

6 December 2016

Committee	Audit
Date	Wednesday, 14 December 2016
Time of Meeting	2:00 pm
Venue	Committee Room 1

ALL MEMBERS OF THE COMMITTEE ARE REQUESTED TO ATTEND



**for Sara J Freckleton
Borough Solicitor**

Agenda

1. ANNOUNCEMENTS

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

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

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive apologies for absence and advise of any substitutions.



Item	Page(s)
3. DECLARATIONS OF INTEREST	
<p>Pursuant to the adoption by the Council on 26 June 2012 of the Tewkesbury Borough Council Code of Conduct, effective from 1 July 2012, as set out in Minute No. CL.34, Members are invited to declare any interest they may have in the business set out on the Agenda to which the approved Code applies.</p>	
4. MINUTES	1 - 11
<p>To approve the Minutes of the meeting held on 21 September 2016.</p>	
5. AUDIT COMMITTEE WORK PROGRAMME	12 - 18
<p>To consider the Audit Committee Work Programme.</p>	
6. GRANT THORNTON PROGRESS REPORT	19 - 34
<p>To consider the external auditor's report on progress against planned outputs.</p>	
7. ANNUAL AUDIT LETTER 2015/16	35 - 47
<p>To consider Grant Thornton's Audit Letter 2015/16.</p>	
8. APPOINTMENT OF EXTERNAL AUDITOR	48 - 53
<p>To recommend to Council the option to opt-in to the Public Sector Audit Appointments Ltd as the Sector Led Body for the appointment of the Council's External Auditors from 2018/19.</p>	
9. INTERNAL AUDIT PLAN MONITORING REPORT	54 - 81
<p>To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited for the period September to November 2016.</p>	
10. TRADE WASTE AUDIT PROGRESS REPORT	82 - 89
<p>To consider the progress made in the response to the recommendations stated in the 2015/16 annual report concerning the audit of the trade waste collection service.</p>	
11. COUNTER FRAUD UNIT BUSINESS CASE	90 - 129
<p>To consider the progress of the Counter Fraud Unit and to recommend to Council the approval of option 3 of the business case to establish a permanent Counter Fraud Unit, subject to similar approval being made at all partner authorities; should all necessary approvals not be forthcoming, option 2 would be this Council's default position.</p>	
12. MONITORING OF SAFEGUARDING AUDIT	130 - 136
<p>To consider the progress made in relation to the recommendations arising from the safeguarding audit.</p>	

13. MONITORING OF SIGNIFICANT GOVERNANCE ISSUES

137 - 141

To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.

DATE OF NEXT MEETING**WEDNESDAY, 22 MARCH 2017****COUNCILLORS CONSTITUTING COMMITTEE**

Councillors: K J Cromwell, A J Evans, R Furolo (Chair), Mrs P A Godwin, B C J Hesketh, Mrs S E Hillier-Richardson and Mrs H C McLain (Vice-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, 21 September 2016 commencing
at 2:00 pm**

Present:

Vice Chair, in the chair

Councillor Mrs H C McLain

and Councillors:

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

AUD.15 ANNOUNCEMENTS

15.1 The evacuation procedure, as noted on the Agenda, was taken as read.

15.2 The Chair welcomed the representatives from Grant Thornton - David Johnson, Audit Manager for Tewkesbury Borough Council, and Julie Masci, Engagement Lead - to the meeting.

AUD.16 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

16.1 Apologies for absence were received from Councillor R Furolo (Chair). There were no substitutions for the meeting.

AUD.17 DECLARATIONS OF INTEREST

17.1 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.

17.2 There were no declarations made on this occasion.

AUD.18 MINUTES

18.1 The Minutes of the meeting held on 22 June 2016, copies of which had been circulated, were approved as a correct record and signed by the Chair.

AUD.19 AUDIT COMMITTEE WORK PROGRAMME

19.1 Attention was drawn to the Audit Committee Work Programme, circulated at Pages No. 11-17, which Members were asked to consider.

19.2 The Corporate Services Group Manager indicated that both the Executive and Overview and Scrutiny Committees had their own work programmes and Officers felt that this was something which may also be of benefit to the Audit Committee. The work programme formalised the items that would be coming to future meetings and would enable Members to monitor deferrals and raise queries about specific items in advance.

- 19.3 A Member noted that the work programme included a June meeting in 2017 and she queried whether this was correct. In response, the Finance and Asset Management Group Manager clarified that the work programme had been drafted based on the current Committee cycle and the dates were subject to change; the schedule of meetings for 2017/18 would be agreed by Council in the New Year and the work programme would be updated accordingly.
- 19.4 Members welcomed the introduction of a formal work programme for the Committee and it was

RESOLVED That the Audit Committee Work Programme be **NOTED**.

AUD.20 GRANT THORNTON AUDIT FINDINGS

- 20.1 Attention was drawn to Grant Thornton's report, circulated at Pages No. 18-54, which set out the audit findings for the Council for 2015/16. Members were asked to consider the report.
- 20.2 The Engagement Lead from Grant Thornton explained that the report highlighted the key findings from its audit of the Council's financial statements for the year ended 31 March 2016. Under the National Audit Office Code of Audit Practice, Grant Thornton was required to report whether, in its opinion, the Council's financial statements represented a true and fair view of the financial position, and its income and expenditure for the year, and whether they had been properly prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting. In addition to this work, Grant Thornton was also required to reach a formal conclusion on whether the Council had put into place proper arrangements in terms of the value for money conclusion.
- 20.3 Members were reminded that Grant Thornton had set out its plans for how it would approach the audit in March 2016 and no changes had been made. Work on the financial statements was substantially complete but it would be necessary to carrying out some finalisation procedures before they were signed off. This included consideration of the post-balance sheet which accounted for anything which had happened since the end of the financial year which had significant bearing on the accounts. It was anticipated that an unqualified audit opinion would be issued in respect of the financial statements; there had been a small disclosure amendment but, overall, the reported position remained unchanged and the Engagement Lead praised the quality of the accounts which had been put together by the Finance Team. In terms of wider responsibility, Grant Thornton looked at the Annual Governance Statement which was consistent with the financial statements and contained no exemptions. The action plan attached at Appendix A to the report included two matters which had previously been reported to the Committee in March 2016. In terms of value for money, Grant Thornton was satisfied that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources and proposed to give an unqualified conclusion. The audit fees were in line with those proposed in the Audit Plan at the start of the year and there were no issues which impacted on Grant Thornton's independence as auditors.
- 20.4 The Grant Thornton Audit Manager drew attention to Page No. 26 which set out the level of materiality which was worked to; any errors were reported to the Council with the exception of three items which had a lower materiality level due to their sensitive nature. Significant risks were set out at Page No. 27 and two risks had been identified which were applicable to all audits – fraudulent transactions in the revenue cycle and management override of controls. Two "other" risks of material misstatement had been identified in the Audit Plan in relation to employee remuneration and operating expenses but the audit work had not identified any

significant issues in relation to the risks. Regular meetings had been held with management throughout the year to discuss accounting issues and Members noted that two significant matters had been discussed in 2015/16; Ubico and Virgin Media. With regard to Ubico, it was noted that the reduction in the Council's shareholding, following the appointment of Stroud District Council as a partner in Ubico, no longer constituted Tewkesbury Borough Council as having significant influence over the company and no group accounts were required as a result. Confirmation was provided that the Council had reviewed the bad debt provision for the outstanding housing benefit debt that had been identified the previous year and this was being addressed. Pages No. 34-35 set out matters which had been identified during consideration of internal controls; these had all been reported to previous Audit Committees and no further work was required.

- 20.5 It was accepted that there would be some mistakes, as there would with any accounts, and Page No. 20 included details of two disclosure changes identified during the audit which had been made in the final set of financial statements. Following the outcome of a European Court judgement, a VAT tribunal ruled that local government off-street parking was non-business and therefore not subject to VAT. This decision had been reversed following an appeal by Customs and Excise and the outstanding claim by the Council had been dismissed therefore the contingent asset was no longer relevant to the Council's financial statements. The date of notification, 16 December 2015, was prior to the balance sheet date and it had been removed from the post balance sheet disclosure. Value for money was more contentious as it was a subjective area and Grant Thornton's assessment was based on the information which was available. The ongoing challenge of meeting the savings outlined by the Chancellor as part of the Autumn Statement continued to put pressure on local government finances and this had been highlighted to the Committee in March 2016. Page No. 23 of the report set out the main considerations which included the Medium Term Financial Strategy, savings and sources of funding e.g. New Homes Bonus. Grant Thornton had concluded that the Council had proper arrangements in all significant respects to ensure that it delivered value for money in its use of resources. The Council's savings plans for the next couple of years appeared reasonable and achievable; however, plans for 2018/19 and beyond would need further consideration given the amount of unknowns going forward. With regard to fees, the Grant Thornton Audit Manager drew attention to Page No. 23 of the report and pointed out that work on the grant certification was ongoing and may be subject to change, however, there was no indication that would be necessary from the work done to date. He reiterated that there was a robust process in place to review the accounts and no further issues had been identified; this was a credit to the Finance Team and he thanked Officers for responding quickly to queries and working with Grant Thornton to reach this conclusion.
- 20.6 A Member noted that the representatives from Grant Thornton were happy with the Council's model for use of New Homes Bonus, however, Page No. 42 of the report set out that it was not considered core funding and, as such, could be phased out on any subsequent funding review, therefore, the continued reliance on a single funding stream was still an area of concern. The Grant Thornton Audit Manager indicated that there was always a risk associated with reliance on a single source of income, particularly given the potential for further government reorganisation or a change in leadership. It was a risk which needed to be flagged and the Council should have a contingency in place should the situation change but there was currently no suggestion that would happen. The Finance and Asset Management Group Manager explained that the New Homes Bonus was a six year rolling programme which was currently in its final year. The Council used 65% of its New Homes Bonus money to support core services with the remaining 35% set aside for one-off use which acted as a buffer in the event of changes to the scheme. The government consultation at the start of the year had suggested that it was looking

to reduce the scheme by up to two-thirds, however, there was no indication as to whether this would actually come to fruition given that feedback had been expected in June. Whilst the Council was reliant upon New Homes Bonus money, it was in a better position than many authorities which used 100% to support their base budgets.

20.7 A Member drew attention to the first recommendation included on the Action Plan, attached at Appendix A to the report, and noted that it had an implementation date of April 2016. The Finance Manager confirmed that this had been raised in March and an estimate included so the action had been completed. In response to a query regarding the accounts for Ubico, clarification was provided that Ubico would provide its own limited company accounts. As Tewkesbury Borough Council was one of six partners in the company it did not have control; its stake in Ubico was as an investment only and there was no requirement to produce group accounts.

20.8 The Chair offered her congratulations to the Finance Team on a very positive report and thanked Officers for their hard work on behalf of the Audit Committee. Accordingly it was

RESOLVED That Grant Thornton's audit findings 2015/16 be **NOTED**.

AUD.21 LETTER OF REPRESENTATION

21.1 Attention was drawn to the Section 151 Officer's Letter of Representation on the financial statements for the year ended 31 March 2016, which had been circulated at Pages No. 55-57. Members were asked to consider the letter.

21.2 The Finance and Asset Management Group Manager indicated that, as the Council's Section 151 Officer, he was required to write a Letter of Representation to the external auditors which outlined the principles on which the accounts were based and confirmed compliance with the law and the level of information provided to Grant Thornton to complete the audit, as well as disclosing any fraudulent activity that may have taken place. The content of the letter had been agreed with Grant Thornton and formal approval was now sought from the Committee.

21.3 Accordingly, it was

RESOLVED That the Letter of Representation be **APPROVED** and signed by the Section 151 Officer.

AUD.22 STATEMENT OF ACCOUNTS 2015/16

22.1 The report of the Finance and Asset Management Group Manager, circulated at Pages No. 58-163, asked Members to approve the Statement of Accounts for 2015/16 as attached at Appendix A to the report.

22.2 The Finance Manager explained that the Statement of Accounts was a statutory document which demonstrated the Council's financial position at the end of the financial year. In line with the revised Accounts and Audit (England) Regulations 2011 guidelines, approval of the accounts was now made by the Section 151 Officer by 30 June, the accounts were then audited and amended, if necessary, before the Section 151 Officer signed the accounts again. Those accounts were then approved by the Audit Committee and signed by the Chair by 30 September.

22.3 In terms of income and expenditure, Members were advised that working balances had remained at £450,000 and the Council had underspent against its net budget by £289,000 in the year. With regard to overspends, there had been a series of business rate revaluations on various properties within the Borough, and the write-off of several debts which had proven to be irrecoverable, which had resulted in a deficit; housing benefit overpayments had continued to be over budget thereby reducing the recovery of subsidy; there had been a delay in obtaining a property

for investment which was now scheduled for the end of the month; and only £126,000 salary savings had been made against a target of £182,000 leaving a £56,000 shortfall. With regard to underspends, additional income had been generated from garden waste; a provision from 2014/15 had been released back into the base budget; and, significantly, an additional £592,000 had been received from planning and land charges fees.

22.4 The Finance Manager went on to explain that the total net worth of the Council had increased from £1.869M to £8.9M. The increase in net worth was summarised in the Movement in Reserves Statement, contained within the Statement of Accounts. One of the main factors was an increase of £6M on long term assets largely due to the expenditure on the new leisure centre; however, this did mean that there had been a decrease in investments due to the use of monies to fund its construction. Total provisions had decreased due to successful business rates appeals and other rate reductions in year. Other adjustments included a reduction in the Capital Receipts Reserve and a decrease in the pension deficit, mainly due to an increase in the net discount rate over the period. The balance on the collection fund for Council Tax was a deficit of £1.331M at year end which was very positive. Any balance would be redistributed amongst the precepting bodies of Gloucestershire County Council, Gloucestershire Police and Tewkesbury Borough Council based on a proportion of the total precept demand from each body. The balance on the collection fund for business rates was a deficit of £10.646M at year end as a result of collecting less than estimated before the start of the financial year and due to the need to set aside funds to cover future appeals. Central government was allocated 50% of the deficit; Tewkesbury Borough Council was allocated 40% and Gloucestershire County Council 10%. In terms of capital resources, the total balance was £5.684M, including capital grants; however, after allowing for commitments, the unallocated budget available for new capital grant projects was £500,000. Expenditure on capital projects in 2015/16 had amounted to £7.864M and included £6M on the new leisure centre, £103,000 on photovoltaics for the Public Services Centre, £207,000 on community grants and £98,000 on IT software and other equipment.

22.5 A Member questioned what the Council's capital commitments would be for the next five years and was informed that the majority related to the leisure centre which had opened in April; other commitments included vehicles to support the waste and recycling fleet and an estimated amount to support Disabled Facilities Grants. In response to a query regarding the performance of the photovoltaics installed on the Public Services Centre, the Asset Manager advised that, whilst no payments had been received as yet due to Ofgem being flooded with applications in January prior to the drop in the feed-in tariff, it was estimated that £4,800 had been saved in energy costs to date. The photovoltaics were divided into four areas on the roof and could produce as much as 80kw of energy; 40kw in winter. Members were informed that the feed-in tariff was £7,000per year and it was expected that the Council would save £15,000 per year through a combination of the tariff and energy saving. In response to a further query, the Asset Manager explained that the panels worked best on very bright days, however, it did not necessarily need to be warm; less energy was generated in winter due to the reduced hours of daylight, not due to temperature. Clarification was provided that the Council did not give any energy back to the National Grid. Whilst energy could be exported, it was currently all being used internally and Officers were looking at potential options for the future.

22.6 Having considered the information provided, it was

RESOLVED That the Statement of Accounts 2015/16 be **APPROVED**.

AUD.23 INTERNAL AUDIT PLAN MONITORING REPORT

- 23.1 The report of the Corporate Services Group Manager, circulated at Pages No. 164-185, was the first monitoring report of the financial year and summarised the work undertaken by the Internal Audit team during the period April to August 2016. Members were asked to consider the adequacy of the internal controls operating in the systems audited.
- 23.2 Members were advised that full details of the work undertaken were attached at Appendix 1 to the report. A satisfactory level of assurance had been found in the audit of the Public Services Network (PSN); whilst the Council's code of compliance had been appropriately signed off, there were a number of ICT policies and procedures supporting the PSN which required reviewing and updating and it had been recommended that testing of the Security Incident Management Plan be carried out. A previous audit of tree inspections had highlighted an unsatisfactory level of control which had acted as a catalyst for an overhaul of the whole process. The Asset Manager had taken on responsibility for tree maintenance and new technology had been purchased which allowed Officers to enter information into a handheld device and upload it directly to the system. However, it was noted that a limited opinion had been issued in relation to the audit of the previous regime as 191 of the 672 trees inspected were not formally owned by Tewkesbury Borough Council. The Asset Manager reiterated that he had taken on responsibility for tree maintenance in winter 2015 and Ubico carried out the inspections between October and March. As Ubico carried out grass cutting on behalf of the Council and had knowledge of the Borough, it had been wrongly assumed that the operatives also knew which trees were owned by the Council. Unfortunately there had been a lot of changes historically and there were areas which the Council did not currently own but were intended for adoption by the local authority following development, for example, the housing estate in Mitton which, although maintained by the Council, had never been formally adopted. It was necessary to undertake some additional work to review the unadopted areas and the outcomes to resolve the issues would be presented to Members in a further report. In terms of the new procedure for inspections, trees were allocated zones from one to five, with zone one being trees in high traffic areas – and therefore high risk - and zone five being trees in densely wooded areas. Officers had visited and categorised the sites in June and Ubico had been instructed where to carry out work on behalf of the Council. In response to a query, the Asset Manager explained that tree inspections were not carried out in the summer months, although there could be ad-hoc reports from the public which were logged by Customer Services and reported to Ubico through the software system. All dialogue was via the software system and all plotting was carried out on the hardware system which was able to plot trees to within 10cm. A Member queried whether the people who were responsible for the trees which had been identified as not being owned by the Council had been notified that they would no longer be maintained. The Asset Manager advised that this was a bit of a grey area, for instance, in Mitton there was no registered owner for the sites where the trees were located and a reluctance to take ownership. A Member went on to question whether the trees being allocated to new zones would mean that Ubico would have less work to do as trees which would have been inspected every year would now be inspected every five years. Members were advised that, when the original Tree Policy had been agreed, the idea was that high risk trees would be inspected first; in practice all trees had been inspected annually, however, there were not enough resources to continue to do this. It was estimated that there were around 5,000 trees within the Council's ownership, and only one person carrying out inspections between October and March, so the policy had been adapted to ensure that the Council was able to meet its requirements. The Member questioned whether there were less issues with the trees being inspected now that a proper regime was in place and

the Asset Manager explained that, unfortunately, that was not the case. Four trees had needed to be felled completely during winter 2015/16 and any trees which had been found to be diseased had been inputted into an additional regime so that they would be re-inspected.

- 23.3 Members were informed that the Property team had completely revitalised the inspection of playgrounds as a result of an adverse audit opinion a few years earlier. The latest audit had confirmed that there was a satisfactory level of assurance. Only playgrounds owned by the Council were inspected and this was overseen by Environmental Health where staff had been fully trained. Importantly, any defects identified were being resolved promptly. A satisfactory level of control had also been found in relation to the audit of the Tell Us Once system which people could use to report deaths to several government organisations at once. Notifications were processed accurately and promptly by the correct people and there were adequate controls over access to the system.
- 23.4 Members were informed that two limited level opinions had been issued during the audit of the bulky waste collection service. The first related to the regular review of fees; there had been no formal review of fees since 2011 and the current structure did not support the Council's new commercial approach. The second control objective related to the customer booking process. Whilst the functionality of the database was adequate for the purpose of recording collection details, it did not provide for refund history on the customer account or show availability of next collection slot times prior to ordering the collection. The anticipated service delivery was 10 working days, however, in some geographical areas customers were waiting seven weeks before collections. Remedial action had been taken to make the system more effective from 1 October 2016 through maximising efficiency of timeslots and this needed to be monitored going forward. A Member questioned whether Ubico helped with collections and was advised that the Council booked the collections but it was a Ubico vehicle which physically made the collection; it was noted that Ubico had provided a 'man with a van' to help with collections but this was an interim solution pending procurement of the Council's new waste vehicle fleet. A Member raised concern that there seemed to be a lot of issues arising from Ubico taking over services which the Council had previously carried out, for example, street cleansing, grass cutting etc. and that could be damaging to the Council's high customer satisfaction rate in such areas. The Corporate Services Group Manager confirmed that a further report would be brought to Members in respect of bulky waste collection given that a limited opinion had been issued. In terms of the other services, an audit of trade waste had also resulted in a limited opinion which had previously been reported to the Committee and his team was currently carrying out some work on the monitoring of the Ubico contract so it would be interesting to see what opinion was issued in that respect. A Member questioned whether there had been an increase in fly-tipping, given the seven week waiting list for collections, and was advised that enviro-crimes, particularly fly-tipping, had been discussed at length by the Overview and Scrutiny Committee. Although it was not clear whether there was a correlation between the waiting list and fly-tipping incidents, the number of reported enviro-crimes was increasing and consideration was currently being given as to how to address this. It was noted that a report would shortly be taken to the Executive Committee recommending the appointment of an Environmental Warden.
- 23.5 With regard to the audit of ICT environmental controls, Members were informed that there had been a satisfactory level of assurance in relation to all of the control objectives. It was noted that a lot of work had been carried out in respect of business continuity and the controls around fire and water risk. One issue which had been identified related to access to the building; all staff working within the Public Services Centre currently had access to all areas of the building between the hours of 9:00am and 5:00pm, with the exception of the ICT server room and the Police offices. Although only a small number of staff regularly accessed the

areas occupied by partner organisations through integrated working, there was a need for wider awareness of this arrangement in order to manage the security and data protection risks associated with open access to the building. An audit of the new Community Support Grants Scheme had been carried out and had confirmed that it had been appropriately approved by the Executive Committee. Applications were appropriately authorised or rejected by the Grants Working Group according to the criteria of the scheme and successful applications had been paid accurately. In terms of the monitoring of the scheme, this had been identified as having a satisfactory level of assurance as a reconciliation of the monitoring spreadsheet and general ledger was not currently documented and it was recommended that the process be amended accordingly. With regard to corporate improvement work, the Internal Audit Team had been asked to carry out benchmarking as part of the Planning Services review and this had included service cost, processing times, team structures and staffing numbers.

23.6 Members were advised that a list of audits within the 2016/17 Audit Plan, and their progress to date, could be found at Appendix 2 to the report. Appendix 3 to the report contained a summary of all audit recommendations and their status; a small number had been followed-up and implemented and they were flagged within the report. Of the remaining audits, none had passed their target dates for follow-up. It was intended to arrange a small informal workshop for Audit Committee Members around the work carried out by the Internal Audit team to ensure that they were being provided with the information which they required.

23.7 Having considered the information provided, it was

RESOLVED That the Internal Audit Plan Monitoring Report be **NOTED**.

AUD.24 ANTI-FRAUD AND CORRUPTION POLICY

24.1 Attention was drawn to the report of the Finance and Asset Management Group Manager, circulated at Pages No. 186-219, which asked Members to consider the updated Anti-Fraud and Corruption Policy and to recommend it to the Executive Committee for approval.

24.2 The Legal Adviser explained that, following a change in legislation, the Gloucestershire local authorities and West Oxfordshire District Council had successfully bid for £403,000 from the Department of Communities and Local Government to develop a Counter Fraud Unit for the investigation of housing benefit fraud. The draft Anti-Fraud and Corruption Policy, attached at Appendix A, had been developed to reflect the changes and to set out a procedure for investigating and detecting fraud, money laundering, bribery and corruption. A list of roles and responsibilities was detailed at Pages No. 196-200 of the report and included the Section 151 Officer, Monitoring Officer, Audit Committee, Councillors, External Audit and the Head of Internal Audit. Once adopted by the Executive Committee, the policy would be updated and brought to the Audit Committee for consideration every three years.

24.3 In response to a query, Members were informed that one of the next stages would be to look at business rates and fly-tipping to see if any prosecutions could be made in those areas. A Member questioned whether a cost-benefit analysis was available in terms of the number of cases being taken to court and whether negotiations took place in respect of decisions. The Finance Manager indicated that this information had not been made available to Officers but it could be provided to Members following the meeting. The Finance and Asset Management Group Manager advised that the Council had been working with the Counter Fraud Unit for six months on a number of initiatives, for example, the team had carried out a review of single person council tax discount which had resulted in £17,000 of additional income on an annual basis. Whilst the focus had been on benefit fraud

in recent years, there was potential for fraud in a number of areas and it was only right for the Council to take action and prosecute if possible. A Member queried whether there was a policy of making prosecutions public to act as a deterrent to others and he was advised that, whilst there was no formal policy, raising awareness was something which the Council looked to do both internally and externally. In response to a query regarding negotiations, the Borough Solicitor explained that there were a range of responses which could be taken in respect of any particular case; court action was only taken if there was enough evidence. A Member queried whether the policy included embezzlement and the Legal Adviser explained that this was dealt with by the Code of Conduct which was very clear about what employees and Members should and should not do.

