

20 March 2018

Committee	Audit
Date	Wednesday, 28 March 2018
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 - 9
<p>To approve the Minutes of the meeting held on 13 December 2017.</p>	
5. AUDIT COMMITTEE WORK PROGRAMME	10 - 17
<p>To consider the Audit Committee Work Programme.</p>	
6. GRANT THORNTON PROGRESS REPORT	18 - 34
<p>To consider the external auditor's report on progress against planned outputs.</p>	
7. GRANT THORNTON AUDIT PLAN 2017/18	35 - 48
<p>To consider the external auditor's Audit Plan 2017/18.</p>	
8. STATEMENT OF ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS	49 - 71
<p>To approve the accounting policies and critical judgements to be used during the 2017/18 closedown.</p>	
9. ANNUAL SAFEGUARDING UPDATE	72 - 96
<p>To consider the annual report giving assurance as to the level of the Council's compliance with its safeguarding duty.</p>	
10. INTERNAL AUDIT PLAN MONITORING REPORT	97 - 119
<p>To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.</p>	
11. INTERNAL AUDIT SIX MONTH PLAN 2018/19	120 - 124
<p>To approve the Internal Audit Six Month Plan 2018/19 (April-September).</p>	
12. EXTERNAL ASSESSMENT OF INTERNAL AUDIT	125 - 142
<p>To consider the outcome of the external assessment and to approve the action plan for delivery of the recommendations.</p>	
13. MONITORING OF SIGNIFICANT GOVERNANCE ISSUES	143 - 150
<p>To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.</p>	

DATE OF NEXT MEETING
WEDNESDAY, 18 JULY 2018

COUNCILLORS CONSTITUTING COMMITTEE

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

Substitution Arrangements

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

Recording of Meetings

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

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

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,
Gloucester Road, Tewkesbury on Wednesday, 13 December 2017 commencing
at 2:00 pm**

Present:

Chair
Vice Chair

Councillor V D Smith
Councillor H C McLain

and Councillors:

K J Cromwell and S E Hillier-Richardson

AUD.29 ANNOUNCEMENTS

- 29.1 The evacuation procedure, as noted on the Agenda, was taken as read.
- 29.2 The Chair welcomed David Johnson, Audit Manager for Tewkesbury Borough Council from Grant Thornton, and Grace Hawkins, also from Grant Thornton, to the meeting. He indicated that he had used his discretion to vary the order of the Agenda and Items 7, 8 and 9 would now be taken after Items 10 and 11 with Agenda Item 7 – Grant Thornton Progress Report being taken last.

AUD.30 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

- 30.1 Apologies for absence were received from Councillors P A Godwin and B C J Hesketh. There were no substitutions for the meeting.

AUD.31 DECLARATIONS OF INTEREST

- 31.1 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.
- 31.2 There were no declarations made on this occasion.

AUD.32 MINUTES

- 32.1 The Minutes of the meeting held on 21 September, copies of which had been circulated, were approved as a correct record and signed by the Chair.

AUD.33 AUDIT COMMITTEE WORK PROGRAMME

- 33.1 Attention was drawn to the Audit Committee Work Programme, circulated at Pages No. 12-18, which Members were asked to consider.
- 33.2 The Head of Finance and Asset Management indicated that this was a standing item outlining the Agenda for the Audit Committee meetings over the next 12 months. The Work Programme was in line with the previous year with the exception of the closure of the accounts which would be carried out at the July meeting of the Committee going forward. A Member queried why there was no date for the July meeting in 2018 and was advised that the schedule of meetings for 2018/19 would be approved by the Council at its meeting in January 2018.
- 33.3 It was
- RESOLVED** That the Audit Committee Work Programme be **NOTED**.

AUD.34 COUNTER FRAUD UNIT UPDATE

- 34.1 Attention was drawn to the report of the Head of Finance and Asset Management, circulated at Pages No. 19-22, which provided assurance over the counter fraud activities of the Council. Members were asked to consider the six monthly update from the Counter Fraud Unit and make comments as necessary.
- 34.2 The Chair welcomed Emma Cathcart, Counter Fraud Manager from the Counter Fraud Unit, to the meeting. Members were reminded that the Counter Fraud Unit was working directly on behalf of all of the Gloucestershire authorities, West Oxfordshire District Council and other public sector bodies. The Counter Fraud Unit provided the Audit Committee with biannual updates – for Tewkesbury Borough Council this was at the July and December meetings. Since the start of the financial year, the Counter Fraud Unit had supported the Council in a number of areas including the introduction of a new Council Tax, Housing Benefit and Council Tax Reduction Scheme Penalty and Prosecution Policy; reviewing the Council Tax properties listed as long term empty; reviewing composite properties i.e. those which were both a business and residential accommodation; processing National Fraud Initiative referrals matching single person discount accounts against the Electoral Register; investigation of employment matters with an element of fraud; drafting of a new procedural document in relation to the internal investigation processes and Disciplinary Policy; reviewing staff expenses; and Member training to introduce the Counter Fraud Unit and provide general fraud awareness. The Counter Fraud Manager explained that the Counter Fraud Unit was trying to work better with different departments on areas of risk and adding value. A new corporate enforcement policy was being drafted which would facilitate holistic working and fraud awareness training would be provided for all staff in the New Year.
- 34.3 A Member questioned whether the Counter Fraud Unit had identified any areas of risk which needed to be tightened up. The Counter Fraud Manager explained that nothing significant had been identified; however, it was important to recognise that, once you started to investigate, fraud would inevitably be found. The Counter Fraud Unit gave consideration to general risk and controls and any areas where the Unit could add value - assistance was provided in terms of putting prosecutions together and acting impartially in internal investigations. Work was being done with different departments around best practice and ensuring that staff and members of the public understood the Council's policy on whistleblowing. There had been a recent change in serious and organised crime, with gangs moving out of the big cities and into rural areas, and that was something which the Council needed to be aware of.

