation uncertainty.
- 48.2 The Finance Manager explained that the Council had to apply its accounting policies in order to produce the annual Statement of Accounts. In applying those policies, certain judgements had to be made about complex transactions, or those involving uncertainty about future events. There were quite a few compared to the previous year and the full list was attached at Appendix A to the report. It was particularly noted that the Council had entered into several leases during the year which had been considered in detail to establish whether they should be classed as operating or finance leases. The accounting code stated that the cost of redundancies needed to be recognised, and communicated to relevant staff when there was an expectation that future redundancies would be taking place. A report in relation to an internal restructure had been taken to Council in February 2017 and a provision had been made for this potential cost within the accounts. In terms of investments, e.g. the purchase of Challenge House and the land at Cascades, a judgement needed to be made as to their property class.
- 48.3 The Finance Manager advised that, in preparing the Statement of Accounts, there were areas where estimates were made. This included the useful lives and valuations of properties, which were estimated by qualified valuers; the amount of arrears that would not be collected, which was estimated based on past experience of collection of different types of debt; and the liability for future pension payments, which was estimated by qualified actuaries. These areas were set out in detail at Appendix B to the report, however, it was noted that the exact figures would not be known until the accounts had been completed.
- 48.4 In response to a Member query regarding accounting for assets and the way they were held, the Finance Manager explained that capital appreciation would be shown in the accounts. If assets had gone up in value this would be shown as an unrestricted gain. The Head of Finance and Asset Management advised that the Council was currently in the process of appointing an Investment Manager to work with Officers in respect of investing in new commercial properties and reporting on the existing portfolio. It was intended that a quarterly report on performance would be shared with an internal board but it would also be possible to produce an annual report for Council which could include capital appreciation and rental yields. A Member expressed the view that it would be difficult to value the land which had become vacant following the demolition of Cascades until the Council had decided what to use it for. He pointed out that the use of greatest value to the community might not necessarily be the most financially rewarding. The Finance Manager clarified that the valuers looked at the best use of the land and the highest value – the accounts were done purely from a financial point of view.
- 48.5 Having considered the information provided, it was
RESOLVED That the critical accounting judgements that would be used in
completing the 2016/17 annual accounts be **APPROVED** and
the key sources of estimation uncertainty be **NOTED**.

AUD.49 EARLY CLOSE DOWN CHECKLIST FOR STATEMENT OF ACCOUNTS

49.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 72-78, attached the Council's completed self-assessment checklist which was required to meet the new closure date for the Statement of Accounts. Members were asked to consider the responses to the self-assessment checklist and note the progress that had been made to date.

49.2 Members were informed that the revised Audit and Accounts regulations required authorities to produce a draft Statement of Accounts by 31 May with effect from the 2017/18 financial year. To ensure the Council was prepared, a 'dry-run' was being followed for the closure of accounts for 2016/17; this would be an opportunity to test for readiness for the following year and to refine processes and practices to comply with the deadlines. As part of its preparations, Officers had used Grant Thornton's best practice checklist which was attached at Appendix A to the report. It was clear that good progress had been made by the Finance Team in most areas. There were six negatives and, in most cases, plans were already in place to address these. It was noted that some of the requirements were unnecessary for Tewkesbury Borough Council. It was hoped that the report and checklist would give reassurance that the preparations would lead to the successful conclusion of this year's accounts, within the timetable promised, and, as such, demonstrated that the Council would be ready for the following year.

49.3 It was

RESOLVED That the responses to the self-assessment checklist and the progress made to date to meet the new closure date for the statement of accounts be **NOTED**.

AUD.50 INTERNAL AUDIT PLAN MONITORING REPORT

50.1 The report of the Head of Corporate Services, circulated at Pages No. 79-119, was the third monitoring report of the financial year and summarised the work undertaken by the Internal Audit team during the period December 2016 to February 2017. Members were asked to consider the audit work completed and the assurance given on the adequacy of the internal controls operating in the systems audited.

50.2 The Head of Corporate Services advised that full details of the work undertaken in the period were attached at Appendix 1 to the report. It was generally a very positive report with one 'limited' opinion in relation to the cascading of insurance conditions to relevant staff. A list of audits within the 2016/17 Audit Plan and their progress to date could be found at Appendix 2 to the report. Approximately 93% of the 2016/17 Internal Audit Plan had been completed and days had been allocated within the 2017/18 Plan for any which needed to be carried forward. There had been a small degree of slippage due to sickness absence and the Finance Team had provided an additional resource to assist with non-financial audits. One member of the team had recently gone on maternity leave and a secondment arrangement was in place to cover this. Members were advised that notification had been received that Tewkesbury Town Council wished to terminate its contract for the provision of Tewkesbury Borough Council's internal audit function. A total of 20 days had been allocated for this provision within the 2016/17 plan which would now be available for additional Borough Council work within the 2017/18 Internal Audit Plan.

- 50.3 With regard to the audit of the Council's insurance arrangements, there was a good level of control in terms of the information provided to the Council's insurers to ensure that the cover was appropriate; however, the controls and environment in relation to insurance policies being disseminated to appropriate Officers had been found to be limited. Whilst the risk of not disseminating insurance conditions to Officers could potentially affect the Council's ability to defend a claim, this risk was considered to be minimal based on the limited number of claims received that had resulted in a claim being settled in favour of the claimant. The Finance Team had been working on this and the relevant information would all be available on the intranet by the end of the month. A Member questioned whether it was possible to take out insurance to protect against lost planning appeals. The Borough Solicitor advised that it was highly unlikely that it would be possible to obtain insurance for planning decisions made by the Council when the risks were known. The determination of planning applications was a legal process and there were certain requirements which needed to be observed. Whilst she recognised that the costs of losing appeals could be significant, this was taken into account in the Council's financial planning. It was potentially different if there was a case for negligence but this would only be in very exceptional circumstances.
- 50.4 It was noted that the Council Tax audit for 2016/17 had looked at the fundamentals of the system and found a good level of control in terms of billing, valuations and liabilities. The Council Tax audit included in the 2017/18 Internal Audit Plan would go beyond the key controls. In terms of the Tourist Information Centres (TICs) audit, the collection of income was generally satisfactory. There was a slight issue at Winchcombe TIC in terms of the method for recording sales in respect of event tickets and a recommendation around improved reconciliation between income and ticket sales had been accepted. Whilst the stock held by TICs was of relatively low value, improvements could be made by carrying out more frequent stock checks. Whilst completing the audit, two ancillary issues had been identified in relation to data retention and the rental agreement for the lease of Winchcombe TIC from Winchcombe Town Trust.
- 50.5 The overall arrangements in respect of recycling had been found to generally be satisfactory and recommendations had been made around formalising the arrangements with the Joint Waste Team and establishing a protocol for operational responsibility which had been accepted by the Head of Service. Whilst testing had confirmed that the Grundon invoices for May and October 2016 had been accurately stated, it had been found that there was no verification of the invoices prior to payment and it was recommended that verification be completed before payment. The main accounting audit 2016/17 had been satisfactory but there was a similar recommendation in terms of verification. There was a good level of control around entries and reconciliation which stood the Council in good stead for the Statement of Accounts. The creditors' audit 2016/17 had shown there was an up-to-date signatory list and invoices were correctly authorised and coded. Tewkesbury Borough Council had become a deemed contractor under the Construction Industry Scheme (CIS) with effect from 6 April 2016 and all payments made for construction operations falling under the scheme were subject to CIS rules. Audit testing of the monthly return had shown that, of the seven sub-contractors, one had been incorrectly processed and two had related to mixed contracts whereby not all payments due to the sub-contractor had been processed through CIS. Given these findings, it was recommended that a review of the CIS monthly returns processed to date be carried out in order to ensure that the scheme was being correctly applied. The Finance Manager advised that, when the CIS had come into effect in April, Officers had undergone training and the scheme had been implemented. There had been some issues at the start when staff had been learning the system but these had all been addressed. The system had been reviewed a few weeks earlier and a procedure had been put in place to determine whether CIS applied.

- 50.6 The 2016/17 audit of the Environmental Health flood grants had found a satisfactory level of assurance in terms of external funding being appropriately spent and monies due being received promptly and for the correct amount. Notwithstanding this, it was noted that the agreement between Tewkesbury Borough Council and Gloucestershire County Council with regard to grant payments to undertake flood alleviation schemes still needed to be finalised. In addition, the Borough Council was acting as an accountable body for the Isbourne Catchment Group and currently held funds for that Group; however, there was an issue regarding governance and it was necessary to put a formal agreement in place so that the Council's responsibilities were clear. In terms of corporate improvement work, it was noted that the Council had purchased a new vehicle fleet and one of the Internal Audit Team was working with the Head of Community Services on an agreement to ensure that the vehicles were appropriately maintained and managed by Ubico. A Member questioned the basis on which these vehicles were provided to Ubico and what checks were being undertaken to ensure that the Council's assets were being looked after. The Finance Manager clarified that a lease agreement was being put in place with Ubico in terms of how it used the assets and the expectations in terms of maintenance etc. A final draft had been received from One Legal earlier that day and it was anticipated that it would be signed the following week. The Head of Finance and Asset Management indicated that there should be a performance indicator within the lease agreement to ensure that the vehicles were used in accordance with the agreed terms. The Member went on to question whether spot checks were carried out and the Head of Corporate Services confirmed he would expect this to be the case. A number of days were allocated in the Internal Audit Plan 2017/18 specifically for the vehicle contract.
- 50.7 Members were informed that Appendix 3 to the report contained a summary of all audit recommendations and their status. There were 22 follow-up recommendations in the period; 12 had been implemented, three were in progress and seven were yet to be implemented which would be taken up with the relevant Officers. A Member raised concern that the expected implementation dates for a number of actions had passed some time ago, or were due to very shortly, and there was nothing in the other columns to provide an update as to whether this had been achieved. The Head of Corporate Services advised that these actions were yet to be followed-up by the Internal Audit Team and he pointed to the 'Target Follow-Up Date' column at the end of the table which showed when this would be achieved. He advised that any outstanding recommendations would be brought to the next Audit Committee meeting.
- 50.8 Having considered the information provided, and views expressed, it was
RESOLVED That the Internal Audit Plan Monitoring Report be **NOTED**.

AUD.51 TREE INSPECTIONS FOLLOW-UP AUDIT REPORT

- 51.1 The report of the Asset Manager, circulated at Pages No, 120-122, provided an update in relation to the recommendations arising from the tree-inspections audit. Members were asked to consider the progress that had been made.
- 51.2 The Head of Finance and Asset Management reminded Members that responsibility for the management of trees on Tewkesbury Borough Council-owned land had transferred to the Asset Management Team in September 2015. A new system for plotting trees had been introduced in November 2015 which had involved new software and GPS hardware and that had been very successful once initial teething problems had been addressed. In February 2016, it was established that Ubico had been inspecting trees that were not within the ownership of the Borough Council and the process for future inspections had subsequently been reviewed. The Asset Management Team had reviewed all

trees on Council-owned land and risk categorised them and, in November 2016, the Executive Committee had approved an updated Tree Policy which incorporated the new risk categories and inspection regime. Additional training had also been provided to Ubico on the software and risk categorisation system. As of February 2017, Ubico had completed 70% of tree inspections on Tewkesbury Borough Council-owned land and only one had been wrongly inspected during 2016/17 that was not within the ownership of the Borough Council. The Head of Finance and Asset Management acknowledged that the tree inspection regime had been very poor 18 months ago but he was pleased to be able to provide assurance that there was now a solid and robust system in place and trees were being maintained responsibly.

- 51.3 A Member raised a query in relation to the maintenance of trees next to waterways and whether those would have been linked. The Head of Finance and Asset Management indicated that he would need to make some enquiries and come back to Members outside of the meeting. It was

RESOLVED That the progress made in respect of the recommendations arising from the tree inspections audit be **NOTED**.

AUD.52 INTERNAL AUDIT PLAN 2017/18

- 52.1 The report of the Head of Corporate Services, circulated at Pages No. 123-127, attached, at Appendix 1, the Internal Audit Plan 2017/18. Members were asked to approve the Plan.

- 52.2 Members were advised that the Internal Audit Plan 2017/18 was divided into key areas: governance related activity; corporate improvement; fundamental financial systems; service areas; and other areas. The Head of Corporate Services drew attention to a typographical error at Appendix 1 which should state that 80 days had been allocated for Corporate Improvement rather than none. The areas that would be covered under corporate governance included absence management, health and safety and data protection. There would be some new work under the fundamental financial systems audits in respect of the new e-ordering system and off-payroll regulations. In terms of specific service areas, days had been allocated to client monitoring for both the leisure centre and Ubico; Disabled Facilities Grants, where there had been significant change; the vehicle contract; the Public Service Centre refurbishment; and property leases.

- 52.3 It was

RESOLVED That the Internal Audit Plan 2017/18 be **APPROVED**.

AUD.53 INTERNAL AUDIT CHARTER

- 53.1 The report of the Head of Corporate Services, circulated at Pages No. 128-139, set out the Internal Audit Charter which Members were asked to approve.

- 53.2 Members were advised that it was a requirement of the Public Sector Internal Audit Standards (PSIAS) for the authority and responsibility of the internal audit activity to be formally defined in an Internal Audit Charter which must be periodically reviewed and presented to the Corporate Management Team and the Audit Committee for approval. The Charter had last been approved by the Committee on 23 March 2016 and a number of amendments had been made since that time, the majority of which were minor textural changes. The only real significant change was at Page No. 135, Paragraph 4.2.2, in order to clearly highlight the operational responsibilities of the Head of Corporate Services. The Head of Corporate Services indicated that audit was only one part of his remit, however, he made a commitment under his professional standards that he would present reports in an objective and transparent manner and would not have any influence

in changing the opinions given by the Internal Audit Team. He pointed out that he was responsible for the complaints framework and business continuity which had both been given limited audit opinions.

53.3 It was

RESOLVED That the Internal Audit Charter be **APPROVED**.

AUD.54 MONITORING OF SIGNIFICANT GOVERNANCE ISSUES

54.1 The report of the Borough Solicitor, circulated at Pages No. 140-146, set out the Significant Governance Issues and the action to be taken to address them as identified in the Council's Annual Governance Statement. Members were asked to consider the progress made against those issues.

54.2 Members were advised that the table set out at Appendix 1 to the report comprised the Significant Governance Issues and the proposed actions and timescales for completion, with further columns indicating the progress as at 30 November 2016 and 1 March 2017. The Borough Solicitor indicated that she had hoped to be able to advise that all of the issues identified had been completed, unfortunately, this was not the case. She explained that the approval of a Workforce Development Strategy was programmed for consideration by the Executive Committee at its meeting in June so this would be completed on time. In terms of the Audit Committee effectiveness, an initial 'Meet the Audit Team' session had been held in February and this would be followed-up with training on the role of the Audit Committee and a review of the effectiveness of the Audit Committee using the CIPFA framework. This had been given a revised implementation date of September. Both risk management and business continuity were corporate matters and dependent upon staffing; there had been quite a significant resource shortage over the past few months but it was important that there was corporate ownership and these outstanding matters would be addressed now that the new team was in place. Any outstanding risks would be rolled forward into the Annual Governance Statement 2016/17 which would be brought to the Audit Committee in July. In terms of the review of the Council's Constitution she explained that the Democratic Services Team was very small and the majority of time had been taken up with unexpected matters such as the Ward Boundary Review which had not been included in the work programme for that service. She provided assurance that, whilst it did require updating, the current Constitution continued to be used as a working document. Assuming that there was no snap election in 2018, there would be an opportunity to carry out the review at that time.

54.3 A Member queried whether there was a date for the Audit Committee training and was advised that Grant Thornton would be running the session on the role of the Audit Committee and Members would be advised of the arrangements in due course. It was subsequently

RESOLVED That progress against the Significant Governance Issues identified in the Council's Annual Governance Statement be **NOTED**.

The meeting closed at 3:10 pm

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,
Gloucester Road, Tewkesbury on Tuesday, 16 May 2017 commencing at 6:15 pm**

Present:

Chair
Vice Chair

Councillor V D Smith
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 CHAIR

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 V D Smith be nominated as Chair of the Committee. Upon being put to the vote it was

RESOLVED That Councillor V D Smith be elected as Chair of the Audit Committee for the ensuing Municipal Year.