24.4 It was

RESOLVED That it be **RECOMMENDED TO COUNCIL** that the Anti-Fraud and Corruption Policy be **APPROVED**.

AUD.25 WHISTLEBLOWING POLICY

25.1 The report of the Corporate Services Group Manager, circulated at Pages No. 206-219, attached the updated Whistleblowing Policy. Members were asked to recommend to the Executive Committee that the policy be approved, subject to any minor amendments as a result of consultation with the GO shared service partnership.

25.2 The Committee was advised that the Council had been working with the Counter Fraud Unit to review the Whistleblowing Policy which had been developed in consultation with the four authorities in the GO Shared Service partnership; Cheltenham Borough Council, Cotswold District Council, West Oxfordshire District Council and the Forest of Dean District Council. The policy, set out at Appendix 1 to the report, had been updated to reflect legislative requirements and employer responsibilities to ensure the Council protected staff who reported any areas of concern within the authority and to safeguard those against whom allegations were made. The policy restricted the people who knew about potential disclosures to the Monitoring Officer, Chief Executive and Head of Human Resources as the majority of people wished to remain anonymous.

25.3 A Member questioned whether employees and Members knew who they should report any concerns to and the Legal Adviser indicated that training would be delivered to staff in December and she was happy for this to be extended to Members. Once approved, the policy would be published internally, via the intranet, and externally on the Tewkesbury Borough Council website although it was acknowledged that not everyone had access to IT. A Member queried whether the policy could be rolled out to Parish Councils. In response, the Legal Adviser explained that the counter fraud service provision was a partnership agreement which involved several different authorities. Whilst anyone was entitled to look at the Council's policies, Parish Councils were covered by the Advisory, Conciliation and Arbitration Service (ACAS), a publically funded independent organisation that aimed to promote better employment relations, and would have resources to support any Parish Councils that wished to adopt their own policy.

25.4 It was

RESOLVED That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that the updated Whistleblowing Policy be **APPROVED**, subject to any minor amendments as a result of consultation with the GO Shared Service partnership.

AUD.26 REGULATION OF INVESTIGATORY POWERS ACT 2000

- 26.1 Attention was drawn to the Solicitor's report, circulated at Pages No. 220-248, which attached the Regulation of Investigatory Powers Act (RIPA) Procedural Guide and the Social Media Policy. It was noted that there was an error in the recommendation and that Members were asked to consider the documents and recommend them to the Executive Committee for approval.
- 26.2 In accordance with the guidance issued by the Home Office, it was recommended that Councillors were involved in the annual review of RIPA policies and the report before Members was the annual report for 2016. Use of the Act had changed significantly since it had been introduced and it was now quite unusual for the RIPA procedure to be initiated; the Council had not had any RIPA authorisations for the past five or six years but it needed to have a Policy in place in the event that it was required. One of the main points was that, in order to carry out covert, or 'intrusive', surveillance, it was necessary to go to a Magistrates Court to obtain authorisation, it could not be done via an Officer. This was much stricter than it had been previously to ensure there was no abuse of the process. Officers had been looking at using RIPA for fly-tipping but they would have to be prepared to go to court for authority to carry out any covert surveillance. The current RIPA procedure had last been revised in December 2014 and no changes were proposed, however, the Office of Surveillance Commissioners (OSC) had strongly recommended that a Social Media Policy be introduced due to the increasing internet traffic and the use of social networking sites by traders, companies and individuals that may result in criminal activity. A policy had been drafted and was attached at Appendix 2 to the report. The Legal Adviser explained that, whilst the Council had a corporate Facebook account which was open and transparent, it may be possible to carry out covert surveillance by setting up another account and posing as someone else in order to obtain information from people who may be acting criminally, for instance, someone posting information about fly-tipping. This was a complex process and it was important that there was a policy in place to cover such investigations.
- 26.3 A Member indicated that people increasingly shared information online and he felt that social media was a good way to catch out criminals. He questioned whether the Council would be able to work with the Police as they were often able to act more quickly than the local authority. The Borough Solicitor explained that this would depend on the circumstances; the Police may not want to be involved if the Council had powers to act. She reiterated that the policy only applied to activities which the Council could potentially prosecute for, not general criminal activity; if anything of that nature was spotted on social media then it would be referred to the Police. A Member raised concern that information posted on social media was not always accurate and he questioned how a decision would be made as to whether an investigation was warranted. The Legal Adviser indicated that accusations would be followed-up by setting up an account, once authorisation had been obtained, in order to connect with an individual and gather evidence. Covert Human Intelligence Sources (CHIS) had to be very carefully managed and someone would be appointed to do that. Members were advised that it would need to be a very serious matter for the Council to take these steps and such action would not be taken lightly.

26.4

It was

RESOLVED

That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that:

- i) the Regulation of Investigatory Powers Act (RIPA) Procedural Guide be **ENDORSED** as set out at Appendix 1 to the report; and
- ii) the Social Media Policy be **APPROVED** as set out at Appendix 2 to the report.

The meeting closed at 3:30 pm

AUDIT COMMITTEE WORK PROGRAMME

Addition to 14 December 2016

- External Auditor Appointment – Recommendation to Council.

Deletion from 14 December 2016

- Corporate Risk Register

Committee Date 22 March 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.
External Auditors' Audit Plan	To consider the external auditors' Audit Plan.	External Auditors.	No.
External Auditor's Certification Year End Letter March 2016	To consider the certification year-end letter March 2016.	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.
Early Close Down Checklist for Statement of Accounts	To consider the outcomes of the self-assessment which is required to meet the new closure date for statement of accounts	Simon Dix, Head of Finance and Asset Management.	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.

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Agenda Item 5

NB – Changes from previous work programme highlighted in bold

Committee Date 22 March 2017			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Internal Audit Plan 2017/18	To approve the Internal Audit Plan 2017/18.	Graeme Simpson, Head of Corporate Services.	No.
PSISA Independent Review Report Format	To approve the approach to the independent five year review of Internal Audit.	Graeme Simpson, Head of Corporate 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.

Committee Date: July 2017 (TBC)			
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.
External Auditors' Fee Letters 2017/18	To consider the external auditors' fee letter in relation to the audit work to be undertaken during 2017/18.	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 2016/17	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.
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.
Annual Governance Statement 2016/17	To approve the Annual Governance Statement 2016/17.	Sara Freckleton, Borough Solicitor.	No.
National Fraud Initiative 2016/17	To consider the outcomes of the data matching exercise.	Richard Horton, Revenues and Benefits Group Manager??	No.

Committee Date: July 2017 (TBC)			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Corporate Risk Register	To consider the risk register and the risks contained within it.	Graeme Simpson, Head of Corporate Services.	No.
Annual Report on Health and Safety Activities	To consider the adequacy of the Council's health and safety arrangements.	Environmental Health Manager.	No.

Committee Date: September 2017 (TBC)			
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 2016/17.	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 2017.	Simon Dix, Head of Finance and Asset Management	No.
Statement of Accounts 2016/17	To approve the Statement of Accounts 2016/17.	Simon Dix, Head of Finance and Asset Management.	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.
Corporate Risk Register	To consider the risk register and the risks contained within it.	Graeme Simpson, Head of Corporate Services.	No.

Committee Date: December 2017 (TBC)			
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.	Richard Kirk, Interim Head of Environmental and Housing 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.

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

December 2016

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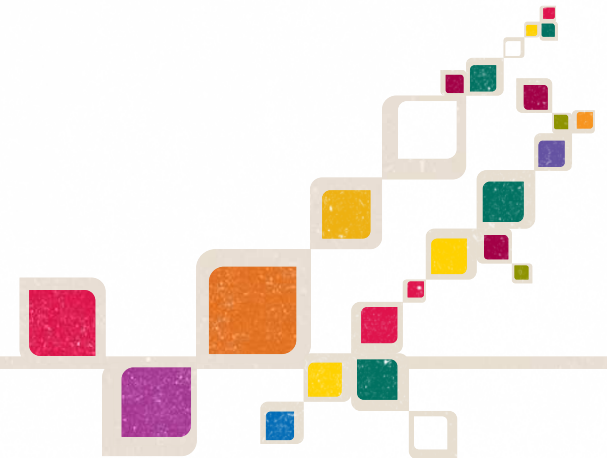
Manager

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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.



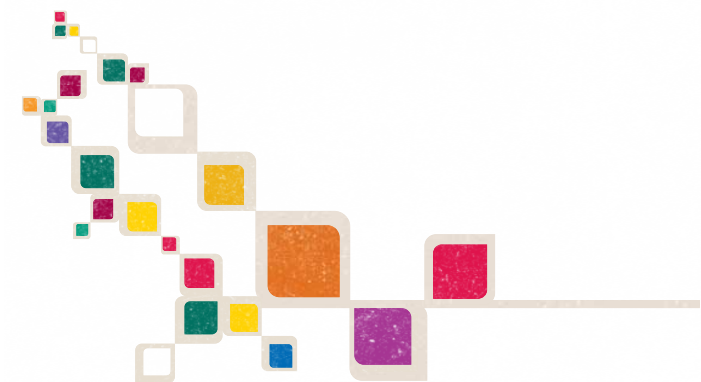
Introduction

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

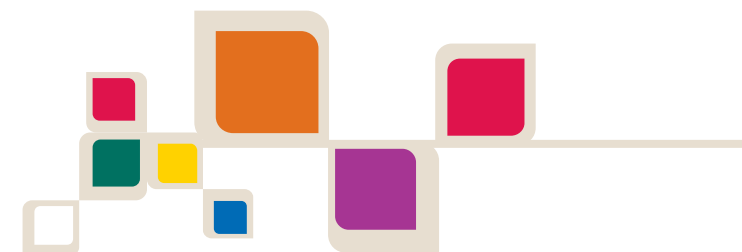
Members of the Audit Committee can find further useful material on our website www.grantthornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

- 21
- Vibrant Economy Index (November 2016) <http://www.grantthornton.co.uk/en/insights/vibrant-economy-index/>
 - A new public service ethos (November 2016) <http://www.grantthornton.co.uk/en/insights/vibrant-places-a-new-public-service-ethos/>
 - Culture of place (October 2016) <http://www.grantthornton.co.uk/en/insights/culture-of-place/>
 - Brexit – a public sector perspective (July 2016) <http://www.grantthornton.co.uk/en/insights/brexit--a-public-sector-perspective/>
 - Advancing closure: the benefits to local authorities (July 2016) www.grantthornton.co.uk/insights/advancing-closure-the-benefits-to-local-authorities/
 - Building a successful joint venture company (April 2016) www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/

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.



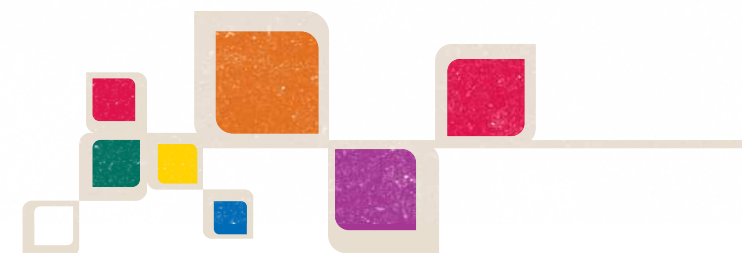
Progress at December 2016



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2015/16 work	Planned Date	Complete?	Comments
<p>Annual Audit Letter We are required to issue the Annual Audit Letter by the 30 October</p>	31/10/16	Yes	The Annual Audit Letter is presented to the this committee.
<p>Grant Claims Audit We are required to certify your Housing Benefits Grant Claim by 30 November. We are not auditing any other grant claims. We will issue a certification letter, confirming the outcome of our work and the fees charged. This will be presented to the March Audit Committee.</p>	30/11/16	Yes	<p>A certification report outlining the work undertaken and findings from the certification of Housing Benefits will be brought to the March Audit Committee.</p> <p>During the audit we identified three errors which required 40+ testing to be undertaken. In one case the Council decided to undertake testing of the whole population. This led to an adjustment of £1,169 between two cells and 40+ testing on the other errors led to extrapolation of £7,574 and £5,992 for a further two cells.</p>
2016/17 work	Planned Date	Complete?	Comments
<p>Fee Letter We are required to issue a 'Planned fee letter for 2016-17' by the end of April 2016</p>	30 April 2016	Yes	The fee letter was issued on 25 April 2016.
<p>Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016-17 financial statements.</p>	March 2017	Not yet due	Our plan is to be agreed in time to be presented at the March 2017 Audit Committee.
<p>Interim accounts audit 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. 	March 2017	Not yet due	Work undertaken at the interim stage of the audit will include the initial risk assessments for the opinion and Value for Money Conclusion. Discussions are ongoing with the finance team to identify when work will be undertaken and any findings will be reported to the Audit Committee.

Progress at December 2016

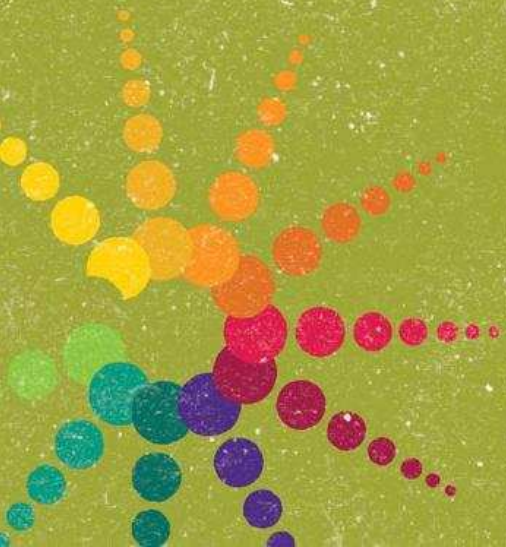


23

2016/17 work	Planned Date	Complete?	Comments
<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 	June-July 2017	Not yet due	<p>We have been discussing early close with the finance team ahead of the change to the statutory deadline for the 2017-18 accounts of 31 July 2018. We have agreed with the Head of Finance and Assets that the 2016-17 accounts will be submitted for audit by 31 May 2017 with a proposed Audit Committee for July to approve and sign the statement of accounts. Bringing the process forward in 2016-17 will allow the Council to identify any issues ahead of the change in statutory deadline.</p> <p>We have also discussed the changes in accounting requirements for 2016-17 as outlined on page 7 with the finance team.</p>
<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 	January – July 2017	Not yet due	
<p>Grant Claims Audit</p> <p>We are required to certify your Housing Benefits Grant Claim by 30 November. We are not auditing any other grant claims.</p>	August 2017	Not yet due	We will use the proposed early close of the accounts to undertake our benefit review earlier in the year.
<p>Other areas of work</p> <p>Meetings with Members, Officers and others</p>		Ongoing	We have a regular meeting programme in place to meet the Chief Executive, S151 officer and the monitoring officer on a quarterly basis. Our latest meeting was 6 December 2016

Technical Matters

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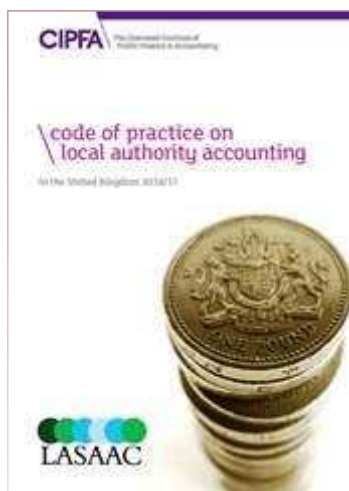


Code of Practice on Local Authority Accounting in the United Kingdom 2016/17

This is the seventh edition of the Code to be prepared under International Financial Reporting Standards (IFRS), which have been adopted as the basis for public sector accounting in the UK. The 2016/17 Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2016.

Local authorities in the United Kingdom are required to keep their accounts in accordance with 'proper (accounting) practices'. This is defined, for the purposes of local government legislation, as meaning compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

25



The Code includes changes resulting from the 'Telling the Story' review on improving the presentation of local authority financial statements. These include new formats and reporting requirements for the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis.

Amendments arising from the narrow scope amendments to International Financial Reporting Standards including changes from the following amended standards:

IAS 1 Presentation of Financial Statements under the International Accounting Standards Board Disclosure Initiative

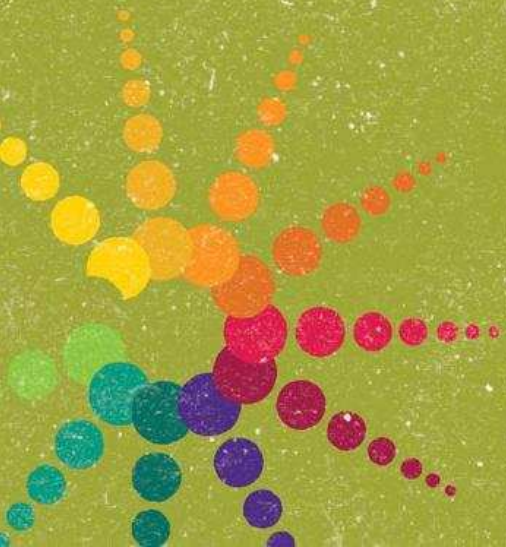
IAS 24 Related Party Disclosures in relation to key management personnel as a result of the Annual Improvements to IFRSs 2010 – 2012

IFRS 11 Joint Arrangements Accounting for Acquisitions of interest in Joint Operations

IFRS 8 Operating Segments as a result of the Annual Improvements to IFRSs 2010 – 2012.

An update to the Statement's Reporting Reviews of Internal Controls Section of the Code for the changes to the Delivering Good Governance in Local Government: Framework (2016) published by CIPFA and SOLACE.

Sector issues and developments



National Audit Office: Below is a selection of reports issued during 2016 which may be of interest to Audit Committee members. Please see the website for all reports issued by the NAO.



Local welfare provision

Overall spending on discretionary local welfare support by central and local government has reduced since April 2013. The consequences of this gap in provision are not understood.

Sector(s): [Community and society](#), [Local services](#)

Performance Improvement area(s): [Financial and service sustainability](#), [Local service delivery](#)

<https://www.nao.org.uk/report/local-welfare-provision/>

Published:
12 Jan 2016

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English devolution deals

Devolution deals to devolve power from central government to local areas in England offer opportunities to stimulate economic growth and reform public services for local users, but the arrangements are untested and government could do more to provide confidence that these deals will achieve the benefits intended

Sector(s): [Central Finance and Treasury](#), [Community and society](#)

Performance Improvement area(s): [Economic growth](#), [Local service delivery](#)

<https://www.nao.org.uk/report/english-devolution-deals/>

Published:
20 Apr 2016



Financial sustainability of local authorities: capital expenditure and resourcing

Local authorities have kept up levels of capital spending but face pressure to meet debt costs and maintain investment in existing assets.

Sector(s): [Community and society](#), [Local services](#)

Performance Improvement area(s): [Financial and service sustainability](#), [Local service delivery](#)

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/>

Published:
15 Jun 2016

National Audit Office reports (continued)



Overview: Local government

This Overview looks at the local government landscape during the last financial year and summarises both matters of likely interest to Parliament as well as our work with local authorities. The NAO prepares statutory guidance on how local auditors should meet their responsibilities.

Sector(s): [Local services](#)

Performance Improvement area(s): [Departmental Overviews](#), [Local service delivery](#)

Published:
9 Nov 2016

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<https://www.nao.org.uk/report/overview-local-government/>



The Troubled Families programme: update

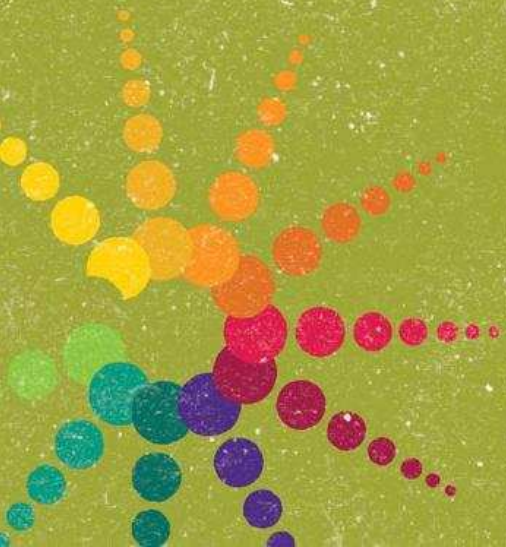
This report is a factual update to support the Committee of Public Accounts' evidence session on the government's Troubled Families programme on 19 October 2016. It is based primarily on published sources, information supplied by the Department for Communities and Local Government and previous reports published by the National Audit Office.

Sector(s): [Community and society](#), [Local services](#)

Published:
18 Oct 2016

<https://www.nao.org.uk/report/the-troubled-families-programme-update/>

Grant Thornton



Integrated Reporting

Looking beyond the report

The move away from reporting based on historic financial information is beginning to gain momentum and Integrated Reporting is now mandatory in some countries.

In the UK, CIPFA proposed in their consultation document that the narrative report from 2017/18 reflects elements of the International Integrated Reporting Council's framework whilst the Treasury is encouraging public sector organisations to adopt Integrated Reporting.

Integrated reporting: Looking beyond the report was produced by our global Integrated Reporting team, based in the UK, New Zealand and South Africa, to help organisations obtain the benefits of Integrated Reporting.

The International Integrated Reporting Council (IIRC) describes Integrated Reporting as *"enhancing the way organisations think, plan and report the story of their business."*

At Grant Thornton, we fully agree with this and, in our view, the key word is 'enhancing' because a lot of the elements to support effective Integrated Reporting are likely to be in place already.

But anyone focussing purely on the production of the report itself will not reap the full benefits that effective Integrated Reporting can offer.

Instead, think of Integrated Reporting as demonstrating "integrated thinking" across your entire organisation, with the actual report being an essential element of it.

Our methodology is based on six modules which are designed to be independent of each other.

1. **Secure support** – effective Integrated Reporting needs leadership from the top.
2. **Identify stakeholders** – who are they and how can you engage with them?
3. **Identify the capitals for your organisation** – what resources do you use to create value?
4. **What do you have – and what do you need?** – do you have the data you need and is it accurate?
5. **Set limits and create boundaries** – make sure your report is focussed.
6. **Review and improve** – Integrated Reporting is a continuous learning process.

Our approach to Integrated Reporting is deliberately simple; experience has shown us that this works best. Things are often only complicated because people made them that way.

Our experienced, independent teams can help you keep focused throughout the entire Integrated Reporting process and can support you, no matter what stage you are at. Please speak to your Engagement Lead if you would like to discuss this further.

Grant Thornton publications

Challenge question:

- Have you thought about how the principles of Integrated Reporting can help your organisation become more focussed?

 Grant Thornton
An index to growth

Integrated reporting
Looking beyond the report
November 2016



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?



Brexit

Planning can help organisations reduce the impact of Brexit

Several months have passed since the referendum to leave the European Union (EU), during which there has been a flurry of political activity, including the party conference season.

32 After many years of relative stability, organisations will need to prepare themselves for a period of uncertainty and volatility and will need to keep their risk registers under constant review. The outcome of the US Presidential election in November 2016 has added to this uncertainty.

The High Court ruling that Parliament should have a say before the UK invokes Article 50 of the Lisbon Treaty – which triggers up to two years of formal EU withdrawal talks – will not, in our view, impact on the final outcome. There appears to be a general political consensus that Brexit does mean Brexit, but we feel there could be slippage beyond the original timetable which expected to see the UK leave the EU by March 2019.

2017 elections in The Netherlands (March), France (April/May), and Germany (October/November) will complicate the Brexit negotiation process and timeline at a time when Brexit is more important for the UK than it is for the remaining 27 Member States

The question still remains, what does Brexit look like?

While there may be acceptance among politicians that the UK is leaving the EU, there is far from any agreement on what our future relationship with the continent should be.

So, what do we expect based on what has happened so far?

Existing EU legislation will remain in force

We expect that the Government will introduce a “Repeal Act” (repealing the European Communities Act of 1972 that brought us into the EU) in early 2017.

As well as undoing our EU membership, this will transpose existing EU regulations and legislation into UK law. We welcome this recognition of the fact that so much of UK law is based on EU rules and that trying to unpick these would not only take many years but also create additional uncertainty.

Taking back control is a priority

It appears that the top priority for government is 'taking back control', specifically of the UK's borders. Ministers have set out proposals ranging from reducing our dependence on foreign doctors or cutting overseas student numbers. The theme is clear: net migration must fall.

Grant Thornton update

Challenge questions:

- Have you assessed the potential impact of Brexit on your organisation?
- Does your risk register include Brexit and is this regularly updated and reported?