34.4 A Member sought further information on the Corporate Enforcement Policy and was advised that One Legal had asked for the current policy to be reviewed; it was an overarching policy which set out how the Council would undertake prosecutions and would sit alongside the various departmental enforcement policies. The Member went on to question what action was taken in respect of people claiming single person discount on their Council Tax when they were not entitled to do so. The Counter Fraud Manager confirmed that the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy had been brought to the Audit Committee meeting in July and was approved by the Executive Committee in August; this outlined all of the options available to the Revenues and Benefits team including civil penalties. The Member questioned who would consider the Corporate Enforcement Policy, and whether the public would be made aware of it, and was advised that the Overview and Scrutiny Committee had agreed to review the policy prior to consideration by the Executive Committee - both of these meetings were open to the public and the policy would be published on the Council's website. In terms of Council Tax specifically, the Counter Fraud Manager pointed out that the public were notified about the Council's expectations when they were filling in forms to apply for discounts, and on the reverse of their Council Tax bills.

34.5 It was

RESOLVED That the six monthly update from the Counter Fraud Unit be
NOTED.

AUD.35 INTERNAL AUDIT PLAN MONITORING REPORT

35.1 The report of the Head of Corporate Services, circulated at Pages No. 55-80, was the second monitoring report of the financial year and summarised the work undertaken by the Internal Audit team since the last Audit Committee meeting. Members were asked to consider the audit work completed and the assurance given on the adequacy of internal controls operating in the systems audited.

35.2 Members were advised that the Public Sector Internal Audit Standards (PSIAS) required an external assessment to be conducted at least every five years. Elizabeth Humphrey of Tilia Solutions had been appointed to undertake this assessment which had taken place during the week commencing 13 November and included a series of interviews with the Chief Executive, Borough Solicitor, Head of Finance and Asset Management, the Internal Audit team, operational managers, Chair of Audit Committee and the Leader of the Council who was responsible for corporate governance. No areas of non-compliance had been identified but a number of recommendations had been made to improve the overall audit function and these were outlined at Paragraph 4.4 of the report. Officers were currently working through the draft report which had recently been received. Once it had been finalised, it was intended to hold a workshop with the Audit Committee to consider the findings and share ideas on how to improve the effectiveness of the Committee and the internal audit function. The Chair indicated that it had been a very worthwhile experience for him, given that he was fairly new to the role, and the review had identified some really interesting ways to move forward with the Committee in future. He felt that Audit Committee and its function was often misunderstood - both by members of the public and Councillors - and he was strongly of the view that the Committee needed to be more flexible and have input into a wider range of areas, particularly governance.

- 35.3 During the discussion which ensued, a Member indicated that the Overview and Scrutiny Committee had recently introduced standard templates for reporting on actions to ensure that they could be quickly and easily interpreted and he suggested that standardisation would be beneficial across the board. He went on to seek clarification as to what was meant by 'the charter' in the first recommendation at Paragraph 4.4 of the report '*textual amendment to the charter to define more clearly parts of the IA activity*'. The Borough Solicitor advised that 'the charter' referred to the Internal Audit Charter which had been approved by the Audit Committee on 22 March 2017. Another Member expressed the view that each of the four recommendations needed further explanation and the Borough Solicitor explained that it was intended the recommendations would be discussed in more detail at the workshop. Once the workshop had taken place, a formal report would be brought to the Audit Committee; any significant changes affecting the Committee's Terms of Reference would need to be approved by the Council. A Member raised concern that it would be difficult to discuss the recommendations, and whether they should be implemented, without a fuller understanding of their meaning and he requested that this be provided in advance of the workshop. The Head of Finance and Asset Management advised that the Head of Corporate Services had been keen to bring the initial findings of the review to the Committee's attention at the earliest opportunity; however, it should be borne in mind that the final report had not yet been received and he gave assurance that Members would be provided with all of the information and detail they would need to participate in the workshop. A Member expressed the view that the Leader of the Council should be invited to attend the workshop on the basis that he was responsible for corporate governance and she felt that it would also be beneficial for other Members who may wish to sit on the Audit Committee in future to participate. Contrary to an earlier view expressed, she found the internal audit reports easy to understand, after a relatively short amount of time sitting on the Committee, and she did not feel there was a need to change the way audit recommendations were reported to comply with reports to other Committees. The Borough Solicitor indicated that this was something that could be debated at the workshop and she agreed that all Members should be invited to participate.
- 35.4 Members were informed that full details of the work undertaken in the period were attached at Appendix 1 to the report and a list of audits within 2017/18, and their progress to date, could be found at Appendix 2 to the report. Attention was drawn to the audit on cemeteries which had three control objectives: all burial records are accurate with any changes being recorded immediately; fees and charges are applied correctly and recovered in a reasonable timescale; and there is a grave digging contract in place and key elements of the contract are monitored. A 'satisfactory' or 'good' level of assurance had been found in respect of each of the objectives but a number of recommendations had been put forward for further improvement. A 'satisfactory' opinion had been issued in respect of both the property leases audit and the Members' Allowances audit. Unfortunately, the licensing audit had resulted in a 'limited' opinion. The Senior Auditor explained that, whilst the audit had found that licensing information retained on the public register was satisfactory, there was a 'limited' assurance opinion in respect of the licence application process, including inconsistencies in raising annual payments on premises licences; lack of a prime site check for street trading; the need to establish a premises user check for Temporary Event Notices; and limited implementation of safeguarding requirements for private hire and hackney carriage licences. A number of recommendations had therefore been made, set out at Appendix 3 to the report, and it was noted that there had been a very positive response from the Head of Community Services and the Environmental Health Manager in relation to setting up an action plan to address them. The Head of Community Services advised that he had discussed the outcome of the audit with

the Chair of Licensing Committee and they had worked together on the action plan. The majority of recommendations were things which Officers were aware of, for example, the need to review the private hire and hackney carriage policy which was already programmed for 2018. One area of concern was in relation to the approach to enforcement and the inspection of licenced premises; whilst Officers did react to any complaints, there were no programmed inspections. In order to address this, it was intended to visit all licenced premises within the borough over the course of the year to carry out a risk assessment and to put in place an annual programme of inspections from 2019 over a three to four year period, depending on risk. Although it had not been a positive audit, the Head of Community Services reiterated that an action plan was in place, the majority of which would be completed by April 2018.