AUD.2 APPOINTMENT OF VICE-CHAIR

2.1 Councillor V D Smith took the chair and invited nominations for Vice-Chair of the Committee.

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

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

The meeting closed at 6:20 pm

AUDIT COMMITTEE WORK PROGRAMME

Addition to 19 July 2017

- External Auditor's Progress Report – Replaces External Auditors' Audit Findings report which was moved to September.
- Counter Fraud Unit Report and Work Plan 2017/18 – Replaced the National Fraud Initiative 2016/17 and Counter Fraud Hub Annual Action Plan items which have been combined into one report.

Deletion from 19 July 2017

- External Auditors' Audit Findings – Moved to September.
- Letter of Representation – Moved to September.
- Statement of Accounts 2016/17 – Moved to September.
- Annual Report on Health and Safety Activities – Moved to September.
- PSIAS Independent Review Report Format – Included within the Internal Audit Annual Report.
- Ubico Follow-Up Audit Report – Moved to September.
- National Fraud Initiative 2016/17 – Combined with Counter Fraud Hub Annual Action Plan into Counter Fraud Unit Report and Work Plan 2017/18 item.
- Counter Fraud Hub Annual Action Plan – Combined with National Fraud Initiative 2016/17 into Counter Fraud Unit Report and Work Plan 2017/18 item.

Committee Date: 21 September 2017

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Graeme Simpson, Head of Corporate Services.	No.
Corporate Risk Register	To consider the risk register and the risks contained within it.	Graeme Simpson, Head of Corporate Services.	Yes – deferred pending the review of the Council's overall risk management arrangements.
External Auditors' Audit Findings	To consider the external auditors' Audit Findings 2016/17.	External Auditors.	Yes - Originally brought forward from September 2017 meeting due to early closure of accounts but not possible to achieve so moved back to September.

NB – Changes from previous work programme highlighted in bold

Committee Date: 21 September 2017

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditors' Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No. Replaced by the External Auditors' Audit Findings report.
Letter of Representation	To consider the S151 Officer's Letter of Representation on the closure of the accounts for the year ended 31 March 2017.	Simon Dix, Head of Finance and Asset Management	Yes – brought forward from September 2017 meeting due to early closure of accounts but not possible to achieve so moved back to September.
Statement of Accounts 2016/17	To approve the Statement of Accounts 2016/17.	Simon Dix, Head of Finance and Asset Management.	No – brought forward from September 2017 meeting due to early closure of accounts but not possible to achieve so moved back to September.
Annual Report on Health and Safety Activities	To consider the adequacy of the Council's health and safety arrangements.	Peter Tonge, Head of Community Services.	Yes – deferred from July 2017 as it needs to be considered by management and Lead Member need to be briefed.
Ubico Follow-Up Audit Report	To consider the progress made in respect of the recommendations arising from the Ubico audit.	Peter Tonge, Head of Community Services.	Yes – deferred from July 2017 as management are currently reviewing how to improve the existing arrangements.

Committee Date: 13 December 2017			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditors' Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
Annual Audit Letter 2016/17	To consider the external auditors' Audit Letter 2016/17.	External Auditors.	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Graeme Simpson, Head of Corporate Services.	No.
Monitoring of Gloucestershire Safeguarding Children Board Section 11 Audit	Annual report to give assurance as to the level of the Council's compliance with its safeguarding duty.	Peter Tonge, Head of Community Services.	No.
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Sara Freckleton, Borough Solicitor.	No.
Corporate Risk Register	To consider the risk register and the risks contained within it.	Graeme Simpson, Head of Corporate Services.	No.
Counter Fraud Unit Update	To consider the six monthly update from the Counter Fraud Unit.	Simon Dix, Head of Finance and Asset Management / Emma Cathcart, Counter Fraud Manager.	No.

Committee Date 28 March 2018			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Certification Year End Letter March 2017	To consider the certification year-end letter March 2017.	External Auditors.	No.
External Auditors' Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
External Auditors' Audit Plan 2017/18	To consider the external auditors' Audit Plan 2017/18.	External Auditors.	No.
Statement of Accounting Policies	To approve the accounting policies to be used during the 2016/17 closedown.	Emma Harley, Finance Manager.	No.
Critical Judgements and Assumptions Made During the Preparation of the Statement of Accounts	To approve the critical accounting judgements that will be used in completing the 2016/17 annual accounts and to note the key sources of estimation uncertainty.	Emma Harley, Finance Manager.	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Graeme Simpson, Head of Corporate Services.	No.
Internal Audit Plan 2018/19	To approve the Internal Audit Plan 2018/19.	Graeme Simpson, Head of Corporate Services.	No.

Committee Date 28 March 2018			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Sara Freckleton, Borough Solicitor.	No.
Corporate Risk Register	To consider the risk register and the risks contained within it.	Graeme Simpson, Head of Corporate Services.	No.

Committee Date: July 2018			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditors' Audit Findings	To consider the external auditors' Audit Findings 2017/18/	External Auditors.	No.
Letter of Representation	To consider the S151 Officer's Letter of Representation on the closure of the accounts for the year ended 31 March 2018.	Simon Dix, Head of Finance and Asset Management	No.
Statement of Accounts 2017/18	To approve the Statement of Accounts 2016/17.	Simon Dix, Head of Finance and Asset Management.	No.
External Auditors' Fee Letters 2018/19	To consider the external auditors' fee letter in relation to the audit work to be undertaken during 2018/19.	External Auditors.	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Graeme Simpson, Head of Corporate Services.	No.
Internal Audit Annual Report 2017/18	To consider the Internal Audit Annual Report 2016/17 and the assurance from the work undertaken during the year on the level of internal control within the systems audited during the year.	Graeme Simpson, Head of Corporate Services.	No.
Annual Governance Statement 2017/18	To approve the Annual Governance Statement 2017/18.	Sara Freckleton, Borough Solicitor.	No.

Committee Date: July 2018			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
National Fraud Initiative 2017/18	To consider the outcomes of the data matching exercise.	Richard Horton, Head of Revenues and Benefits.	No.
Counter-Fraud Unit Report	To consider the annual update on the work of the Counter Fraud Team.	Simon Dix, Head of Finance and Asset Management / Emma Cathcart, Counter Fraud Manager.	No.

OTHER ITEMS			
Agenda Item	Overview of Agenda Item	Lead Officer	Comments
Anti-Fraud and Corruption Policy	To recommend the approval of the updated Anti-Fraud and Corruption Policy to the Executive Committee.	Sara Freckleton, Borough Solicitor	Three year review – last considered at Audit Committee on 21 September 2016 and approved by Executive Committee 12 October 2016. DUE TO GO TO AUDIT COMMITTEE IN SEPTEMBER 2019

Audit Committee Progress Report and Update Tewkesbury Borough Council Year ended 31 March 2017

19 July 2017

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Julie Masci

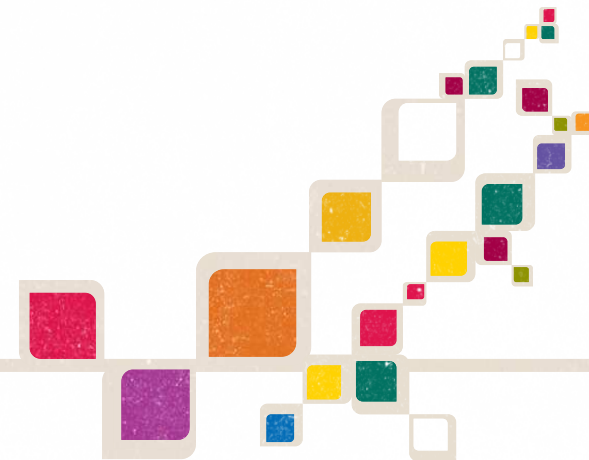
Engagement Lead
T 02920 347 506
E julie.masci@uk.gt.com

David Johnson

Audit Manager
T 0117 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.



Introduction

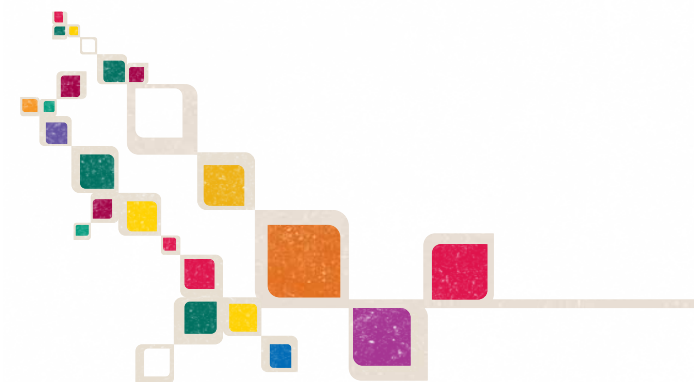
This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

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. Here you can download copies of past publications and review insights:

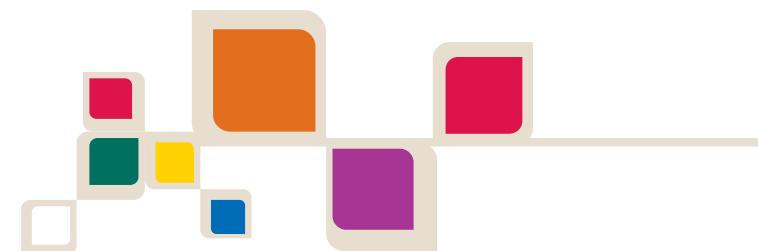
- A global Britain needs more local government not less (April 2017)
<http://www.grantthornton.co.uk/en/insights/a-global-britain-needs-more-local-government-not-less/>
- Becoming a strong commercial council (April 2017)
<http://www.grantthornton.co.uk/en/insights/becoming-a-strong-commercial-council/>
- Local Leaders are ready to be more commercial (March 2017)
<http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>
- Brexit: local government – transitioning successfully (December 2016)
<http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

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 Engagement Manager.

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.



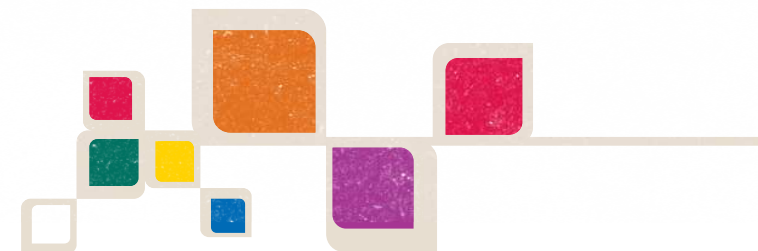
Progress at July 2017



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2016/17 work	Planned Date	Complete?	Comments
<p>Fee Letter</p> <p>We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016.</p>	April 2016	Yes	The 2016/17 fee letter was issued on 25 April 2016 and included on the agenda of the June 2016 Audit & Accounts Committee for information.
<p>Accounts Audit Plan</p> <p>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 2016-17 financial statements.</p>	March 2017	Yes	The audit plan was presented and discussed as part of the March Audit Committee.
<p>Interim accounts audit</p> <p>Our interim fieldwork visit plan included:</p> <ul style="list-style-type: none"> • updated review of the Council's control environment • updated understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	February - March 2017	Yes	Our interim audit was completed in line with our planned timetable, and we have undertaken all the required planning and preparation, together with such early testing we deemed efficient.
<p>Final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2016/17 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. 	July – August 2017	No	Findings from the Audit of the financial statements were due to be presented to Audit Committee in July. Due to changes within the audit team we have discussed, and agreed, a revised timetable with officers. Fieldwork will still be completed much earlier than in previous years and we will report to the September Audit Committee

Progress at July 2017



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2016/17 work	Planned Date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work is unchanged to 2015/16 and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties. 	February – August 2017	No yet due	<p>We have completed our initial risk assessment and the significant risks that we have identified were reported in the Audit Plan was presented to Audit Committee in March 2017</p> <p>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.</p>
<p>Grant claims and certification</p> <p>We anticipate that we will be required to certify the Council's 2016/17 Housing benefit and council tax subsidy claim.</p>	August 2017 to November 2017	Not yet due	The work on the 2016/17 claim will be completed by 30 November 2017, in accordance with the national timetable.
<p>Other areas of work</p> <p>Audit Committee Training.</p>	July 2017	No	We will provide training to audit committee members ahead of the July Audit Committee as part of our ongoing work in partnership with the Council.

Technical Matters

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Delivering Good Governance

In April, CIPFA and SOLACE published 'Delivering Good Governance in Local Government: Framework (2016)' and this applies to annual governance statements prepared for the 2016/17 financial year. The key focus of the framework is on sustainability – economic, social and environmental – and the need to focus on the longer term and the impact actions may have on future generations.

Local authorities should be:

- reviewing existing governance arrangements against the principles set out in the Framework
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring on-going effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The framework applies to all parts of local government and its partnerships and should be applied using the spirit and ethos of the Framework rather than just rules and procedures.

Local authority accounts – a guide to your rights

In addition to his statutory duties and powers in respect of the Code of Audit Practice and guidance to auditors, the Comptroller and Auditor General has agreed to maintain and publish Local authority accounts – a guide to your rights.

This document provides information on how people can ask questions and raise objections about the accounts of their local authority.

The publication can be found at the following link:

<https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Council-accounts-a-guide-to-your-rights.pdf>

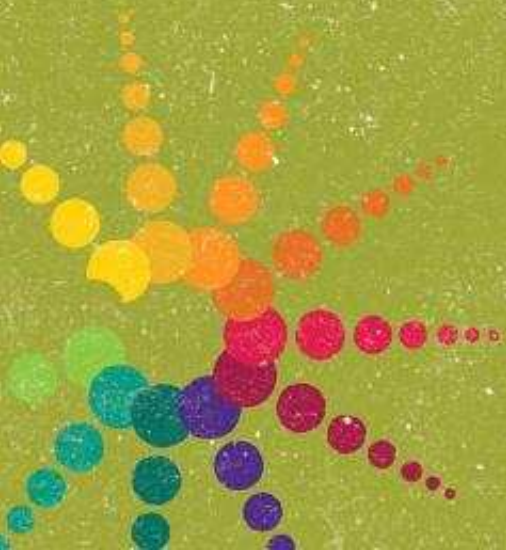
LAAP Bulletin 105 - Closure of the 2016/17 Accounts and Related matters

This bulletin covers the closure of accounts and related matters for the 2016/17 year and provides further guidance and clarification to complement the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom Guidance Notes for Practitioners (Code Guidance Notes). It addresses frequently asked questions, and other issues that have arisen since the publication of the Code Guidance Notes.

The bulletin focuses on those areas that are expected to be relevant for most authorities. It is not intended to replace authorities' processes for identifying issues, but to complement them.

In addition, the bulletin addresses matters that will generally be applicable to authorities across England, Wales, Scotland and Northern Ireland.

Sector issues and developments



Fixing our broken housing market

DCLG published its housing White Paper on 7 February 2017. It opens with the statement:

“The housing market in this country is broken, and the cause is very simple: for too long, we haven’t built enough homes.”

It goes on to summarise three key challenges in the housing market.

1. Over 40 per cent of local planning authorities do not have a plan that meets the projected growth in households in their area.
2. The pace of development is too slow. There is a large gap between permissions granted and new homes built. More than a third of new homes that were granted planning permission between 2010/11 and 2015/16 have yet to be built.
3. The structure of the housing market makes it harder to increase supply. Housing associations have been doing well – they’re behind around a third of all new housing completed over the past five years – but the commercial developers still dominate the market.

The proposals in the White Paper set out how the Government intends to boost housing supply and, over the long term, create a more efficient housing market whose outcomes more closely match the needs and aspirations of all households and which supports wider economic prosperity.

It states that the challenge of increasing housing supply cannot be met by the government acting alone and summarises how the government will work with local authorities, private developers, local communities, housing associations and not for profit developers, lenders, and utility companies and infrastructure providers.

For local authorities, the government is:

- offering higher fees and new capacity funding to develop planning departments, simplified plan-making, and more funding for infrastructure;
- will make it easier for local authorities to take action against those who do not build out once permissions have been granted; and
- is interested in the scope for bespoke housing deals to make the most of local innovation.