Leaving the Single Market appears likely

The tone and substance of Government speeches on Brexit, coupled with the wish for tighter controls on immigration and regulation, suggest a future where the UK enjoys a much more detached relationship with the EU.

Potential existing examples for the UK's future relationship, such as the 'Norwegian' or 'Swiss' models, seem out of the question. The UK wants a 'bespoke deal'.

Given the rhetoric coming from Europe, our view is that this would signal an end to the UK's membership of the Single Market. With seemingly no appetite to amend the four key freedoms required for membership, the UK appears headed for a so-called 'Hard Brexit'. It is possible that the UK will seek a transitional arrangement, to give time to negotiate the details of our future trading relationship.

Brexit

This is of course, all subject to change, and, politics, especially at the moment, moves quickly.

Where does this leave the public sector?

After a relatively stable summer, we expect there will be increased volatility as uncertainty grows approaching the formal negotiation period.

SS Planning can help organisations reduce the impact of Brexit

The chancellor has acknowledged the effect this may have on investment and signalled his intention to support the economy, delaying plans to get the public finances into surplus by 2019/20.

We expect that there will be some additional government investment in 2017, with housing and infrastructure being the most likely candidates.

Clarity is a long way off. However, public sector organisations should be planning now for making a success of a hard Brexit, with a focus on:

Staffing – organisations should begin preparing for possible restrictions on their ability to recruit migrant workers and also recognise that the UK may be a less attractive place for them to live and work. Non-UK employees might benefit from a degree of reassurance as our expectation is that those already here will be allowed to stay. Employees on short term or rolling contracts might find it more difficult to stay over time.

Financial viability – public sector bodies should plan how they will overcome any potential shortfalls in funding (e.g. grants, research funding or reduced student numbers).

Market volatility – for example pension fund and charitable funds investments and future treasury management considerations.

International collaboration – perhaps a joint venture or PPP scheme with an overseas organisation or linked research projects.

Grant Thornton update

Challenge questions:

- Have you assessed the potential impact of Brexit on your organisation?
- Does your risk register include Brexit and is this regularly updated and reported?

For regular updates on Brexit, please see our website:

<http://www.grantthornton.co.uk/en/insights/brexit-planning-the-future-shaping-the-debate/>



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The Annual Audit Letter for Tewkesbury Borough Council

Year ended 31 March 2016

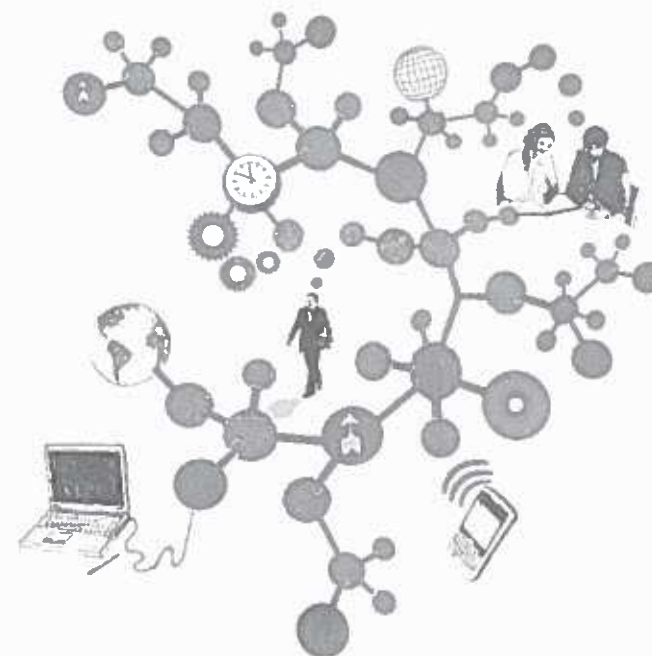
21 October 2016

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Agenda Item 7

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Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Tewkesbury Borough Council (the Council) for the year ended 31 March 2016.

This Letter is intended to provide a commentary on the results of our work to the Council and its external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

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We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 21 September 2016.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Our work

Financial statements opinion

We gave an unqualified opinion on the Council's financial statements on 27 September 2016.

Value for money conclusion

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2016. We reflected this in our audit opinion on 27 September 2016.

Certificate

We certified that we had completed the audit of the accounts of Tewkesbury Borough Council in accordance with the requirements of the Code on 27 September 2016.

Certification of grants

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2016. We will report the results of this work to the Audit Committee in our Annual Certification Letter.

Working with the Council

We are really pleased to have worked with you over the past year. We have established a positive and constructive relationship. Together we have delivered some great outcomes.

- We delivered an efficient audit, and issued our opinion on the financial statements and value for money conclusion before the deadline and in line with the timescale we agreed with you.
- We shared our insight with you and provided regular audit committee updates covering best practice, along with our thought leadership publications.
- We introduced you to our Local Government Advisory Team colleagues to discuss future opportunities identified by the Council.
- We held discussions with senior finance team management and provided technical expertise to the Council to consider the impact of group accounting in regards to the new partnership with UBICO.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2016

Audit of the accounts

Our audit approach

Materiality

In our audit of the Council's accounts, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £698,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We also set a lower level of specific materiality for certain areas such as cash, senior officer remuneration and auditor's remuneration.

We set a triviality level of £33,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the Narrative Report and Annual Governance Statement to check they are consistent with our understanding of the Council and with the accounts on which we give our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

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Risks identified in our audit plan	How we responded to the risk
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Tewkesbury Borough Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Tewkesbury Borough Council, mean that all forms of fraud are seen as unacceptable. <p>Our audit work has not identified any issues in respect of revenue recognition.</p>
<p>Management over-ride of controls</p> <p>Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>As part of our audit work we have undertaken:</p> <ul style="list-style-type: none"> • testing of journal entries • a review of accounting estimates, judgements and decisions made by management • a review of unusual significant transactions <p>Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p>
<p>Employee Remuneration</p> <p>Employee remuneration accruals understated (Remuneration expenses not correct)</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess whether those controls were in line with our documented understanding • Substantive testing of individual employee remuneration transactions including: <ul style="list-style-type: none"> • Testing the reconciliation of employee remuneration expenditure in the financial statements to the general ledger and payroll subsystems • Review of payroll trends for completeness • Sample testing payroll expenditure to source documents <p>Our audit work has not identified any issues in respect of Employee Remuneration</p>

Audit of the accounts (Continued)

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p>Operating Expenses</p> <p>Creditors understated or not recorded in the correct period (Operating expenses understated)</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • Gained an understanding of the accruals processed for unprocessed invoices and expenditure incurred but not yet invoiced • Substantive testing of operating expenses transactions including: <ul style="list-style-type: none"> • Testing a sample of post year-end payments to confirm completeness • Testing a sample of transactions to confirm correct disclosure in the Statement of Accounts <p>Our audit work has not identified any issues in respect of Operating Expenses</p>

Audit of the accounts

Audit opinion

We gave an unqualified opinion on the Council's accounts on 27 September 2016, in advance of the 30 September 2016 national deadline.

The Council made the accounts available for audit in line with the agreed timetable, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the accounts

We reported the key issues from our audit of the accounts to the Council's Audit Committee on 21 September 2016.

In addition to the key audit risks reported above, we identified the following issues during our audit that we have asked the Council's management to address for the next financial year:

- Receipts in advance are recorded at the point of payment rather than the period to which they apply. This can cause both an over and understatement and further work is needed to identify the value of potential variances
- Suspense journals over £10,000 are not subject to review by finance management in line with the Council's policy and reports are run on a 'posted to' rather than 'posted on' basis. This means that journals that are backdated and over £10,000 will not be subject to review.

Management have accepted our recommendations and have taken appropriate action to address them.

Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2015 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

43 The key risks we identified and the work we performed are set out in the table overleaf.

Overall VfM conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

Value for Money

Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p>Medium Term Financial Strategy The ongoing challenge of meeting the savings outlined by the Chancellor as part of the Autumn Statement continue to put pressures on Local Government finances. The delivery of the Financial Strategy, and associated savings, is currently reliant on the continuation of the New Homes Bonus and ongoing transformational changes. The continued appeal by the Council's largest business further enforces the need to identify alternative methods of achieving its financial position for the future.</p>	<p>We reviewed the project management and risk assurance frameworks established by the Council to enable it to identify, manage and monitor these risks.</p> <p>We reviewed the robustness of the Council's financial plans and the extent to which the Council is seeking to identify further income generation opportunities and alternative solutions to mitigate the risk of future cuts in resources and government funding.</p>	<p>The Medium Term Financial Strategy (MTFS) is a key element within the Council's overall strategic planning framework. The Strategy takes a five-year perspective and is reviewed, updated and rolled forward annually to set a framework for how budget pressures and priorities will be managed within the best estimates of available capital and revenue resources.</p> <p>The MTFS outlines the budget that will be delivered over the medium to long-term. A further report, specifically on the 2016/17 detailed budget, was presented to both Executive Committee and Council in January 2016 for Member approval. The MTFS also contains important strategic planning in a number of areas including the increase of Council Tax and the use of New Homes Bonus (NHB). The headline recommendations of the Strategy are as follows:</p> <ul style="list-style-type: none"> • Council Tax to be increased by 2% for 2016/17 and with 2% increases thereafter. • NHB support to the base budget should not exceed 65% of the total allocation in any one year. • Tewkesbury Borough Council will operate outside of the Gloucestershire Business Rates Pool in 2016/17 and until such a time as the risk from Virgin Media is mitigated. • The Local Council Tax support scheme to remain unchanged in 2016/17 <p>Following the General Election in May 2015, the new Government announced a Summer Budget which outlined cuts to welfare spending along with further aspirations for tackling tax avoidance and a number of policy changes for pensions and employment. The budget contained no details about unprotected departmental spending including Local Government.</p> <p>Prior to the change in Chancellor, the plan was to allow local authorities to retain 100% of business rates. At the time of writing, no details about how the scheme will work or the additional responsibilities for local government have been confirmed. In addition, there is uncertainty about the elimination of core government funding. A significant risk to the Council will be if NHB is included within the scope, as this is currently worth around £3.3m annually to Tewkesbury Borough Council. In addition Local Government are awaiting the final response, following consultation, on the proposed New Homes Bonus Scheme. The continued delay and lack of information lends further uncertainty to future sources of funding and potential changes in Central Government policy.</p> <p>.On that basis we concluded that the risk was sufficiently mitigated for us to conclude that the Council has proper arrangements. We will continue to keep this under review.</p>

Working with the Council

Our work with you in 2015/16

We are really pleased to have worked with you over the past year. We have established a positive and constructive relationship. Together we have delivered some great outcomes.

An efficient audit – we delivered the accounts audit before the deadline and in line with the timescale we agreed with you. Our audit team are knowledgeable and experienced in your financial accounts and systems. Our relationship with your team provides you with a financial statements audit that continues to finish ahead of schedule releasing your finance team for other important work.

Understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness. We highlighted the need for continued need to identify income generation projects with the continued uncertainty around central government finances. We also noted the proposed use of reserves and that this is a risk that members need to be aware of to ensure that appropriate levels are maintained.

Sharing our insight – we provided regular audit committee updates covering best practice. Areas we covered included Audit Committee effectiveness and Devolution. We have also shared with you our insights on advanced closure of local authority accounts, in our publication "Transforming the financial reporting of local authority accounts" and will continue to provide you with our insights as you bring forward your production of your year-end accounts.

Thought leadership – We have shared with you our publication 'Spreading their Wings: Building a successful local authority trading company' and will continue to support you as you consider greater use of alternative delivery models for your services.

Working with you in 2016/17

We will continue to work with you and support you over the next financial year in addition to continuing the support we have provided in 2015/16.

Locally our focus will be on:

- An efficient audit – continuing to deliver an efficient audit and working with you to bring forward your accounts closure in advance of the faster close requirement in 2017/18.
- Understanding your operational and financial health – we will continue to focus our value for money conclusion work on your financial health, and consider the evolving arrangements to ensure future savings are realised in line with the Medium Term Financial Plan
- We have begun discussion with the finance management team to ascertain whether it is feasible to meet the 2017-18 Accounts submission deadline of 31 May, and subsequent Audit Opinion date of 31 July in 2016-17.

Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Planned £	Actual fees £	2014/15 fees £
Statutory audit of Council	44,921	44,921	59,895
Housing Benefit Grant Certification*	8,052	8,052	12,700
Total fees (excluding VAT)	54,031	54,031	72,595

*This work is ongoing and may be subject to a change in the final fee based on the work required to certify the claim.

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Reports issued

Report	Date issued
Audit Plan	14 March 2016
Audit Findings Report	14 September 2016
Annual Audit Letter	21 October 2016



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TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	14 December 2016
Subject:	Appointment of External Auditor
Report of:	Simon Dix, Head of Finance and Asset Management
Corporate Lead:	Deputy Chief Executive
Lead Member:	Councillor D J Waters, Lead Member for Finance and Asset Management
Number of Appendices:	None

Executive Summary:

Following the demise of the Audit Commission, new arrangements were needed for the appointment of external auditors. The Local Audit and Accountability Act 2014 requires authorities to either opt-in to the appointing person regime or to establish an auditor panel and conduct its own procurement exercise.

Recommendation:

To recommend to Council the option to opt-in to the Public Sector Audit Appointments Ltd (PSAA) as the Sector Led Body (SLB) for the appointment of the Council's External Auditors from 2018/19.

Reasons for Recommendation:

Opting-in to PSAA's national SLB potentially provides the best opportunity to limit future fees or costs, in terms of both appointment of auditors (removing the need to establish a local auditor panel) and the audit (by entering into a large scale collective procurement arrangement). Use of the PSAA will also be less resource intensive than establishing an auditor panel and conducting our own procurement.

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Council (authority meeting as a whole). To comply with this regulation the Audit Committee is asked to make the recommendation above to Council.

Resource Implications:

The LGA considers that current external fees levels are likely to increase when the current contracts end in 2018.

The cost of establishing a local or joint auditor panel (a requirement of the section 5 alternative options) would include:

- the cost of recruiting independent appointees;
- servicing the panel;
- running a bidding and tender evaluation process; and
- letting a contract.

These costs are not currently reflected within the Council's budget.

Opting-in to a national SLB provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel.

Legal Implications:

Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor.

Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State.

The Local Audit (Appointing Person) Regulations 2015 (SI 192) gives the Secretary of State the ability to enable a SLB to become the appointing person and confirms the decision to opt-in must be made by the authority meeting as a whole (i.e. Council).

Risk Management Implications:

As set out in the report, use of PSAA minimises the risks inherent in undertaking our own procurement.

Performance Management Follow-up:

Head of Finance & Asset Management to act as lead for the Council in liaising with PSAA to ensure the appropriate appointment takes place in the required timescale.

Environmental Implications:

None

1.0 INTRODUCTION/BACKGROUND

1.1 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of External Auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State for Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.

1.2 The Council's current External Auditor is Grant Thornton UK LLP, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission, the contract is currently managed by Public Sector Audit Appointments (PSAA), the transitional body set up by the LGA with delegated authority from the Secretary of State CLG. Over recent years there have been significant reductions in fees in the order of 60% compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants, savings from closure of the Audit Commission and Council led improvements to internal year end processes and controls. The indicative scale fee for the audit of Tewkesbury Borough Council is £44,921 for both 2015/16 and 2016/17, which is a reduction in audit fee of 24% when compared to the 2014/15 audit fee of £58,995. In addition, the fee for the certification of claims and returns is approximately £9,525.

2.0 FUTURE AUDITOR APPOINTMENTS

2.1 When the current transitional arrangements come to an end on 31 March 2018 the Council will be able to move to local appointment of the auditor. There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local government bodies and offered maximum economies of scale.

2.2 The scope of the external audit will still be specified nationally. The National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all accounting firms will be eligible to compete for the work. They will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council. The registration process has not yet commenced and so the number of firms is not known but it is reasonable to expect that the list of eligible firms may include the top 10 or 12 firms in the country, including our current auditor. It is unlikely that small local independent firms will meet the eligibility criteria.

2.3 There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act) and the Council have until December 2017 to make an appointment. The preferred option, based on consideration of the advantages and risks, is as follows:

Preferred option: Opt-in to a Sector Led Body (SLB)

In response to the consultation on the new arrangement, the LGA successfully lobbied for Councils to be able to 'opt-in' to a SLB appointed by the Secretary of State under the Act. A SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector. At this stage, it is expected that the length of such contracts will be 5 financial years. The audit contracts between the SLB and the audit firms will require firms to deliver audits compliant with the NAO Code of Audit Practice.

2.4 Advantages of this option include:

- a) The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities, thus minimising the cost to each individual authority.
- b) By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation.
- c) Any conflicts at individual authorities would be managed by the SLB which would have a number of contracted firms to call upon.
- d) The appointment process would not be ceded to locally appointed independent members. Instead a separate body is set up to act in the collective interests of the 'opt-in' authorities.

2.5 The disadvantages of this option include:

- a) Individual elected Members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.
- b) In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need Councils to indicate their intention to opt-in before final contract prices are known.

2.6 The LGA have been working on developing a SLB arrangement, with around 270 Councils and local bodies who expressed initial interest in a national scheme. In late July 2016 under the Local Audit (Appointing Person) Regulations 2015, the DCLG approved PSAA's bid to become the SLB for the independent appointment of auditors for principal authorities in England beginning with responsibilities for the financial year 2018/19.

2.7 A decision to become an opted-in authority must be taken in accordance with the Regulations, that is by the Members of an authority meeting as a whole, except where the authority is a corporation sole, such as a Police and Crime Commissioner, in which case this decision can be taken by the holder of that office.

2.8 Audit Committee is requested to recommend to Council that Tewkesbury Borough Council opt-in to the national scheme. The Council has until the 9 March 2017 to formally opt-in to the scheme.

3.0 OTHER OPTIONS CONSIDERED

3.1 The remaining two options open to the Council under the Act are not recommended as the preferred option, due to their associated disadvantages and costs.

3.2 Alternative option 1: To make a stand-alone appointment

In order to make a stand-alone appointment the Council will need to set up an auditor panel. The panel membership must be wholly or a majority independent members as defined by the Act. Independent members for this purpose are independent appointees. This excludes current and former elected Members (or officers) and their close families and friends. This means that elected Members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Council's external audit. A new independent auditor panel established by the Council will be responsible for selecting the auditor.

Advantages/benefit:

- a. Setting up an auditor panel allows the Council to take maximum advantage of the new local appointment regime and have local input to the decision.

Disadvantages/risks:

- b. Recruitment and servicing of the auditor panel, running the bidding exercise and negotiating the contract are estimated by the LGA to cost in the order of £15,000 plus ongoing expenses and allowances.
- c. The Council will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts, and is therefore likely to end up paying significantly higher fees.
- d. The assessment of bids and decision on awarding contracts will be taken by independent appointees and not solely by elected Members.

3.3 Alternative option 2: Local joint procurement arrangements

The Act enables the Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees. Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council need to liaise with other local authorities to assess the appetite for such an arrangement.

Advantages/benefits:

- a. The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.
- b. There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

Disadvantages/risks:

- c. The decision making body will be further removed from local input, with potentially no input from elected Members where a wholly independent auditor panel is used or possibly only one elected Member representing each Council, depending on the constitution agreed with the other bodies involved.
- d. The choice of auditor could be complicated where individual Councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for the Council. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted for this Council then the Council may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

- e. Even if the Council joins with one or more other local authorities, it will still not be able to offer the scale of appointment that would be available on a nationwide process. It would therefore be likely to incur higher fees than the preferred option detailed in Paragraph 2.3.

4.0 CONSULTATION

- 4.1 The Lead Member for Finance and Asset Management has been consulted on the requirement to appoint external auditors and the options available under the regulations.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 5.1 None

6.0 RELEVANT GOVERNMENT POLICIES

- 6.1 None

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 The route of appointment recommended offers the Council the best value in the process of appointing its external auditors and is likely to result in the best value ongoing cost of providing an external audit service.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

- 10.1 None

Background Papers: None

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Appendices: None

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	14 December 2016
Subject:	Internal Audit Plan Monitoring Report
Report of:	Graeme Simpson, Head of Corporate Services
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor R J E Vines, Leader of the Council
Number of Appendices:	3

<p>Executive Summary:</p> <p>This is second monitoring report of the financial year and summarises the work undertaken by and the assurance opinions given by Internal Audit for the period September– November 2016.</p>
<p>Recommendation:</p> <p>To CONSIDER the audit work completed and the assurance given on the adequacy of internal controls operating in the systems audited.</p>
<p>Reasons for Recommendation:</p> <p>The work of Internal Audit Work complies with the Public Sector Internal Audit Standards (PSIAS). These standards state that the Chief Audit Executive (CAE) must report functionally to the board. This includes reporting on Internal Audit’s activity relative to its plan.</p>

<p>Resource Implications:</p> <p>None.</p>
<p>Legal Implications:</p> <p>None.</p>
<p>Risk Management Implications:</p> <p>If the CAE does not report functionally to the board then this does not comply with 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 is the second monitoring report of the financial year and summarises the work undertaken by and the assurance opinions given by Internal Audit for the period September to November 2016. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Group Manager Corporate Services) reports formally to the 'board' (Audit Committee).

2.0 INTERNAL AUDIT WORK FOR THE PERIOD

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

2.2 A list of the audits within the 2016/17 Audit Plan and their progress to date can be found in Appendix 2.

2.3 When reporting, a 'split' opinion can be given. This means an individual opinion can be given for different parts of the system being audited. This approach enables Internal Audit to identify to management specific areas of control that are operating or not. Assurance opinions are categorised as 'good', 'satisfactory', 'limited' and 'unsatisfactory'. With regards to the opinions issued, all have a positive audit opinion except for the audit relating to the Ubico monitoring arrangements which has a combination of 'limited' and 'unsatisfactory' opinions.

2.4 All audit recommendations 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. Recommendations that have been previously reported to the Audit Committee as implemented have been removed from the template.

2.5 The Audit Plan has seen a degree of slippage due to sickness absence. The Internal Audit team is small in size (2 x FTE) so any significant absence can affect the resilience of the team. To enable the plan to get back on track, the Finance team have provided a manpower resource to the Internal Audit team. A member of the Finance team has recently received hands on training of the audit process and has completed their first audit.

3.0 FRAUD/CORRUPTION/THEFT/WHISTLEBLOWING

3.1 No incidents have been reported during the period.

4.0 PARTNERSHIP ARRANGEMENT WITH TEWKESBURY TOWN COUNCIL

4.1 The partnership arrangement with the Town Council is on a one year rolling programme. Formal written notice to terminate this agreement by either party should be given by 31 December 2016. The Council's Internal Audit team are supportive of this arrangement unless otherwise notified by Tewkesbury Town Council.