- 35.5 A Member questioned what the impact would be on the Licensing Committee, particularly in terms of any additional work arising from the programmed visits to licenced premises. The Head of Community Services gave assurance that the action plan would be taken to the Licensing Committee for consideration and that it would monitor progress going forward. He explained that the majority of licenced premises were already visited by Environmental Health in respect of food hygiene so Officers were made aware of any risks; however, a formal process would now be introduced where Officers would consider whether the premises complied with the licensing objectives. He accepted this could potentially impact upon the Licensing Committee if the visits resulted in more reviews being called but this would be addressed as and when it happened. The Member went on to question why the display of food hygiene ratings was not compulsory and was advised that this was a separate issue outside of the audit but the Food Standards Agency was looking into making it compulsory in England, bringing it in line with Scotland and Wales. A Member queried whether programmed visits had not been undertaken previously due to staffing issues and, if so, whether it would be possible to bring in temporary staff, potentially from another local authority, in order to carry out the initial visits. The Head of Community Services explained that the Senior Licensing Officer had left the authority some months ago and staff had been brought in from another authority on a temporary basis, but it was also due to a lack of good processes and procedures within the licensing department; whilst there were a number of knowledgeable Officers within the team, there were some issues around entering information into the IT systems. He reiterated that this was something which would be rectified by the end of the financial year. A Member sought more detail regarding the limited implementation of safeguarding requirements for private hire and hackney carriage licences. In response, the Head of Community Services explained that, when the Licensing Policy had last been reviewed, it had been agreed that all licenced drivers should be required to undertake safeguarding training; however, this had not been actioned. The Member questioned whether this would be addressed by April 2018 and the Head of Community Services indicated that he hoped that would be the case.
- 35.6 The Head of Finance and Asset Management indicated that the final part of the report related to the outstanding recommendations that had been followed-up in the period. Of the 19 recommendations followed-up, 12 had been implemented, four partially implemented and three were yet to be implemented. The full list of these recommendations and their status could be found at Appendix 4 to the report. A Member raised concern that there were still three recommendations which had not been implemented. Taking each of those recommendations in turn, the Head of Finance and Asset Management advised that fraud awareness training had been held for Members in September and staff training was being arranged for the end of January so this recommendation would be implemented by the revised date of March 2018 and would be followed-up during the first quarter of 2018/19; the published information in respect of land ownership, required as part of the local transparency agenda, had not been updated due to staff resource issues but an

additional resource would be available during April and May 2018 so this had been given a revised implementation date of June 2018; and, the Head of Corporate Services was in the process of sourcing a provider for the risk management refresher training for staff and Members and it was intended to deliver this by the end of March 2018.

- 35.7 Having considered the information provided, and views expressed, it was
RESOLVED That the Internal Audit Plan Monitoring Report be **NOTED**.

AUD.36 MONITORING OF SIGNIFICANT GOVERNANCE ISSUES

- 36.1 The report of the Borough Solicitor, circulated at Pages No. 81-90, set out the Significant Governance Issues and the action to be taken to address them as identified in the Council's Annual Governance Statement. Members were asked to consider the progress made against those issues.
- 36.2 Members were advised that the table set out at Appendix 1 to the report comprised the Significant Governance Issues and the proposed actions and timescales for completion, with a further column indicating the progress as at 30 November 2017 - not 2016 as incorrectly stated in the Appendix. The Borough Solicitor explained that the majority of issues had longer timescales and would not be completed until later in 2018; nevertheless, she was pleased to report that action had been taken against all of the issues. Two had been due to complete in September 2017 and she advised that the Workforce Development Strategy had been consulted upon, with additional work undertaken as a result, but it had not yet been adopted; and, regular contract monitoring meetings were now taking place in relation to the issue around Ubico client monitoring. In response to a query regarding the Ubico client monitoring, the Borough Solicitor clarified that this was not about the Ubico contract itself, or whether it was good or bad, rather it was about how the Council monitored the contract. A Member questioned who the contract was monitored by and attention was drawn to Pages No. 88-89 of the report which set out the various meetings that took place in relation to the contract and who attended. It was noted that performance information was reported quarterly to the Overview and Scrutiny Committee. The Internal Auditor explained that the Ubico client monitoring audit had been completed in March 2017 and it had been identified as a Significant Governance Issue as a result; any significant risk would be reviewed more regularly so another audit was due to be carried out in quarter 4, with a report back to the Audit Committee in July 2018. The Borough Solicitor undertook to ask the Head of Community Services to provide Members with a position statement to give the Committee greater assurance as to when this Significant Governance Issue could be signed off.
- 36.3 It was
RESOLVED That progress against the Significant Governance Issues identified in the Council's Annual Governance Statement be **NOTED**.

AUD.37 ANNUAL AUDIT LETTER 2016/17

- 37.1 Attention was drawn to Grant Thornton's Annual Audit Letter 2016/17, circulated at Pages No. 38-49, which summarised the key findings from the work that had been carried out at Tewkesbury Borough Council for the year ended 31 March 2017. Members were asked to consider the Annual Audit Letter 2016/17.