The government is looking to local authorities to be as ambitious and innovative as possible to get homes built in their area. It is asking all local authorities to:

- develop an up-to-date plan with their communities that meets their housing requirement (or, if that is not possible, to work with neighbouring authorities to ensure it is met);
- decide applications for development promptly; and
- ensure the homes they have planned for are built out on time.

The White Paper states that it is crucial that local authorities hold up their end of the bargain. It goes on to say that where local authorities are not making sufficient progress on producing or reviewing their plans, the Government will intervene. It also notes that where the number of homes being built is below expectations, the new housing delivery test will ensure that action is taken.

The White Paper goes on to consider in more detail:

- Planning for the right homes in the right places
- Building homes faster
- Diversifying the market
- Helping people now

National developments

Challenge questions:

- Have you been briefed on the White Paper and the implications for your statutory housing function?

Consultation on the White Paper will begin on 7 February 2017. The consultation ran for 12 weeks and closed on 2 May 2017.

The White Paper is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

Integrated Thinking and Reporting

Focusing on value creation in the public sector

Grant Thornton has seconded staff to the International Integrated Reporting Council on a pro bono basis for a number of years.

They have been working on making the principles of Integrated Reporting <IR> relevant to the public sector and co-authored a recent report by CIPFA and the World Bank: *Integrated thinking and reporting: focusing on value creation in the public sector - an introduction for leaders*.

Around one third of global gross domestic product (GDP) is made up by the public sector and this is being invested in ensuring there is effective infrastructure, good educational opportunities and reliable health care. In many ways, it is this investment by the public sector that is helping to create the conditions for wealth creation and preparing the way for the success of this and future generations.

Traditional reporting frameworks, focussed only on historic financial information, are not fit-for-purpose for modern, multi-dimensional public sector organisations.

Integrated Reporting supports sustainable development and financial stability and enables public sector organisations to broaden the conversation about the services they provide and the value they create.

The public sector faces multiple challenges, including:

- Serving and being accountable to a wide stakeholder base;
- Providing integrated services with sustainable outcomes;
- Maintaining a longer-term perspective, whilst delivering in the short term; and
- Demonstrating the sustainable value of services provided beyond the financial.

The <IR> Framework is principle based and enables organisations to tailor their reporting to reflect their own thinking and strategies and to demonstrate they are delivering the outcomes they were aiming for.

Integrated Reporting can help public sector organisations deal with the above challenges by:

- Addressing diverse and often conflicting public accountability requirements;
- Focussing on the internal and external consequences of an organisation's activities;
- Looking beyond the 'now' to the 'near' and then the 'far';
- Considering the resources used other than just the financial.

The report includes examples of how organisations have benefitted from Integrated Reporting.

CIPFA Publications

Challenge question:

- Have you reviewed the CIPFA guide to Integrated Reporting in the public sector?

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Grant Thornton



The Board: creating and protecting value

Our new cross sector Board Effectiveness Report

In all sectors, boards are increasingly coming under pressure from both the market and regulators in terms of effectiveness and accountability. Building on the success of our cross sector audit committee effectiveness survey- Knowing The Ropes, the Grant Thornton Governance Institute extended its research to look at the effectiveness of boards across the corporate, public and not for profit sectors.

This report raise key questions that all boards should ask themselves to challenge their effectiveness. Their organisations may operate in different sectors and be subject to a variety of statutory and governance requirements, but they all share a common overriding principle: the governing body is a collective charged with developing the organisation's purpose.

Key messages:

- There is a strong future focus on boards
- Executive behaviours tend to dominate - not the best scenario for good governance or an organisation's future focus
- There are strongly held opinions about the relationship between the board and the executive which will impact on efficiency
- More than 88% of respondents see their executives as being strong leaders of the organisation
- There is a clear focus on organisational culture and values across all sectors – 93% see the executive board members modelling the values of the organisation
- Non-executives also need to live and breathe those values – only 82% of respondents agreed that the non-executives inspire and guide the executive to realise the organisation's purpose
- Only 75% of respondents feel that the recruitment process of non-executives is rigorous, well-documented or transparent
- Over 60% of board members believe that are adequate processes in place to evaluate performance

This report uses the DLMA analysis which categorises skills into four areas: Directorship, Leadership, Management and Assurance. This framework allows organisations to have a better understanding about where they are focusing their energies.

Download the report here: <http://www.grantthornton.co.uk/en/insights/the-board-creating-and-protecting-value/>

Grant Thornton reports

Challenge question:
Are you familiar with this report?

The income spectrum

Helping local authorities to achieve revenue and strategic objectives to create a vibrant economies

Grant Thornton market insight

Income generation is increasingly an essential part of the solution to providing sustainable local services, alongside managing demand reduction and cost efficiency. Our report gives local authorities the tools needed to maximise their ability to do so.

Our new research on income generation which includes our CFO Insights too suggests that:

- councils are increasingly using income generation to diversify their funding base, and are commercialising in a variety of ways. This ranges from fees and charges (household garden waste, car parking, private use of public spaces), asset management (utilities, personnel, advertising, wifi concession license) and company spin-offs (housing, energy, local challenger banks), through to treasury investments (real estate development, solar farms, equity investment).
- the ideal scenario to commercialise is investing to earn with a financial and social return. Councils are now striving to generate income in way which achieves multiple strategic outcomes for the same spend; examining options to balance budgets while simultaneously boosting growth, supporting vulnerable communities and protecting the environment.
- stronger commercialisation offers real potential for councils to meet revenue and strategic challenges for 2020 onwards. Whilst there are examples of good practice and innovation, this opportunity is not being fully exploited across the sector due to an absence of a holistic and integrated approach to corporate strategy development (a common vision for success, understanding current performance, selecting appropriate new opportunities, the capacity and culture to deliver change).

To support local authorities as they develop income generation strategies, the report provides:

- case study examples
- local authority spend analysis
- examples of innovative financial mechanisms
- critical success factors to consider





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Simon Dix
Head of Finance and Asset Management
Tewkesbury Borough Council
Gloucester Road
Tewkesbury
Gloucestershire
GL20 5TT

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

24 April 2017

Dear Simon

Planned audit fee for 2017/18 – Tewkesbury Borough Council

The Local Audit and Accountability Act 2014 provides the framework for local public audit. Under these provisions the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Audit Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 PSAA has been specified by the Secretary of State as an appointing person for principal local government and police bodies, and will make auditor appointments and set fees for bodies that have opted into the national auditor appointment scheme it is developing.

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no changes to the overall work programme for local government audited bodies for 2017/18, following the recent CIPFA/LASAAC announcement that their planned introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities in 2017/18 will no longer proceed. PSAA have therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17. The Council's scale fee for 2017/18 has been set by PSAA at £44,921.

The audit planning process for 2017/18, 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

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2017/18 will be undertaken under this Code, on the basis of the [2017-18 work programme and scales of fees](#) set out on

the PSAA website. Further information on the NAO Code and guidance is available on the [NAO website](#).

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); and
- our work on your whole of government accounts return.

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider 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.

The NAO issued its guidance for auditors on value for money work in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Certification of grant claims and returns

At the request of the Department for Work and Pensions, auditors appointed by PSAA will continue to certify local authority claims for housing benefit subsidy for 2017/18.

The Council's indicative fee for this certification work has yet to be set by PSAA. We will write to you to confirm the fee when this has been confirmed.

Assurance engagements for other schemes will be subject to separate arrangements and fees agreed between the grant-paying body, the Council and ourselves.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2017	11,230.25
December 2017	11,230.25
March 2018	11,230.25
June 2018	11,230.25
Total	44,921
Housing Benefit Certification	
March 2018	TBC

Outline audit timetable

We will undertake our audit planning and interim audit procedures in January to March 2018. 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 July 2018 and work on the whole of government accounts return in July 2018.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	January to March 2018	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 July 2018	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	July 2018	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	July 2018	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	September 2018	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	August – September 2018	Grant certification report	A report summarising the findings of our housing benefit certification work

Our team

The key members of the audit team for 2017/18 are:

	Name	Phone Number	E-mail
Engagement Lead	Julie Masci	0292 034 7506	Julie.masci@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 Jon Roberts, our Public Sector Assurance regional lead partner, via jon.roberts@uk.gt.com.

Yours sincerely

A handwritten signature in black ink that reads "Grant Thornton UK LLP". The signature is written in a cursive, flowing style.

Grant Thornton UK LLP

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	19 July 2017
Subject:	Bulky Waste Audit Progress Report
Report of:	Peter Tonge, Head of Community Services
Corporate Lead:	Rob Weaver, Deputy Chief Executive
Lead Member:	Councillor J R Mason, Lead Member for Clean and Green Environment
Number of Appendices:	2

<p>Executive Summary:</p> <p>To provide an update on the progress of the recommendations following the audit of the bulky waste collection service</p>
<p>Recommendation:</p> <p>To CONSIDER the progress made in respect of the recommendations arising from the bulky waste audit.</p>
<p>Reasons for Recommendation:</p> <p>To provide assurance to the Audit Committee that progress is being made to address the recommendations and, where an assurance level of limited was recorded, actions are being taken to address this.</p>

<p>Resource Implications:</p> <p>It is an action within the Joint Waste Team 2017/18 action plan to undertake a review of the bulky waste service.</p>
<p>Legal Implications:</p> <p>None directly relating to this report other than the Council being mindful of its consultation responsibilities in respect of changes to services and/or charges under its best value (s 3 Local Government Act 1999) and equality duties (s149 Equality Act 2010).</p>
<p>Risk Management Implications:</p> <p>Currently there are no staff dedicated to the management of the bulky waste collection service. There is a risk that the audit recommendations may not be completed on time or in a sustainable manner if this cannot be assigned to a role within the Council.</p>

Performance Management Follow-up:

A follow-up audit will be programmed in by the Audit department.

Progress is being made with Ubico Ltd to identify key performance indicators for service delivery which will include a target delivery time for bulky waste collections and bin deliveries. These KPIs will be the responsibility of both the Council and the contractor to deliver the service to customer satisfaction.

Environmental Implications:

None associated with this report.

1.0 INTRODUCTION/BACKGROUND

1.1 An audit of the bulky waste collection service was carried out during 2016/17 and the audit opinion reported to Audit Committee on 22 June 2016. The audit highlighted a number of improvements which can be read in the report and recommendations in Appendices 1 and 2. Two aspects of the internal control environment were given a 'limited' opinion. Where a 'limited' or 'unsatisfactory' opinion has been given, then it is protocol for the responsible manager to report back to a future Committee on progress in resolving the issues identified. The limited opinion related to:

- The bulky waste fee of £20 and the 50% discount for customers on housing benefit and Council Tax benefit (now Council Tax reduction scheme) had not been reviewed since 2011.
- Some areas of the borough were experiencing a seven week wait for a collection.

1.2 The bulky waste collection service not only collects bulky and furniture items from domestic properties, but also operates as a bin and caddy delivery service delivering new and replacement containers to new developments and existing properties. It also delivers the bins for events such as fetes and summer fairs. This diverse operation enables maximum use of the resources allocated to the service, which are a driver and crew member plus the caged flatbed vehicle.

1.3 The administrative management of the service has been with the Council since the transfer of operational services to Ubico Ltd in April 2015. Prior to April 2015, it was a combination of the Council's Customer Services department and the Direct Services department based in the depot to manage the service. Ubico Ltd now delivers the services based on customer orders and delivery requests made through the Council's Achieve computer system.

2.0 PROGRESS TO DATE FOLLOWING AUDIT RECOMMENDATIONS

2.1 The 2016 audit highlighted a number of areas of improvement to reduce the risks across the Council's business including financial loss, service delivery, and data management. All areas have been progressed with some work to continue as they are aligned with other Council projects. Progress towards mitigation of each identified risk is outlined in the paragraphs below.

2.2 Financial loss

- 2.2.1** A review of the charge has taken place and this has now been increased from £20 to £22 for all standard charges, with an increase in the discounted rate from £10 to £11. The 50% discount is for residents who are receiving housing or Council Tax benefits. This increase was implemented in April 2017. Moving forward, annually, fees will be reviewed in accordance with the Fees and Charges Strategy that was approved at Executive Committee on 26 April 2017. The cost for the delivery of new bins for new developments is covered by the Section 106 charge to developers for the provision of bins.
- 2.2.2** A further recommendation is for a full review of the bulky collection service which will be carried out by the Joint Waste Team and the Council this year, before April 2018, as per the implementation date. This is a programmed action; the Joint Waste Team action plan was presented at Overview and Scrutiny Committee on 18 October 2016.

2.3 Service delivery and lead times for collection and delivery

- 2.3.1** As mentioned in Paragraph 1.2, the service team deliver a variety of functions, not only the collection of bulky items and furniture. Demand for the services provided is changeable with peaks being linked to new developments, especially for the bin delivery service.
- 2.3.2** In June 2016 the service was unable to meet the level of demand and the average wait time rose from approximately 14 days in March 2015 to 40 days in June 2016. To combat this additional days were put on to deal with the back log and changes were made to the way the service operates to increase the number of bookable slots from 460 per month to 610 per month, with additional slots being allocated to the Parishes with the highest demand.
- 2.3.3** The service lead times is standing item on the Agenda for the Ubico and Customer Services Team meeting to ensure that they are regularly monitored. Where a trend appears to be leading to a backlog, the team can move some of the higher demand area to the lesser demand areas days to reduce the backlog.

2.4 Data management

- 2.4.1** The bulky waste database has proved to be flexible in terms of being able to re-allocate calendar days when there is peak demand. In terms of developing a retention policy, this has yet to be implemented but will be picked up within the wider review towards compliance with the new General Data Protection Regulations. Improvements to the online offering to customers will be in place by the end of August. The website page and the online form for the request and payment of a bulky waste collection are currently under review. The Council's new website was scored 3* (out of 4) by the Society for IT Practitioners in the Public Sector (SOCITM) which has made recommendations, particularly around improvements to the reporting of bulky waste collections. This is now taking priority within the new online forms project and should lead to the website achieving a maximum 4* rating.

2.5 Refund policy

- 2.5.1** A new waste and recycling policy is currently being drafted with the intention to have it formally approved in autumn. The terms and conditions will come from this policy. In the meantime, additional information about the service will be added to the website to improve the service that customers receive. In terms of refunds - albeit small in number - delegated authority has been given to the Customer Services Team Leader to approve such refunds.

3.0 OTHER OPTIONS CONSIDERED

3.1 None

4.0 CONSULTATION

4.1 None

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Gloucestershire Joint Municipal Waste Management Strategy 2007-2020
The Council Plan 2016-20 (Customer Focused Services, Finance and Resources)

6.0 RELEVANT GOVERNMENT POLICIES

6.1 Environmental Protection Act 1990
Waste Strategy for England 2007

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None

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

8.1 None from this report

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

9.1 Ensuring the management of the service delivers value for money

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 Bulky Waste Collection Service Price Increase April 2017

Background Papers: None.

Contact Officer: Peter Tonge, Head of Community Services
01684 272049 Peter.tonge@teWKesbury.gov.uk

Appendices: Appendix A: Bulky Waste Audit 2016/17 Recommendations
Appendix B: Bulky Waste Audit Report 2016/17

APPENDIX A: RECOMMENDATIONS

AUDIT	Bulky Waste 2016/2017	DATE:	19/08/2016	AUDITOR:	G Whitehead
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CO No	Rec No	Risk (of non implementation)	Recommendation	Action to be taken	Officer Responsible	Implementation Date	Priority
CO1	1	Financial Loss- potential for loss of income where charge is not appropriate to the delivery of the service, increased cancellation/refunds Reputational risk – increased fly tipping	A review of the bulky waste service including charges should be conducted to ensure that the delivery of the service is undertaken in a timely cost-effective manner.	A review of the bulky waste charge should be undertaken. A review of the bulky waste service is undertaken.	Group Manager Environmental and Housing	April 2017 April 2018	N
CO2	2	Non-compliance to Data Protection legislation	It is recommended that a Data Retention Policy be developed for the service	To include a review and potential data cleansing in regards to the current data stored on Customer Accounts, and any duplicate accounts be merged	Policy and Communications Manager	April 2017	N
CO2	3	Financial Loss- potential to lose custom and difficulty monitoring the service delivery time	The Customer Records Database should be reviewed in terms of its functionality for delivering the service, including: - Generating a calendar of available time slots and flexibility in the allocating of slots - Ability to develop reports to support Performance Indicators - Opportunity to enter details regarding more irregular collections	A review of the Customer Records Database should be completed to establish the functionality in regards to generating a calendar of available collection slots, ability to develop monitoring reports and details of irregular cases.	Web and Digital Take Up Officer	April 2017	N
CO2	4	Reputational and	Terms of reference for using this	- Terms and conditions,	Policy and	April 2017	N

E= Essential – Necessary 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.