5.0 OTHER OPTIONS CONSIDERED

5.1 None.

6.0 CONSULTATION

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

7.0 RELEVANT COUNCIL POLICIES/STRATEGIES

7.1 Internal Audit Charter and Internal Audit Annual Plan.

8.0 RELEVANT GOVERNMENT POLICIES

8.1 None.

9.0 RESOURCE IMPLICATIONS (Human/Property)

9.1 None.

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

10.1 None.

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

11.1 Internal Audit contributes to VFM through their improvement work.

12.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

12 .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 September- November 2016
Appendix 2 – Audit Plan progress
Appendix 3 – Summary of recommendations

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

Audit	Audit Objective & Opinion								
Health and Safety Self-Assessment 2016/17	<p data-bbox="384 331 1444 376">Control Objective (CO):</p> <p data-bbox="384 383 1444 450">1. The HSE self-assessment checklist provides an accurate statement on the Council's current health and safety precautions</p> <p data-bbox="384 456 1444 501">Audit opinion</p> <table border="1" data-bbox="384 508 1444 1727"> <thead> <tr> <th data-bbox="384 508 464 584">CO</th> <th data-bbox="464 508 740 584">Assurance Level</th> <th data-bbox="740 508 1444 584">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="384 584 464 1727">1</td> <td data-bbox="464 584 740 1727">Satisfactory</td> <td data-bbox="740 584 1444 1727"> <p data-bbox="740 584 1444 1727">Through the sampling of statements within the HSE self- assessment checklist there is a satisfactory level of assurance that the scoring reflects the Council's current health and safety precautions. Two of the 'fully met' statements within the checklist should be reported as 'partially met' which would reduce the overall health and safety completion score from 79% to 77% - this is not a material miss-statement. The two statements which require re-categorisation relate to the arrangements for reporting and investigating accidents, incidents, near misses and hazardous situations; and the identification of people responsible for particular health and safety jobs. In respect of the former statement, additional procedures need to be established for the reporting of dangerous animals and buildings within the staff safety register and the process of formally registering names to this register (once verbal approval has been given by the Environmental Safety Officer) needs to be carried out. With regard to the latter statement, lone working monitoring systems and associated staff responsible for this have not been fully identified throughout the Council. Reviews in relation to both lone working and health and safety reporting arrangements are already noted within the action plan included within the Council's Health and Safety Annual Report. This plan provides assurance that appropriate action has been identified in order to address both 'partially met' and 'not met' statements from the health and safety self-assessment checklist.</p> </td> </tr> </tbody> </table>			CO	Assurance Level	Opinion	1	Satisfactory	<p data-bbox="740 584 1444 1727">Through the sampling of statements within the HSE self- assessment checklist there is a satisfactory level of assurance that the scoring reflects the Council's current health and safety precautions. Two of the 'fully met' statements within the checklist should be reported as 'partially met' which would reduce the overall health and safety completion score from 79% to 77% - this is not a material miss-statement. The two statements which require re-categorisation relate to the arrangements for reporting and investigating accidents, incidents, near misses and hazardous situations; and the identification of people responsible for particular health and safety jobs. In respect of the former statement, additional procedures need to be established for the reporting of dangerous animals and buildings within the staff safety register and the process of formally registering names to this register (once verbal approval has been given by the Environmental Safety Officer) needs to be carried out. With regard to the latter statement, lone working monitoring systems and associated staff responsible for this have not been fully identified throughout the Council. Reviews in relation to both lone working and health and safety reporting arrangements are already noted within the action plan included within the Council's Health and Safety Annual Report. This plan provides assurance that appropriate action has been identified in order to address both 'partially met' and 'not met' statements from the health and safety self-assessment checklist.</p>
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Audit	Audit Objective & Opinion
UBICO Client Monitoring 16-17	<p>Control Objectives (CO):</p> <p>1. Adequate monitoring arrangements are in place in respect of the Council's contract with Ubico Ltd for the provision of waste and recycling, street cleansing, grounds maintenance and other services.</p> <p>Audit opinion</p> <p>In summary, there appears to be a fragmented approach across the organisation to the monitoring of the contract. The roles and responsibilities in respect of performance and budget monitoring need to be clearly defined in order to ensure that an effective approach is taken and that all elements of the service are adequately monitored. The audit concluded that performance monitoring meetings are taking place; however, these are not occurring in accordance with the contract and relate to waste and recycling only. It has therefore been recommended that performance monitoring meetings be established for the grounds maintenance service and, if the current schedule of meetings is considered to be sufficient, the contract should be amended to reflect the actual frequency of the meetings.</p> <p>With regard to the general contract conditions that relate to the day to day operational activities, these are considered to be supply of financial information and health and safety. In respect of the former, given the value of the contract, the Council currently receives limited financial information about the services provided by Ubico. A quarterly report is received which provides a high level budget overview and this is reviewed by Financial Services who facilitate the budget monitoring process. Environmental Services Partnership Board meetings demonstrate that budget overspends are identified and discussed in respect of waste and recycling; there is, however, currently no budget monitoring taking place in respect of grounds maintenance. In terms of the monthly contract charge, this has been raised accurately; however, quarterly reconciliation invoices/ credit notes are not being submitted to reflect the actual cost of the services, which is a requirement of the contract. With regards to health and safety, it is acknowledged that reporting mechanisms have recently been established and work is ongoing to improve the quality and completeness of the information provided in particular concerning grounds maintenance. As the Council and Ubico share personal data in carrying out its day to day business, it is recommended that, in line with the Information Commissioner best practice, a Data Sharing Agreement be established</p>

Audit	Audit Objective & Opinion		
	Service	Assurance Level	Opinion
	Waste & Recycling	Limited	<p>Monitoring of the waste and recycling element of the contract is carried out by the Joint Waste Team. Reporting mechanisms are in place in the form of the Waste and Recycling Client Monitoring Group which meet on a 6 weekly basis as well as an Environmental Services Partnership Board; both of which include representatives from Tewkesbury Borough Council, the Joint Waste Team and Ubico. A quarterly performance report is received by the appropriate officers and reported to these meetings. Performance data is also presented to the Council's Overview and Scrutiny Committee.</p> <p>The Ubico contract includes a total of 6 performance indicators and, at the time of the audit, data for only half of these indicators was being received through the quarterly performance report. It is acknowledged that additional statistics are provided on the volumes of reported incidents and requests received etc; however, the data received does not cover all aspects of the waste and recycling service and is not considered robust enough to provide full assurance in respect of service delivery and performance. For those elements of the service where performance indicators do not currently exist, minutes of the client monitoring meetings demonstrated that service delivery in these areas is discussed. There were, however, still some gaps identified i.e. stock control, bring sites, emergency planning, and it is recommended that a review of the performance indicators within the contract be carried out and appropriate indicators introduced in order to encompass all elements of waste and recycling. Where it is not considered appropriate to introduce a performance indicator, a formal agenda item should be included for discussion by the Client Monitoring Group to ensure that these elements of the contract are monitored.</p>

Audit	Audit Objective & Opinion		
			<p>In respect of stock control, robust procedures should also be established with Ubico in order to ensure that adequate stock levels are maintained, new bin orders are made promptly and to avoid delays to customers as experienced earlier in the year.</p>
	Street Cleansing	Limited	<p>The street cleansing service provided by Ubico is also monitored by the Joint Waste Team through the above-mentioned Client Monitoring Group. Only one performance indicator within the contract relates to street cleansing and data is not currently received in respect of this. As with waste and recycling, it is acknowledged that statistics are provided on the volumes of reported incidents and service requests received and that discussions are held at the client monitoring meetings around service delivery. However, the information currently received is not considered sufficient in measuring service delivery as this information is not correlated to collection timescales, for example, the number of dead animals collected is reported but not against the target collection period of 24 hrs. Therefore a review of the key service delivery functions should be undertaken to establish target collection timescales and develop a set of measurable performance indicators.</p>
	Grounds Maintenance	Unsatisfactory	<p>A monitoring officer has been identified for grounds maintenance; however, the current performance indicators within the contract do not cover the grounds maintenance service and, although meetings take place with the Ubico grounds maintenance team, there are no formal measures reported upon which demonstrate that the company is delivering its service responsibilities. It is therefore recommended that appropriate performance indicators are established for the service in accordance with the contract specification and that formal client monitoring arrangements are introduced, attended by appropriate Council and Ubico representatives.</p>

Audit	Audit Objective & Opinion		
			<p>The service specification within the contract does not include the maintenance of Council owned cemeteries but this is covered by a separate service level agreement (SLA). Property services are currently monitoring delivery of the SLA through a regular review of the work diary. However, the SLA does not provide for escalation on non-compliance issues and the establishment of performance measurements for grounds maintenance will need to include this.</p>
	<p>Fleet Management and Maintenance</p>	<p>Unsatisfactory</p>	<p>There is currently no monitoring officer identified for fleet management/maintenance and the contract does not include any performance indicators in relation to this element of the service. It is therefore recommended that appropriate performance indicators be established, a monitoring officer identified and formal client monitoring introduced for fleet management/maintenance. It is acknowledged that the vehicles contract, novated to Ubico, is due to end in March 2017 and that the Joint Waste Team is involved in preparations for the handover of the vehicles; the Council will then purchase a new fleet of vehicles. Performance indicators should therefore be introduced based on this arrangement.</p>

Audit	Audit Objective & Opinion									
Housing Benefits 2016-17	<p>Control Objectives (CO):</p> <p>HB Creditors</p> <ol style="list-style-type: none"> 1. Instructions for the payment of benefit have been set up in accordance with the claim and benefit payments are made to the correct account. 2. Cheque and BACs payments are made securely. 3. A monthly reconciliation between HB creditors and the general ledger is undertaken and a record of raised <p>HB Debtors</p> <ol style="list-style-type: none"> 4. Invoices are raised promptly and for the correct amount 5. Payments are allocated correctly and appropriate recovery action is undertaken in respect of unpaid invoices 6. HB debtor income is reconciled to the general ledger <p>Audit opinion</p> <table border="1" data-bbox="391 831 1442 2049"> <thead> <tr> <th data-bbox="391 831 464 898">CO</th> <th data-bbox="464 831 740 898">Assurance Level</th> <th data-bbox="740 831 1442 898">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="391 898 464 1234">1</td> <td data-bbox="464 898 740 1234">Good</td> <td data-bbox="740 898 1442 1234">By completing a review of 20 new claims and change of circumstances, assurance was obtained that information provided by the claimant was accurately recorded to Northgate. The payments were found to be for the correct value and paid accurately. In addition, where housing benefit entitlement has been cancelled or suspended, assurance was obtained that payments are no longer made.</td> </tr> <tr> <td data-bbox="391 1234 464 2049">2</td> <td data-bbox="464 1234 740 2049">Satisfactory</td> <td data-bbox="740 1234 1442 2049"> <p>Through observation, evidence was obtained that regimented procedures are in place in respect of raising payments to be made via BACS and Cheques. The process was found to be secured via individual usernames and passwords, with access restricted to Team Leaders. In addition, mitigating controls were found to exist with regards to false claims being established.</p> <p>Procedures with regards to returned payments were also examined by reviewing a sample of 5 returned BACS and 5 cancelled cheques. Testing identified that in two cases payment attempts had been made to deceased bank accounts, although the 'Tell Us Once' notifications had been received. The notification information had not been promptly shared between the Revenues and Benefits teams and, in order to limit future delays in processing this information, it was agreed with the Operations Manager that separate notifications will now be issued to each team.</p> </td> </tr> </tbody> </table>	CO	Assurance Level	Opinion	1	Good	By completing a review of 20 new claims and change of circumstances, assurance was obtained that information provided by the claimant was accurately recorded to Northgate. The payments were found to be for the correct value and paid accurately. In addition, where housing benefit entitlement has been cancelled or suspended, assurance was obtained that payments are no longer made.	2	Satisfactory	<p>Through observation, evidence was obtained that regimented procedures are in place in respect of raising payments to be made via BACS and Cheques. The process was found to be secured via individual usernames and passwords, with access restricted to Team Leaders. In addition, mitigating controls were found to exist with regards to false claims being established.</p> <p>Procedures with regards to returned payments were also examined by reviewing a sample of 5 returned BACS and 5 cancelled cheques. Testing identified that in two cases payment attempts had been made to deceased bank accounts, although the 'Tell Us Once' notifications had been received. The notification information had not been promptly shared between the Revenues and Benefits teams and, in order to limit future delays in processing this information, it was agreed with the Operations Manager that separate notifications will now be issued to each team.</p>
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	3	Good	Documentary evidence was acquired which provides assurance that monthly reconciliations between HB creditors and the general ledger are undertaken. These reconciliations are maintained on hard copy in a folder in the Finance section and reviewed by the Finance Manager. The reconciliations are supported by a record of raised and presented payments and the accuracy of the values was confirmed through a review of the reconciliation statement for AP1.
	4	Good	Testing confirmed that invoices were being raised for overpayments of benefit that could not be claimed through ongoing entitlement. The sampling of 20 sundry debt accounts confirmed that the invoices were being raised promptly and for the correct amount.
	5	Satisfactory	Invoice payments receipted are being appropriately recorded within the Northgate system and also correctly allocated to the general ledger. In respect of debt recovery it was noted that an increasing workload interposes in the current procedures in place for reviewing outstanding debt. The number of invoices allocated to recovery through payment arrangements were found to have increased from 291 to 384 and also equated to 52% of the total amount of outstanding debt. Current monitoring arrangements involve the review of non-payments on a claim account reference basis. The recent introduction of the use of Bristow and Sutor as external debt recovery is projected to reduce the work load currently faced, although at this time the effectiveness is yet to be officially tested. In view of the increase in the level of debt and the current resource capacity allocated to debt recovery, it is recommended that a review of the process of identifying and following up on non-payments be completed, with the intention of prioritising claims for review.
	6	Good	A reconciliation between the HB Debtor benefits system and the general ledger is performed on a monthly basis. To confirm the integrity of the reconciliation process, a sample of entries from the Debtor balancing statement AP4 were checked against the revenues system and the general ledger - in all instances the values had been correctly stated.

Audit	Audit Objective & Opinion								
Lone Working 2016-17	<p>Control Objectives (CO):</p> <p>1. Lone Working arrangements are in compliance with the Council's Lone Working Policy and Protocol.</p> <p>Audit opinion:</p> <table border="1" data-bbox="391 421 1442 1944"> <thead> <tr> <th data-bbox="391 421 464 517">CO</th> <th data-bbox="464 421 651 517">Assurance Level</th> <th data-bbox="651 421 1442 517">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="391 517 464 1944">1</td> <td data-bbox="464 517 651 1944">Satisfactory</td> <td data-bbox="651 517 1442 1944"> <p>The Council has a Lone Working Policy and supporting Protocol; both of which are up to date and are available to staff via the intranet. Awareness of lone working is also being raised through individual team meetings with the Environmental Safety Officer providing ongoing assistance and advice.</p> <p>The Council achieves general compliance with best practice in respect of lone working. A process is in place whereby managers are required to complete their departmental risk assessments; these include consideration of the risks associated with lone workers. The detail provided within these assessments does vary across the organisation; however, a review of risk assessments is currently in the process of being carried out, along with the introduction of a generic risk assessment template which includes a comprehensive section on lone working. Furthermore, lone working training was provided in 2015 which also covered the completion of risk assessments.</p> <p>Although there is no standard corporate approach to lone working, arrangements are in place to monitor lone workers. The adequacy of some of these arrangements is, however, yet to be reviewed by the Environmental Safety Officer who is in the process of attending departmental team meetings to assist and advise. It has been identified that there are some gaps in relation to out of hours lone working monitoring. This is something that the Environmental Safety Officer has already flagged up, as a result of an audit carried out by the health and safety function, and is being addressed as demonstrated through Minutes of the Keep Safe Stay Healthy Group and associated work plan. Furthermore, guidance in relation to lone working out of hours has been included in the generic risk assessment form provided to managers.</p> <p>No recommendations have been made as a result of this audit as any areas requiring improvement have already been identified by the Environmental Safety Officer who has raised this through the Keep Safe Stay Healthy Group and included appropriate actions within the groups work plan.</p> </td> </tr> </tbody> </table>			CO	Assurance Level	Opinion	1	Satisfactory	<p>The Council has a Lone Working Policy and supporting Protocol; both of which are up to date and are available to staff via the intranet. Awareness of lone working is also being raised through individual team meetings with the Environmental Safety Officer providing ongoing assistance and advice.</p> <p>The Council achieves general compliance with best practice in respect of lone working. A process is in place whereby managers are required to complete their departmental risk assessments; these include consideration of the risks associated with lone workers. The detail provided within these assessments does vary across the organisation; however, a review of risk assessments is currently in the process of being carried out, along with the introduction of a generic risk assessment template which includes a comprehensive section on lone working. Furthermore, lone working training was provided in 2015 which also covered the completion of risk assessments.</p> <p>Although there is no standard corporate approach to lone working, arrangements are in place to monitor lone workers. The adequacy of some of these arrangements is, however, yet to be reviewed by the Environmental Safety Officer who is in the process of attending departmental team meetings to assist and advise. It has been identified that there are some gaps in relation to out of hours lone working monitoring. This is something that the Environmental Safety Officer has already flagged up, as a result of an audit carried out by the health and safety function, and is being addressed as demonstrated through Minutes of the Keep Safe Stay Healthy Group and associated work plan. Furthermore, guidance in relation to lone working out of hours has been included in the generic risk assessment form provided to managers.</p> <p>No recommendations have been made as a result of this audit as any areas requiring improvement have already been identified by the Environmental Safety Officer who has raised this through the Keep Safe Stay Healthy Group and included appropriate actions within the groups work plan.</p>
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NNDR 2016-17	<p data-bbox="384 232 662 268">Control Objectives:</p> <p data-bbox="384 282 1412 349">1. The reporting values within the NNDR3 return have been entered correctly from the evidence obtained to support the return</p> <p data-bbox="384 362 582 398">Audit opinion</p> <table border="1" data-bbox="391 416 1441 1957"> <thead> <tr> <th data-bbox="391 416 464 483">CO</th> <th data-bbox="464 416 738 483">Assurance Level</th> <th data-bbox="738 416 1441 483">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="391 483 464 1957">1</td> <td data-bbox="464 483 738 1957">Satisfactory</td> <td data-bbox="738 483 1441 1957"> <p data-bbox="738 501 1428 936">The reporting values entered by the authority within the NNDR3 return have been fairly stated and evidence is retained to support these values in the form with the exception of a single miscalculations. This error was calculated due to an incorrect formula within the spreadsheet used for correlating the data extracted from Northgate. This resulted in an overpayment to Tewkesbury Borough Council of £25,874. This causes no issue, as currently TBC are part of a safety net, in which the overpayment will be recovered from. The formula has been amended so this will be of no consequence in future returns.</p> <ul data-bbox="758 954 1420 1254" style="list-style-type: none"> - The return was completed and submitted within the given timeframe - The overall net rates payable figure of £32,513,296 and other supporting values have been accurately reported on the return - Testing of individual relief awards confirmed they had been accurately calculated and supported with documentary evidence <p data-bbox="738 1272 1428 1939">During testing of discretionary relief awards, it was acknowledged that, according to the Council's Discretionary Relief Policy, mini reviews should be completed annually to consider whether the relief remains appropriate. The policy was introduced with effect from 01/04/2014 and therefore two mini reviews were expected to have been completed; a mini review in 2014/15 and again in 2015/16. Whilst there is evidence that a review was completed in 2013 and 2015/16, there was no evidence maintained that demonstrated a review had been completed since the introduction of the policy in 2014. The Head of Revenues and Benefits explained that the process currently used is time consuming and, due to circumstances and workload, it had not been possible to consistently complete these mini reviews. Therefore it is recommended that this process be streamlined to enable these reviews to be completed promptly in line with resources available.</p> </td> </tr> </tbody> </table>			CO	Assurance Level	Opinion	1	Satisfactory	<p data-bbox="738 501 1428 936">The reporting values entered by the authority within the NNDR3 return have been fairly stated and evidence is retained to support these values in the form with the exception of a single miscalculations. This error was calculated due to an incorrect formula within the spreadsheet used for correlating the data extracted from Northgate. This resulted in an overpayment to Tewkesbury Borough Council of £25,874. This causes no issue, as currently TBC are part of a safety net, in which the overpayment will be recovered from. The formula has been amended so this will be of no consequence in future returns.</p> <ul data-bbox="758 954 1420 1254" style="list-style-type: none"> - The return was completed and submitted within the given timeframe - The overall net rates payable figure of £32,513,296 and other supporting values have been accurately reported on the return - Testing of individual relief awards confirmed they had been accurately calculated and supported with documentary evidence <p data-bbox="738 1272 1428 1939">During testing of discretionary relief awards, it was acknowledged that, according to the Council's Discretionary Relief Policy, mini reviews should be completed annually to consider whether the relief remains appropriate. The policy was introduced with effect from 01/04/2014 and therefore two mini reviews were expected to have been completed; a mini review in 2014/15 and again in 2015/16. Whilst there is evidence that a review was completed in 2013 and 2015/16, there was no evidence maintained that demonstrated a review had been completed since the introduction of the policy in 2014. The Head of Revenues and Benefits explained that the process currently used is time consuming and, due to circumstances and workload, it had not been possible to consistently complete these mini reviews. Therefore it is recommended that this process be streamlined to enable these reviews to be completed promptly in line with resources available.</p>
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Audit	Audit Objective & Opinion		
Complaints	<p>Control Objectives</p> <ol style="list-style-type: none"> 1. The new complaints procedure has been fully integrated into 'business as usual' processes within the Council Offices. Officers have a full understanding of how to deal with formal complaints, and that the policy is accessible to the public clearly defining the process in operation. 2. Formal complaints are dealt with in accordance with the Council's complaints policy and that appropriate remedial action is undertaken for complaints which are upheld. <p>Audit opinion</p>		
	CO	Assurance Level	Opinion
	1	Satisfactory	<p>The new Complaints Policy provides the public with appropriate details on how to make a complaint and has been published on the Council's website, improvements to the access of this policy has been included within the development of the new website. Key staff involved in the complaints process have been provided with training on the policy and the mechanism for handling complaints.</p> <p>The current handling of complaints to the appeal stage can involve a number of separate accesses to the data. It is recommended this handling should be reviewed to ensure the process remains efficient. Access to data increases in relation to Ubico complaints, as these are handled through the Joint Waste Team. A recommendation of the audit is a data sharing protocol needs to be established in order to comply with data protection regulations.</p> <p>To enhance the awareness of all staff in the handling of complaints, it has been agreed that the policy will be published on the staff intranet. A minor amendment to the policy is also required in respect of the change in post holder descriptions of Group Managers to Heads of Service.</p>
2	Good	<p>Sampling of the complaints processing gives a good level of assurance that timescales of the new policy are being met both at stage one and stage two. In addition, assurance has been gained through sampling that lessons learnt from upheld complaints are treated with all seriousness. Managers have each developed their own techniques based upon their team make up to deal with necessary feedback, and implement any necessary changes to improve services.</p> <p>Assurance has been gained that personal data is being handled in a confidential manner. The Firmstep system which is used to record complaints has good controls in place to safeguard claimant's personal details. A review of the retention of original documents once they have</p>	

Audit	Audit Objective & Opinion	
		<p>been scanned into this system does need to take place. There is a dedicated resource within the Corporate Services team to monitor complaints processing generally. It is acknowledged that the functionality of Firmstep needs enhancing in order to improve reporting. This is currently being looked at by ICT services. A complaints report, including numbers, by service and by remedy is reported on an annual basis to Overview and Scrutiny Committee.</p>
Corporate Improvement Work	<p>UBICO CLIENT MONITORING</p> <p>In respect of an Overview and Scrutiny enquiry regarding the completeness of the performance measurement information reported, a template of current and expected performance indicators was produced as part of the Ubico Contract Monitoring Audit (see above) using corporate improvement days. This template should assist in the implementation of the audit recommendation concerning the review of KPIs – days spent 3.</p> <p>SAFEGUARDING POLICY REVIEW</p> <p>Consultancy advice was provided in relation to the review by Environmental and Housing Services concerning the updating of the Council’s Safeguarding Policy and on the type of evidence that would be needed to support the completion of the safeguarding self-assessment – days spent 1.5.</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	In progress.
Main accounting system	In progress.
Council tax	In progress.
Flood Grants	In progress.

Audit	Status
Tourist Information Centres	Quarter 3.
Recycling	Quarter 3.
Creditors	Quarter 3.
ICT	Quarter 3.
Safeguarding	Quarter 4.
ICT – change controls	Quarter 4.
Debtors	Quarter 4.
Information Governance	Quarter 4.
Business Continuity	Quarter 4.
New Leisure Centre Monitoring	Quarter 4.
Treasury Management	Quarter 4.