37.2 The Audit Manager from Grant Thornton explained that the findings arising from the audit of the Council's financial statements had been reported to the Audit Committee meeting on 21 September 2017 and an unqualified opinion had subsequently been issued. Page No. 43 of the report set out the identified risks specific to Tewkesbury Borough Council and Pages No. 46-47 outlined the value for money risks. It was noted that Ubico continued to be an issue for the Council as the contract monitoring arrangements were inadequate and there was a question around whether the Key Performance Indicators (KPI) being used to measure performance were the right ones. Given that this was a continuing issue, it was anticipated that the Ubico contract monitoring would be included in the work programme for the following year. A Member raised concern that this was duplicating the work of the Overview and Scrutiny Committee and the Borough Solicitor reiterated that the Audit Committee's role was to look at governance and contract monitoring; whilst the Audit Committee could help to identify the KPIs, the Overview and Scrutiny Committee would then monitor performance against those KPIs going forward. A Member questioned who had set the KPIs that were being used currently. The Head of Finance and Asset Management advised that there were approximately 12 KPIs currently and he believed they may have been delegated to Officers to set; regardless of what had happened in the past, it was agreed that the current arrangements for monitoring were inadequate and the KPIs needed to be reviewed. He undertook to speak to the Head of Community Services to establish the timeline for the review and provided assurance that the responsibilities of each Committee would be made clear.

37.3 It was

RESOLVED That the Annual Audit Letter 2016/17 be **NOTED**.

AUD.38 EXTERNAL AUDITOR'S CERTIFICATION YEAR END LETTER MARCH 2017

38.1 Attention was drawn to Grant Thornton's Certification Year End Letter 2017, circulated at Pages No. 50-54, which set out the findings of the housing benefit subsidy claim which had been certified during the year. Members were asked to consider the information provided.

38.2 Members were advised there was a requirement with the housing benefit subsidy claim for any issues found during previous years to be automatically tested during the current year. Testing in 2015/16 had identified three issues that required further testing during 2016/17: local housing authority (LHA) rates being misapplied; claimants' earnings being incorrectly calculated; and rent allowance overpayments being misclassified. The testing of claims relating to 2016/17 had identified that local housing authority rates had been misapplied, as previously reported; fuel allowance rates had not been updated and had been incorrectly applied; and non-house rent allowance (HRA) overpayments had been misclassified for subsidy purposes. Appendix A to the report provided further details on the findings of the claim. Members were informed that the claim had been amended by £1,421 as a result of the issues identified. The Audit Manager from Grant Thornton wished to draw particular attention to the information on fuel allowance, set out at Page No. 52. The initial sample had identified nine errors where the incorrect fuel allowance rate had been applied in relation to bed and breakfast accommodation. The national rate for fuel allowance was £17.23 in 2016/17 but testing had identified that assessors were using the 2015/16 rate of £16.48 – he clarified that the figure was not automatically updated and required input from the assessor. Errors had been found in 48 of the 71 cases tested where the incorrect rate had been applied; in the remainder, the fuel rate was not applicable so it had not been inputted. This had been discussed with the Revenues and Benefits Manager who would be taking it up with the software provider, Northgate, to see whether it would be possible to introduce an automated process for the following year. The indicative fee for the 2016/17 certification work

was £9,110 and this was outlined at Page No. 54, Appendix B to the report. The actual fee was calculated based on the work undertaken two years previously, in 2014/15, and a comparison exercise would need to be carried out before the final fee was confirmed; an update would be brought to the next Committee.

- 38.3 In response to a query as to how Universal Credit would affect the housing benefit claim work, the Audit Manager from Grant Thornton advised that the impact on Tewkesbury Borough Council was uncertain; however, other clients had seen a 10-15% reduction in cases. It was anticipated that the process would stay the same for at least the next year, albeit with a reduction in the number of claims. A Member questioned how the cost would be estimated going forward, given this uncertainty, and was informed that it was based on time taken - theoretically, if there were less cases then the fee should reduce but this was not something he could be sure of. He explained that initial testing was based on 100 cases, however, for every error identified, further testing needed to be carried out on 40 cases; if the population was below 40, 100% testing would be undertaken. This could all have an impact on the fee but the Head of Finance and Asset Management clarified that no reduction had been factored in for budgetary purposes, particularly as Universal Credit would initially only apply to those of working age.

- 38.4 It was

RESOLVED That the Grant Thornton Certification Year End Letter March 2017 be **NOTED**.

AUD.39 GRANT THORNTON PROGRESS REPORT

- 39.1 Attention was drawn to Grant Thornton's progress report, circulated at Pages No. 23-37, which set out the progress that had been made in relation to the audit plan, together with any emerging national issues and developments that might be relevant to the Borough Council. Members were asked to consider the report.
- 39.2 The Audit Manager from Grant Thornton explained that Grant Thornton regularly reviewed its team in order to give people new opportunities in different roles. As a result of the most recent review, he would no longer be responsible for Tewkesbury Borough Council and he introduced his colleague, Grace Hawkins, who would be taking over the role as of 1 January 2018. She explained that planning for the 2017/18 financial statements audit had begun and the interim audit was due to commence in January 2018. This would provide an opportunity to gain an understanding of the control environment and to carry out early testing. As Members would be aware, the statutory deadline for the issue of the 2017/18 opinion had been brought forward by two months to the end of July 2018. Grant Thornton had been discussing the plan and timetable with officers and the final accounts audit was due to begin in May/June 2018. Value for money work would be carried out alongside the accounts audit. The three sub-criteria for assessment were: informed decision-making; sustainable resource deployment; and working with partners and other third parties. The initial risk assessment was currently being undertaken and the value for money conclusion would be reported with the financial statement opinion. The housing benefit subsidy claim certification would be concluded by 30 November 2018. Page No. 27 set out the reports that were due to be brought to the Committee during 2017/18 and it was noted that the accounts audit plan would be brought to the next meeting in March 2018. The remainder of the report comprised sector updates and relevant publications for information.