N= 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.

APPENDIX A: RECOMMENDATIONS

AUDIT	Bulky Waste 2016/2017	DATE:	19/08/2016	AUDITOR:	G Whitehead
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		financial risk- may allow for inconsistencies in awarding refunds, and may provide for refunds where they are not warranted.	service should be established and published for the public to view	including a Refund Policy, should be established and published on the web page for bulky collection applications, to provide a clear reference point for the customers who are looking to use this service - Training should be offered to Customer Services in order to direct the public to the online terms and conditions	Communications Manager		
CO3	5	Fraud risk	The authorised signatory list should be amended to reflect those who have been authorised to supply refunds	A review of the refunds process and the authorised signatory list should be completed to ensure that those providing refunds are authorised to do so.	Group Manager Corporate Services	April 2017	N

E= Essential – Necessary 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.

N= 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.

Introduction:

This audit is completed as part of the 2016/2017 audit plan. The council offers a bulky waste collection service delivered by their partners, UBICO. A cost of £20 is charged per time slot and up to three items can be removed per slot. There is a 50% discount offered to those who are in receipt of either Council Tax Support or Housing Benefit. You can complete an application for bulky waste collection, online, over the phone via customer services, or in person at the council offices.

Control Objectives (CO):

1. Bulky Waste Charges have been formally approved and are reviewed on a regular basis
2. Customer's requests to collect bulky items are dealt with in a timely manner
3. Bulky Waste payments are collected for the correct charge and are allocated to the general ledger

Audit opinion

CO	Assurance Level	Opinion
1	Limited	This audit identified that the bulky waste current charge of £20 has been in operation since April 2011. In addition, a 50% discount of the charge was approved by Executive Committee in September 2011 for customers on housing and council tax benefits. It was agreed with the interim Head of Environment and Housing that a review of the current fee should be undertaken.
2	Limited	Customer access to the booking of bulky collections is through either an online or phone service. The booking process gathers sufficient customer and job information to demonstrate that collections are undertaken. Additional advertised information to support the customer experience is required in relation to providing service terms of reference which should include the conditions on when a refund is provided. The retention of customer data needs to be reviewed to ensure compliance with data protection guidelines. The functionality of the database is adequate for the purpose of recording collection details, however, it does not provide for a refund history on the customer account or show availability of next collection time slots prior to ordering the collection. A review of available time slots found that in some geographical areas customers were waiting 7 weeks before collections, whereas the anticipated service delivery is 10 working days. Factors influencing this delay were, the number of time slots could not meet demand and that time slots were also being used for the delivery of domestic bins. A short term solution had been identified, however, continued monitoring of the time slot availability is required to support the development of a long term remedy to ensuring that service delivery is achieved in a timely manner.
3	Satisfactory	Using a test sample, it was established that bulky waste payments are collected for the correct charge according to any discounts, and are allocated to the general ledger promptly and to the correct code. Currently, refunds are authorised by Customer Services (CS) of which four members of the CS team are authorising refunds. However, according to the authorised signatory list, only one member is authorised to do so. This should be verified and amended accordingly.

Appendices**A** [Recommendations Bulky Waste 2016/2017](#)

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	19 July 2017
Subject:	Internal Audit Plan Monitoring Report
Report of:	Graeme Simpson, Head of Corporate Services
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor D J Waters, Leader of the Council
Number of Appendices:	3

<p>Executive Summary:</p> <p>The monitoring report is the final quarterly report of 2016/17. The report details the findings of Internal Audit for the remaining audits within the 2016/17 Audit Plan.</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 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 arising directly from this report.</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 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 reported to the Audit Committee and these can be found in Appendix 3.</p>

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The 2016/17 Internal Audit Plan was approved at Audit Committee on 23 March 2016. This monitoring report is the final monitoring report of the 2016/17 financial year and summarises the audit work for the final audits within the 2016/17 Annual Audit Plan. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Head of 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. The status of all audits can be found in Appendix 2.

2.2 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'. With regards to the opinions issued, all have a positive audit opinion except for the audits relating to information governance (review of policies) and business continuity (update of service plans and corporate plan).

2.3 Audit recommendations due to be followed up in quarter 1 of 2017/18 have been included within this monitoring report. This provides the Committee with an overview of the breadth of work undertaken and allows the Committee to monitor the implementation of the audit recommendations. The list of recommendations and their status can be found in Appendix 3.

2.4 Additional work carried out by the Internal Audit Team has included corporate improvement in connection with business continuity and freedom of information.

3.0 FRAUD/CORRUPTION/THEFT/WHISTLEBLOWING

3.1 No incidents have been reported during the period.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

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

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Internal Audit Charter and Internal Audit Annual Plan.

- 7.0 RELEVANT GOVERNMENT POLICIES**
- 7.1 None.
- 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 Internal Audit contributes to VFM through its improvement work.
- 11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 11.1 None.

Background Papers: None

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

Appendices: Appendix 1 – Audit work undertaken (final audits from 2016/17)
Appendix 2 – Status of 2016/17 Audit Plan
Appendix 3 – Summary of recommendations reviewed in 2017/18
Quarter 1

List of Audits Completed as Part of the 2016/17 Audit Plan

Audit	Audit Objective & Opinion		
Debtors 2016/17	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. Debt requests created by services are raised promptly and accurately 2. Debtor invoices are generated accurately, with any adjustments being justified and payments correctly allocated 3. Recovery action is appropriate and any outstanding debt is reported to services 4. Monthly reconciliation of debtors to general ledger is undertaken <p>Audit opinion</p>		
	CO	Assurance Level	Opinion
	1	Good	All debt requests tested were found to accurately reflect service delivery and there was a satisfactory level of assurance that debt requests had been created promptly.
	2	Good	Invoices raised within the debtors module accurately reflected the debt requests. Adjustments undertaken on debtors are authorised where appropriate including the write-off of bad debt. Payments are received and recorded correctly within the debtors system and the general ledger. Furthermore any payments allocated to debtors suspense are cleared promptly.
	3	Good	Recovery action undertaken by financial services is appropriate with regard to the issues of reminders and final reminders. Furthermore, debt is notified to services regularly using an outstanding debtors report which is colour coded to identify the age of debt. Invoices are suppressed if necessary and this suppression is monitored.
	4	Good	The balancing statement file provides evidence that a monthly reconciliation of debtors to the general ledger is undertaken. A review of four of these statements also provided assurance as to the accuracy of the reconciliation process.

Safeguarding
2016/17

Control Objectives (CO):

1. Appropriate policies and procedures have been established and are available to staff.
2. There is an awareness of the Safeguarding Policy across the organisation including: awareness of roles and responsibilities; adherence to key elements of the policy and confidential reporting practices are followed.

Audit opinion

CO	Assurance Level	Opinion
1	Satisfactory	The Council has in place an up-to-date Safeguarding Policy which was approved at Executive Committee in November 2016. This policy takes into account the Council's wider responsibilities under the Care Act 2014 which includes the safeguarding and welfare arrangements in respect of both children and adults. The policy is readily available to staff and Members through the intranet; however, further consideration needs to be given on how this information is embedded to the heart of the organisation and also disseminated to elected Members and volunteers.
2	Satisfactory	Awareness is demonstrated through the delivery of compulsory online training, staff news items and briefings. In addition, the importance of safeguarding is recognised by its inclusion within the Portfolio of the Lead Member for the Community and by having a designated Safeguarding Officer who reports to the Lead Member on a regular basis. Further adherence to the policy should be considered through the development of an action plan in relation to the following policy aspects:- <ul style="list-style-type: none"> - To raise awareness of safeguarding with Council volunteers, for example, the use of a guidance leaflet could provide initial support. Further consideration needs to be given to the level of training that volunteers should be entitled to. - Key officers have a clear understanding of their roles and responsibilities. To ensure that safeguarding is embedded the inclusion of the policy safeguarding statement '<i>safeguarding is everyone's responsibility</i>' should be included as a standard item within the job particulars. - With the exception of the procurement toolkit and licencing, a review of a sample of policies/ programmes (and the decision making behind these) found little evidence to support the policy statement "Where applicable the safeguarding of children,

			<p>young people and vulnerable adults is considered in strategies, plans and services'. It is recommended that Council templates used in connection with decision making provide appropriate safeguarding prompts.</p> <ul style="list-style-type: none"> - With regard to licencing, the decision in October 2016 to make safeguarding awareness a requisite to obtaining a taxi licence needs to be implemented. - Mechanisms are in place in relation to the reporting of a safeguarding incident. Assurance as to the confidentiality of this data and its retention needs to be adequately addressed within the Housing Services retention schedule and evidence of the appropriate data sharing agreements with the other partner organisations should be retained.
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Information Governance 2016/17	Control Objectives (CO):		
	1. The Council has a robust Information Governance framework in place.		
	Audit opinion		
	CO	Assurance Level	Opinion
	1	Limited	<p>It was identified that an overarching Information Governance Policy (IGP) was in existence, but has been at draft stage for an extended period of time and therefore it is recommended that this policy be reviewed to ensure that procedures meet current legislative duties. In addition consideration should be given to enhancing the policy to include further information including; a documented training schedule; a review frequency; list of associated supporting policies; and reference to the Council's Information Security Incident Management Policy. Once the IGP has been amended and taken to Committee for approval, this policy should be communicated to all staff.</p> <p>The IGP as mentioned above is an overarching framework, and should be supported by a number of more detailed policies and codes of practice that relate to particular risk areas. A total of 14 policies were reviewed during testing and the following was found; 1 policy was no longer relevant, 2 policies were up-to-date, and the remaining 11 policies were due for review. Of these policies, some of these had been previously identified as due for review by the relevant services; therefore recommendations have not been made to review these policies as services are already aware and some are already under review. Of the final policies, recommendations in regards to reviewing these policies have been made in the appended</p>

		<p>recommendation sheet. Considering the absence of an appropriately approved overarching IGP and the number of policies that require review, it is difficult to obtain evidence that the Council maintains a robust information governance framework. However, audit testing in regards to the key legislative duties placed upon the Council found that, generally, the Council is meeting these duties.</p> <p>Audit testing confirmed that the Council is generally operating in compliance with the primary legislation governing the handling and dissemination of data; Data Protection Act (DPA), Freedom of Information Act (FOIA), Environmental Information Regulations (EIR) and the Local Government Transparency Code. For data protection purposes, the Council is registered as a data controller on the Information Commissioner's public register and, where data is processed on the Council's behalf, appropriate contracts are in place. In addition, there is evidence that appropriate technical and physical security measures are taken to protect personal data. It is recommended that consideration be given to providing further information to customers in regards to who the Council are, the purpose for collecting the information, how we will use the information, and who it will be shared with or disclosed to. This will ensure that the Council is meeting its legal obligations of fair processing (principle 1 of the Data Protection Act).</p> <p>As required by the FOIA, the Council maintains a Publication Scheme, based on the Information Commissioner's model scheme. Freedom of Information requests (FOIs) are managed using the Firmstep platform which is utilised to monitor the progression of answering these requests; a review of the system confirmed that just under 90% of FOIs had been answered on time. EIR requests are also handled through this system, although currently there are no documented handling procedures for how these requests are handled. The recommendation is made that these be established and published on the Council's website, potentially on an EIR specific webpage, to comply with the Regulations principles of proactive dissemination. A recommendation has also been made as to reviewing the information published on the website under the Local Government Transparency Code to ensure that all relevant, up-to-date information is published in line with the code.</p>
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Control Objectives (CO):

1. Determine the accuracy and completeness of the Council's Business Continuity Plan across corporate plans and individual service plans, including an IT disaster recovery plan.

Audit opinion

CO	Assurance Level	Opinion
1	Limited	<p>The Civil Contingencies Act 2004 places a statutory duty on the Council to maintain plans to enable the Council to continue providing critical services to the community at a time of disruption. A review of the Council's current plans provided evidence that both a Corporate Business Continuity Plan (CBCP) and service specific Business Continuity Plans (SBCPs) are in existence, including an IT specific Disaster Recovery Plan (IT DRP) to enable the recovery of systems should servers at Tewkesbury Borough Council fail.</p> <p>Key staff, responsibilities, escalation and invocation procedures are outlined within these documents. In addition, standardised documents for the recording of actions and expenditure are supplied within the plans. However, the accuracy and completeness of these plans is questionable, with testing, training and monitoring of the plans found to be limited, with the last update to the plan completed in September 2013.</p> <p>15 SBCPs were identified for services within the Council and a review of these confirmed that five of these are yet to be fully completed or updated to the new template introduced in February 2016. The identification of priorities as included within the SBCPs is inconsistent, with the large majority of SBCPs not using the guidance provided for identifying critical functions of the service. In regards to the IT DRP, annual testing of critical systems is completed although tests of the operational functioning of the system using frontline staff is not currently completed due to time constraints outlined in the contract. Therefore it is recommended that an exercise be completed in which tests with frontline staff, e.g. a benefit assessor, is completed to ensure that the system is not only live, but operationally functioning. This should be considered during the current procurement process for a new ITDR facility.</p> <p>A random sample of staff (one staff member from each service that retain a SBCP- 15 staff), it was identified that the level of knowledge of</p>