Outstanding Audit Recommendations

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

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Audit	Recommendation Details	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Homeless 2014-15	To demonstrate best value a procurement exercise in relation to storage should be undertaken	Apr-16				16-17 q1
Homeless 2014-15	Call off contracts for B&B properties should be established and assurance of the continuing suitability of the accommodation being provided should be obtained	Jun-16				16-17 q1
Benefits Audit 2014-15	The checking of benefit claims should give consideration to the following:- The checks undertaken by the Benefits Team Leader should be dated. The checking regime will be documented Consideration should be given to staff resilience to ensure that checking is undertaken on a consistent basis	Mar-16	Nov-16	Follow up Undertaken - implemented	verbal assurance was provided that the BTL now dates any checks undertaken. It is also acknowledged by the Operational Manager that the checking of benefit claims would continue where the BTL was off on long term absence although currently actual staff resources to undertake this check have not yet been identified.	16-17 q2

Local Transparency Agenda Follow-Up 2015/16	The following action should be undertaken in order to comply with the publication requirements of the Local Transparency Code 2015. 1. A review of the data published in respect of local authority land should be carried out to ensure the information is clear and compliant to the code	Mar-16				16-17 q2
Local Transparency Agenda Follow-Up 2015/16	Overall responsibility for the council's contract register should be defined.	Mar-16				16-17 q2
NNDR 2014-15	The Council's discretionary policy should give consideration to the changes introduced by the Localism Act 2011 in which discretionary relief can be given to any ratepayer.	Mar-16	Nov-16	Follow Up Undertaken - not implemented	The RBGM explained that discussions were held between himself, Finance and Economic Development to develop this policy on a broader scale, led by the previous Deputy Chief Executive. The RBGM agreed that discussions will continue and has agreed to work with the Grants Working Group to establish a criteria for the policy. <u>Revised implementation date: Jun-17</u>	16-17 q2
Property Audit – TBC building tenant leases 2014-15	The disposal of commercial waste by TBC on behalf of tenants should be incorporated within the lease and the appropriate debt raised against the tenants	Dec-15		Follow Up Undertaken - partially implemented	The AM has established that transfer waste notices need to be in place for both Glos CC and The Police these are to be completed by end December 16. He still needs to identify if the DWP and Glos carers are using the TBC waste services. <u>Revised implementation date:</u>	16-17 q2

					Jan-17	
Property Audit – TBC building tenant leases 2014-15	Property inspections should be carried out when a lease is initiated and then at least on an annual basis	Mar-16	Nov-16	Follow up Undertaken - implemented	The AM demonstrated through review of manual files that the lease of the depot that an inspection at the end of the lease was performed. In addition, annual inspections have now started and this was shown through manual recorded relating to the two Clevedon properties and all 5 homeless properties.	16-17 q2
Council Tax 2014-15	Inspection process needs to be enhanced to ensure that council tax is raised at the earliest opportunity	Feb-16				16-17 q3
Creditors 2015-16	Undertake a periodic stocktake of cheques	Mar-16				16-17 q3
Creditors 2015-16	Pre-signed cheques should be stored in a strong room or safe with appropriate access controls	Mar-17				16-17 q3
ICT helpdesk 2015-16	Supporting procedures should be documented for the helpdesk.	Aug-16				16-17 q3
ICT helpdesk 2015-16	A periodic check of open tickets should be carried out to ensure they are being closed off promptly.	Aug-16				16-17 q3

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ICT helpdesk 2015-16	Further promotion of the self-service portal should be carried out.	Aug-16				16-17 q3
ICT helpdesk 2015-16	Feedback on the new system should be sought from users.	Aug-16				16-17 q3
PPD 2015-16	The PPD process should be enhanced to ensure that PPD's are updated on a regular basis and that staff involved in the PPD process are appropriately trained.	Sep-15				16-17 q3
Risk Management 2015-16	Refresher training should be provided for staff and members who have an involvement with the risk management framework.	Sep-16				16-17 q3
S106 2014-15	The monitoring process should give consideration to actively identifying completion of properties with the S106 module	Dec-15				16-17 q3
Budgetary Control (15/16)	The budget scheme of delegation should be updated on an annual basis.	Apr-16				16-17 q4
Budgetary Control (15/16)	The council's Financial Procedure Rules should be updated.	Jun-16			New implementation date agreed at May '15 follow-up. Financial procedure rules have been updated but need to be approved by council, this will be done as part of the amendments to the constitution.	16-17 q4
Corporate improvement-fighting fraud checklist for governance 2015-16	Ensure all staff, members and agency workers are aware of the risks of fraud and how it can be reported.	Oct-16				16-17 q4

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Playground Inspections 2016/17	The Playground Inspection Plan (PIP) should be updated to reflect current work practices, such as giving consideration to manufacturer specifications within the inspection regime, training/competency and the use of mobile devices. Further reviews of both the risk assessment and the PIP documents should be undertaken on an annual basis	Dec-16				16-17 q4
Playground Inspections 2016/17	Training is provided to the inspecting officers on the approach to risk scoring of findings this will assist in ensuring a consistent approach to scoring is adopted and eliminate the additional check of the scores by property services.	Nov-16				16-17 q4
Treasury Management 2015-16	Where a need to borrow has been identified. Supporting documentation should be retained for approval purposes that identify the various options considered and support the decision made.	Mar-17				16-17 q4
Garden Waste 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.	Dec-16				17-18 q1
Garden Waste 2015-16	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	Dec-16				17-18 q1

ICT PSN Submission 2016-17	<p>The following policies and procedures should be reviewed and updated:</p> <ol style="list-style-type: none"> 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) 	Nov-16				17-18 q1
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.	Nov-16				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	Dec-16				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.	Oct-16				17-18 q1

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Tell Us Once 2016/17	Consideration should be given to Housing Services, the volunteer litter picking scheme administrator and Area Revenues Officer (Sundry Debts) receiveing Tell Us Once notifications, provided that it is acceptable to share this information under Data Protection.	Jan-17				17-18 q1
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.	Oct-16				17-18 q1
Tell Us Once 2016/17	In order to ensure that the council is protecting any personal information that it recieves 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.	Mar-17				17-18 q1

Tree Inspections 2016/17	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	Mar-17				17-18 q1
Tree Inspections 2016/17	Tree reporting notifications from members of the public and associated actions carried out should be recorded into the PSS Live system.	Mar-17				17-18 q1
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.	Mar-17				17-18 q1
Tree Inspections 2016/17	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	Mar-17				17-18 q1

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ICT Environmental Controls 2016/17	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.	Jan-17				17-18 q1
ICT Environmental Controls 2016/17	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.	Mar-17				17-18 q1
ICT Environmental Controls 2016/17	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.	Dec-16				17-18 q1
ICT Environmental Controls 2016/17	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.	Dec-16				17-18 q1
Community Grants 2016-17	A reconciliation between the financials and the Community Funding Officers monitoring spreadsheet should be completed on a regular basis and documentary evidence recorded of this process	Apr-17				17-18 q2

Appendix 3

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	Mar-17			update to be provided to Audit Committee 14/12/16	17-18 q1
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.	Mar-17			update to be provided to Audit Committee 14/12/16	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	Mar-17			update to be provided to Audit Committee 14/12/16	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.	Mar-17			update to be provided to Audit Committee 14/12/16	17-18 q1
Bulky Waste Audit 2016-17	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	Apr-18				18-19 q1
Bulky Waste Audit 2016-17	It is recommended that a Data Retention Policy be developed for the service	Apr-17				17-18 q2

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<p>Bulky Waste Audit 2016-17</p>	<p>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</p>	<p>Apr-17</p>				<p>17-18 q2</p>
<p>Bulky Waste Audit 2016-17</p>	<p>Terms of reference for using this service should be established and published for the public to view</p>	<p>Apr-17</p>				<p>17-18 q2</p>
<p>Bulky Waste Audit 2016-17</p>	<p>The authorised signatory list should be amended to reflect those who have been authorised to supply refunds</p>	<p>Apr-17</p>				<p>17-18 q2</p>

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	14 December 2016
Subject:	Trade Waste Audit Progress Report
Report of:	Richard Kirk, Interim Head of Community Services
Corporate Lead:	Deputy Chief Executive
Lead Member:	Councillor J R Mason, Lead Member for Clean and Green Environment
Number of Appendices:	1

Executive Summary:

To update the Audit Committee on the management response to the findings of the trade waste internal audit report, which was presented in June 2016. The update is being provided because elements of the trade waste system were deemed to be 'limited' and 'unsatisfactory' by Internal Audit.

Recommendation:

To CONSIDER the progress made in response to the recommendations stated in the 2015/16 annual report concerning the audit of the trade waste collection service.

Reasons for Recommendation:

The audit into the trade waste service identified a number of recommendations for consideration and these are being used to help drive forward service improvements; the bulk of this work is still underway and will continue into 2017.

Resource Implications:

Trade Waste should be run on a commercial basis to ensure the service is competitive and income generating.

Legal Implications:

Under Section 45(1)(b) of the Environmental Protection Act 1990 ("the Act") the Council has a duty to collect commercial waste from any premises where the occupier has requested it. Section 45(4) of the Act makes any person who has made such a request liable to pay a reasonable charge to the Council for the collection and disposal of the waste. The Council has a specific duty to recover the charge, unless it considers it inappropriate to do so.

The term "reasonable charge" is not defined in the Act or elsewhere. In this context it should be taken as meaning comparable with charges made by waste collection authorities performing the same service. There is no prohibition on making a profit from the service but the requirement for charges to be reasonable may act as a constraint on the level of income that can be obtained.

Risk Management Implications:

Currently there are no staff dedicated to the management of the trade 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.

Performance Management Follow-up:

The finance and debt recovery concern is currently being managed jointly by Finance and Ubico, which is monitored by officers. Key Performance Indicators (KPIs) are included in the Environmental Services Partnership Board (ESPB) meeting with the Council and Ubico and at contract monitoring meetings with the Joint Waste Team.

Internal Audit will undertake a follow-up audit during quarter 4 of 2016/17 to evaluate the progress being made.

Environmental Implications:

As part of the review outlined in Appendix 1 Recommendation 1, a trade waste recycling service is being considered in the review, which will aim to provide a recycling service for trade waste customers within Tewkesbury Borough.

1.0 INTRODUCTION/BACKGROUND

- 1.1** Tewkesbury Borough Council has 481 customers using the weekly trade waste collection service generating an income of £270,000 per annum. The service operates a flexible arrangement for customers using pre-paid bags and 4 different sizes of bins charged at different rates depending on the needs of the customer.
- 1.2** The current service has an overspend of £5,000 at the end of quarter 2, with this expected to double by the year end. Fees for next year will need to be set to ensure that it remains a commercially viable service.

2.0 PROGRESS UPDATE FOLLOWING THE AUDIT REPORT

- 2.1** Since the completion of the report and presentation to the Audit Committee in June 2016, progress has been made by the Council, Ubico and the Joint Waste Team to identify improvements in the management of the trade / commercial waste collection.
- 2.2** Appendix 1 outlines the recommendations made following the audit of the target completion date set in the audit process and the progress made to date with some planned actions for further progress.
- 2.3** Internal Audit will undertake a follow-up audit during quarter 4 to evaluate the progress made.

3.0 OTHER OPTIONS CONSIDERED

- 3.1** None - but the proposed trade waste review to be undertaken by the Association of Public Service Excellence (APSE) on behalf of the joint commissioners (Tewkesbury Borough Council, Cheltenham Borough Council and West Oxfordshire District Council) and Ubico will consider options to allow the joint commissioners to make informed choices about how to continue the delivery of their trade waste services.

4.0 CONSULTATION

4.1 Update information has been received from stakeholders including internal departments at the council, the Gloucestershire Joint Waste Team and Ubico.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 The following Council policies are relevant to this report:

- Council Plan 2016-2020;
- Environment Policy 2010-2020.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 The following government legislation and guidance is relevant to this report:

- Waste Regulations (England and Wales) Regulations 2011 (Amended 2012);
- Environmental Protection Act 1990.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 Currently there are no staff dedicated to the management of the trade waste collection service. This is being considered in the context of the current staffing establishment and the wider needs of the service in relation to the administration of other waste related functions and may result in an expansion to service bid being submitted for consideration.

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

8.1 Waste (England and Wales) Regulations 2011 (amended 2012) state that collections of the four main streams of recyclables (paper, glass, metal and plastics) should be offered or the collection provider (in this case the Council) must show that they are taking reasonable measures to follow the regulations from January 2015. The reviews by both the Council and Ubico will address this with both reviews considering the opportunities for the Council to offer recycling collections. Recycling collections for trade waste were considered out of scope of the waste review and vehicle procurement which went to council in February 2016.

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

9.1 The provision of trade waste collection arrangements to customers across the borough is a paid-for service, which is subject to competition from external service providers and, as such, must provide value for money in order to be attractive to both existing and potential customers.

9.2 The provision of the trade waste collection service is subject to the following legislative requirements:

- Waste Regulations (England and Wales) Regulations 2011 (Amended 2012);
- Environmental Protection Act 1990;
- Health & Safety at Work etc., Act 1974;
- Health & Safety Executive Guidance Note "Waste and Recycling Vehicles in Street Collection" (Waste 04 (rev1)).

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None

Background Papers: Internal Audit Annual Report 2015/16

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Appendices: Appendix 1 - Audit Recommendations and Progress Report

Appendix 1: Commercial Waste Audit Recommendations and Progress Report

CO No	Rec No	Risk (of non-implementation)	Recommendation	Progress to date (November 2016)	Implementation Date	Priority
1	1	Financial: Delivery of service is not commercially viable.	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.	A project and review is currently being undertaken by Ubico to consider the future options for the trade waste collections. This is part of Ubico's 2016/17 Business Plan to undertake this work. A PID (including details of funding) has been drafted to initiate this project. The Council will be represented by a member of the Joint Waste Team on this review. The review is taking place in partnership with their trade collection contracts for Cheltenham Borough Council and West Oxford District Council for the purposes of seeking best practice in partnership, compliance with Waste Regulations including the implementation of a recycling service, financial and operational improvements. The project will be in line with the Council's commercial development programme and Ubico officers have attended the sessions. It is likely that the review will be	End March 2017	E

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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 1: Commercial Waste Audit Recommendations and Progress Report

CO No	Rec No	Risk (of non-implementation)	Recommendation	Progress to date (November 2016)	Implementation Date	Priority
				<p>carried out by a consultant (APSE) and a report will be presented in April 2017 with findings and recommendations.</p> <p>A request has been made by TBC finance to Ubico for detailed budgets for 2017/18 in order to appraise the budget and set the fees and charges relating to waste. The costs of the trade waste collections will be used to set the charges that cover the cost of the service. This is planned to take place in early 2017 along with a review of other fees and charges.</p> <p>The learning outcomes from the APSE commercialisation workshops will be incorporated in to the review of the service.</p> <p>To be completed: The trade waste collections will be incorporated in the new Council website by the end of 2016.</p>		

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 1: Commercial Waste Audit Recommendations and Progress Report

CO No	Rec No	Risk (of non-implementation)	Recommendation	Progress to date (November 2016)	Implementation Date	Priority
2	2	Financial: income not collected.	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.	<p>An interim process has been established between TBC finance and Ubico's admin team to manage the customer base and they are waiting for the Head of Community Service to identify a robust process for income collection going forward, including ensuring that debt is collected from former customers that have an outstanding debt.</p> <p>The work between Finance and Ubico team has been extremely successful to ensure that there is no outstanding debt in relation to its current customers. This has resulted in £9,000 of outstanding payments being collected. 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.</p> <p>Bins which are no longer required are collected using the bulky collection arranged by Ubico admin team.</p>	End March 2017	N

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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 1: Commercial Waste Audit Recommendations and Progress Report

CO No	Rec No	Risk (of non-implementation)	Recommendation	Progress to date (November 2016)	Implementation Date	Priority
2	3	Financial: new customers unable to access service therefore loss of income; bin stock not accounted for.	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.	<p>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</p> <p>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.</p>	End March 2017	N
3	4	Delivery of service is not being monitored.	Data should be collected in respect of the Ubico contractual performance indicators ID4 and ID6 and reported through quarterly performance reports.	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.	End March 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.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	14 December 2016
Subject:	Counter Fraud Unit Business Case
Report of:	Simon Dix, Head of Finance and Asset Management
Corporate Lead:	Deputy Chief Executive
Lead Member:	Councillor D J Waters, Lead Member for Finance and Asset Management
Number of Appendices:	Three

Executive Summary:

The purpose of the report is to present the Audit Committee with a summary of the activity undertaken by the Counter Fraud Unit in order to provide assurance over the counter fraud activities of the Council and the on-going counter fraud project.

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.

This work has been undertaken as a pilot and the attached business case has been drafted to reflect the financial sustainability of creating a permanent Counter Fraud Unit which will serve the partner Councils across the region including Cheltenham Borough Council.

Recommendation:

- 1. To CONSIDER the progress to date of the Counter Fraud Unit.**
- 2. To RECOMMEND TO COUNCIL the approval of option 3 of the business case to establish a permanent Counter Fraud Unit, subject to similar approval being made at all partner authorities; should all necessary approvals not be forthcoming, option 2 will be this Council's default position.**

Reasons for Recommendation:

The formation of a permanent Counter Fraud Unit tackling issues of fraud on a Countywide basis provides the Council with the best opportunity to have an effective, corporate-wide fraud prevention and detection function. It is estimated that fraudsters cost local government £2.1bn every year and therefore it is of paramount importance that this Council strives to protect the public purse and ensure resources are directed to this activity.

Resource Implications:

The base budget currently held by the Council for Counter Fraud work is £39,346. The recommended option of full integration of all partners would result in a total cost of £53,813 for this Council, an increase over the approved base budget of £14,467. Whilst this will be an increase in the base expenditure of the Council from 1 April 2017, it can effectively be found from the increased ongoing income resulting from the successful work already undertaken. The business case also illustrates the potential additional income that could be generated from detecting and preventing fraud through the establishment of a permanent unit.

Should all authorities not join the unit the option 2 model would result in an increased cost of £3,029 but would only release 70 days of investigatory time as opposed to 210 under option 3.

Legal Implications:

The proposed arrangement will require appropriate delegation of functions, officer secondments and data sharing protocols as referenced in the report and business case.

Risk Management Implications:

If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation. Without appropriate strategy and resources in place the Council is at risk of losses as a result of fraudulent activity.

Performance Management Follow-up:

The Counter Fraud Unit will provide quarterly updates on activity to the Audit Committee as well as ongoing liaison with Council officers.

Environmental Implications:

None

1.0 INTRODUCTION/BACKGROUND

- 1.1** In 2013/14 the government announced that local authority responsibility for the investigation of benefit fraud was to be transferred to the Department of Works and Pensions with only a referral role being retained by Councils. All other aspects of fraud detection and prevention remained with the Council.
- 1.2** In February 2015, Cotswold District Council was successful in a bid for £403k funding from Department of Communities and Local Government (DCLG) on behalf of the Local Authorities in Gloucestershire and West Oxfordshire District Council. The funding was a one-off payment to enable the introduction of a Gloucestershire-wide Counter Fraud Unit that is able to use data matching to gather intelligence and skilled investigators to help counter all forms of fraud and misuse of public funds against the Councils and Social Housing Providers in the region.
- 1.3** Tewkesbury Borough Council retained investigator resources under the direction of the Head of Revenues and Benefits. The Council's fraud investigator has been working alongside the Counter Fraud Unit building the operational, legal and data matching requirements to deliver the project along with actual operational investigation of fraud. This has also included building the partnership network in the region and understanding what resources each authority had to contribute to the hub.

- 1.4** The shared legal team at Cotswold District Council and West Oxfordshire District and One Legal, on behalf of Tewkesbury Borough Council, have been engaged to cover the data sharing and usage requirement, along with the access, accountability and authority provisions required at each organisation involved.
- 1.5** The Counter Fraud Unit is in the process of creating a range of new policies and procedures to enable data matching and criminal investigations to be legally undertaken and in support of each service area. It is anticipated that the service will be a value adding unit that supports all enforcement sections including Revenues, Planning and Licencing, etc. In addition, the team may tackle fraud as it is discovered with new intelligence/data matching software and reacting to normal referrals of fraud and whistleblowing. It is also in the process of developing an agreement with the Police and other enforcement agencies to aid in the early prevention/detection of fraud.

2.0 PROGRESS UPDATE

- 2.1** The work undertaken for all authorities in Gloucestershire and West Oxfordshire is summarised in Appendix A. In addition to the fraud and error detection detailed, a number of policies recently approved including the Counter Fraud and Anti-Corruption Strategy have been prepared by officers from the Counter Fraud Unit.
- 2.2** All of the work undertaken within the pilot has been carried out with existing resources supported by additional resources funded from the government grant.

3.0 BUSINESS CASE

- 3.1** Attached at Appendix B is the business case for the permanent establishment of the Counter Fraud Unit. Appendix C details the latest financial forecast of the partnership costs.
- 3.2** The work to date of the Counter Fraud Unit has been undertaken as a pilot and the attached business case and financial detail have been drafted against the early findings of the pilot work to reflect the financial sustainability of creating a permanent Counter Fraud Unit which will serve the partner Councils across the region including Tewkesbury Borough Council.
- 3.3** The Counter Fraud Unit will be a Support Service reporting to the Chief Finance Officer at each partner site. The employing partner will be Cotswold District Council and day to day management of the Unit will be undertaken by the same.
- 3.4** Initially, from April 2017, Counter Fraud Unit employees will be seconded to each partner as set out in the provisions of Section 113 Local Government Act 1972, which enables the employing Council to make its Officers available to other Councils. For the purpose of the secondment, the secondee becomes an officer of the Council to whom he or she is seconded.
- 3.5** In relation to governance arrangements, policy and corporate strategy; all will be determined by each partner individually and the Counter Fraud Unit will report quarterly to each partner Audit Committee.
- 3.6** The business case outlines three potential options to the Council – carry on as is; partial formation of a Countywide unit; full formation of a Countywide unit – including the pros and cons of each option and the financial costs and benefits associated with each option.

3.7 Given the performance to date and the potential for further counter fraud work to be undertaken, it is the Officers' view that this Council should be supportive of the option to form a unit comprising all authorities resulting in 210 days of investigatory time being allocated to each partner. This is, of course, subject to each partner agreeing the same; in the event that not all are able to do so, it is suggested that the Council fall back to the second option and support the partial creation of a Countywide unit with effect from 1 April 2017.

4.0 CONSULTATION

4.1 The work to date of the Counter Fraud Unit and the business case for the permanent establishment of the Unit have been presented and discussed with both Exec/CLT and the Transform Working Group. In both cases, Members were impressed with the output of the Unit and supportive of its permanent establishment.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 The Council has a number of fraud, anti-corruption and recovery strategies in place. There is also a requirement within the Financial Procedure Rules for adequate resources to be dedicated towards the prevention and detection of fraud.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 If the business case is approved by Council there will be a requirement for formal TUPE consultation to commence with the officer currently employed by the Council to undertake counter fraud related activity.

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 The proposed formation of a Countywide Counter Fraud Unit provides a platform for the most cost effective solution for the detection and prevention of fraud.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None

Background Papers: None

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Appendices: Appendix A – Counter Fraud Unit Update
Appendix B – Business Case
Appendix C – Financial Update

Summary of Feasibility Work for the Counter Fraud Unit Project

Cheltenham Borough Council

1. The Counter Fraud Officers currently undertake the single point of contact role and acts as the Department of Work and Pensions liaison following the transfer of Benefit Fraud investigation to the Single Fraud Investigation Service, Department for Work and Pensions. The team also investigate any allegations related to the Council Tax Reduction Scheme (or Council Tax Support) offences on behalf of the Revenues and Benefits Department.

The unit has administered the following sanctions:

- 2 Cautions.
- 4 Administrative Penalties generating £1,100.
- There have been 6 Prosecutions working jointly with the Department for Work and Pensions involving Council Tax Support and Housing Benefit.
 - Sentence - 8 month's imprisonment.
 - Sentence – (2 offenders received 2 years and 4 years imprisonment respectively. The Council were awarded £21,500 in compensation via Proceeds of Crime Confiscation Order.
 - Sentence – Fined £75 / Costs £75
 - Sentence – Fined £800 / Costs £250
 - Sentence – 21 month's imprisonment; suspended for 2 years.
- There is a further trial listed for April 2017.

From cases investigated, in the region of £25,000 in overpaid Council Tax Support has been identified and subsequently re-billed. (Resulting Housing Benefit overpayments are not recorded as this is not within the remit of the CFU).

During the project period, the Counter Fraud Unit received 231 fraud referrals in relation to Housing Benefit and the Council Tax Reduction Scheme. These are referred to the Department for Work and Pensions where appropriate or investigated by the Counter Fraud Unit in relation to the Council Tax Reduction Scheme.

2. Service of Court documents on behalf of Housing Benefit debt recovery:-
 - Customer debts totalling in excess of £20,000 have been served papers.
3. The Counter Fraud Unit has received referrals for 4 extraordinary cases of alleged misconduct and/or fraud; 2 external attempts and 2 internal cases relating to employees. Reports have been issued in relation to findings where appropriate.
4. A review of the Housing Applications list for Cheltenham Borough Council was undertaken:
 - 51 applications were cancelled (7 Gold Band and 44 Silver Band) = £561,000 loss avoidance.
 - 56 applications were downgraded to Bronze banding (low priority need).

Each cancelled application represents a property which can be reallocated to another eligible family. For each reallocation, a figure of £18,000 per annum can be identified as a loss avoidance figure because there is no need for temporary accommodation to be utilised. (£18,000 is the Audit Commission figure for the average annual cost to a Local

Authority when housing a family in temporary accommodation). In the Cheltenham Borough this rate would be considerably lower, approximately £11,000 per year as indicated in the figure above. In addition the result of the band reprioritisation is that those families who are correctly banded have a greater chance of being housed and more speedily.

Following this exercise a review report was produced to summarise the work and make recommendations regarding future processes and system reviews.

5. A sample single person discount review was undertaken for the Revenues (Council Tax) Department. 50 cases were subjected to more robust verification; discounts were removed retrospectively and for the financial year 2016/2017. This increased future liability by £17,500 and generated £22,000 retrospectively.

Council Tax Penalties were not administered but could have been where appropriate generating £70.00 per account approximately £3,000 in fines. There was also the potential to levy a penalty on occupiers who failed to respond to the requests for information – approximately 368 accounts which would have generated £26,000 in fines. In these instances the single person discount of 25% could also have been removed from the start of the financial year generating further liability.

Engagement with Senior Management across the Council has now commenced to establish areas in which the Counter Fraud Unit could focus.

Tewkesbury Borough Council

1. A sample single person discount review was undertaken for the Revenues (Council Tax) Department. 53 cases were subjected to more robust verification; discounts were removed retrospectively and for the financial year 2016/2017. This increased future liability by £17,000 and generated £4,700 retrospectively.

A further data match was undertaken comparing electoral role details and single person discount awards. This increased future liability by £8,600 and generated £8,200 retrospectively.