39.3

It was

RESOLVED That Grant Thornton's Progress Report be **NOTED**.

The meeting closed at 3:35 pm

AUDIT COMMITTEE WORK PROGRAMME

Addition to 28 March 2018

- Internal Audit External Assessment

Deletion from 28 March 2018

- Corporate Risk Register
- Critical Judgements and Assumptions Made During the Preparation of the Statement of Accounts Report merged with Statement of Accounting Policies Report

Committee Date: 18 July 2018

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

NB – Changes from previous work programme highlighted in bold

Committee Date: 18 July 2018			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Internal Audit Annual Report 2017/18	To consider the Internal Audit Annual Report 2017/18 and the assurance from the work undertaken during the year on the level of internal control within the systems audited during the year.	Graeme Simpson, Head of Corporate Services.	No.
Annual Governance Statement 2017/18	To approve the Annual Governance Statement 2017/18.	Sara Freckleton, Borough Solicitor.	No.
National Fraud Initiative 2017/18	To consider the outcomes of the data matching exercise.	Geni Hotchkiss, Revenues and Benefit Manager	No.
Counter-Fraud Unit Report	To consider the annual update on the work of the Counter Fraud Team.	Simon Dix, Head of Finance and Asset Management / Emma Cathcart, Counter Fraud Manager.	No.

Committee Date: 18 July 2018			
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.	<p>Yes – deferred pending the review of the Council's overall risk management arrangements.</p> <p><i>Further deferred from September as reported at the Audit Committee meeting on 19 July 2017.</i></p> <p><i>Further deferred from 13 December 2017 meeting due to ongoing review.</i></p> <p><i>Further deferred from 28 March 2018 meeting due to ongoing review.</i></p>

Committee Date: 19 September 2018			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Graeme Simpson, Head of Corporate Services.	No.
External Auditor's Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
Annual Report on Health and Safety Activities	To consider the adequacy of the Council's health and safety arrangements.	Peter Tonge, Head of Community Services.	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.

Committee Date: 12 December 2018			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
Annual Audit Letter 2016/17	To consider the external auditors' Audit Letter 2016/17.	External Auditors.	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Graeme Simpson, Head of Corporate Services.	No.
Monitoring of Gloucestershire Safeguarding Children Board Section 11 Audit	Annual report to give assurance as to the level of the Council's compliance with its safeguarding duty.	Peter Tonge, Head of Community Services.	No.
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Sara Freckleton, Borough Solicitor.	No.
Counter Fraud Unit Update	To consider the six monthly update from the Counter Fraud Unit.	Simon Dix, Head of Finance and Asset Management / Emma Cathcart, Counter Fraud Manager.	No.

Committee Date 27 March 2019			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Certification Year End Letter March 2018	To consider the certification year-end letter March 2017.	External Auditors.	No.
External Auditor's Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
External Auditor's Audit Plan 2018/19	To consider the external auditors' Audit Plan 2018/19.	External Auditors.	No.
Statement of Accounting Policies	To approve the accounting policies to be used during the 2017/18 closedown.	Emma Harley, Finance Manager.	No.
Critical Judgements and Assumptions Made During the Preparation of the Statement of Accounts	To approve the critical accounting judgements that will be used in completing the 2017/18 annual accounts and to note the key sources of estimation uncertainty.	Emma Harley, Finance Manager.	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Graeme Simpson, Head of Corporate Services.	No.
Internal Audit Plan 2019/20	To approve the Internal Audit Plan 2019/20.	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.

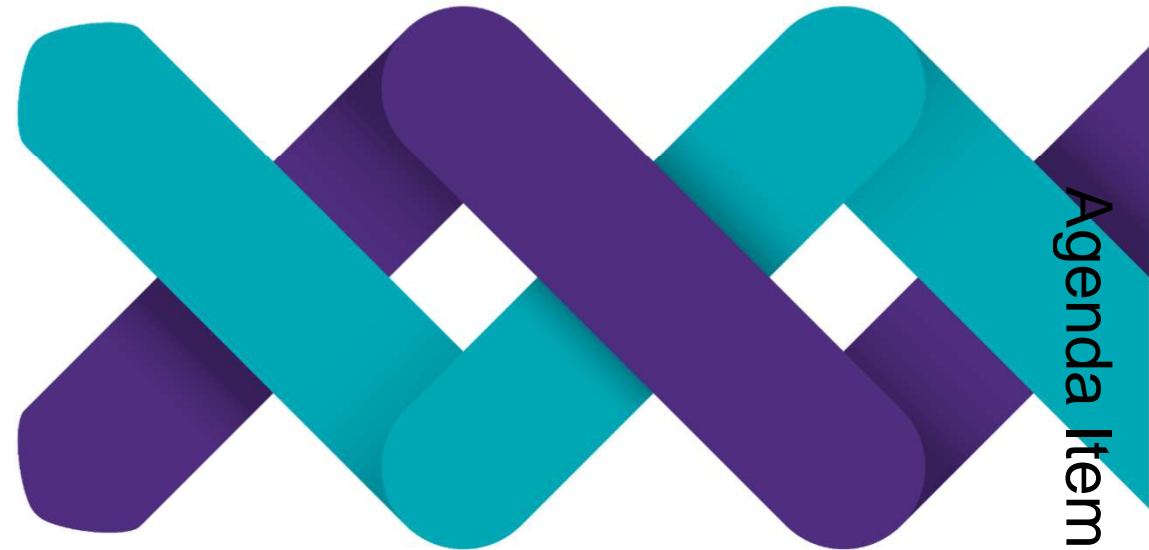
Committee Date 27 March 2019			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Annual Update on Council's Safeguarding Arrangements	<p>Annual report to give assurance as to the level of the Council's compliance with its safeguarding duty.</p> <p>(To include Gloucestershire Safeguarding Children Board Section 11 Self-Assessment)</p>	Peter Tonge, Head of Community Services.	No.