		<p>the Council's BCPs was greatly variable, with almost half of the staff asked unable to demonstrate a sufficient knowledge of their SBCP. Therefore further consideration should be given to the dissemination of knowledge so that all staff are aware of business continuity within the Council.</p> <p>It should be noted here that business continuity has been identified as a Significant Governance Issue in the 2015/16 Annual Governance Statement and has been brought to the attention of the Audit Committee. In addition, a consultation with the Civil Protection Team has been completed as of 22 February 2017, with the intention to further develop the current BCPs.</p>						
<p>Tewkesbury Leisure Centre 2016/17</p>	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. Payment Arrangements have been established in accordance with the terms of the contract. 2. Performance Standards as set out in the service specification of the contract are being monitored. 3. A strategic partnership board has been established with agreed functions. <p>Audit opinion</p> <table border="1" data-bbox="391 1055 1444 2040"> <thead> <tr> <th data-bbox="391 1055 467 1160">CO</th> <th data-bbox="467 1055 694 1160">Assurance Level</th> <th data-bbox="694 1055 1444 1160">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="391 1160 467 2040">1</td> <td data-bbox="467 1160 694 2040">Satisfactory</td> <td data-bbox="694 1160 1444 2040"> <p>The contract provides for the receipt of both an annual and deferred payment, arrangements have been set up within the general ledger to allocate such payments. Initial payments are due to be made at the end of June 2017 and Places for People have provided confirmation of payments to be made which agree to the terms of the contract. In line with the contract, arrangements do need to be put in place to receive operating surplus/deficit data on a yearly basis in order to maintain oversight on the potential additional shared surplus sums due from the end of year three of the contract. A review of insurance terms within the contract noted that the Council is responsible for building insurance payments and cover is provided through the 'materials damage and business interruption policy'. It was noted that the policy does have conditions attached in relation to fire extinguishing appliances and security. Consideration does therefore need to be given to how the Council/Places for People can demonstrate compliance to these conditions. The contract is prescriptive in respect of the type of insurance cover that Places for People should hold and evidence was obtained that confirmed these insurances are in place.</p> </td> </tr> </tbody> </table>		CO	Assurance Level	Opinion	1	Satisfactory	<p>The contract provides for the receipt of both an annual and deferred payment, arrangements have been set up within the general ledger to allocate such payments. Initial payments are due to be made at the end of June 2017 and Places for People have provided confirmation of payments to be made which agree to the terms of the contract. In line with the contract, arrangements do need to be put in place to receive operating surplus/deficit data on a yearly basis in order to maintain oversight on the potential additional shared surplus sums due from the end of year three of the contract. A review of insurance terms within the contract noted that the Council is responsible for building insurance payments and cover is provided through the 'materials damage and business interruption policy'. It was noted that the policy does have conditions attached in relation to fire extinguishing appliances and security. Consideration does therefore need to be given to how the Council/Places for People can demonstrate compliance to these conditions. The contract is prescriptive in respect of the type of insurance cover that Places for People should hold and evidence was obtained that confirmed these insurances are in place.</p>
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	2	Satisfactory	<p>Schedule 1 of the contract relates to service specification and outlines a series of standards in relation to annual, service and facility performance. There is a satisfactory level of assurance that performance standard categories as set out in the service specification are being monitored. This monitoring is carried out through a variety of mechanisms, such as informal discussions, monthly inspections and quarterly meetings with formal reports. In respect of the formal reports, a performance monitoring report is produced quarterly which considers both contract service and facility specifications relating to cleaning, customer service (complaints), maintenance, activities, marketing, incidents, events, membership and utilisation. The technical report considers additional contract facility specifications of health and safety, staffing and training; although currently this report has not been produced on a quarterly basis. It is recommended that these reports identify the contract specifications relating to the environment, catering, IT, access and security. The formal reporting should also be enhanced to demonstrate compliance to contract outcomes.</p> <p>It is noted that several of the contract specifications relate to the fabric of the building such as ventilation, heating, lighting, drainage and these are currently being monitored through the defect reporting system with the builders. The Asset Manager has confirmed that, once the defect period has ceased, compliance to these specifications will be reported by Places for People through the technical report.</p> <p>In respect of annual performance, a spreadsheet has been produced which lists the contract data that is to be provided on an annual basis, this should be updated to include participation, annual services, fire risk assessment, electrical certificates, equipment, licences and legislation and also quality management (QUEST). The contract does require an authority outcomes scorecard to be established, which tracks achievement against targeted groups. A key element of this scorecard is participation and the first year of the contract is the collection of this data. The scorecard should be produced within year 2 of the contract so that annual reporting can take place.</p> <p>The contract service specification also makes reference to the level of price increase that Places for People can initiate. A revised pricing schedule was introduced in April 2017 and charges which do not apply to the authority's set activities were found to have been increased in line with contract conditions. The revised charges which relate to the authority's set pricing requirement (such as adult and junior swim) had increased above the CPI inflation rate and should have been approved – this was obtained during the audit process.</p>
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	3	Satisfactory	<p>The Places for People service delivery proposals within the contract provide for the implementation of a strategic partnership board. Approval was gained from the Executive Committee in November 2016 for the establishment of this board, its composition and terms of reference. The board is expected to meet on a quarterly basis and, since November 2016, the Asset Manager confirmed two meetings have taken place. Places for People's Method statement 1 does also state that the board will be allocated 10% of the over performance allowance and therefore it is recommended that financial data in respect of surplus's generated are reported to the board on an annual basis.</p>						
Treasury Management 2016/17	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> Investments are placed in accordance with the council's treasury management strategy. The investment register is reconciled on a monthly basis to the main accounting system. <p>Audit opinion</p> <table border="1" data-bbox="395 943 1444 2049"> <thead> <tr> <th data-bbox="395 943 467 1039">CO</th> <th data-bbox="467 943 694 1039">Assurance Level</th> <th data-bbox="694 943 1444 1039">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="395 1039 467 2049">1</td> <td data-bbox="467 1039 694 2049">Good</td> <td data-bbox="694 1039 1444 2049"> <p>A Treasury Management Strategy (TMS) was produced in line with the Council's Treasury Management Policy (TMP) and was appropriately approved by a meeting of the Council on 18 February 2016. The TMS outlines the Council's strategy for investments and borrowing and dictates the Treasury Management procedures, providing a source of reference in regards to appropriate counterparties and value limits.</p> <p>Testing a sample of 10 investments, and four cases of borrowing confirmed that these were placed in line with the TMS. In addition it was confirmed that the deals were placed with justification and supporting documentation was retained. Interest and broker fees were found to have been accurately calculated and coded to the general ledger. Observation of an investment being made confirmed that there is an adequate separation of duties and security measures are in place for the placing of investments. As a measure of good practice it was agreed with the Accounting Technician that in cases in which the council loans money through a broker, the Accounting Technician will provide confirmation of the Council's bank details and deal summary directly to borrowers to ensure that the council and the borrowers are not solely reliant on information provided via the broker.</p> </td> </tr> </tbody> </table>			CO	Assurance Level	Opinion	1	Good	<p>A Treasury Management Strategy (TMS) was produced in line with the Council's Treasury Management Policy (TMP) and was appropriately approved by a meeting of the Council on 18 February 2016. The TMS outlines the Council's strategy for investments and borrowing and dictates the Treasury Management procedures, providing a source of reference in regards to appropriate counterparties and value limits.</p> <p>Testing a sample of 10 investments, and four cases of borrowing confirmed that these were placed in line with the TMS. In addition it was confirmed that the deals were placed with justification and supporting documentation was retained. Interest and broker fees were found to have been accurately calculated and coded to the general ledger. Observation of an investment being made confirmed that there is an adequate separation of duties and security measures are in place for the placing of investments. As a measure of good practice it was agreed with the Accounting Technician that in cases in which the council loans money through a broker, the Accounting Technician will provide confirmation of the Council's bank details and deal summary directly to borrowers to ensure that the council and the borrowers are not solely reliant on information provided via the broker.</p>
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	2	Good	The investment register is reconciled on a monthly basis to the General Ledger; which is subject to review by Senior Management.
Corporate Improvement Work	<p><u>Business Continuity</u> Days were allocated to quality assure and support managers in the completion of their service business continuity plans.</p> <p><u>Firmstep FOI Application</u> Internal Audit sat in on a demonstration of a potential new FOI system and provided advice on the pros and cons of the system.</p>		

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

LEVEL OF CONTROL	DEFINITION
Good	Robust framework of controls – provides substantial assurance.
Satisfactory	Sufficient framework of controls – provides satisfactory assurance – minimal risk. Probably no more than one or two ‘Necessary’ (Rank 2) recommendations.
Limited	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.
Unsatisfactory	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 2016/17

Audit	Status
Tree Inspections	Final – reported to Audit Committee 21 September 2016.
Playground Inspections	Final - reported to Audit Committee 21 September 2016.
Tell Us Once	Final - reported to Audit Committee 21 September 2016.
Health & Safety	Final – reported to Audit Committee 14 December 2016
ICT – PSN Compliance	Final - reported to Audit Committee 21 September 2016.
Bulky Waste	Final - reported to Audit Committee 21 September 2016.
ICT – Environmental Controls	Final - reported to Audit Committee 21 September 2016.
Community Support Grants	Final - reported to Audit Committee 21 September 2016.
Ubico – client monitoring	Final – reported to Audit Committee 14 December 2016.
Housing Benefits	Final – reported to Audit Committee 14 December 2016
Lone Working	Final – reported to Audit Committee 14 December 2016
NNDR	Final – reported to Audit Committee 14 December 2016
Complaints	Final - reported to Audit Committee 14 December 2016
Insurances	Final – reported to Audit Committee 22 March 2017
Main accounting system	Final – reported to Audit Committee 22 March 2017

Audit	Status
Council tax	Final – reported to Audit Committee 22 March 2017
Flood Grants	Final – reported to Audit Committee 22 March 2017.
Tourist Information Centres	Final – reported to Audit Committee 22 March 2017
Recycling	Final – reported to Audit Committee 22 March 2017
Creditors	Final – reported to Audit Committee 22 March 2017
Safeguarding	Final – reported to Audit Committee 19 July 2017.
ICT – change controls	Days carried forward to 2017/18.
Debtors	Final – reported to Audit Committee 19 July 2017
Information Governance	Final – reported to Audit Committee 19 July 2017.
Business Continuity	Final – reported to Audit Committee 19 July 2017
New Leisure Centre Monitoring	Final – reported to Audit Committee 19 July 2017
Treasury Management	Final – reported to Audit Committee 19 July 2017

Outstanding Audit Recommendations

	Recommendation reviewed and found not implemented
	Recommendation reviewed and found to be partially implemented
	Recommendation reviewed and found to be implemented

Audit	Recommendation Details	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
q1 2015-16	The retention and cleansing of garden waste data should be reviewed for data protection and service delivery purposes and include data checks and cleansing together with a reconciliation between TBC and UBICO data.	Policy and Communications Manager	Dec-16.	Apr-17	Follow up Undertaken - implemented	On discussion with the Policy and Communications Manager (PCM) it was identified that this recommendation has been implemented in that a review of the service has been completed and an independent project plan has been established. The Policy and Communications Manager confirmed that data cleansing is completed on a regular basis by Customer Services. A new garden waste system is in the process of being implemented and will take into consideration any internal recommendations made previously.	17-18 q1

<p>Garden Waste 2015-16</p> <p>59</p>	<p>A review of the garden waste subscriptions processes should be undertaken in respect of non-renewal accounts, demonstrating customer agreement to the council's terms of reference, establishing a stock management system and authorising renewal extensions</p>	<p>1. Policy and Communications Manager 2. Head of Community Services</p>	<p>Dec-16</p>	<p>Apr-17</p>	<p>Follow up Undertaken - implemented</p>	<p>See above – a number of the audit recommendations have been superseded with the implementation of a new system. Recommendations that have been feasible to implement, have been completed eg</p> <ul style="list-style-type: none"> • Awareness to terms and conditions • Implementation of stock control 	<p>17-18 q1</p>
<p>ICT Environmental Controls 2016/17</p>	<p>Appropriate council policies should be developed/ updated in order to ensure that all physical and environmental information security risks have been recognised; which in addition to ICT security should include building security, non-electronic information, computer equipment storage etc.</p>	<p>1. Communications and Policy Manager/Head of Corporate Services 2. ICT Operations Manager</p>	<p>Jan-17. May-18</p>	<p>Apr-17</p>	<p>Follow Up Undertaken - not implemented</p>	<p>All policies relating to information security will be covered within the new General Data Protection Regulations (GDPRs) project. Compliance with GDPR needs to be achieved by May 2018.</p>	<p>17-18 q1</p>

Appendix 3

<p>ICT Environmental Controls 2016/17</p>	<p>There should be organisational awareness of the open access arrangements within the Public Services Centre between the hours of 9am to 5pm; in order to manage the associated security and data protection risks.</p>	<p>Asset Manager</p>	<p>Mar-17. Dec-17</p>	<p>Apr-17</p>	<p>Follow Up Undertaken - not implemented</p>	<p>This has been discussed at corporate management team and needs to be discussed further with PSC partners. <u>Revised implementation date: December 2017.</u></p>	<p>17-18 q1</p>
<p>ICT Environmental Controls 2016/17</p>	<p>An up to date establishment list should be obtained from all organisations within the building and checked against the G4S system in order to remove any staff no longer requiring access to the building.</p>	<p>Asset Manager</p>	<p>Dec-16. Dec-17</p>	<p>Apr-17</p>	<p>Follow Up Undertaken - not implemented</p>	<p>Not yet undertaken. <u>Revised implementation date: December 2017</u></p>	<p>17-18 q1</p>
<p>ICT Environmental Controls 2016/17</p>	<p>In compliance with DCLG guidance an annual Display Energy Certificate (DEC) should be obtained for the council's air conditioning system and a list of preferred suppliers for repairs and maintenance be established.</p>	<p>Asset Manager</p>	<p>Dec-16</p>	<p>Apr-17</p>	<p>Follow up Undertaken - implemented</p>	<p>The AM provided a copy of the Air conditioning inspection report. Next inspection due 01-10-2021. Whilst a list of suppliers has not been compiled the Asset Manager has received quotes from three companies for repairs and maintenance.</p>	<p>17-18 q1</p>
<p>ICT PSN Submission 2016-17</p>	<p>The following policies and procedures should be reviewed and updated: 1. Acceptable Use of Council ICT Resources (ICT Policy) 2. Use of ICT resources by Elected Members Code of Practice 3. Information Security Incident Management Operational Policy and Procedure (to be updated and tested as part of the ICT business continuity review) 4. Change Management Policy (to be reviewed against ITIL best practice and enhanced to include specific application periods as required by the PSN)</p>	<p>ICT Operations Manager</p>	<p>Nov-16. May-18</p>	<p>Apr-17</p>	<p>Follow Up Undertaken - partially implemented</p>	<p>These are linked to the implementation of GDPR whereby all supporting policies will be reviewed in their entirety.</p>	<p>17-18 q1</p>

Appendix 3

ICT PSN Submission 2016-17	The responsibilities of the SIRO role should be defined and approval for the Deputy Chief Executive to undertake this role be formally agreed by CLT.	Head of Corporate Services/ ICT Operations Manager	Nov-16. Jun-17	Apr-17	Follow Up Undertaken - implemented	The Chief Executive has been designated as the SIRO.	17-18 q1
Payroll 2015-16	To review the processes in relation to employee rights to holiday leave/pay particularly in light of recent employment tribunal case law	HR Manager	Dec-16.	Apr-17	Follow Up Undertaken - implemented	Managers inform HR when a member of staff completes overtime, and the overtime policy reinforces this. In order to effectively ascertain whether a member of staff is entitled to additional annual leave/pay, quarterly reports from Finance will be reviewed to identify staff working regular overtime. The HRM suggested that with the introduction of a new HR system (project currently ongoing) this should make the monitoring of overtime easier. For the meantime the HRM agreed to check OTE reports provided by Finance.	17-18 q1
Tell Us Once 2016/17	The End User Tracker (EUT) should be updated and submitted to DWP to ensure that it is an accurate reflection of the sponsors and agents who process the notifications. Moving forward the EUT should be subject to an annual check by the Sponsor.	Operational Manager- Revenues & Benefits & Customer Services	Oct-16	Apr-17	Follow up Undertaken - implemented	On discussion with the Operations Manager (OM), it was confirmed that this has now been completed and the OM was able to provide the updated EUT.	17-18 q1
Tell Us Once 2016/17	Consideration should be given to Housing Services, the volunteer litter picking scheme administrator and Area Revenues Officer (Sundry Debts) receiving Tell Us Once notifications, provided that it is acceptable to share this information under Data Protection.	Communications and Policy Manager	01/01/2017. Jul-17	Apr-17	Follow Up Undertaken - partially implemented	Final confirmation on whether this approach is acceptable is awaited from the DWP.	17-18 q1

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Appendix 3

Tell Us Once 2016/17	PSN accounts should be requested for the Group Manager Corporate Services and the Communications and Policy Manager, in order to satisfy the requirements of their role as business sponsors for Tell Us Once.	Head of Corporate Services	01/10/2016. Jul-17	Apr-17	Follow Up Undertaken - partially implemented	Head of Corporate Services has been set up. Policy and Comms Manager request is currently being processed.	17-18 q1
62 Tell Us Once 2016/17	In order to ensure that the council is protecting any personal information that it receives and that this is retained appropriately; a review of data management should be carried out to include: 1) Appropriate retention periods-supported by a retention policy 2) The level of information held 3) Identification of appropriate user training and delivery 4) Development of a Privacy Policy The review should take into account any requirements stated within terms of reference with the council's data suppliers.	Head of Corporate Services	01/03/2017. Jul-17	Apr-17	Follow Up Undertaken - partially implemented	On discussion with the HoCS and the PCM it was identified that this recommendation is partially implemented. The HoCS has produced a retention schedule specifically for TEO notifications and explained that work is progressing re Privacy Policy and the Comm and Policy Manager has consulted with the contact at the DWP. New implementation date: <u>end of July 2017.</u>	17-18 q1
Trade Waste Audit 2015-16	The review of commercial waste services should give consideration to commercial viability, the regularity of reviewing charges, website enhancements, the adequacy of financial data being provided between UBICO and Financial Services	Head of Community Services	Mar-17	Apr-17	Follow Up Undertaken - not implemented	UBICO have commissioned a review of the trade waste service. This has been undertaken by APSE. The final report is imminent and will inform any future work that needs to be undertaken. A new implementation date will be agreed following receipt of this report.	17-18 q1