Council Tax Penalties were not administered but could have been where appropriate generating £70.00 per account.

2. A review of the Housing Applications list for Tewkesbury Borough Council was undertaken:
 - 63 applications were cancelled (3 Emergency, 3 Gold Band and 57 Silver Band) = £630,000 loss avoidance.
 - 32 applications were downgraded to Bronze banding (low priority need).

Each cancelled application represents a property which can be reallocated to another eligible family. For each reallocation, a figure of £18,000 per annum can be identified as a loss avoidance figure because there is no need for temporary accommodation to be utilised. (£18,000 is the Audit Commission figure for the average annual cost to a Local Authority when housing a family in temporary accommodation). In the Tewkesbury Borough this rate would be considerably lower, approximately £10,000 per year as indicated in the figure above. In addition the result of the band reprioritisation is that those families who are correctly banded have a greater chance of being housed and more speedily.

Following this exercise a review report was produced to summarise the work and make recommendations regarding future processes and system reviews.

3. The Counter Fraud Unit is in the process of completing a review of the list of exempt and empty business units. To date £132,000 of additional revenue has been charged to 31 March 2017 although this is still subject to the provision of various reliefs where applicable. In addition a number of units are still subject to internal decisions or have been referred to the Valuation Office for rateable value.

Overall in the region of £275,000 has been identified by the Unit and referred to the Revenues Team to consider billing or referral.

4. The Counter Fraud Unit is now working with the Environmental and Housing Services Team with the investigation and prosecution of fly-tipping offenders and some proactive deterrent work.
5. A joint investigation with Gloucestershire County Council is underway in relation to care provision and alleged abuse of the Council Tax Reduction Scheme.

West Oxfordshire District Council

The Counter Fraud Unit has received referrals for 5 extraordinary cases of alleged misconduct and/or fraud; all internal cases relating to employees. Reports have been issued in relation to findings where appropriate. 1 Caution has been administered.

Engagement with Heads of Service across the Council has now commenced to establish areas in which the Counter Fraud Unit could focus.

Cotswold District Council

The Counter Fraud Unit has received referrals for 4 extraordinary cases of alleged misconduct and/or fraud; 2 external attempts and 2 internal cases. Reports have been issued in relation to findings where appropriate.

Engagement with Heads of Service across the Council has now commenced to establish areas in which the Counter Fraud Unit could focus.

Forest of Dean District Council

The Counter Fraud Unit received 1 referral of attempted fraud; external attempt. A report has been issued in relation to findings where appropriate.

Gloucestershire County Council

Planning with regard to a verification exercise / proactive fraud drive in relation to social care provision, specifically direct payments, is underway.

Stroud District Council and Gloucester City Council

Discussions to be held in relation to the provision of counter fraud services with both authorities.

GO Shared Services (Cotswold, Forest of Dean and West Oxfordshire District Councils / Cheltenham Borough Council)

Sample of debts checked via the National Anti-Fraud Network to assist in debt recovery on behalf of the Accounts Receivable Team to reduce the number of debts passed for write off.

This was a small sample of 24 cases to test the merits of the exercise. Utilising only the free consent data check on the system, further information was found in 18 cases out of 24 – including email addresses, phone numbers and confirmation in many cases that the debtor was still resident at the address held, and also indications that some customers may have used a false name when registering.

This pilot piece of work is now the subject of an enhanced feasibility study. All Cheltenham Borough Council debts are being passed to the Counter Fraud Unit for trace details prior to write off. Figures will be recorded to include costs and debt recovery with a view to rolling the work out to all other GOSS partners if successful.

UBICO

The Unit is providing counter fraud services where needed. 2 extraordinary cases of alleged misconduct and/or fraud; both internal have been received.

Cheltenham Borough Homes

In partnership with CBH the unit has worked to prevent incorrect or fraudulent applications for properties under the 'Right to Buy' scheme.

The Audit Commission (Protecting the Public Purse report 2014) detailed that the average cost to a Local Authority replacing a Social Housing property lost through the Right to Buy scheme would be in the region of £150,000.

In addition, future rental income is lost and emergency housing costs are increased because the property is no longer available for housing provision and allocation. With insufficient properties to meet demand, more costly temporary accommodation must be found.

To date the Unit has assisted in the prevention/recovery of 5 CBH properties – representing £750,000.

The Unit has also worked with CBH Housing Officers to provide intelligence and investigate abandoned or illegally sub-let property, general tenancy fraud allegations and any suspicious applications for social housing.

This has led to 13 properties being recovered/not allocated – a loss avoidance figure of £143,000 (as per the £11,000 figure for the cost of housing a homeless family from the waiting list).

There is also a very real non-monetary value in ensuring that social housing properties are being let to those tenants who are genuinely in need of assistance and not those who are abusing the system for gain.

There have been 5 successful prosecutions for housing offences and one case is currently listed for Crown Court trial.

Sentence – 21 month's imprisonment; suspended for 2 years

Sentence – Fined £200 / Costs £170

Sentence – 100 hours Community Service / Costs £700

Sentence – 12 month Supervision Order

Sentence – 16 weeks imprisonment; suspended and 200 hours Community Service / Costs £200

Detailed reports have been issued to Cheltenham Borough Homes suggesting high risk areas and proactive fraud drives which the team could assist with. The team also produced a review of work undertaken so far highlighting any risks and learning points with remedial recommendations.

Training

Human Resources, Internal Audit and Investigation staff across the County in relation to undertaking employment and criminal investigations internally. To incorporate any relevant updates or process changes, the team are working with Human Resources.

Criminal Procedure and Investigations Act; refresher and update training being rolled out across the County for all Enforcement, Legal and Internal Audit members of staff.

Regulation of Investigatory Powers Act; refresher and update training being rolled out across the County for all Enforcement, Legal and Internal Audit members of staff.

Proceeds of Crime Seminar conducted by Barristers from Albion Chambers organised for Enforcement, Legal and Internal Audit members of staff across the County. To provide an overview and highlight where this legislation could be utilised within the Councils.

Staff and Member Awareness is being undertaken to introduce the Counter Fraud Team, the new policies which the team have drafted, to include where these are applicable, and general fraud awareness.

Data Warehouse Software

The Counter Fraud Unit is working with Procurement, Legal and ICT Departments and Corporate Management in relation to the procurement of the software and related data sharing agreements.

Specification documentation has been drafted and the tender process is planned for 2017.

This area also involves a large work stream with regard to Fair Processing notices on the internet and paperwork across all partnership Councils.

The team has drafted more extensive fair processing notices and statements to reflect legislative requirements and any future data matching. Draft documentation is being presented to Corporate Management / Senior Leadership Teams for implementation throughout the partner Council's.

Policies

A Counter Fraud and Anti-Corruption Policy has been drafted and approved at a number of the partner authorities.

A Regulation of Investigatory Powers Act (Communications) Policy has been drafted and is undergoing the appropriate consultation and approval process at a number of the partner authorities.

Whistle-Blowing Policy has been drafted and is undergoing the appropriate consultation and approval process at a number of the partner authorities.

A Council Tax, Council Tax Reduction Scheme and Housing Benefit Penalty and Prosecution Policy is being drafted. Consultation and approval process to commence.

Further policies are planned – Prosecution Policy, A Regulation of Investigatory Powers Act (Social Media) Policy, Proceeds of Crime and Anti-Money Laundering Policy.

Other Work Streams

Work is planned in relation to a generic document pack for Gloucestershire for criminal investigation to include all the relevant investigation, interview under caution and prosecution processes.

Paperwork received in relation to signing the memorandum of understanding with HM Revenue and Customs – liaison with all enforcement teams pending.

A work stream to engage the Police and enter into an appropriate joint working mechanism is to be commenced.

A work stream to engage Trading Standards and enter into an appropriate joint working mechanism commences 30 November 2016.

A work stream to engage NHS Counter Fraud Team and enter into an appropriate joint working mechanism to be commenced.

Work on transparency reporting for fraud work – again this involves capturing information from around the organisations across the different sites.

Housing Associations and Registered Social Landlords. Draft Goods and Services Contract developed for engagement with Registered Social Landlords for the provision of Tenancy Fraud work. This work stream is on hold pending business case consideration. Agreement received from Cheltenham Borough Homes to support and endorse this based on results and work undertaken by the team.

Counter Fraud Unit Business Case

Project Name:	Counter Fraud Unit		
Date:	9 June 16	Release:	Draft
Authors:	Kate Seeley, Emma Cathcart, Ruth Jones and Alex Lawson		
Owner:	Jenny Poole		
Client:	Cotswold District Council		
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Revision History

Date of next revision:

Revision Date	Previous Revision Date	Summary of Changes	Changes Marked
9 June 16	26 May 16	Drafting	

Approvals

This document requires the following approvals. A signed copy should be placed in the project files.

Name	Signature	Title	Date of Issue	Version
Jenny Poole		Head of GOSS and S151 Officer, CDC	5 May 16	Draft 1

Distribution

This document has been distributed to the following Officers:

Name	Title	Date of Issue	Version

Executive Summary

Introduction

In 2011/2012 Cotswold District Council, West Oxfordshire District Council and Cheltenham Borough Council started to informally work together to collate and apply a more consistent approach to counter fraud work through the Internal Audit Partnership; Audit Cotswolds.

In 2013/2014, the government announced that Local Authority responsibility for the investigation of benefit fraud was to be transferred, with the counter fraud investigation staff, to the Department for Work and Pensions. A successful counter fraud pilot project was initiated through the Cheltenham partner targeting tenancy fraud with Cheltenham Borough Homes; an arm's-length management organisation (ALMO). This enabled the partner Council's to assess the effectiveness of specialist counter fraud staff within other enforcement areas and consider retaining the resource within the organisation.

In February 2015, building on this pilot work, Audit Cotswolds successfully bid for £403,000 funding from the Department of Communities and Local Government (DCLG) on behalf of the Local Authorities in Gloucestershire and West Oxfordshire District Council to accelerate the development of a dedicated Counter Fraud Unit (the unit) within the partner organisations.

The funding is a one off payment to enable the introduction of a Gloucestershire and West Oxfordshire Counter Fraud Unit that is able to use data matching to gather intelligence and skilled investigators to help counter all forms of fraud against the Councils and Social Housing Providers in the region.

The bid set out a phased approach. The unit's first objective was to counter fraud through better intelligence and enhanced proactive partnership working in Gloucestershire and West Oxfordshire District Council with the aspiration to create a 'Gloucestershire Hub'. It built on the existing three authority partnership and introduced other partners namely: Gloucestershire County, Forest of Dean, Stroud, Tewkesbury and Gloucester City Council, plus Cheltenham Borough Homes Ltd and in time other registered social landlords.

The second phase of the project links the Gloucestershire Hub to other Hubs (Oxfordshire) through data sharing activity.

This business case translates the DCLG funded project into a permanent service model that is fully self-sufficient whilst continuing to manage and utilise the DCLG fund to set up the unit.

The business case sets out the roles and responsibilities of the new service and the financial strategy to ensure it is sustainable. It reflects upon the most effective and efficient use of resources and necessary governance structure to ensure it continues to deliver on service objectives.

Feasibility studies have been undertaken in financial years 2015/16 and 2016/17 to show that the unit can expect to generate revenue and provide risk assurance. In addition, the unit has identified additional areas of savings and loss avoidance, thereby adding value for all partners. The work included such legal documentation as data sharing and access agreements that enabled the feasibility studies to be undertaken and investigations to be conducted legally.

The S151 Officers form a significant role in terms of the unit's objectives, rationale and financial strategy but they also have a responsibility in the enabling of counter fraud activity within their own organisations.

The Audit Committees, as the body charged with governance, at each of the partner Local Authorities will be required to ensure Member level engagement is achieved and be a means for reporting of counter fraud activity. This will enable the Committee to confidently sign the annual declaration for the External Auditor in support of the accounts. It also provides a route for the unit to publicise activity, benefits and outcomes such as savings achieved and prosecution results.

The Counter Fraud Unit requires data matching and sharing, along with partner collaboration, to occur in an effective and efficient manner. Therefore the business case covers operational and strategic elements.

The business case is designed to describe the delivery of a fully self-sufficient service that counters fraud in Gloucestershire and West Oxfordshire from April 2017. It also ensures that the unit can engage with similar counter fraud departments such as Oxford City and Birmingham City.

This business case argues that the benefits of a counter fraud unit outweigh the costs of setting up and operating the unit. This is evidenced within the results shown in the feasibility study section. In addition, the benefits are summarised within this document and this business case recommends a Counter Fraud Unit that is resourced and embedded into the host organisations. The unit will be capable of delivering a full range of counter fraud and error detection services.

The business case explores three possible options for a counter fraud function within the organisations detailing the services which could be provided, benefits and dis-benefits and financial implications. These options are;

Option 1 – The provision of the minimum statutory requirements with no dedicated Counter Fraud Unit.

Option 2 – Counter Fraud Unit for the provision of an enhanced service to four partner Councils.

Option 3 – Counter Fraud Unit for the provision of an enhanced service to Gloucestershire District Councils, West Oxfordshire District Council and Gloucestershire County Council with the ability to work for third party organisations such as Registered Social Landlords.

Project Rationale

The project was developed to reflect the changes to the counter fraud arrangements nationally in 2014 brought about by the creation of the Single Fraud Investigation Service (operated by the Department for Work and Pensions) which subsumed the Council's responsibilities for investigating Housing Benefit Fraud.

Cotswold District Council and Cheltenham Borough Council retained investigator resources under the direction of Internal Audit. The Counter Fraud Unit has been building the operational, legal and data matching requirements to deliver the project along with actual operational investigation of fraud.

The team have engaged with partners across the region building an understanding in relation to available resources, high risk areas and collaborative working. In July 2015 a Project Manager was recruited (2 days per week) to assist with project delivery across the multiple partners.

It was anticipated that the service would become a value adding unit that supports all enforcement sections including Revenues, Planning and Licensing. In addition, the team would tackle fraud with new intelligence/data matching software and react to referrals of fraud, whistleblowing and money laundering.

The project would use an evolutionary (literally) and holistic approach starting with a limited number of partners and grow as capabilities and line of business systems became available; leading to the development of intelligence led counter fraud capability that services contracts for third parties such as Registered Social Landlords and Housing Providers.

Finally, the project would lead to the development of agreements or memoranda of understandings with the Police, HM Revenue and Customs, the National Health Service and other enforcement agencies to aid in the early prevention and detection of fraud and savings to the public purse, for the benefit of the wider community.

National Picture

In 2011, the Cabinet Office Counter Fraud Taskforce issued a report on 'Illuminating Public Sector Fraud' which outlined four strategic priorities;

- Collaboration,
- Assessment of Risk,
- Prevention and
- Zero Tolerance.

"The scale of fraud against Local Government is extensive and hard to quantify with precision. Fraud costs UK public services an estimated £21 billion per year, of which £2.1 billion is the estimated cost to Local Government. A further £14 billion is lost to tax fraud and vehicle excise fraud and £1.9 billion to benefit and tax credit fraud. Reducing this is now a major priority across all areas of government." *Cabinet Office 2016*

The National Fraud Authority and the Audit Commission have closed. However fraudsters are becoming increasingly sophisticated. All public services organisations are more vulnerable than ever to criminal activity.

Although resources remain stretched, the reduction of fraud within the public sector is a priority and is reflected by the CIPFA Counter Fraud Centre which was launched in 2014 to lead and coordinate the fight against fraud and corruption across local and central government amongst other sectors. CIPFA are currently undertaking a national survey to gather and benchmark fraudulent activity within local government.

Digitisation of public services is increasing the opportunities for criminals, and counter fraud experts believe prevention is the best policy when tackling this.

Regional Picture and Local Impact of the Project

The National Policing Fraud Strategy 2015 recognised that the key role in the policing of fraud is played at the local level. Public Sector bodies do see Counter Fraud Units as a cost, but it is an investment in a much greater return.

The Local Government Counter Fraud and Corruption Strategy 2016–2019, supported by CIPFA, builds on the previous publications and provided the incentive for Local Authorities to shift their focus from benefit fraud to other areas that present high risk losses, to include those which arise unintentionally from national directives such as the Right to Buy legislation.

The project was focused on the four strategic objectives outlined above in the national picture; collaboration, risk assessment, prevention and zero tolerance. Further, the project sought to deliver this innovatively. Locally the 2020 Partnership, which is providing shared services across Cotswold District Council, Cheltenham Borough Council, Forest of Dean District Council and West Oxfordshire District Council and the Regulatory and Environmental Services Transformation project (Cheltenham Borough Council only) aim to improve efficiency. However it inevitably means the loss internally of resources to tackle other forms of misappropriation for which the Councils remain responsible. The unit can therefore seek to provide support and address this across all partners through collaboration and data sharing. Areas of fraud high risk across the region can be identified and a single solution applied to promote best practice and uniformity whilst remaining flexible in relation to individual requirements.

Proposed Outcomes

- Produce real and demonstrable savings for partners from intelligence based counter fraud activity.
- Pursue criminals with an effective, self-sufficient and robust fraud investigation team, which can operate locally with partners or with third parties and other public bodies.
- Continue to operate and adapt to any reorganisation, restructure or political change.
- Fight local fraud by matching datasets across all demographics.
- Fight regional fraud by legally exchanging data

Overarching Goals

- Detect abuse of public services.
- Be a self-financing unit.
- Prevent the public purse being abused.

Strategic Alignment to Organisational Objectives

A Counter Fraud Unit would support a number of drivers which are reflective of the challenges facing all of the project partners and addresses each one of these as follows:

- **Financial:** the need to respond to long-term financial pressures by assuring money is not lost through illegal fraudulent activity.
- **Efficiency:** the need to continue to find ways of delivering value for money by assessing risk, promoting best practice and adding value through loss avoidance.
- **Resilience:** each authority needs a wider pool of expertise and greater capacity to respond to events by retaining counter fraud specialists who can be both reactive and proactive in relation to criminal activity.
- **Impact:** more depth in strategic capacity is needed to support the drive towards service improvement and wider social and economic benefits by publicising a zero tolerance approach to abuse and misappropriation of public funds.
- **Democracy:** each authority needs to have sufficient resources to be able to exercise choice and community leadership so that it can champion local needs and priorities by identifying local high risk areas which can be proactively tackled.

Feasibility Studies

To evidence the financial aspect of the business case, the unit has undertaken corporate and strategic work for the partner Councils; Cotswold District Council, West Oxfordshire District Council and Cheltenham Borough Council. Proactive feasibility work has also been carried out for the partner authorities and third parties; Cheltenham Borough Homes and Tewkesbury Borough Council. The unit is also fully engaged with Gloucestershire County Council in relation to collaborative working. A summary of the areas of pilot work and the results are set out below.

Audit Partnership Work – Cotswold District Council, West Oxfordshire District Council and Cheltenham Borough Council

The unit has tried to illustrate the effectiveness of a centralised counter fraud unit with responsibility for counter fraud corporate strategy, policy drafting, centralised and uniform data collation, fraud awareness, specialist training and legislative updates and reactive planning to emerging threats.

- Legal framework for operation

Secondment Agreements (S113 Local Government Act 1972), for two Investigation Officers, drafted by the team and approval gained from legal representatives at Cotswold District Council, West Oxfordshire District Council and Cheltenham Borough Council.

One Internal Audit Officer mitigating the need for any additional legal documentation in relation to employment.

- Work April 2015 to date
 1. 2 internal referrals received in relation to alleged theft and corruption against the Council (not internal staff, external attempts). These are currently on-going.
 2. Referrals received via Internal Audit in relation to staff investigations where criminal offences are identified. Reports and recommendations are being referred to the appropriate Director at suitable intervals.
 3. Transparency data capture and general fraud data recording and reporting across all partners to ensure consistency and bench marking where appropriate.
 4. Training and Advice;
 - i. Internal employee investigation training provided to Internal Audit and Human Resources staff.
 - ii. Criminal Procedure and Investigations Act refresher and updates being provided across the County and West Oxfordshire for all Enforcement, Legal and Internal Audit members of staff.
 - iii. Regulation of Investigatory Powers Act; refresher and updates being planned and rolled out across the County for all Enforcement, Legal and Audit members of staff.

- iv. Proceeds of Crime Seminar planned with Barristers from Albion Chambers for all Enforcement, Legal and Audit members of staff across the County.
 - v. Member of the Gloucestershire Tenancy Fraud Forum promoting best practice and tenancy fraud work undertaken by the team. The work has been credited nationally at various conferences.
5. Policies;
- i. The drafting of a Counter Fraud and Anti-Corruption Policy and full approval process completed. The policy has been approved by all partner Audit Committees and adopted by Cabinet at all three authorities. Staff and Member awareness training to commence to include a fraud referral process.
 - ii. A new Regulation of Investigatory Powers Act policy has been drafted to cover new legislation in relation to staff obtaining Communications data; approval across the partnership has commenced. Following approval, training with Enforcement staff and Authorising Officers to commence.
 - iii. The team has been given responsibility for the Whistle Blowing Policy which needs to be redrafted for use by all partners.
 - iv. The unit is also reviewing Anti-Money Laundering and Proceeds of Crime Policies, Prosecution Policies and Regulation of Investigatory Powers Act (Surveillance) Policies across the partners.
6. The drafting and implementation of Fair Processing Notices and Statements to reflect legislative requirements and any future data matching.
7. The drafting and implementation of Lone Working protocols for Investigation Officers.

Overview of Cheltenham Borough Council results and significance

The unit undertook additional specific proactive work for Cheltenham Borough Council. It should be noted that Cotswold District Council and West Oxfordshire retained additional enforcement resource within the Revenues and Housing Support Department and as such the unit was not engaged within this area.

During the course of the year the unit was engaged in a publicised fraud case, working collaboratively with the Police and the Department for Work and Pensions. The defendants were handling fake currency and hoarding contraband tobacco. During the course of the investigation, the Council were asked to investigate allegations of benefit fraud. The defendants were recently sentenced and received custodial terms. In addition, the Court awarded a Proceeds of Crime Confiscation Order and the Council should receive compensation of approximately £21,000.

- Legal framework for operation

Two Investigation Officers conducted the work; both are directly employed by Cheltenham Borough Council therefore mitigating the need for any additional legal documentation in relation to employment and system access.

Provision of the required data sharing agreements to allow work on the Home-Seekers Housing Application List Review; this included the drafting of the agreements, legal approval and required signatures / consent from the affected system administrators.

- Work April 2015 to date
 1. Single point of contact role for Department of Work and Pensions liaison following the transfer of Benefit Fraud Investigation to the Single Fraud Investigation Service.
 2. Council Tax Reduction Scheme; criminal investigation, interview under caution and appropriate sanction/prosecution action on behalf of the Revenues and Benefits Section.
 3. Home-Seekers Housing Application List Review on behalf of Housing Options Team (Cheltenham Borough Homes). The team undertook an exercise to verify the application details and confirm that the criteria had been met for the relevant band in to which the application had been placed.
 4. A sample Single Person Discount Review was undertaken on behalf of the Revenues Department. 50 cases were subjected to more robust verification.
 5. Service of court documentation on behalf of Housing Benefit debt recovery.
 6. Sample of absconded debtors passed to the team to be traced prior to debt write off.

- Results
 1. 141 Housing Benefit and Council Tax Reduction Scheme referrals received, 83 referred on to the Department for Work and Pensions, 4 referred on to Housing Provider/Registered Social Landlord and 34 cases opened for investigation by the team. 20 referrals were rejected.
 2. Of the 34 cases investigated by the team;
 - i) Overpayments identified totalling £16,738 to be recovered.
 - ii) 4 individuals prosecuted and sentenced; 1 prosecution listed for trial.
 - iii) 2 Administrative Penalties applied totalling £796 to be recovered.
 - iv) 2 Formal Cautions given.
 3. The housing list review resulted in 51 cancelled applications (7 Gold Band and 44 Silver Band) representing £918,000 in loss avoidance. Each cancelled application represents a property which can be reallocated to another eligible family. For each reallocation, a figure of £18,000 per annum can be identified as a loss avoidance figure because there is no need for temporary accommodation to be utilised. £18,000 is the Audit Commission figure for the average annual cost to a Local Authority when housing a family in temporary accommodation. In addition 56 applications have been downgraded to Bronze band. The result of this reprioritisation is that those families who are correctly banded have a greater chance of being housed and more speedily.
 4. Discounts were removed retrospectively and for the financial year 2016/2017. The investigation of only 50 cases generated £37,000 in additional Council Tax liability. It should be noted that the major beneficiary of this will be the County Council who receive the majority of the revenue collected. Council Tax Penalties were not administered. However, had they been applied at the legislative value of £70 then approximately £3,000 would have been generated for collection and for retention and use by the Local Authority alone.
 5. Debt Recovery:
 - i. £634 paid in full.

