

# Appendix 2: Limited Assurance Statement (Audit Committee)

AUDIT:	Flood Alleviation Grants	DATE:	29 April 2014
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Limited Assurance Statement within audit opinion of report	Supplementary information relating to limited assurance statement	Recommendation	Action to be taken	Officer Responsible	Priority
<p>Once completed the flood alleviation schemes funded by the Gloucestershire County Council grant contribution will lead to positive outcomes for the community. In respect of expenditure towards the schemes; this has been made in accordance with the Council's Financial and Contract Procedure Rules and progress reports have been set up for the purposes of monitoring each scheme. Furthermore, monthly updates are provided to the County Council on the status of the schemes.</p> <p>The audit established that no formal agreement or grant terms and conditions exist between Tewkesbury Borough Council and Gloucestershire County Council; presenting a number of financial and reputational risks. At the time</p>	<p>It is recognised that once completed, the flood alleviation schemes will lead to positive outcomes for the community. The audit did however identify a number of key areas where only limited assurance could be obtained in relation to the monitoring and governance of these schemes; namely:</p> <ul style="list-style-type: none"> <li>No formal agreement or grant terms and conditions exist between Tewkesbury Borough Council and Gloucestershire County Council; presenting a number of financial and reputational risks.</li> <li>The progress reports provide limited information to enable expenditure to be monitored and traced within the new financials system i.e. the use of unique references for each scheme, details of the payee, a record of expenditure codes used, details of net and gross amounts paid for the purposes of reclaiming VAT and details of invoices raised to GCC to reclaim the grant</li> </ul>	<p><b><u>Recommendation 1:</u></b></p> <p>A robust mechanism for monitoring the flood alleviation grants should be established.</p>	<p><b><u>Recommendation 1 actions:</u></b></p> <ol style="list-style-type: none"> <li>Grant terms and conditions should be formalised between Tewkesbury Borough Council and Gloucestershire County Council.</li> <li>The progress reports should be enhanced to include details of the payee (i.e. Parish Council or contractor), the use of unique references for each scheme to trace expenditure within new financials, a record of the expenditure code used, details of the net and gross amounts paid for the purposes of</li> </ol>	Environmental Health Manager	E

**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.

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<p>of the audit, there was also no evidence of an agreement with the Parish council in respect of the scheme at The Leigh; this should be in place to establish responsibility for ongoing maintenance. The need for these governance issues to be resolved is supported by One Legal.</p> <p>A review of the progress reports during the audit identified that following areas where enhancements should be made:</p> <ul style="list-style-type: none"> <li>• A regular update and reconciliation against the new financials system.</li> <li>• The recording of expenditure codes and use of unique references for each scheme to effectively trace and monitor expenditure.</li> <li>• The recording of net and gross amounts paid for the purposes of reclaiming VAT.</li> <li>• A review of the capital/ revenue split and cost codes used for the works should be undertaken in conjunction with Financial</li> </ul>	<p>monies.</p> <ul style="list-style-type: none"> <li>• In some cases, expenditure recorded on the progress reports did not reconcile to the new financials system.</li> <li>• At the time of the audit there was no evidence of an agreement between Tewkesbury Borough Council and the Parish Council in respect of the scheme at the Leigh; this should be in place to establish responsibility for ongoing maintenance and applies to all of the schemes.</li> </ul> <p>At the time of the audit, of the £205,000 grant funding secured, a total of £15,000 had been received from the County Council in respect of the revenue funded scheme at Brockworth. Expenditure to date in respect of the remaining schemes was yet to be reclaimed from the County Council. Since completion of the audit, an invoice totalling £27,907.28 has been raised in respect of the completed scheme at The Leigh.</p> <p>The audit recognises that quarterly updates in respect of the schemes are provided to Members via the Flood Risk Management Group (FRMG) and Overview and Scrutiny Committee (performance tracker). Given the remit of the FRMG, the progress report</p>		<p>reclaiming VAT and a record of invoices raised to GCC to reclaim the grant monies.</p> <ol style="list-style-type: none"> <li>3. The progress reports should be updated on a regular basis, reconciled against the new financials system and provided to the Flood Risk Management Group.</li> <li>4. In respect of schemes being led by the County Council, regular progress reports (including financials) should be requested.</li> <li>5. The electronic project folders set up on the drainage drive should be kept up to date with all relevant documentation.</li> <li>6. A review of the capital/ revenue split and cost codes used for the works should be undertaken in</li> </ol>	
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<p>Services.</p> <p>Recommendations have therefore been made in relation to establishing a robust mechanism for monitoring the flood alleviation grants and establishing accountability, ownership and on-going maintenance responsibility for each of the schemes.</p>	<p>(including financials) should be kept up to date and provided to the group.</p> <p>Given the findings of the audit, recommendations have been made in relation to establishing a robust mechanism for monitoring the flood alleviation grants and establishing accountability, ownership and on-going maintenance responsibility for each of the schemes.</p>	<p><b><u>Recommendation 2:</u></b></p> <p>Accountability, ownership and on-going maintenance responsibility should be established for each of the schemes and agreements be put in place.</p>	<p>conjunction with Financial Services.</p> <p><b><u>Recommendation 2 actions:</u></b></p> <p>1. Ownership in respect of the land where the flood alleviation works have been undertaken should be established and appropriate agreements be put in place for ongoing liability.</p>	<p>Environmental Health Manager</p>	<p>E</p>
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