Appendix 3

Trade Waste Audit 2015-16	Arrangements need to be established by Environment and Housing to regularly review commercial waste debt and to take appropriate recovery action such as recovery of bins and the timely escalation of debt recovery.	Head of Community Services	Mar-17	Apr-17	Follow Up Undertaken - partially implemented	An interim process had been established to manage the customer base, but a formal, long term arrangement for income collection is yet to be established. The interim process consisted of work between the Finance Team and Ubico and resulted in no outstanding debt in relation to its current customers (when reported in December 2016). The process in place is that at the end of the quarter any customer who has not paid for that quarter will have their service suspended.	17-18 q1
Trade Waste Audit 2015-16	A stock management review process should be established to ensure that stock retained by UBICO is maintained at an appropriate level for delivery of the service and to enable procurement activities to be undertaken in a timely manner	Head of Community Services	Mar-17	Apr-17	Follow up Undertaken - implemented	At the October 2016 contract meeting between the Joint Waste Team and Ubico, an action for Ubico to supply stock figures at contract monitoring meetings in future was agreed. This regular monitoring of stock control should inform TBC when bins (relating to domestic and commercial) should be ordered to prevent stocks running out. At the Contract Management Meeting on 2 December 2016, the stock level controls were discussed and spreadsheets of all domestic and commercial stock levels, order times and lead times were made available to verify the management controls now in place	17-18 q1
Trade Waste Audit 2015-16	Data should be collected in respect of the Ubico contractual performance indicators ID4 and ID6 and reported through quarterly performance reports.	Head of Community Services	Mar-17	Apr-17	Follow up Undertaken - implemented	Since June, Ubico have provided the missed bin and performance data at the contract meetings with the Joint Waste Team. This is recorded within in the Partnership Board KPI information.	17-18 q1

Appendix 3

<p>Tree Inspections 2016/17</p>	<p>Unadopted land should be reviewed in respect of council ownership and the continued ongoing maintenance of these areas by the council. The outcomes of this review together with any tree safety management policy updates required concerning the new inspection process should be reported to members</p>	<p>Asset Manager</p>	<p>01/03/2017. Mar-18</p>	<p>Apr-17</p>	<p>Follow Up Undertaken - partially implemented</p>	<p>A Tree Safety Management Policy has been approved following a review of the inspection process. On discussion with the AM it was established that there has been a review of unadopted land in regards to what the council owns although this is an ongoing piece of work. The AM explained that there are areas that are not officially owned by the council but have been assumed and maintained (e.g. areas in Mitton) and there are areas that members may wish to adopt, but this is yet to be taken to and agreed by members. <u>Revised implementation date: March 2018.</u></p>	<p>17-18 q1</p>
<p>Tree Inspections 2016/17</p> <p>64</p>	<p>Tree reporting notifications from members of the public and associated actions carried out should be recorded into the PSS Live system.</p>	<p>Asset Manager</p>	<p>01/03/2017. Aug-17</p>	<p>Apr-17</p>	<p>Follow Up Undertaken - partially implemented</p>	<p>A review of the process has been completed and new practices have been outlined in the new TSMP. The AM explained that the intention is that all notifications in regards to trees will be directed to Property Services when logged on the self-serve portal. At this time it will be the responsibility of Property Services to direct the grounds maintenance tree to the site. In doing this, all information reported by the public in regards to tree defects will be recorded into the PSS system. However, the AM explained that in order to facilitate this, the self-serve dashboard needs to be amended to allow for tree reports to come directly to the Council rather than to UBICO. Until this is actioned the recommendation remains partially implemented: <u>revised implementation date: August 2017.</u></p>	<p>17-18 q1</p>

Appendix 3

Tree Inspections 2016/17	Controls need to be put in place to ensure that data on the cloud based PSS Live system is secure and complete. In addition, a data extraction procedure should be established to ensure that access to tree data will be available notwithstanding changes to the service provider.	Asset Manager	01/03/2017. Aug-17	Apr-17	Follow up Undertaken - implemented	The AM confirmed that the information can be downloaded in the form of an excel sheet, and whilst this may not retain all information, it will retain the relevant information; therefore it is agreed that downloads will be completed on a monthly basis during inspection season (October, November, December, January and February). 2 further downloads will be completed during the rest of the year; one at the end of May and one at the end of September. The Property Services Administrator confirmed that the annual download is due to exported 01/06/2017 and therefore it is considered that this recommendation has been implemented.	17-18 q1
Tree Inspections 2016/17 65	Additional training should be provided to the Inspection Officer and the Grounds Maintenance Manager on the use of the handheld device, particularly in relation to the risk scoring and the inspection module	Asset Manager	01/03/2017. Aug-17	Apr-17	Follow up Undertaken - implemented	Training was completed in November 2017 for 3 members of staff at UBICO.	17-18 q1
Recycling 2016/17	Verification of the MRF invoice should be completed prior to payment of invoice.	Head of Community Services	Apr-17	May-17	Follow up Undertaken - implemented	Verification check in place.	17-18 q1

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	19 July 2017
Subject:	Internal Audit Annual Report 2016/17
Report of:	Graeme Simpson, Head of Corporate Services
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor D J Waters, 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 2016/17 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 2016/17 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) report functionally to the board. For the purposes of the Council, the CAE is defined as the Head of Corporate Services and the board is the Audit Committee. These roles are defined in the Internal Audit Charter. The charter has been approved at 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 Annual 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 Head of 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 2016/17 plan was approved by Audit Committee on 23 March 2016. 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.

2.0 SUMMARY OF 2016/17 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, 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"> • Public Sector Network Compliance • Tree inspections • Playground inspections • Tell Us Once • Bulky Waste • ICT – environmental controls • Community support grants • Health and Safety • Ubico client monitoring • Housing Benefits • Lone Working • NNDR • Complaints 	<ul style="list-style-type: none"> • Council tax • Tourist information centres • Recycling • Main accounting • Creditors • Flood grants • Debtors • Safeguarding • Information Governance • Business continuity • Leisure centre client monitoring • Treasury management • Insurances
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There is one outstanding audit from the 2016/17 Audit Plan. This relates to an allocation of days for a further ICT audit. Days have been allocated within the 2017/18 Audit Plan to undertake this work. In addition to internal work, the team also provided during the course of the year, the internal audit service to Tewkesbury Town Council. However, as reported to Audit Committee on 22 March 2017, notification has been received from the Town Council of the decision to terminate the contract for the provision of the Borough Council’s internal audit. This was a decision made at the Tewkesbury Town Council Finance and Staffing Committee held on 13 February 2017. A total of 20 days were allocated for this work.

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. 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:

- Planning statistics
- Ubico monitoring improvements
- Input to safeguarding policy
- New vehicle fleet – performance monitoring
- Freedom of Information – review of new system
- Business continuity – quality assurance of service plans

2.4 The team is also represented on key corporate groups such as the Corporate Governance Group, 'Keep Healthy, Stay Safe Group', Procurement Group and Project Programme Board 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, general policy issues 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 overall 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	23
Satisfactory	26
Limited	8
Unsatisfactory	2
Total	59

3.3 With regards to the limited and unsatisfactory opinions these relate to;

Limited

- Tree inspections (inspection of trees not owned by TBC)
- Bulky waste (non-review of fees and wait time on delivery of bins)
- Ubico client monitoring (waste and recycling and street cleansing)
- Insurances (dissemination of insurance conditions)
- Business continuity (update of individual service plans and corporate plan)
- Information governance (review of policies)

Unsatisfactory

- Ubico client monitoring (grounds maintenance and fleet management)

3.4 It is not unexpected, on occasions, to conclude a limited or unsatisfactory level of control given the variety and complexity of systems, procedures and services operated by the Council. What is important is that improvements to internal control are accepted and acted upon by management. In relation to the adverse audit opinions given during the year there is assurance that these have been or are being acted upon. For example, the Committee has received update reports to confirm that issues relating to tree inspections and bulky waste have now been resolved. Ubico client monitoring, information governance and business continuity have all been included within the 2016/17 Annual Governance Statement. Individual update reports will be brought back to Audit Committee during 2017/18.

3.5 As well as being reported within the Annual Governance Statement, all individual audit recommendations and their status are also reported at each Audit Committee.

4.0 TEAM STRUCTURE AND INDEPENDENCE

4.1 Management of the Internal Audit Team is overseen by the Head of Corporate Services. Delivery of the Annual Audit Plan is carried out by two full-time employees. During the course of the year, one employee was on maternity leave and this position has been covered by a secondment from another service area. The team comprises two part-time employees (2 x 18.5 hrs) and one full-time employee. One employee undertakes a Senior Auditor role.

4.2 As defined in the Internal Audit Charter, the team has remained organisationally independent during 2016/17. Internal Audit sits independently within the Council and the Head of Corporate Services reports direct to Chief Executive so has free and unfettered access. If the need was to arise, it is also stipulated within the charter that the Head of Corporate Services will also have access to the Chair of the Audit Committee. To build a more formal relationship, quarterly briefings with the Chair and Vice-Chair on internal audit activity took place during 2016/17. A 'Meet the Internal Audit Team' session was also held for Members of the Audit Committee so they can better understand the role of internal audit.

4.3 With regards to the independence of the Head of Corporate Services it is not uncommon within a small District Council for the Internal Audit Strategic Lead to also have operational responsibility for service areas. The Head of Corporate Services has a wide managerial remit including ICT, Customer Services, Human Resources and Policy and Communications. In cases where an audit is being undertaken in any of these areas, the Head of Corporate Sources will ensure that all audit opinions are exercised objectively and with integrity so that the opinions issued are open, transparent and accurate. This commitment is detailed within the Internal Audit Charter.

5.0 FRAUD/THEFT/CORRUPTION/WHISTLEBLOWING

5.1 There were no reported incidents during the financial year. During 2016/17, policies relating to anti-fraud and corruption, whistleblowing, Regulation of Investigatory Power Act (RIPA) 2000 were all considered by the Audit Committee and recommended to Executive Committee for approval. Awareness of these policies for staff and members will be undertaken during 2017/18 and is included within the work plan of the Counter Fraud Unit.

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 12 month period was 93 (26/28 audits). 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.

7.0 MOVING FORWARD TO 2017/18

7.1 The team has now started work on the 2017/18 Audit Plan. The plan was approved at Audit Committee on 22 March 2017 and includes key areas of work such as:

- Absence management
- General Data Protection Regulations
- Ubico – client monitoring
- Key finance systems (incl new e-ordering)
- Vehicle contract
- Project management – public service centre refurbishment

7.2 As discussed at previous Audit Committee meetings, it is a requirement of PSIAS that, at least every five years, the internal audit function is subject to an independent assessment. PSIAS stipulates that the assessor must demonstrate competence in two areas: the professional practice of internal auditing and the external assessment process. Through networking with other Councils which have been through the assessment process, particularly those with a small Internal Audit team, a preferred assessor has been identified and confirmed. In compliance with PSIAS, the choice of assessor has been approved in consultation with the Head of Finance and Asset Management and the Chair of Audit Committee.

7.3 Elizabeth Humphrey of Tilia Solutions has been commissioned to undertake the assessment. Elizabeth is the lead PSIAS reviewer for the Chartered Institute of Public Finance and Accountancy (CIPFA), has a vast CV in relation to audit work and comes very highly recommended from other Council's Internal Audit Teams. This will be a four day assessment and Elizabeth will be reviewing the practices and processes of the team including interviewing key senior officers and internal clients on the effectiveness of Internal Audit. A date has yet to be confirmed but will be in the third quarter of the financial year (October-December). This choice and the assessment process have also been noted by Corporate Leadership Team.

7.4 In terms of the effectiveness of the Audit Committee, work will continue during 2017/18 to maximise the value of the Committee. For example, a training session on the 'Role of the Audit Committee' has been programmed for 19 July. Initiatives implemented during the year include training on the work of internal audit, a broader range of Agenda items have been introduced as well as the introduction of a formal Work Programme for the Committee. Moving forward, CIPFA have a guidance document which can help support the review of effectiveness.

8.0 CONCLUSION

8.1 The quality and coverage of internal audit work undertaken during the year provides reasonable assurance that overall there is a satisfactory level of control in relation to the effectiveness of the Council's governance, risk management and control environment. As reported, given the complexities of the Council's internal control environment there will always be areas identified by internal audit that require improvement. Where improvement is required, recommendations have been agreed by management and significant areas of concern have been reported within the Council's Annual Governance Statement. 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, Head of Corporate Services
01684 272002 Graeme.Simpson@teWKesbury.gov.uk

Appendices: None

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	19 July 2017
Subject:	Counter Fraud Unit Report and Work Plan 2017/18
Report of:	Simon Dix, Head of Finance and Asset Management
Corporate Lead:	Rob Weaver, Deputy Chief Executive
Lead Member:	Cllr R Furolo, Lead Member for Finance and Asset Management
Number of Appendices:	2

Executive Summary:

The purpose of the report is to provide Audit Committee with assurance over the counter fraud activities of the Council.

Council approved the Authority's participation in the establishment of a permanent Counter Fraud Unit on 24 January 2017. Following subsequent decisions at other partner Councils, the Counter Fraud Unit is a permanent support service from 1 April 2017 serving the partner Councils across the region, including Tewkesbury Borough Council.

Work plans for 2017/18 have been agreed with the Chief Finance Officer and Senior Management and a copy is attached for consideration by the Committee.

The Counter Fraud Unit will continue to provide Audit Committee with direct updates biannually; for Tewkesbury Borough Council this will be at the July and December meetings.

This report also presents Audit Committee with a draft Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy as part of the consultation process.

Recommendations:

- 1. To CONSIDER the Work Plan 2017/18 and comment as necessary.**
- 2. To CONSIDER the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy to comment thereon to the Executive Committee, to aid its deliberations and decision making.**

Reasons for Recommendation:

Work plans for 2017/18 have been agreed with the Chief Finance Officers and Corporate Leadership / Management Teams. Work is now underway. The Audit Committee is asked to consider and comment on the work plan as the body charged with governance in this area.

To update, refresh and collate the existing Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policies on behalf of the Revenues and Benefits Teams. The policy will assist with decision making in the application of appropriate sanctions and provide a uniform basis for action across the County.

<p>Resource Implications:</p> <p>None directly arising from the report</p>
<p>Legal Implications:</p> <p>As detailed within the Policy.</p> <p>The Council also needs to ensure the Council's Constitution is followed in relation to Financial Rules and Decision Making.</p> <p>Risk Assessments should be undertaken as appropriate.</p>
<p>Risk Management Implications:</p> <p>If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.</p> <p>The Council requires a Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy to ensure legislative powers and regulations are applied fairly and in accordance with the law.</p>
<p>Performance Management Follow-up:</p> <p>The Counter Fraud Unit will continue to deliver the workplan working closely with Senior Management and reporting to the Chief Finance Officer.</p> <p>The Counter Fraud Unit will assist the Revenues and Benefits Department in the procedural application of the policy where necessary.</p>
<p>Environmental Implications:</p> <p>Not applicable.</p>

1.0 INTRODUCTION AND BACKGROUND

- 1.1 Following the successful DCLG bid to fund the set-up of a Gloucestershire wide Counter Fraud Unit, the team has been undertaking feasibility work (both strategic and operational) on behalf of a number of Gloucestershire Authorities, West Oxfordshire District Council and Cheltenham Borough Homes.
- 1.2 A business case was presented across the partner authorities to reflect the financial sustainability of creating a permanent Counter Fraud Unit. Council approved the Authority's participation in the establishment of a permanent Counter Fraud Unit on 24 January 2017. Following subsequent decisions at other partner Councils, the Counter Fraud Unit is now a permanent support service from 1 April 2017 serving the partner Councils across the region including Tewkesbury Borough Council.