- ii. £870 paid, arrangement agreed for outstanding £300.
 - iii. £906, arrangement agreed and £211 paid to date.
 - iv. £1858, arrangement of £40 per month agreed.
6. 24 cases passed for investigative trace. Utilising only free consent data checks, further contact/residency information identified in 18 cases.
- Review
 1. On-going liaison with the Benefit Section Manager and the Single Fraud Investigation Service, Department for Work and Pensions.
 2. On-going liaison with the Benefit Section Manager. Proactive work can be undertaken if needed.
 3. The team have prepared a detailed report evaluating the housing list review to include recommendations regarding future processes and system reviews. We are awaiting updates and further instruction from Cheltenham Borough Homes.
 4. The team have prepared a report reviewing the Council Tax discount work to include recommendations regarding future processes and system reviews. We are awaiting updates and instruction in relation to further discount and/or exemption fraud drives.
 5. On-going instructions received from the Benefit Team.
 6. Recommendations made to the Accounts Receivable Team within GO Shared Services that the team consider results and future collaboration.

Overview of Cheltenham Borough Homes results and significance

- Legal framework for operation

Two Investigation Officers conducted the work; both are directly employed by Cheltenham Borough Council therefore mitigating the need for any additional legal documentation in relation to employment and system access. Any investigations undertaken were in relation to properties owned by Cheltenham Borough Council only.

- Work September 2014 to date

In addition to the details below, the housing list review on behalf of Cheltenham Borough Council was conducted and the review report is with Cheltenham Borough Homes.

1. Tenancy Fraud investigation work has been on-going for approximately 18 months and the team received 23 referrals from varying sources during the period (Cheltenham Borough Homes staff, anonymous informants, One Legal, Housing Benefit Team, Police and other internal systems).
2. National Anti-Fraud Network Membership – introduction to the not for profit organisation which provides data and intelligence to system users.
3. Fraud Referral Process – drafting of a generic referral form and mechanism for referral with agreed key decision points for investigation and interview under caution and to proceed to prosecute.
4. Reporting plan; content and frequency to include Audit and Risk Committee reports and presentation.

- Results

1. 5 cases referred for prosecution (details below) and a further 8 properties withdrawn or recovered back in to the housing stock. There are 9 open cases currently under investigation.
 - i) 1 prosecution for Right to Buy Fraud – the sale of the 4 bedroom property was prevented, the property recovered and returned to the housing stock. The individual concerned received a 16 week suspended sentence, 200 hours community service order and was ordered to pay £200 costs.
 - ii) 1 prosecution for application fraud – the property was recovered and returned to the housing stock. The individual concerned received a 100 hours community service order and was ordered to pay costs of £700.
 - iii) 1 prosecution for application fraud – the individual was removed from the housing list and received a £200 fine and was ordered to pay £170 costs.
 - iv) 1 prosecution for Right to Buy Fraud listed for trial in July 2016.
 - v) 1 prosecution for application fraud referred for trial and subsequently withdrawn due to inadequate data capture processes.

As detailed previously, each recovered property represents a loss avoidance figure of £18,000. Additionally where the sale of a property through the Right to Buy scheme is prevented the Audit Commission stated that a loss avoidance figure of £150,000 should be reported, representing the average rebuild cost. The work undertaken in this area therefore represents a loss avoidance figure of £444,000.

2. System use for trace and debt recovery work.
3. Referral mechanism in use.
4. Awaiting decision in relation to Senior Management reports and frequency. Agreement in relation to Audit and Risk Committee plan received.

- Review

Reports have been written and submitted for consideration in relation to the following:

- i) Risks – highlighting the impact of Universal Credit, Housing Benefit regulation changes, Right to Buy criteria changes, the introduction of the 1% rent reduction for social landlords and the compulsory pay to stay scheme.
- ii) Strategy – highlighting areas in which the counter fraud team can add value to include use of the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, targeted fraud drives and proactive work within high risk areas, Right to Buy verification checks and home-seeker verification checks.
- iii) Assistance with Policy review, drafting and implementation to include training in relation to Counter Fraud, Bribery and Corruption, Whistleblowing, Use of Social Media for intelligence gathering and Lone Working.
- iv) Consideration in relation to internal investigations where fraud is alleged.

Overview of Tewkesbury Borough Council results and significance

- Legal framework for operation

Secondment Agreements (S113 Local Government Act 1972), for two Investigation Officers, drafted by the team and approval gained from legal representatives at Tewkesbury Borough Council and Cheltenham Borough Council.

Provision of the required data sharing agreements to allow work on the Home-Seekers Housing Application List Review; this included the drafting of the agreements, legal approval and required signatures / consent from the affected system administrators.

- Work October 2015 to date

1. Home-Seekers Housing Application List Review on behalf of Housing Options Team. The team undertook an exercise to verify the application details and confirm that the criteria had been met for the relevant band in to which the application had been placed.
2. A Single Person Discount review has been undertaken by Tewkesbury Borough Council. The team are carrying out more robust checks on the replies received on behalf of the Revenues Department.
3. Engagement with Internal Audit in relation to the adoption of Policies and fraud referral mechanism to ensure consistency across the partnership.
4. Reporting plan; content and frequency to include Audit Committee reports and presentation.

- Results (Figures pending, both exercises commenced March 2016)

1. The housing list review has identified 150 applications that appear to have been banded incorrectly or are ineligible. The cases have been referred to the Housing Options Team for review. Currently there have been 3 cancelled applications (all Gold Band) representing £54,000 in loss avoidance. In addition 2 applications have been downgraded to a lesser band.
2. Approximately 60 responses have been received to date. The team have requested further information in each case.
3. Legal agreement received in relation to the adoption of the Counter Fraud and Anti-Corruption policy.
4. To be advised, updates to be presented to Chief Finance Officer and Internal Audit. Attendance at Audit Committee agreed if necessary.

Overview of Gloucestershire County Council results and significance

- Legal framework for operation

The team have undertaken the drafting of Secondment Agreements (S113 Local Government Act 1972), for two Investigation Officers. Legal representatives at Gloucestershire County Council and Cheltenham Borough Council have given final approval in relation to costs.

However, final approval is pending in relation to the inclusion of an insurance indemnity clause. Following joint approval, the secondment agreements can be signed and operational work can be commenced.

- Work September 2015 to date

Pending the secondment approval, meetings have been held with Head of Audit, Risk Assurance and Insurance Services and key team members. Collaboration and work plan agreed to include the following:

1. The provision of assistance with internal investigations being investigated and prosecuted by the County Council not the Police and the Crown Prosecution Service.
2. A generic document pack for criminal investigation, interview under caution and internal prosecution.
3. Joint referral and joint reporting mechanisms in relation to fraud allegations and results.
4. District reporting to the County Council in relation to loss avoidance and revenue generation.

Business Options

The executive summary sets out the background and the rationale which supports the need for a Counter Fraud Unit functioning within Local Authorities.

The feasibility studies confirm that a Counter Fraud Unit can generate income, assist in relation to risk assurance, control and management, prevent loss and provide specialist investigation skills.

Each Local Authority has a duty to protect the public purse and there are options in relation to how this is undertaken. The Section 151 Officer has a statutory responsibility to ensure proper arrangements for the Council's financial affairs. This is detailed in full within the Counter Fraud and Anti-Corruption Policy recently adopted by the Councils.

The options are set out below.

Option 1 – Minimum statutory requirement

The provision of the minimum requirement means that full responsibility for counter fraud rests with each individual Council. There will be no resource for collaborative working and any costs and efficiencies will not be shared.

Any existing counter fraud staff will become obsolete and/or redundant however the Local Authority will need to resource a post within the Benefit Section for the liaison between the Council and the Department for Work and Pensions.

Taking this option is likely to result in the following

- Fraud activity within Local Authority may not be detected or managed as thoroughly.
- Mechanisms for reporting and recording fraud data may be inconsistent and dispersed throughout the Council becoming labour intensive.
- The remainder of the DCLG grant may be returned to source.

Benefits

- Full local control of counter fraud resources and activities within district, borough or city boundaries.
- Minimum overheads and expense.
- The possible reallocation of the remaining DCLG grant monies across the appropriate partners (if allowable under the provisions of the grant).

Dis-benefits

- The potential to not meet statutory requirements exposing the Council to risk and financial loss.
- No ability for expansion or innovation to generate income.
- Additional pressure on Internal Audit and Human Resources staff to react to and manage fraud activity and risk.
- No scales of economy.
- No capacity for collaborative working.
- The loss of specialist investigative skills in relation to criminal offences.

- The potential return of the remaining DCLG grant monies, £300,000, if it is not utilised for the purpose for which it was granted.
- A loss of confidence from the public due to a lack of overt counter fraud activity.
- The responsibility for the Department for Work and Pensions single point of contact remains within the Benefit Section to include the cost of recruitment, training and any related overheads.
- A loss of investment and return on the project to date.
- Loss of expertise for relevant policy and procedure drafting and implementation.

Staff Requirements

- One part time member of staff (approximately 16 hours per week) in an administrative role within the Benefit Section to undertake the statutory single point of contact role for the Department for Work and Pensions.

Governance and Legal Requirements

- Local arrangements for staff management.
- Local arrangements for the capture and return of statutory data; transparency, annual audit returns, Regulation of Investigatory Powers Act reporting etcetera.

Financial Implications

- Potential loss of DCLG grant monies (approximately £300,000).
- Cost of staff redundancy for two members of staff at Cheltenham Borough Council (approximately £16,000).
- Cost of Benefit Section member of staff for single of point of contact role. The cost is outside of the bid but within existing budgets (approximately £15,000 per Local Authority subsidised by the Department for Work and Pensions Administration Grant which is in the region of £2,000 per annum).
- No resource provision within the unit.
- Loss of potential revenue and savings (unquantifiable).

-

Option 2 – Counter Fraud Unit for four partners only – Enhanced Service

A small Counter Fraud Unit which can service four partner authorities. The partners could delegate statutory counter fraud duties to the unit thus facilitating the capture and reporting of legislative fraud data.

There is a limited capacity for collaborative working across the agreed partners who would share costs and resources to include the procurement of data warehouse software and a case management system.

Services Provided

- Proactive fraud drives in relation to Council Tax discounts and exemptions to generate revenue through liability and penalties.
- Data matching of internal data sets for fraud and error.
- Provision of the single point of contact for the Department for Work and Pensions Housing Benefit work.
- Council Tax Reduction Scheme investigation, interview and sanction or prosecution (currently not undertaken at Forest of Dean).
- Housing List review in relation to allocation and where appropriate, investigation, interview, sanction or prosecution.
- Right to buy application investigation and verification; where appropriate interview, sanction or prosecution (Local Authority owned property therefore Cheltenham Borough Council only).
- Tenancy fraud investigation, interview, sanction or prosecution (Local Authority owned property therefore Cheltenham Borough Council only).
- Internal employee investigation in relation to criminal offences.
- Drafting and implementation of related policy and procedure.
- Collection and reporting of fraud related statistics and data.
- Staff and Member awareness training.
- Partner wide counter fraud related work where resource allows e.g. Contract and Procurement Fraud or Grant abuse etcetera.

Benefits

- Full local control of counter fraud resources and activities within the partner district and borough boundaries.
- Shared staff overheads and expenses.
- Statutory requirements met limiting the Council's exposure to risk and financial loss.
- Reduced pressure on Internal Audit and Human Resources staff to react to and manage fraud activity and risk.
- Some economies of scale achieved.
- Introduction of enforcement in relation to Council Tax Reduction Scheme at Forest of Dean.
- Some collaborative working.
- Specialist investigative skills in relation to criminal offences are retained.
- Utilisation of the remaining DCLG grant.
- Increased awareness and confidence from the public due to some counter fraud activity.

- The responsibility for the Department for Work and Pensions single point of contact could be provided entirely by the unit rather than each partner therefore reducing the cost of recruitment, training and any related overheads.
- A continued return on the investment in the project to date.
- The retention of expertise for relevant policy and procedure drafting and implementation.

Dis-benefits

- Cost of staff overheads and expense.
- Collaboration within only partner Councils.
- Limited to no ability for expansion of the service to include other Local Authorities within the region or Gloucestershire County Council through delegation of duty secondment agreements to provide an additional income stream.
- No ability for innovative working to secure service and goods contracts with third parties to include Registered Social Landlords and Housing Associations to provide an additional income stream.
- Limited to no capacity to pursue any discussion or implementation in respect of joint working with other public bodies such as the Gloucestershire Constabulary, HM Revenue and Customs or the National Health Service.
- Limited resource for extraordinary investigations within the partner authorities.
- Due to limited staff resource there will be no additional capacity to react to emerging fraud trends.
- Due to the constraint of only working for the partner authorities, there is a risk that the unit is not robust and unable to adapt to changes in the political and business climate.

Staff Requirements

- Three full time Counter Fraud Investigators (to include Team Leader).
- One part time member of staff (approximately 16 hours per week) in an administrative role.
- One part time member of staff (approximately 16 hours per week) as a data analyst / ICT resource for the operation of the data warehouse software.

Governance and Legal Requirements

The governance and reporting arrangement for this team would be via partner Corporate Management / Senior Leadership Teams, and either the 2020 joint committee or via individual partner Committees as appropriate.

It is recommended that Cotswold District Council would be the employing authority for reasons of project continuity, knowledge and budget situation. Officers may undertake work via S113 Secondment Agreements delegating the necessary functions. Officers must be Local Authority employees to ensure that their statutory powers remain intact.

Group Manager – Head of GOSS and S151 Officer for Cotswold District Council / Head of Internal Audit

- Sets the medium term strategy for the unit and directly manages team leader.
- Represents unit at Senior Management Meetings.
- Strategic point of contact for the S151 Officers of partner Council's.

Responsible Manager – Counter Fraud Unit Team Leader

- Represents unit for reporting and negotiations at all levels.
- Responsible for the day to day management of the team.

- Responsible for legislative compliance of operations.
- Responsible for plan based work scheme across the four partners.
- Responsible for policy and procedural drafting, implementation and training.

Senior Counter Fraud Investigation Officers / Investigation Officers

- Investigation of alleged criminal offences across the partnership.
- Interviews under caution and case preparation for appropriate sanction and prosecution.
- Witness Statement preparation and Court attendance.
- Proactive fraud drives across the partnership.

Administrative Support Role

- Responsible for the collation of team results and statistics.
- Case preparation and set up.
- General administration.
- Single point of contact work for the Department for Work and Pensions.

Data Analyst / ICT Support Role (within ICT, financial contribution made)

- Collection of data sets from across the partnership.
- Collation of data sets within the data warehouse.
- Operation and maintenance of data warehouse and case management systems.

Financial Implications

- Potential loss or redistribution of some DCLG grant monies as not utilised fully across the County and West Oxfordshire in accordance with the original bid (unknown).
- Loss of third party revenue and savings (unquantifiable).
- Cost of current overheads including management, part time administrative support and part time data analyst (approximately £106,000).
- Cost of operational staff 2 Investigation Officers (approximately £60,000).
- One off cost of data warehouse and case management software to be met by DCLG fund (£100,000 maximum).
- Annual costs of data warehouse maintenance and support (£10,000 maximum).
- Saving in relation to Single Point of Contact roles across the partnership (approximately £15,000 per Local Authority totalling £60,000). This is an existing resource and may reflect a saving or be used to fund the unit.
- Income Cheltenham Borough Homes (£16,500).
- Partnership Contribution per authority for 70 days per annum (£24,875 maximum plus SPOC role).
- Use of DCLG grant monies to support the set-up of the team and to subsidise partner contribution for the first four years (£40,000 reducing by £10,000 per annum).
- Cost of an exit strategy should the unit be disbanded to be shared across the partner authorities.

Potential Income

- Feasibility Study Income CTRS Overpayments (£16,737 x 4) £67,000.
- Feasibility Study Income Administrative Penalties (£796 x 4) £3,200.
- Feasibility Study CTAX Revenue Generation (£40,000 x 4) £160,000.

Potential Loss Avoidance

- Feasibility Study Loss Avoidance Housing List Review (£918,000 x 4) £3,672,000.
- Feasibility Study Loss Avoidance Tenancy Fraud Work Recovered Property £144,000.
- Feasibility Study Loss Avoidance Right to Buy £300,000.

Option 2 – Counter Fraud Unit for four partners only – Enhanced Service

	Base	Year 1	Year 2	Year 3	Year 4
	(£)	(£)	(£)	(£)	(£)
Overheads	106,000				
Operational Costs	60,000				
Data Warehouse	10,000				
Total Costs	176,000				
CBH income	(16,500)				
Fixed Partner Contribution (4 x £15,000)	(60,000)				
Total Income	(76,500)				
Net Cost of CFU Option 2	99,500	99,500	99,500	99,500	99,500
Partner Contribution (70 days)	£24,875				
Option to draw-down from DCLG Fund		(40,000)	(30,000)	(20,000)	(10,000)
Net Cost of CFU Option 2		59,500	69,500	79,500	89,500
Partner Contribution (70 days)		£14,875	£17,375	£19,875	£22,375

Experience of income generation and loss avoidance (per Partner):

	(£)
Income Generation	57,550
Loss Avoidance	1,029,000

N.B. Potential loss of some DCLG Grant monies and no third party income

Option 3 – Counter Fraud Unit for Gloucestershire and West Oxfordshire District Council – Enhanced and Flexible Service with ability for third party work (Recommended)

A Counter Fraud Unit with the ability to expand, recruit and develop which can service the four partner authorities and the wider Gloucestershire region to include the County Council, other district authorities and third party organisations such as Registered Social Landlords.

This allows the delegation of statutory counter fraud duties to the unit, facilitating the capture and reporting of legislative fraud data for a wider demographic.

There is an unlimited capacity for collaborative working and shared costs and resources to include the procurement of data warehouse software and a case management system for multiple users and organisations.

Services Provided

- Proactive fraud drives in relation to Council Tax discounts and exemptions to generate revenue through liability and penalties to include the three additional Local Authorities.
- Proactive work in relation to National Non Domestic Rates to increase revenue in preparation for full retention in 2020.
- Assistance in relation to the National Fraud Initiative (centralised point of contact undertaking reviews and sifting of the matches where necessary) across the partner Councils.
- Data matching of internal and external data sets for fraud and error across the region and beyond; Oxfordshire, Worcestershire et cetera.
- Provision of the single point of contact for the Department for Work and Pensions Housing Benefit work to include the three additional Local Authorities if required.
- Council Tax Reduction Scheme investigation, interview and sanction or prosecution (currently not undertaken at Forest of Dean) to include the three additional Local Authorities.
- Housing List review in relation to allocation and where appropriate, investigation, interview, sanction or prosecution to include the three additional Local Authorities.
- Right to buy application investigation and verification; where appropriate interview, sanction or prosecution. This function can be undertaken for Local Authority owned property therefore Cheltenham Borough Council and Stroud District Council and in addition by way of goods and services contracts for Registered Social Landlords.
- Tenancy fraud investigation, interview, sanction or prosecution Local Authority owned property therefore Cheltenham Borough Council and Stroud District Council and in addition by way of goods and services contracts for Registered Social Landlords.
- Internal employee investigation in relation to criminal offences across the region to include Gloucestershire County Council.
- Drafting and implementation of related policy and procedure across the region to promote efficiency, continuity and collaborative working.
- Collection and reporting of fraud related statistics and data across the region for benchmarking and publication.

- Staff and Member awareness training across the region to promote efficiency, continuity and collaborative working.
- Region wide counter fraud related work e.g. Contract and Procurement Fraud or Grant abuse etcetera to include the necessary recruitment of staff.
- Expansion of collaboration with the County Council in relation to public services provided to include blue badge abuse, school admission abuse, misuse of social care funding etcetera.
- Third party contractual work for academies, housing providers and other public bodies.
- Implementation of ISO 27001 to provide assurance that data held is secure accessed only for counter fraud purposes.

Benefits

- Ability to comply fully with summary of drivers.
- Full local control of counter fraud resources and activities within the partner district boundaries and the attached region.
- Shared staff overheads and expenses.
- Statutory requirements met limiting the Council's exposure to risk and financial loss.
- Reduced pressure on Internal Audit and Human Resources staff to react to and manage fraud activity and risk on an increased scale.
- Increased economies of scale achieved.
- Introduction of enforcement in relation to Council Tax Reduction Scheme at Forest of Dean District Council, Stroud District Council and Gloucester City Council.
- Extensive collaborative working.
- Specialist investigative skills in relation to criminal offences are retained.
- Utilisation of the remaining DCLG grant.
- Increased awareness and confidence from the public due to a zero tolerance approach to the misuse and fraudulent abuse of public funds across the region.
- The responsibility for the Department for Work and Pensions single point of contact could be provided entirely by the unit rather than each partner therefore reducing the cost of recruitment, training and any related overheads, extended across the region.
- A continued return on the investment in the project to date.
- The retention of expertise for relevant policy and procedure drafting and implementation.
- Easier to expand the service to include other Local Authorities within the region or Gloucestershire County Council through delegation of duty secondment agreements to provide an additional income stream.
- Easier to innovatively work to secure service and goods contracts / ability to trade with third parties to include Registered Social Landlords and Housing Associations to provide an additional income stream.
- Increased capacity to pursue any discussion or implementation in respect of joint working with other public bodies such as the Gloucestershire Constabulary, HM Revenue and Customs or the National Health Service.
- Resource for extraordinary investigations within the partner authorities.
- Additional capacity to react to emerging fraud trends.
- A robust unit which is flexible and adaptable and which can respond effectively to business changes, devolution, unitary or other political changes.

Dis-benefits

- Cost of staff overheads and expense.

- Risk exposure for staff who are lone working across a large region and management of safety and whereabouts
- Short term impact on partner support services (ICT, Legal and Human Resources) for unit set up.
- Complexity of the management of staffing over a large region.
- Management of work delivery over a significant remit.

Staff Requirements

- Scalable number of Counter Fraud Investigators (to include Team Leaders); the model is based on 8 FTE staff.
- One full time member of staff in an administrative role.
- One full time member of staff as a data analyst / ICT resource for the operation of the data warehouse software.

Governance and Legal Requirements

The governance and reporting arrangement for this team would be via partner Corporate Management / Senior Leadership Teams, and either the 2020 joint committee or via individual partner Committees as appropriate. It is also recommended that a Client Officer Group (all S151 Officers) receive updates and assurance at agreed intervals and provide appropriate governance.

It is recommended that Cotswold District Council would be the employing authority for reasons of project continuity, knowledge and budget situation. Officers may undertake work via S113 Secondment Agreements delegating the necessary functions. Officers must be Local Authority employees to ensure that their statutory powers remain intact.

Goods and services contracts with appropriate professional indemnity insurance may be used to undertake work for third parties. In time services may be provided through the medium of a Local Authority trading company.

Group Manager – Head of GOSS and S151 Officer for Cotswold District Council / Head of Internal Audit

- Sets the medium term strategy for the unit and directly manages team leader.
- Represents unit at Senior Management Meetings.
- Strategic point of contact for the S151 Officers and other clients.

Responsible Manager – Counter Fraud Unit Team Leader

- Represents unit for reporting and negotiations at all levels.
- Responsible for the day to day management of the team.
- Responsible for legislative compliance of operations.
- Responsible for plan based work scheme across the partners.
- Responsible for policy and procedural drafting, implementation and training.

Senior Counter Fraud Investigation Officers / Investigation Officers

- Investigation of alleged criminal offences across the partnership.
- Interviews under caution and case preparation for appropriate sanction and prosecution.
- Witness Statement preparation and Court attendance.
- Proactive fraud drives across the partnership.

Administrative Support Role

- Responsible for the collation of team results and statistics.
- Case preparation and set up.

- General administration.
- Single point of contact work for the Department for Work and Pensions.

Data Analyst / ICT Support Role (within ICT, financial contribution made)

- Collection of data sets from across the partnership.
- Collation of data sets within the data warehouse.
- Operation and maintenance of data warehouse and case management systems.

Financial Implications

- Full retention of DCLG grant monies (£300,000).
- Third party revenue RSL Contribution (£99,000).
- Cost of current overheads including management, full time administrative support and full time data analyst (approximately £160,000).
- Cost of operational staff 8 Investigation Officers (approximately £240,000).
- One off cost of data warehouse and case management software (£100,000 maximum).
- Annual costs of data warehouse maintenance and support (£10,000 maximum).
- Saving in relation to Single Point of Contact roles across the partnership and extended region (approximately £15,000 per Local Authority totalling £105,000) This is an existing resource and may reflect a saving or be used to fund the unit.
- Income from third party; Cheltenham Borough Homes (£16,500).
- Possible contribution from Stroud District Council in relation to tenancy fraud work (£16,500).
- Partnership contribution per authority for 210 days per annum (£34,000 maximum plus SPOC role) to reduce with inclusion of third party income
- Use of DCLG grant monies to support the set-up of the team and to subsidise partner contribution for the first four years (40,000 reducing by £10,000 per annum).
- Cost of an exit strategy should the unit be disbanded to be shared across the partner authorities).