OTHER ITEMS			
Agenda Item	Overview of Agenda Item	Lead Officer	Comments
Information Governance Audit Progress Report	To consider the progress made in respect of the recommendations arising from the Information Governance audit.	Graeme Simpson, Head of Corporate Services	Limited opinion given (Audit Committee 19 July 2017).
Business Continuity Audit Progress Report	To consider the progress made in respect of the recommendations arising from the Business Continuity audit.	Graeme Simpson, Head of Corporate Services	Limited opinion given (Audit Committee 19 July 2017).
PSIAS Independent Assessment of Internal Audit Function	To consider the outcomes from the independent assessment of the Internal Audit function.	Graeme Simpson, Head of Corporate Services	
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 Progress Report and Sector Update

Tewkesbury Borough Council
Year ending 31 March 2018

28 March 2018



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Introduction



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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

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 Tewkesbury Borough Council

Financial Statements Audit

We have started planning for the 2017/18 financial statements audit and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2017/18 financial statements.

We commenced our interim audit in January 2018. Our interim fieldwork visits include:

- 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

The findings from our interim audit are summarised on pages 5 to 6.

The statutory deadline for the issue of the 2017/18 opinion is brought forward by two months to 31 July 2018. We are discussing our plan and timetable with officers.

The final accounts audit is due to begin on 29 May with findings reported to you in the Audit Findings Report by the earlier deadline of July 2018.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. 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".

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".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

We made our initial risk assessment to determine our approach in January 2018 and reported this to you in our Audit Plan (March 2018 Audit Committee).

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2018.

Other areas

Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2017/18 claim will be concluded by November 2018.

The results of the certification work are reported to you in our certification letter.

Meetings

We met with Finance Officers in December 2017 as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Publications

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Results of Interim Audit Work

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

	Work performed	Conclusions and recommendations
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Council's key financial systems to date.</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none">• Communication and enforcement of integrity and ethical values• Commitment to competence• Participation by those charged with governance• Management's philosophy and operating style• Organisational structure• Assignment of authority and responsibility• Human resource policies and practices	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>

	Work performed	Conclusions and recommendations
Review of information technology controls	We have undertaken a detailed review of Information Technology Controls in previous periods. We have made further enquiries of management to confirm our understanding and this has concluded that there have been no significant changes to IT controls during this period. As such, a detailed review of IT controls are not required for this period.	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements
Walkthrough testing	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements. These areas were –</p> <ul style="list-style-type: none"> Property, Plant and Equipment Employee Remuneration Operating Expenses Pension Liability <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.</p>	Our work has not identified any weaknesses which impact on our audit approach.
Journal entry controls	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> <p>We will be completing detailed testing on journals during our year end audit.</p>	Our work to date has not identified any issues and no changes are required to our proposed testing strategy.
Early substantive testing	<p>We have performed early testing in the following areas:</p> <p>Operating expenses Substantive testing of the first nine periods of the year. We have brought this testing forward in response to the earlier deadline and testing on the remaining periods of the financial year will be completed during the final visit.</p> <p>Employee Remuneration We have implemented a new approach due to confidence in the Council's systems and controls. We have therefore carried out a substantive analytical review of payroll costs to period 9. This approach involves treating payroll expenditure as a whole and investigating significant variances.</p>	No issues have been identified from our work to date. We will update our substantive testing to the end of the financial year at our final audit fieldwork visit.

Audit Deliverables

2017/18 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2017/18.	April 2017	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach audit and our initial value for money risk assessment in order to give an opinion on the Council's 2017-18 financial statements.	January 2018	Complete
Interim Audit Findings We will report to you the findings from our interim within our Progress Report.	March 2018	Complete
Audit Findings Report The Audit Findings Report will be reported to the July Audit Committee.	July 2018	Not yet due
Auditors Report This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2018	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2018	Not yet due
Annual Certification Letter This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2018	Not yet due

Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

2

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

Public Sector Audit Appointments: Report on the results of auditors' work 2016/17

This is the third report on the results of auditors' work at local government bodies published by PSAA. It summarises the results of auditors' work at 497 principal bodies and 9,752 small bodies for 2016/17. The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers.

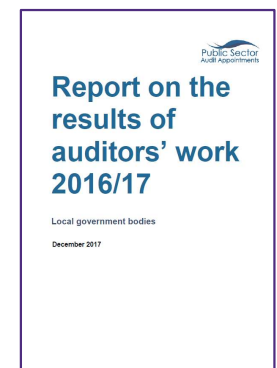
The timeliness and quality of financial reporting for 2016/17, as reported by auditors, remained broadly consistent with the previous year for both principal and small bodies. Compared with 2015/16, the number of principal bodies that received an unqualified audit opinion by 31 July showed an encouraging increase. 83 principal bodies (17 per cent) received an unqualified opinion on their accounts by the end of July compared with 49 (10 per cent) for 2015/16. These bodies appear to be well positioned to meet the earlier statutory accounts publication timetable that will apply for 2017/18 accounts.