2.0 COUNTER FRAUD UNIT REPORT AND WORK PLAN 2017/18

- 2.1 The work plan for 2017/18 has been agreed. The team will be concentrating on adding value in areas associated with risk. A full work plan is being provided to Audit Committee and a review and update report will be presented at future meetings.
- 2.2 The Counter Fraud Unit will continue to provide Audit Committee with direct updates biannually, for Tewkesbury Borough Council this will be at the July and December meetings. The Audit Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to such activity

3.0 COUNCIL TAX, HOUSING BENEFIT, COUNCIL TAX SUPPORT PENALTY AND PROSECUTION POLICY

3.1 The Counter Fraud Unit is undertaking a review of a number of policies and procedures, in support of each service area, to enable criminal investigations to be legally undertaken and appropriate sanctions to be applied. This Policy has been requested for use within the Revenues and Benefits Teams.

3.2 The recommended Policy has been drafted for all participants in the Counter Fraud Unit and will provide consistency to the application of penalties and prosecution across the County. The proposed policy effectively consolidates and extends a number of existing penalty and prosecution policies, the last of which was reviewed in September 2015. Many of the thresholds and penalties remain at the same levels as previously approved.

3.3 It should be noted that legislation outlines that to incur a Civil Penalty for a Housing Benefit overpayment, the value needs to exceed £250; however the draft Policy attached details that, for decisions at Tewkesbury Borough Council, this figure will be £1,000.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 Work plans for 2017/18 have been agreed with the Chief Finance Officer and Senior Management and a copy is attached for consideration by the Committee.

5.2 The Council Tax, Housing Benefit, Council Tax Support Penalty and Prosecution Policy was drafted on behalf of a number of Gloucestershire Authorities and Heads of Service, Corporate Leadership / Management Teams and the Legal Department have been consulted

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Counter Fraud and Anti-Corruption Policy.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None.

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

9.1. This is a positive example of joint working across the County. The existence of counter fraud activity acts as a deterrent to the abuse of public funds which impacts positively on the economy and local demographic.

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

10.1 The service is a shared one across the County and as such overheads and management costs are also shared equally meaning there is increased value for money.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

- 11.1 Counter Fraud and Anti-Corruption Policy approved at Executive Committee in October 2016.

Background Papers:	Report to Council 24 January 2017; Counter Fraud Unit Business Case.
Contact Officer:	Emma Cathcart, Counter Fraud Manager 01285 623356 Emma.Cathcart@cotswold.gov.uk
Appendices:	Appendix A – Work Plan 2017/18 Appendix B – Draft Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy

Appendix A - TBC WORK PLAN 2017/18 – 194 DAYS

Operational	TBC
Earthlight (NNDR/CTAX)	Feedback in Sept 2017 following partner work (SD)
Revenues – NNDR Valuation List Verification	Quarter 1 – 4 (2 wks per qtr) Bishops Cleeve, Winchcombe & Tewkesbury
Revenues – NNDR (empty's and exempt)	Quarter 3 (RH)
Revenues – CTAX (long term empty's)	Quarter 2 (RH)
Revenues - NNDR SBR review	Quarter 3 (RH)
Revenues – CTAX SPD review	Quarter 4 (review process and electoral register reconciliation) (RH)
Revenues – CTAX other discount / exemptions review	To be agreed
Benefits – CTRS Investigation, Sanction and Prosecution	To be agreed
Benefits – SPOC for SFIS DWP	To be agreed
Benefits – General Visits	To be agreed
Housing – Review Emergency, Gold and Silver Applications / List	Quarter 3 (RH)
Housing – Private Rental Loans Review	To be agreed
Planning – Enforcement	To be agreed
Environmental / Regulatory – Enforcement (General)	To be agreed – one case ongoing
Environmental / Regulatory – Enforcement (Proactive)	To be agreed
NFI	Revs and Bens Quarter 1 (RH)
Debt recovery/tracing	Quarter 1 – 4 (SD) Aged HB debt Quarter 1 – 4 (RH)
Debt recovery/serving papers (regional)	Quarter 1 – 4 (SD)
SPOC – Home Office (Immigration status and travel)	Engagement with Enforcement Officers via Legal Dept
SPOC – HMRC information exchange	Engagement with Enforcement Officers via Legal Dept
Serious and Organised Crime – Strategic Partnership with Gloucestershire Constabulary	Updates to MT Quarter 1 – 4
Serious and Organised Crime – Home Office Procurement Pilot	Documents to Internal Audit - await feedback from Internal Audit
Internal Investigations – disciplinary/criminal	Engage with HR
Trading standards – Financial Investigation /Proceeds of Crime Act Applications	As per MOU with CFU – process to be rolled out
Staff declaration forms	Consultation with HR
Extraordinary cases	Quarter 1 – 4
Procurement – small contracts	To be agreed
Disabled Facilities Grants	To be agreed
Insurance claims	To be agreed
Additional Proactive Work	Staff Expenses Review Quarter 3 (SD) Revenues Composite Review Quarter 1 (RH)

Appendix A - TBC WORK PLAN 2017/18 – 194 DAYS

Corporate / Strategy	TBC
Corporate Enforcement Policy	Currently being drafted
Counter Fraud and Anti-Corruption Policy	Drafted – consultation period
HB/CT/CTRS Penalties/Prosecution Policy	Drafted – consultation period
Whistle-Blowing Policy	Completed / Adopted
Money Laundering Policy	Review / draft
Debt Recovery Policy	Review / draft
Disciplinary Referral Procedure	Engage with HR
Audit Committees / Boards	Report and present Counter Fraud update July and December
RIPA Policies – Surveillance/Comms/Social Media	To be agreed
RIPA – Staff Training	To be agreed
RIPA – Co-ordinator/CHIS	To be agreed
Procurement of data matching / warehouse software	Liaise with SD
Whistle-Blowing Training	Quarter 1
Fraud Awareness Training	Quarter 1
Member Training – Fraud Awareness	Quarter 1
CPIA / PACE Document Pack	Quarter 2



Appendix B– Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy

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Appendix B – Council Tax, Housing Benefit and Council Tax Support

Penalty and Prosecution Policy

1. INTRODUCTION

- 1.1. The Council is committed to the detection of fraud and has a responsibility to ensure that Housing Benefit and Council Tax Support are paid correctly. Council Tax Support is also referred to as the Council Tax Reduction Scheme or Local Council Tax Support Scheme. For the purpose of this Policy it is referred to as Council Tax Support only. Council Tax Support replaced Council Tax Benefit from 1 April 2013.
- 1.2. The Council is also charged with ensuring that Council Tax is billed correctly and that discounts and exemptions are not claimed incorrectly.
- 1.3. This policy sets out the Council's approach to prosecution and other sanctions in cases of fraud or misinformation in respect of Council Tax Support, Council Tax and Housing Benefit.
- 1.4. It has been revised in the light of the transfer of Housing Benefit fraud investigation to the Department of Work and Pensions (DWP) in 2015.
- 1.5. This policy does not include specific reference to National Non-Domestic Rates (NNDR) although the Local Authority has the power to obtain particulars of persons interested in land as set out under Section 16 of the Local Government Act 1976. Pursuant to Section 16(2), if a person fails to comply with such requests, they will be guilty of an offence and liable on summary conviction to a fine not exceeding level five on the standard scale.

2. BACKGROUND

- 2.1 This policy is governed by legislation and DWP guidance including The Local Government Act 1972, The Local Government Finance Act 1992, Welfare Reform Act 2012, Police and Criminal Evidence Act 1984, Social Security Administration Act 1992 and The Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013.
- 2.2 This policy has been agreed by the Council and will be reviewed as required in response to changes in legislation or government guidance.

3. PURPOSE

- 3.1 The purpose of the Penalty and Prosecution Policy is to set out the action which the Council may take in cases of fraud or misinformation in relation to;
 - a) Claims, or attempted claims, for Housing Benefit.
 - b) Claims, or attempted claims, for Council Tax Support.
 - c) Council Tax Discounts and Exemptions.
- 3.2 The Policy provides guidelines that will be followed where applicable and clarifies which areas are the responsibilities of the Council and those which are the responsibility of the DWP.

4. AREAS OF RESPONSIBILITY

- 4.1 Responsibility for investigation and the application of sanctions lies as follows:
- 4.2 Housing Benefit (and Council Tax Benefit for offences relating to the period prior to April 2013) where there is evidence of fraud:

Appendix B – Council Tax, Housing Benefit and Council Tax Support

Penalty and Prosecution Policy

- a) Investigation is the responsibility of the DWP's Single Fraud Investigation Service and cases will be referred to the DWP in accordance with DWP guidance accordingly.
- b) Cautions no longer apply to these cases.
- c) The Council has retained the delegated power to offer an Administrative Penalty following a recommendation from the DWP.
- d) Prosecution of cases is the responsibility of the DWP.

4.3 Housing Benefit where there is no evidence of fraud:

- a) The Council will make enquiries in respect of cases of misinformation or error made by the customer where the overpayment is incurred wholly after 1 October 2012 and the value of any overpayment exceeds £1,000.
- b) A civil penalty of £50 may be applied by the Council in line with regulations.

4.4 Council Tax Support:

- a) The Council has retained the responsibility to investigate and sanction allegations of fraud and abuse in relation to Council Tax Support claims.
- b) A Caution, Penalty or Prosecution may be considered where there is evidence of fraud.
- c) A civil penalty of £70 may be applied where there is no evidence of fraud.
- d) An Authorised Officer within the Local Authority has the power to obtain information as set out under Regulations 4 and 5 of The Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013. Pursuant to Regulation 6, if a person refuses or neglects to produce any documentation when required to do so, they will be guilty of an offence and liable on summary conviction to a fine not exceeding level three on the standard scale.
Where a person is convicted of an offence and the refusal or failure continues after conviction, the person shall be guilty of a further offence and liable on summary conviction to a fine not exceeding £40 for each day on which it is continued.

4.5 Council Tax:

- a) The Council has responsibility for investigating incorrectly claimed Council Tax exemptions and discounts.
- b) A civil penalty of £70 and an additional civil penalty of £280 may be applied where appropriate – see Table of Civil Penalties on page 6.

5. GENERAL PRINCIPLES

5.1 In deciding what action to take, designated Officers within the Council will consider the following:

- Each case will be considered on its own merits;
- There must be sufficient, reliable evidence to justify the action taken;
- The action taken must be in the public interest;
- Any mitigating circumstances;
- The decision to prosecute an individual is a serious step and has serious implications for all involved. Decisions to prosecute should always be fair, proportionate and consistent;

Appendix B – Council Tax, Housing Benefit and Council Tax Support

Penalty and Prosecution Policy

- In exceptional circumstances, an alternative to prosecution (Caution or Penalty) may be considered without regard to the amount of the overpayment.

6. SANCTIONS AVAILABLE FOR OFFENCES RELATING TO COUNCIL TAX SUPPORT

6.1 The three sanctions available where a criminal investigation has been undertaken are a Caution, a Penalty or Prosecution.

6.2 In cases of error or misinformation, a Civil Penalty may be applied.

6.3 LOCAL AUTHORITY CAUTION

6.4 A Caution is an oral warning given in certain, less serious circumstances as an alternative to prosecution to a person who has committed an offence. It is intended to be a meaningful penalty and deterrent where other actions are not appropriate. The Caution may be a verbal warning but both parties sign the Caution Certificate and a record is kept by the Local Authority.

6.5 If a person declines the offer of a caution the case will be recommended for prosecution.

6.6 A caution will usually be considered where the amount of the recoverable Council Tax Support is less than £1,000 where the evidence indicates that:

- a) It was a first offence, or
- b) There was no planning involved, or
- c) There was no other person involved in the fraud, and
- d) The person's circumstances and demeanour towards the offence indicates that a Caution would be the most appropriate action and
- e) The person has admitted the offence in an Interview under Caution.

6.7 In these circumstances the Council will issue an official Local Authority Caution and require full repayment of the recoverable Council Tax Support.

6.8 A Caution is not applicable where the offence is an attempt and there is therefore no financial loss to the Authority or gain to an individual.

6.9 PENALTY

6.10 A Penalty is a financial penalty offered as an alternative to prosecution, usually in circumstances not deemed serious enough to warrant prosecution.

6.11 If a person refuses a Penalty the case will be recommended for prosecution.

6.12 A Penalty will be considered where the evidence indicates that:

- a) It was a first offence, or
- b) The person failed to attend an interview under caution, or
- c) The person has previously been cautioned within the last 5 years for a similar offence but the offence was minor and the current offence is minor; and
- d) There was no planning involved, or

Appendix B – Council Tax, Housing Benefit and Council Tax Support

Penalty and Prosecution Policy

- e) The person has not admitted the offence at an Interview under Caution, and
- f) There was no other person involved, and
- g) The person's circumstances and demeanour towards the offence indicates that a Penalty would be the most appropriate action.

6.13 In such circumstances the Council will make an offer of a Penalty in addition to requiring full repayment of the recoverable Council Tax Support.

6.14 The penalty will be a minimum of £100, or 50% of the recoverable amount of Council Tax Support up to a maximum of £1,000.

6.15 PROSECUTION

6.16 Prosecution proceedings will usually be instigated only after the evidential and public interest tests as detailed in the Code for Crown Prosecutors are satisfied, and in line with the Council's own Corporate Enforcement Policy. Prosecution will be considered where:

- a) It was not a first offence, or
- b) The fraud has been deliberate and calculated, or
- c) The fraud had continued over a long period; or
- d) The value of the overpayment or financial gain is significant; or
- e) The person has failed to attend an interview under caution; or
- f) There were other persons involved in the fraud and collusion has been investigated, or
- g) The person has declined the offer of a Penalty or withdrawn agreement to pay and Penalty; or
- h) The person has declined the offer of a Caution

6.17 The decision to prosecute is a serious step and has implications for all concerned. The Council will ensure that decisions to prosecute are made in a fair, consistent and equitable manner.

6.18 The Council will also consider the following:

- a) Offender's physical and mental condition such as illness, disability, age etc.
- b) Social factors such as domestic violence, career or employment impact, child care etc.
- c) Voluntary disclosure where the individual makes a full and frank admission without prompting.
- d) Procedural difficulties, delays, failures in the investigation or administrative process.

6.19 SANCTION RECOMMENDATIONS

6.20 The recommendation to apply any sanction will be made in the first instance by the Investigating Officer after consultation with an appropriate Senior Officer.

6.21 Recommendations for criminal sanctions will then be referred to the appropriate Legal Department.

6.22 An appropriate Senior Officer will administer Cautions and Administrative Penalties on behalf of the Revenues or Benefits Department.

6.23 CIVIL PENALTIES

Appendix B – Council Tax, Housing Benefit and Council Tax Support

Penalty and Prosecution Policy

- 6.24 A civil penalty is a financial penalty that that can be imposed where a person has negligently supplied incorrect information or failed to supply information that affects;
- The amount of Housing Benefit or Council Tax Support they have been paid or would have been paid or
 - The amount of Council Tax they have been billed or would have been billed.

6.25 CIVIL PENALTIES APPEAL PROCESS

- 6.26 If a customer is not satisfied with the decision to impose a civil penalty in relation to Housing Benefit or Council Tax Support, they can write to the Council within one calendar month of the date of their letter in which the civil penalty is issued, and ask for a reconsideration of the decision. The reconsideration will be carried out by a Senior Manager within the Local Authority. The outcome of the reconsideration is final and there is no further appeal process. The customer will need to state and provide evidence where appropriate, why they feel the decision is wrong.
- 6.27 If a customer is not satisfied with the decision to impose a civil penalty in relation to Council Tax, they can write to the Council within one calendar month of the date of their letter in which the civil penalty is issued, and ask for a reconsideration of the decision. The reconsideration will be carried out by a Senior Manager within the Local Authority. If the appeal is not successful, the customer may appeal to the Valuation Tribunal. The customer will need to state and provide evidence where appropriate, why they feel the decision is wrong.