Potential Income

- Feasibility Study Income CTRS Overpayments (£16,737 x 7) £117,159.
- Feasibility Study Income Administrative Penalties (£796 x 7) £5,572.
- Feasibility Study CTAX Revenue Generation (£40,000 x 7) £280,000.

Potential Loss Avoidance

- Feasibility Study Loss Avoidance Housing List Review (£918,000 x 7) £6,426,000.
- Feasibility Study Loss Avoidance Right to Buy (Stroud and Cheltenham) £600,000.
- Feasibility Study Loss Avoidance Tenancy Fraud Work Recovered Property (Stroud and Cheltenham) £288,000.

Option 3 – Counter Fraud Unit for Gloucestershire and 2020 Partnership –
Recommended

	Base (£)	Base + Bid (£)	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)
Overheads	160,000					
Operational Costs	240,000					
Data Warehouse	10,000					
Total Costs	410,000					
Cheltenham Borough Homes	(16,500)					
Stroud District Council	(16,500)					
Fixed Partner Contribution (7 x £15,000)	(105,000)					
Total Income	(138,000)					
Net Cost of CFU Option 3	272,000	272,000	272,000	272,000	272,000	272,000
Partner Contribution (210 days)	£34,000					
Potential RSL Contributions (6 as per Bid)		(99,000)	(99,000)	(99,000)	(99,000)	(99,000)
Option to draw-down from DCLG Fund			(40,000)	(30,000)	(20,000)	(10,000)
Net Cost of CFU Option 3		173,000	133,000	143,000	153,000	163,000
Partner Contribution (210 days)		£21,625	£16,625	£17,875	£19,125	£20,375

Experience of income generation and loss avoidance (per Partner):

	(£)
Income Generation	57,550
Loss Avoidance	1,045,000

N.B. There is the potential to increase third party income.

Justification of Option 3

Key Benefits

Benefit and Value	Description	How Measured	Business change required	Value
Ability to comply with summary of drivers and ability to trade.	Financial savings, efficiency, resilience, impact and democracy. Revenue and income through collaboration and innovation.	Success of feasibility work with 2020 partners, Cheltenham Borough Homes, Tewkesbury Borough Council and Gloucestershire County Council.	Continued partner engagement and implementation of legal agreements (already drafted and approved).	Income and revenue generation through trade.
Ability to expand and be robust.	Recruitment where resource is required. Continued delivery regardless of business or political change.	As required and managed according to need.	As above and recruitment.	Adaptable and resilient partner resource.
Exceeds statutory requirement thereby mitigating risk exposure to Local Authorities in their duty to prevent fraud.	Requirement mandated by government that authorities accountable for public funds should protect those funds from abuse. Provision of fraud function above the statutory duty.	Assessment of statutory criteria against services delivered. Benchmarking and collective reporting.	Agreement for the provision of service for remuneration where appropriate.	Reduced overheads and shared expenses in relation to management and services.
Unit is cost neutral	Unit operates to cover costs and overheads derived from planned work.	Unit budget reporting.	Approval of unit and continued pursuit of partners and work streams.	No cost to benefitting partners.

Counter fraud and anti-corruption culture across the region	Common policies and procedures. Staff and Member awareness training. Publicity and public awareness.	Quantity of Councils adopting the same.	Councils to adopt policy and cultural changes where required.	Public perception and region continuity resulting in large scale fraud deterrence.
Increased fraud reporting and detection.	A year on year increase of fraud results and monitoring to measure against the national picture.	Consistency across the region in relation to data capture for comparison.	Fraud reporting methods put in place and maintained: - 1) Email group mail box 2) Fraud hotline advertised 3) Posters in staff areas 4) Intranet pages 5) Training 6)Data capture and publication	Identification of high risk areas leading to swift preventative action and control. National recognition and standards.
Retention of specialist skills.	Specialist Counter Fraud staff trained to undertake criminal investigations.	Vast experience.	Retention and recruitment.	Resource to undertake criminal investigations rather than contracting third party providers. Sharing of knowledge through specific training.

Project Milestones

Milestone	Due Date	RAG	Owner
Secure legal basis for operations	31/03/2016	Green	EC
Complete personal protective equipment	31/05/2016	Amber	EC
Interim resourcing complete	30/06/2016	Green	JP
Data sharing with initial authorities	01/04/2016	Green	IC
Anti-fraud and corruption policy	01/05/2016	Green	EC
Gate review of Business case	26/05/2016	Green	AL, JP
Data sharing agreement within 2020	01/05/2016	Green	IC
CFO's consider business case	09/06/2016	Green	JP
Senior Management consider business case		Green	CFOs
Period of Business Case consultation (Audit Committees / Joint Committee, Cabinet and Full Council where appropriate)	28/02/2017	Green	EC, JP/CFO's
Partner council approval	28/02/2017	Green	CFO's
Compliance with political process and formal decision making in relation to unit approval	28/02/2017	Green	EC, JP/CFO's
Case management system ready	TBC		AL
Data warehouse system ready	TBC		AL

Major Risks

The following risks were evaluated and scored at the last project board which sat on the 26th April 2016.

This risk register is based on the 5 x 5 scoring model.

Risk description	Risk Owner	Date raised	I	L	Sc	Control	mI	mL	mS
If the CFU does not generate enough income to sustain operations then the unit will be downsized or deleted.	Jenny Poole	Jul-16	5	4	20	1) Actively seek new partners 2) Gather evidence for operational activity	5	3	15
If continued pressure of work is maintained due to 2020 program then GO, IT and other service providers will not be able to service CFU project needs at critical times leading to delay.	Jenny Poole	Feb-16	4	4	16	1) Good communications with service providers to understand work load 2) Feed into business planning process.	4	3	12
If the project will not gain the support from the CFO's stakeholders then the project will be closed.	Jenny Poole	Feb-16	5	3	15	1) Demonstrate success feasibility operations 2) Develop business case	5	2	10
If the unit becomes oversubscribed with work then there could be a failure in capacity to deliver	Jenny Poole	Jan-15	4	3	12	Mitigate through proactive recruitment	4	2	8
The contract for Data warehouse and Case management system will be longer than the current life of the project, there is a risk that the project will be cancelled and leave this contract in force with nobody to use it	Jenny Poole	Dec-15	2	5	10	Tolerate	2	5	10

COUNTER FRAUD UNIT**Option 2****4 Partners**

	Base	Year 1	Year 2	Year 3	Year 4
	£				
2 Investigators	70,000				
Strategic Lead	10,000				
CFU Team Leader	47,000				
Part Time Data Analyst	24,000				
Part Time Admin Support	15,000				
Supplies and Services	10,000				
Support Services - GOSS & Legal	10,000				
Data Warehouse Annual Maintenance	10,000				
SPOC Resource for all partners	30,000				
Overheads	156,000				
Total Cost	226,000	226,000	226,000	226,000	226,000

Fixed Contributions:

Partnership Contribution to SPOC	(30,000)	(30,000)	(30,000)	(30,000)
Partnership Contribution to fixed overheads	(126,000)	(126,000)	(126,000)	(126,000)
	(156,000)	(156,000)	(156,000)	(156,000)

Draw down DCLG funding	(40,000)	(30,000)	(20,000)	(10,000)
Partners Contribution to Fixed Overheads	(116,000)	(126,000)	(136,000)	(146,000)

Partner Contribution for Investigation Work

CBH	(16,500)	(16,500)	(16,500)	(16,500)
Partnership Authorities	(53,500)	(53,500)	(53,500)	(53,500)
	(70,000)	(70,000)	(70,000)	(70,000)

Net Surplus/Deficit on Unit

	0	0	0	0
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Net Contribution per Authority for fixed overheads and 70 days of Investigation work

	42,375	44,875	47,375	49,875
Fixed Overheads per Authority	21,500	24,000	26,500	29,000
SPOC per Authority	7,500	7,500	7,500	7,500
Investigation Officer Costs - 70 days	13,375	13,375	13,375	13,375
	42,375	44,875	47,375	49,875

Option 3**8 Partners**

	Base	Year 1	Year 2	Year 3	Year 4
	£				
8 Investigators	280,000				
Strategic Lead	10,000				
CFU Team Leader	47,000				
Full Time Data Analyst	50,000				
Full Time Admin Support	30,000				
Supplies and Services	20,000				
Support Services - GOSS & Legal	10,000				
Data Warehouse Annual Maintenance	10,000				
SPOC Resource for all partners	30,000				
Overheads	207,000				
Total Costs	487,000	487,000	487,000	487,000	487,000

Fixed Contributions:

Partnership Contribution to SPOC	(30,000)	(30,000)	(30,000)	(30,000)
Partnership Contribution to fixed overheads	(177,000)	(177,000)	(177,000)	(177,000)
	(207,000)	(207,000)	(207,000)	(207,000)

Draw down DCLG funding	(40,000)	(30,000)	(20,000)	(10,000)
Partners Contribution to Fixed Overheads	(167,000)	(177,000)	(187,000)	(197,000)

Partner Contribution for Investigation Work

CBH	(16,500)	(16,500)	(16,500)	(16,500)
Partnership Authorities	(263,500)	(263,500)	(263,500)	(263,500)
	(280,000)	(280,000)	(280,000)	(280,000)

	0	0	0	0
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Net Contribution per Authority for fixed overheads and 210 days of Investigation work

	53,813	55,063	56,313	57,563
Fixed Overheads per Authority	17,125	18,375	19,625	20,875
SPOC per Authority	3,750	3,750	3,750	3,750
Investigation Officer Costs - 210 days	32,938	32,938	32,938	32,938
	53,813	55,063	56,313	57,563

Need to acknowledge each partner council will underwrite any one-off costs associated with a future reduction in the number investigator days required i.e. if CDC is required to make redundancies the partner councils will pick up their share of these costs.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	14 December 2016
Subject:	Monitoring of Safeguarding Audit
Report of:	Richard Kirk, Interim Head of Community Services
Corporate Lead:	Deputy Chief Executive
Lead Member:	Councillor Mrs K J Berry, Lead Member for Community
Number of Appendices:	1

<p>Executive Summary:</p> <p>To provide an update in relation to the recommendations arising from the safeguarding audit.</p>
<p>Recommendation:</p> <p>To CONSIDER the progress made in relation to the recommendations arising from the safeguarding audit.</p>
<p>Reasons for Recommendation:</p> <p>The audit identified a number of controls and actions that needed to be implemented.</p>

<p>Resource Implications:</p> <p>None specific for this report.</p>
<p>Legal Implications:</p> <p>None arising directly from this report; however, the Children Act 2004, the safeguarding Vulnerable Groups Act 2006 and the Care Act 2014 place duties on the Council to ensure its functions are discharged having regard to the need to safeguard and promote the welfare of children, young people and vulnerable adults.</p>
<p>Risk Management Implications:</p> <p>None arising directly from this report; however, the Council has a duty of care for the children, young people and vulnerable adults who take part in activities, or access services that it provides. The Council recognises that all children and young people have a right to be safe and to be protected from abuse and harm. By not complying with the recommendations made in the safeguarding audit, children, young people and vulnerable adults could be exposed to an increased risk of abuse and this in turn could damage the Council's reputation.</p>

Performance Management Follow-up:

The Safeguarding Policy will be reviewed annually. The Council's Audit Team will undertake a further safeguarding audit in quarter 4 of 2016/17. Officers within the Housing Services Team will undertake an annual Section 11 audit in accordance with the Monitoring of Gloucestershire Safeguarding Children Board, to measure compliance under the Children Act 2004, to ensure the functions are discharged to safeguard and promote child welfare.

Environmental Implications:

None arising from this report.

1.0 INTRODUCTION/BACKGROUND

1.1 In November 2013, the Safeguarding Children Self-Assessment toolkit was completed. Reviews were carried out in September 2014 and December 2015 and a series of recommendations were made.

1.2 In 2014/15 an audit was carried out, which gave assurance that the toolkit was a fair reflection of the Council's safeguarding arrangements. Where areas of partial or non-compliance were identified, an action plan was created with an implementation date of April 2014. The audit at that time identified that the implementation dates had lapsed and all the actions remained outstanding. This led to a 'limited' audit opinion and was reported to Audit Committee as such.

1.3 A follow-up report was then produced by the Group Manager concerned and reported to Audit Committee on 18 March 2015 as to the progress of the internal audit recommendations and the current position at the time. At this Committee, the Group Manager stated that an annual report would be produced to give assurance that satisfactory arrangements were being implemented – this report is therefore the first annual report.

2.0 PROGRESS AGAINST RECOMMENDATIONS ARISING FROM SAFEGUARDING AUDIT

2.1 An internal self-assessment has been carried out to measure progress against the actions. The progress of actions identified are summarised in **Appendix 1**. All issues identified within the audit have been actioned.

- 2.2** Since the audit, further opportunities have been identified. Safeguarding children is now clearly embedded throughout the organisation:
- Councillor Berry, as the Lead Member for Community which includes safeguarding, receives regular updates at the Portfolio Briefings each month.
 - An annual update on safeguarding is provided to the Audit Committee.
 - Training on child sexual exploitation – following on from our success at delivering training to licenced taxi drivers in 2015, it was agreed at Licensing Committee on 13 October 2016 that training should be part of the Licensing Policy and it is now mandatory for all drivers.
 - Safeguarding training is mandatory for all staff and elected Members. All new starters complete e-training, followed up by more comprehensive induction training. This training now forms part of an HR process and ensures training has been delivered to all members of staff and elected Members. To date, the uptake of training by Members has been limited, but further action has been taken to encourage participation with the e-learning module, following the discussion at Executive Committee on 23 November 2016.
 - The Section 11 Audit issued by Gloucestershire County Council is anticipated, but has not yet been received for completion for 2016. It is understood that it is currently under review and the manner in which audit responses will be collected in future will be in the form of an online survey. Recommendations for additional actions may follow when the Section 11 online survey for 2016 is received and completed.
 - The Safeguarding Policy has been reviewed and updated – the review identified new requirements relating to young people and vulnerable adults and the Policy has been re-written to reflect these. The revised Safeguarding Policy was approved for adoption by the Executive Committee on 23 November 2016.
 - As the Council is a member of the Gloucestershire Safeguarding Children Board (GSCB), the reviewed South West Procedure is automatically incorporated in to the Council's updated Policy.
 - All housing staff undertook free GSCB e-learning domestic abuse training in August 2016. All Housing Officers have additionally attended one day GSCB Domestic Violence and Abuse (Part 1) training to gain a more comprehensive understanding of domestic abuse and coercive control.

2.3 As well as the internal self-assessment that has been carried out to measure progress against the actions, a further review will be carried out by Internal Audit in quarter 4 of 2016/17.

2.4 Given the work that has been completed to date, and the outcome of the self-assessment exercise on the whole safeguarding framework, it is considered that the safeguarding arrangements in place for the Council are now adequate, but will be the subject of further scrutiny by Internal Audit in quarter 4.

3.0 OTHER OPTIONS CONSIDERED

3.1 None.

4.0 CONSULTATION

4.1 None.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 5.1**
- Safeguarding Policy.
 - Code of Conduct.
 - Disciplinary procedure and Rules.
 - Disclosure Policy and Procedure.
 - Equality Statement and Equality Scheme.
 - Grievance Policy and Procedure.
 - Harassment and Bullying procedure.
 - Recruitment and Selection – Code of practice.
 - ICT User Policy.
 - Data Protection Policy, Procedure and Guidance.
 - Complaints Procedure.

6.0 RELEVANT GOVERNMENT POLICIES

- 6.1**
- Statutory Guidance on making arrangements to safeguard and promote the welfare of children under Section 11 of the Children Act 2004 (HM Government 2005).
 - Working Together to Safeguard Children: A guide to inter-agency working to safeguard and promote the welfare of children (HM Government 2015).
 - Guide to the Care Act 2014 – The Implications for Providers.

7.0 RESOURCE IMPLICATIONS (Human/Property)

- 7.1** Ongoing training costs and staffing establishment costs contained within budget.

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** Matters relating to equalities and human rights are contained within the revised Safeguarding Policy. Any appropriate referrals will help to ensure that children, young people and vulnerable adults are kept safe.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

- 10.1** None

Background Papers: None

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Appendices: Appendix 1 - Safeguarding Action Plan 2015/16

Appendix 1 - Tewkesbury Borough Council Safeguarding Action Plan 2015-16

1: Reporting of safeguarding issues unclear					
	Recommendation	Action to be taken	Lead Group / Agency / Individual	Timeline	Update
1.1	Safeguarding children should be defined under an appropriate Lead Member Portfolio and updates be provided accordingly.	Action completed in 2014/15 - Councillor Berry is the Lead Member for Community and the portfolio includes safeguarding.	Housing Services Manager provides update	Completed	Councillor Berry receives regular updates at her Portfolio Briefings each month.
1.2		Contact details for the Council's designated officers should be updated within the Safeguarding Policy and other relevant forms of communication i.e. posters.	Deputy Chief Executive and Communications Unit	Completed	Only post titles are used in the Safeguarding Policy to ensure it does not become out of date. Safeguarding posters updated and in situ.
1.3		Relevant safeguarding training should be identified and provided to appropriate staff and training records maintained.	Human Resources maintain records. Housing Services Manager delivers the induction training	Completed	It is mandatory for all new starters to complete e-training, followed by more comprehensive induction training. Induction training has been delivered to all new members of staff who joined from April 2015. All staff employed previously have undertaken training. The revised Safeguarding Policy will be issued to all elected Members.
1.4		Safeguarding children should continue to be a consideration within the upcoming review of the corporate induction process.	Human Resources	Completed	See above

Appendix 1 - Tewkesbury Borough Council Safeguarding Action Plan 2015-16

2: Non-compliance to GSCB Section 11 audit

	Recommendation	Action to be taken	Lead Group / Agency / Individual	Timeline	Update
2.1	Monitoring of the action plan should be undertaken.	In order to monitor progress and ensure completion, ownership of the Safeguarding Children Self-Assessment Action Plan should be identified and monitored by an appropriate officer.	Monitoring of Section 11 Audit Action Plan to be reviewed through one to ones between Head of Community Services and Housing Services Manager, Portfolio Briefings and Audit Committee	Ongoing	Section 11 questions have not been received for 2016. Day-to-day monitoring is undertaken by the Head of Community Services.
2.2		The action plan should remain fluid and be updated to include any new actions as a result of the Housing Options Team Leader leaving the authority i.e. update of posters etc.	Head of Community Services and Housing Services Manager	Completed	This is a recommendation from 2014. The action plan remains fluid in line with the recommendation and actions taken to update upon staffing changes.
2.3		Implementation dates within the action plan should be reviewed to ensure any new dates are feasible and can be achieved.	Deputy Chief Executive, Head of Community Services and Housing Services Manager	Ongoing	Implementation dates are reviewed on on-going bases. Monitoring of Section 11 audit action plan to be reviewed through one to ones between Deputy Chief Executive, Head of Community Services and Housing Services Manager.

Appendix 1 - Tewkesbury Borough Council Safeguarding Action Plan 2015-16

3: Actions outside of Audit recommendations.

	Action	Action to be taken	Lead Group / Agency / Individual	Timeline	Update
3.1	Review of Safeguarding Policy	Review and update the Safeguarding Policy.	Head of Community Services	Ongoing	The Safeguarding Policy has been reviewed and updated – this has identified new requirements and now incorporates vulnerable adult safeguarding to bring it in line with child safeguarding policies. The Safeguarding Policy automatically incorporates the reviewed South West Procedure as we are governed by the Gloucestershire Safeguarding Board. The revised Safeguarding Policy was approved for adoption by the Executive Committee on 23 November 2016.
3.2	Domestic Abuse training	Following on from circulation of the Countywide Housing Protocol. Council commitment for all housing staff to have completed the free e-learning GSCB Domestic Abuse training as a minimum by August 2016.	Housing Services Manager	Completed	All housing staff undertook GSCB free e-learning domestic abuse training in August 2016. All Housing Officers have additionally attended one day GSCB Domestic Violence and Abuse (Part 1) training to gain a more comprehensive understanding of domestic abuse and coercive control.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	14 December 2016
Subject:	Monitoring of Significant Governance Issues
Report of:	Sara Freckleton, Borough Solicitor
Corporate Lead:	Sara Freckleton, Borough Solicitor
Lead Member:	Councillor R J E Vines, Leader of the Council
Number of Appendices:	1

<p>Executive Summary:</p> <p>The report attaches, at Appendix 1, a table incorporating the Significant Governance Issues and the action to be taken to address them which were identified in the Council's Annual Governance Statement (AGS) approved by the Audit Committee on 22 June 2016. The table indicates the progress on those specified actions by 30 November 2016, to enable the Audit Committee to monitor progress on these actions as required by the Annual Governance Statement.</p>
<p>Recommendation:</p> <p>To CONSIDER the information set out in Appendix 1 and to review progress against the actions.</p>
<p>Reasons for Recommendation:</p> <p>To comply with the requirements of the Review of Effectiveness of the Council's Annual Governance Statement.</p>

<p>Resource Implications:</p> <p>None arising from this report.</p>
<p>Legal Implications:</p> <p>None arising from this report.</p>
<p>Risk Management Implications:</p> <p>Risk Management is an integral part of the Corporate Governance Framework and actions taken to mitigate the Significant Governance Issues will also help mitigate related business risks.</p>
<p>Performance Management Follow-up:</p> <p>Further review by Audit Committee will take place in March 2017.</p>

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** On the 22 June 2016, the Audit Committee approved the Council's Annual Governance Statement for 2015/16 which forms part of the Annual Statement of Accounts. The purpose of the Statement is to provide assurance that the Council's Governance Framework is adequate and effective.
- 1.2** As part of the Annual Governance Statement, the Council is required to identify the Significant Governance Issues faced by the Council and to set out the proposed actions to be taken to address those issues and the timescale within which those actions will be taken. The role of the Audit Committee is to formally monitor progress on actions arising from the Significant Governance Issues identified in the statement.

2.0 SIGNIFICANT GOVERNANCE ISSUES

- 2.1** The table set out at Appendix 1 comprises the Significant Governance Issues identified and the proposed action and timescale, with the addition of a further column which indicates the progress by 30 November 2016. The Committee will note that, with one exception, progress is being made against the identified issues and that the actions proposed are currently on target to achieve the intended timescale.

3.0 OTHER OPTIONS CONSIDERED

- 3.1** None.

4.0 CONSULTATION

- 4.1** The Corporate Governance Group has been consulted on progress on the proposed actions.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 5.1** Code of Corporate Governance.

6.0 RELEVANT GOVERNMENT POLICIES

- 6.1** None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

- 7.1** None arising from this report.

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** None.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

- 10.1** Audit Committee 22 June 2016 – Approval of Annual Governance Statement 2015/16
Council 24 June 2008 – Approval of Code of Corporate Governance

Background Papers: Annual Governance Statement 2015/16

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Appendices: Appendix 1 - Monitoring of Significant Governance Issues 2015/16

SIGNIFICANT GOVERNANCE ISSUES 2015/16

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 30 November 2016
1.	Constitution	<ul style="list-style-type: none"> • Review and update the Constitution. 	December 2016	Head of Democratic Services	Due to other commitments work on the Constitution has not progressed as intended. A revised timetable will be produced when the impact of other priorities can be assessed.
2.	Risk Management	<ul style="list-style-type: none"> • Review of the Risk Management Strategy. • Workshop on risk appetite. • Reconsider the main corporate risks and update Corporate Risk Register. 	March 2017	Head of Corporate Services	The risk appetite of the Council has grown more positive. A revised strategy will reflect this. The Corporate Risk Register will be redrafted upon formation of the new management team.
3.	Business Continuity	<ul style="list-style-type: none"> • All service plans to be updated. • Review of Corporate Plan. • Identify and prioritise key systems. 	March 2017	Head of Corporate Services	Each service is currently in the process of updating their business continuity plans. A deadline of mid-December has been set for the completion of this task. This is being overseen by the Corporate Services team and the Civil Protection Team. When completed, key systems can be prioritised and individual plans will help inform the corporate plan.

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 30 November 2016
4.	Audit Committee effectiveness	<ul style="list-style-type: none"> • Meet the Internal Audit team workshop. • Audit Committee training. • Undertake a review of the effectiveness of the Committee. 	March 2017	Head of Corporate Services	Ad hoc training has been offered to the Committee based on training sessions hosted at other Councils. A formal review of effectiveness based upon CIPFA best practice will be undertaken in the New Year and a date organised to understand and consider the work of Internal Audit.
5.	Workforce Development Strategy	<ul style="list-style-type: none"> • Develop and approve strategy. 	September 2016	Human Resources Adviser	A draft will be circulated for consultation in December. Actions will need to be agreed by management for implementation from 1 April 2017.