Less positively, the proportion of principal bodies where the auditor was unable to issue the opinion by 30 September increased compared to 2015/16. Auditors at 92 per cent of councils (331 out of 357) were able to issue the opinion on the accounts by 30 September 2017, compared to 96 per cent for the previous year. This is a disappointing development in the context of the challenging new reporting timetable from 2017/18. All police bodies, 29 out of 30 fire and rescue authorities and all other local government bodies received their audit opinions by 30 September 2017.

The number of qualified conclusions on value for money arrangements has remained relatively constant at 7 per cent (30 councils, 2 fire and rescue authorities and 1 other local government body) compared to 8 per cent for 2015/16. The most common reasons for auditors issuing non-standard conclusions on the 2016/17 accounts were:

- the impact of issues identified in the reports of statutory inspectorates;
- corporate governance issues; and
- financial sustainability.

The latest results of auditors' work on the financial year to 31 March 2017 show a solid position for the majority of principal local government bodies. Generally, high standards of financial reporting are being maintained despite the financial and service delivery challenges currently facing local government.



Changes to the prudential framework of capital finance

The Ministry of Housing Communities and Local Government has updated the Local Authority Investments Guidance and the Minimum Revenue following its publication of consultation responses on 2 February 2018.

A total of 213 consultation responses were received by the MHCLG by the 22 December 2017 deadline from across local government. Following consideration of the responses the Government has:

- made some technical changes to the Investments Guidance and MRP Guidance
- amended proposals relating to useful economic lives of assets
- implemented the Investments Guidance for 2018-19, but allowed flexibility on when the additional disclosure first need to be presented to full Council
- deferred implementation of MRP Guidance to 2019-20 apart from the guidance “Changing methods for calculating MRP”, which applies from 1 April 2018.

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Key changes are noted below.

Statutory Guidance on Local Authority Investments

Transparency and democratic accountability – the revised guidance retains the requirement for an Investment Strategy to be prepared at least annually and introduces some additional disclosures to improve transparency. However, as the changes to the CIPFA Prudential Code include a new requirement for local authorities to prepare a Capital Strategy, the revised guidance allows the matters required to be disclosed in the Investment Strategy to be disclosed in the Capital Strategy.

Principle of contribution – the consultation sought views on the introduction of a new principle requiring local authorities to disclose the contribution that non-core investments make towards core functions. Authorities’ core objectives include ‘service delivery objectives and/or placemaking role.’ This clarification has been made to recognise the fact that local authorities have a key role in facilitating the long term regeneration and economic growth of their local areas and that they may want to hold long term investments to facilitate this.

Introduction of a concept of proportionality – the Government is concerned that some local authorities may become overly dependent on commercial income as a source of revenue for delivering statutory services. The consultation sought views on requiring local authorities to disclose their dependence on commercial income to deliver statutory services and the amount of borrowing that has been committed to generate that income. A majority of respondents supported the introduction of a concept of proportionality, recognising the importance that local authorities make decisions based on an understanding of the overall risk that they face.

Borrowing in advance of need – by bringing non-financial investments (held primarily or partially to generate a profit) within the scope of the Investments Guidance, the consultation proposals made it clear that borrowing to fund acquisition of non-financial assets solely to generate a profit is not prudential. The Investment Guidance requires local authorities who have borrowed in advance of need solely to generate a profit to explain why they have chosen to disregard statutory guidance. It is also important to note that nothing in the Investment Guidance or the Prudential Code overrides statute, and local authorities will still need to consider whether any novel transaction is lawful by reference to legislation.

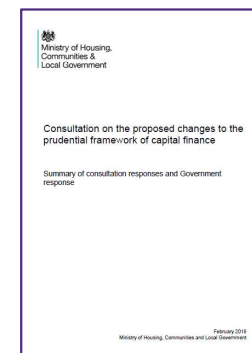
Minimum Revenue Provision Guidance

The consultation sought views on proposals to update the guidance relating to MRP to ensure local authorities are making prudent provision for the repayment of debt.

Meaning of a charge to the revenue account – the Government does not believe that crediting the revenue account is either prudent or within the spirit of the approach set out in the relevant Regulations. For this reason a charge to the account should not be a negative charge.

Impact of changing methods of calculating MRP – the Government does not expect any local authority to recalculate MRP charged in prior years due to the proposed changes in methodology.

Introduction of a maximum economic life of assets – the consultation sought views on setting a maximum useful economic life of 50 years for freehold land and 40 years for other assets. The MRP Guidance will set a maximum life of 50 years, but allow local authorities to exceed this where the related debt is PFI debt with a longer term than 50 years, or where a local authority has an opinion from an appropriately qualified person that an operational asset will deliver benefits for more than 50 years.



Changes to capital finance framework

Challenge question:

Has your Head of Finance & Asset Management briefed members on the impact of the changes to the prudential framework of capital finance?

CIPFA publications - The Prudential Code and Treasury Management Code

CIPFA have published an updated 'Prudential Code for Capital Finance in Local Authorities'. Key developments include the introduction of more contextual reporting through the requirement to produce a capital strategy along with streamlined indicators.

The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within this clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable.

Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003, in Scotland under Part 7 of the Local Government in Scotland Act 2003, and in Northern Ireland under Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

Since the Prudential Code was last updated in 2011, the landscape for public service delivery has changed significantly following the sustained period of reduced public spending and the developing localism agenda. It reflects the increasing diversity in the sector and new structures, whilst providing for streamlined reporting and indicators to encourage better understanding of local circumstances and improve decision making.

The introduction of a capital strategy allows individual local authorities to give greater weight to local circumstances and explain their approach to borrowing and investment. The Code is available in hard copy and online.



CIPFA have also published an updated Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The Code provides a framework for effective treasury management in public sector organisations.