TABLE OF CIVIL PENALTIES			
Service	Amount of penalty	Criteria	Appeal method
Housing Benefit	£50	1. Negligently or carelessly giving incorrect information, or 2. Failing to provide without reasonable excuse, information in respect of a claim or payment of benefit, or 3. Failing to notify, without reasonable excuse, a relevant change in circumstances (reasonable excuse = ill health, significant stress)	The Council
Council Tax Support	£70		The Council
Council Tax	£70	1. Failing to supply information following a request from the Council, or 2. Supplied information about a liable person that is materially inaccurate, or 3. Failing, without reasonable excuse, to notify the Council that a dwelling is no longer exempt, or 4. Failing, without reasonable excuse, to notify the Council that a level of discount no longer applies (reasonable excuse = ill health, significant stress)	The Council and then the Valuation Tribunal

Appendix B – Council Tax, Housing Benefit and Council Tax Support

Penalty and Prosecution Policy

Council Tax	£280	1. Where a penalty has been imposed and a further request to supply the same information is made again and is not properly complied with, and may do so each time it repeats the request and the person concerned does not properly comply with it. There is no limit to the number of times this penalty can be imposed.	The Council and then the Valuation Tribunal

7. STRATEGY AND POLICY REVIEW

- 7.1 The appropriate department will review and amend this Policy as necessary to ensure that it continues to remain compliant and meets legislative requirements and the vision of the Council in consultation with the S151 Officer, the Legal Department and Members.

Responsible Department: Revenues Department / Benefits Department

Policy Author: Counter Fraud Unit

Date: April 2017

Review frequency as required by legislative changes / every three years.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	19 July 2017
Subject:	National Fraud Initiative 2016/17
Report of:	Richard Horton, Head of Revenues and Benefits
Corporate Lead:	Rob Weaver, Deputy Chief Executive
Lead Member:	Councillor R Furolo, Lead Member for Finance and Asset Management
Number of Appendices:	None

<p>Executive Summary:</p> <p>The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. This report details the outcomes of the 2016/2017 exercise for housing benefit matches.</p>
<p>Recommendation:</p> <p>To CONSIDER the outcomes of the data matching exercise.</p>
<p>Reasons for Recommendation:</p> <p>It is good practice to report findings to the Audit Committee, to give assurance as to the adequacy of the control environment</p>

<p>Resource Implications:</p> <p>None specific to this report</p>
<p>Legal Implications:</p> <p>None specific to this report</p>
<p>Risk Management Implications:</p> <p>To ensure that adequate arrangements are in place for the prevention and detection of fraud.</p>
<p>Performance Management Follow-up:</p> <p>Continual monitoring of housing benefit</p>
<p>Environmental Implications:</p> <p>None</p>

1.0 INTRODUCTION/BACKGROUND

- 1.1 The National Fraud Initiative (NFI) matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies.
- 1.2 Nationally, the NFI helped trace almost £198 million in fraud, error and overpayment in England during the period from 1 April 2014 to the 31 March 2016. During the same period the NFI identified £24 million of fraud error and overpayment in Scotland, Wales, and Northern Ireland. This brings the total outcomes since the last reporting to £222 million. This represents a slight fall from the £229 million reported for the period from 1 April 2013 to 31 March 2014. There have been changes to the estimation methodologies which mean that this is not a true like for like comparison. Since it began, the NFI has enabled the participants to detect and prevent fraud and error overpayments totaling £1.39 billion.
- 1.3 Public sector bodies are required to submit data to National Fraud Initiative on a regular basis for their data to be cross-checked against other government departments and other organisations' databases. The exercise focuses mainly on checking the correct eligibility for housing benefit and ensuring that housing benefit recipients have reported changes in circumstances.

2.0 The National Fraud Initiative Data Matching Exercise 2016/17

- 2.1 The 2016/17 data matching exercise on housing benefit has been completed.

2.2

Year	Type of match	Total Matches	Fraud	Errors	Over claimed Housing Benefit
2014/15	Housing Benefit Data Matches	531	17	44	£59,878.67
2016/17	Housing Benefit Data Matches	321	1	69	£8,835.28

The outcomes for 2016/17, when compared to the previous review show a considerable fall in the number of data matches as well as a reduction in the amount of over-claimed housing benefit; however, errors have increased. In the one case of fraud detected, this has been forwarded to the Single Fraud Investigation Service to consider further action. Local Authorities no longer investigate housing benefit fraud. In all of the above cases action is taken to recover the overpayments. The Benefits staff are doing more preventative work with our customers as well as automating our systems to update claims with benefit changes as soon as notified. Whilst it is good news that the value of the overpayments found and fraud committed has dramatically fallen, it is disappointing that the numbers making errors has increased.

- 2.3 During 2016/17 the Council paid out over £19 million pounds in housing benefits and administered to 3,970 housing benefit recipients. In terms of numbers and values of overpayments found the impact is very small.
- 2.4 The new Central Fraud Unit will be taking forward further National Fraud Initiative reviews in the near future.

3.0 OTHER OPTIONS CONSIDERED

3.1 None

4.0 CONSULTATION

4.1 None

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Anti-Fraud and Corruption Policy

6.0 RELEVANT GOVERNMENT POLICIES

6.1 Central Government has a policy on protecting the public purse

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None

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

8.1 None

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

9.1 Central Government and so do local authorities have a duty to protect the public purse.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None

Background Papers: None

Contact Officer: Richard Horton, Head of Revenues and Benefits
01684 272119 Richard.Horton@teWKesbury.gov.uk

Appendices: None

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	19 July 2017
Subject:	Annual Governance Statement 2016/17
Report of:	Corporate Governance Group
Corporate Lead:	Sara Freckleton, Borough Solicitor
Lead Member:	Councillor D J Waters, Leader of the Council
Number of Appendices:	One

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 ('Delivering Good Governance in Local Government: Framework 2016')

Recommendation:

To APPROVE the Annual Governance Statement 2016/17

Reasons for Recommendation:

Regulation 6 (1) (a) of the Accounts and Audit Regulations 2015 requires an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 requires that, for a local authority, the statement is 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.
- 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. Regulation 6 (1) (a) of the Accounts and Audit Regulations 2015 requires an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 requires that, for a local authority, the statement is an Annual Governance Statement.
- 1.3** The Annual Governance Statement should normally be approved at the same time as, and certainly no later than, the Statement of Accounts. The Annual Governance Statement has been developed in accordance with 'Delivering Good Governance in Local Government: Framework (2016)
- 1.4** The Good Governance Framework is based on seven principles of corporate governance which are set out below and which are underpinned by supporting principles and requirements.
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - Ensuring openness and comprehensive stakeholder engagement.
 - Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - Developing the entity's capacity, including the capability of its leadership and the individuals within it.
 - Managing the risks and performance through robust internal control and strong public financial management.
 - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

2.0 REVIEWING THE GOVERNANCE ARRANGEMENTS

2.1 The review is undertaken by the Corporate Governance Group and is based on the sources of assurance that are demonstrated in the diagram (Page No. 6 of the Annual Governance Statement). The diagram succinctly demonstrates the wide coverage of the Council's governance framework. 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 form 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 and is a fair reflection of 'where we are'.

3.0 TEWKESBURY BOROUGH COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2016/17

3.1 The draft Annual Governance Statement for 2016/17 is attached at Appendix 1 and identifies eight areas of governance that require improvement. These are detailed within the table on the last page of the statement. Progress in implementing the actions stated within the table will be reported to each Audit Committee.

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 2016/17

2016-2017 *Annual governance*
statement



better for customers and better for business

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Scope of responsibility

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. In discharging this overall responsibility, the 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.

Regulation 6(1) (a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority, the statement is an Annual Governance Statement.

The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework 2016 fulfils the statutory requirements for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.

In England, the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be ‘prepared in accordance with proper practices in relation to accounts’. Therefore, a local authority in England shall

provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016).

The purpose of the governance framework

The governance framework defines 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. The framework defines the principles that underpin good governance, providing a structure to help individual authorities with their approach to governance.

Governance structures and partnerships should be tested against the principles contained in the framework by:

- Reviewing existing governance arrangements
- Developing and maintaining an up to date local code of governance, including arrangements for ensuring ongoing effectiveness
- Reporting annually on compliance with the local code and how the effectiveness of governance arrangements have been monitored.

The governance framework

Delivering Good Governance in Local Government 2016 identifies the following core principles (which are supported with a raft of sub principles): -

- Behaving with integrity, demonstrating strong

commitment to ethical values, and respecting the rule of law.

- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Examples of key elements of the structures and processes that may comprise a council’s governance arrangements include :-

- Codes of conduct that define standards of behaviour for members and staff and policies such as whistleblowing and anti-fraud and corruption and these codes are communicated effectively.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- Documenting a commitment to openness and acting in the public interest.
- Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
- Translating the vision into courses of action for the authority, its partnerships and

collaborations.

- Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.
- Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.
- Management arrangements that conform with the governance arrangements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and the CIPFA Statement on the Role of the Head of Internal Audit (2010).
- Ensuring effective arrangements are in place for the discharge of the monitoring officer function and head of paid service function.
- Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.
- Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)
- Ensuring an effective scrutiny function is in place.
- Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013)
- Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

The council’s governance framework

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. A high level review is undertaken by the corporate governance group and is based on the sources of assurance that are demonstrated within diagram 1 – the council’s governance framework. The review of effectiveness is mainly informed by the work of senior management who have responsibility for the development and maintenance of the governance environment and internal and external audit reports plus third party assurance. The outcome of the review has concluded : -

- There is an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and broadly the framework is sound and arrangements are considered to be fit for purpose. The framework is extensive, complex and given the changing environment there will always be areas where governance can be strengthened. It would be unrealistic to expect all aspects of governance to be operating 100% effectively, 100% of the time.

When considering the governance framework, the corporate governance group recognised improvements made during the year. These include but are not limited to;

- Implementation of a new complaints and Freedom of Information request monitoring system.
- To improve financial governance, the roll out of the new e-ordering system.
- In terms of transparency, the scheme of public

participation at planning committee being made a permanent arrangement.

- Review of effectiveness of the Overview and Scrutiny Committee.
- Sign up to the county fraud unit.
- Review and update of the whistleblowing policy, anti-fraud and corruption policy and anti-bullying and harassment policy.
- Annual Health and Safety reporting to Audit Committee.
- Safeguarding training for all staff.
- Sign up to the officer and member planning protocols.

Progress on delivering previous year’s significant governance issues and emerging issues identified during 2016/17 are: -

Review of previous year’s significant governance issues

Five issues were identified and progress on delivering these have been reported to Audit Committee on a quarterly basis. A number of the identified actions have been implemented, although those which remain partially implemented have been carried forward for proposed action during 2017/18.

Review and update of the constitution

The last full review was undertaken in 2007. Since that time it has been updated on a piecemeal basis taking into account of changes to the political and management structure of the council. A revised Scheme of Delegation has been approved as an interim measure pending full review. This full review will be carried forward as a significant governance issue.

Risk Management

The council’s risk management arrangements have yet to be reviewed. This is an action within the Policy and Communication’s team 2017/18 service plan. A new strategy needs to reflect the risk appetite of the council, particularly in relation to the council’s new approach to commercialism. A risk register has been reported to Audit Committee for part of the year. The format of the register will be reviewed as part of the strategy review as well as the current strategic risks facing the council. A review of the risk register is also a recommendation from the councillor’s external auditors. The overall review of risk management arrangements will be carried forward as a significant governance issue.

Business Continuity

Supported by the Civil Protection Team, the majority of service plans have been updated. Once complete, priority systems can be identified and tested. The updated plans will help inform completion of a new corporate plan. Overall business continuity arrangements will be carried forward as a significant governance issue.

Audit Committee effectiveness

It is good practice that the value of the Audit Committee is maximised. During the course of the year, internal audit has undertaken training around it’s role and further training for the committee is programmed. A formal review of the effectiveness of the committee will take place during 2017/18. As the formal review has yet to be carried out this will be carried forward as a significant governance issue.

The corporate governance group then considered areas of governance that emerged during the course of the year, using the sources of assurance highlighted in diagram 1. The following significant governance issues were identified:

Ubico client monitoring

An internal audit report presented at Audit Committee on 14 December 2016 concluded a combination of ‘limited’ and ‘unsatisfactory’ level of control regarding the internal arrangements to effectively manage aspects of the Ubico contract (Ubico is the local authority controlled company which delivers the council’s direct services such as waste and recycling, street cleaning and grounds maintenance). Recommendations have been made and accepted by management and these include; the review of performance indicators, the provision of financial information, grounds maintenance monitoring and fleet management. Based upon the internal audit findings, this has also been identified as a significant value for money risk by the council’s external auditors. Given the value of the contract and the profile of the service the lack of effective monitoring by Tewkesbury Borough Council is recognised as a significant governance issue.

General Data Protection Regulations (GDPR) 2018

GDPR’s builds upon the current Data Protection Act, introducing new elements and significant enhancements. The approach to GDPR compliance requires support from all levels of the council. GDPR places greater emphasis on the documentation that data controllers must keep to demonstrate their accountability. Overall,

“We propose over the coming year to take steps to address the above matters to **further enhance our governance** arrangements.”

information governance arrangements will need to be reviewed as to how the council holds, retains, monitors and processes personal data. The Information Commissioner identifies 12 key steps for the review including awareness, communication, individual’s rights, legality, children’s data, designation of roles and responsibilities and data breaches. Non-compliance with GDPR can potentially result in significant fines.

Local Code of Corporate Governance

To achieve good governance, the council should be able to demonstrate that its governance structures comply with the core and sub-principles contained within the ‘Delivering good governance framework 2016’. To achieve this, the council’s local code of governance should reflect these principles. The local code therefore needs to be updated to reflect these principles.

Significant governance issues

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. Progress in delivering the issues identified will be reported to both corporate management team and Audit Committee on a quarterly basis. The Lead Member for Corporate Governance will also be updated through portfolio briefings;

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

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

Council's assurance framework

Corporate Governance Group
responsible for drafting AGS after evaluating assurance framework

Review of the effectiveness of the system of internal control

Performance management and transformation

- Service plans
- Council plan and performance tracker
- Performance indicators
- Complaints
- Peer review action plan
- Transform programme

Risk management

- Risk Management Strategy
- Project Management
- Business Continuity Plan
- Insurance policies

Legal and regulatory assurance

- Monitoring Officer function
- One Legal
- Whistle blowing
- Health & Safety
- Anti-fraud & corruption policy

Members' assurance

- Standards Committee
- Overview and Scrutiny Committee
- Audit Committee
- Declaration of interests
- Lead Member portfolios
- Code of conduct

Management assurance

- Management Team meetings
- Corporate Governance Group

Other sources of assurance including 3rd party

- Ombudsman reports
- External reports e.g. peer review
- Shared services – client monitoring
- Counter fraud unit

Financial management

- Medium Term Financial Strategy
- Revenue and Capital monitoring
- Treasury Management Statement of Accounts
- Compliance with Codes of Accounting Practice
- Savings programme

Internal audit

- PSIAS
- Compliance
- Reporting to Audit Committee
- Audit opinion and recommendations
- Corporate improvement work
- Consultancy & advice

External audit

- Annual Plan
- Reporting to Audit Committee
- Audit Opinion and VFM conclusion
- Ad hoc reports
- Statement of accounts work

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

Governance issue	Proposed action	Timescale	Responsible officer/group
1 Constitution	<ul style="list-style-type: none"> Review and update the constitution 	December 2018	Head of Democratic Services
2 Risk Management	<ul style="list-style-type: none"> Review and update strategy Risk management awareness training Introduce new corporate risk register 	December 2017	Head of Corporate Services
3 Business Continuity	<ul style="list-style-type: none"> All service plans to be updated Review of corporate plan Identify and prioritise key systems Desktop exercise to test new plan 	March 2018	Head of Corporate Services
4 Audit Committee effectiveness	<ul style="list-style-type: none"> Audit Committee training Undertake a review of the effectiveness of the committee 	March 2018	Head of Corporate Services
5 Workforce development strategy	<ul style="list-style-type: none"> Develop and approve strategy 	September 2017	Head of Corporate Services
6 Ubico Client Monitoring	<ul style="list-style-type: none"> Review of current arrangements and produce improvement plan 	September 2017	Head of Community Services
7 General Data Protection Regulations	<ul style="list-style-type: none"> Deliver implementation action plan 	May 2018	Head of Corporate Services
8 Local Code of Corporate Governance	<ul style="list-style-type: none"> Review and update current code 	March 2018	Head of Corporate Services

Signed on behalf of Tewkesbury Borough Council

Councillor Dave Waters
Leader of the Council

Mike Dawson
Chief Executive

Date

Date

Mike Dawson
Chief Executive
Tewkesbury Borough Council