The Code defines treasury management as follows:

The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

It is primarily designed for the use of local authorities (including police and crime commissioners and fire authorities), providers of social housing, higher and further education institutions, and the NHS. Local authorities in England, Scotland and Wales are required to 'have regard' to the Code.

Since the last edition of the TM Code was published in 2011, the landscape for public service delivery has changed significantly following the sustained period of reduced public spending and the developing localism agenda.

There are significant treasury management portfolios within the public services, for example, as at 31 March 2016, UK local authorities had outstanding borrowing of £88bn and investments of £32bn

The Code is available in hard copy and online.

CIPFA Publication

Challenge question:

Has your Head of Finance & Asset Management briefed members on the impact of the changes to the prudential code?



Through a local lens: SOLACE summit 2017

The Industrial Strategy matters to places but places also matter to the Industrial Strategy.

This was a strong message coming out of discussions at the recent SOLACE (Society of Local Authority Chief Executives) summit where we facilitated 100 local authority CEOs and senior leaders to consider how the Industrial Strategy could be brought to life at a local level.

For some time now we have engaged in an ongoing and inclusive dialogue with communities and business, local authority and third sector leaders from across the country, to share aspirations, ideas and insight focused on building a vibrant economy for the UK. These discussions have helped to form the basis of our Vibrant Economy 'Blueprint for the UK' and they will go on to inform our recommendations to Government around a place-based approach to the Industrial Strategy.

This year's summit provided us with an invaluable opportunity to take this dialogue further.

We focused on the integral role local government will have in delivering the Industrial Strategy. Delegates applied a local lens to the national growth agenda, encouraging them to consider what strategies and approaches were already working in their place; what they could be doing more of to support growth in their area, and how they could steer the Industrial Strategy agenda from a local level.

Using the appreciative inquiry technique, we discussed the following questions:

What role would leaders and local institutions be playing if they were delivering positive outcomes from the industrial strategy?

Looking ahead and considering our diverse local authority agendas, the industrial strategy and surrounding policy landscape what aspects might work well for everyone?



You can see and hear what delegates thought on our [website](#)

Commercial Healthcheck: commercial investments and governance

Our latest healthcheck report was launched at CIPFA's Income Generation Summit in November. It is part of our 'The Income Spectrum' series, giving leaders of local government and public services insights into why and how local authorities are changing their approach to commercialisation, some of the related governance and risk management issues, and the latest innovation trends with case studies ranging from Angus and Luton to Oldham and Stirling.

The research shows that councils need to do more than simply adhere to the drafted rules to ensure an approach to commercialisation that balances outcomes and risks. The report therefore also includes a healthcheck diagnostic tool designed to give local government leaders extra comfort and confidence that they are pursuing a suitably balanced approach

Governance of commercial commitments is key to building confidence in the path to financial sustainability. The CIPFA code is the sector's primary rule book for treasury management and is expected to place a stronger emphasis on how councils will balance security, liquidity and return.

Key findings from the report include:

- While property has tended to be the focus, it is just one of a number of areas of activity. In the past year, borrowing includes £4.8 billion on bonds and commercial paper, and investment includes £7 billion in inter-authority lending (Investment in property for councils is a growing trend – a third of councils have done so since 2010, spending more than £2.4 billion between them, but this is not the only major area of investment activity)
- More entrepreneurial councils are adopting innovative approaches such as place-based market offerings, working together locally to add social value and cross-boundary franchising
- For many councils, investing in commercial assets is key to developing anchor institutions that contribute to place – ranging from airports, business parks and forestry to GP surgeries and cinemas
- A 'beyond compliance' approach to governance of commercial activities is required by progressive councils wanting to do more with less

[Click on the report cover to download and read more](#)



Grant Thornton Publication

Challenge question:

Is your Authority considering the risks and governance issues for its commercialisation agenda?



Supply Chain Insights tool helps support supply chain assurance in public services

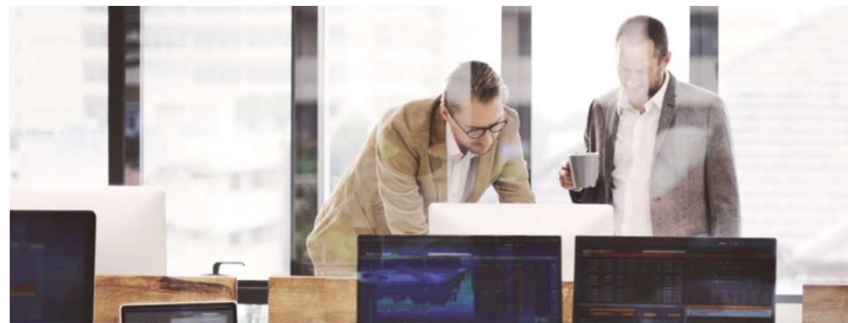
Grant Thornton UK LLP has launched a new insights and benchmarking platform to support supply chain assurance and competitor intelligence in public services.

The Supply Chain Insights service is designed for use by financial directors and procurement professionals in the public sector, and market leaders in private sector suppliers to the public sector. It provides users with a detailed picture of contract value and spend with their supply chain members across the public sector. The analysis also provides a robust and granular view on the viability, sustainability, market position and coverage of their key suppliers and competitors.

The platform is built on aggregated data from 96 million invoices and covers £0.5 trillion of spending. The data is supplemented with financial standing data and indicators to give a fully rounded view. The service is supported by a dedicated team of analysts and is available to access directly as an on-line platform.

Phillip Woolley, Partner, Grant Thornton UK LLP, said:

"The fall-out from the recent failure of Carillion has highlighted the urgent need for robust and ongoing supply chain monitoring and assurance. Supply Chain Insights provides a clear picture of your suppliers' activities across the sector, allowing you to understand risks, capacity and track-record. We think it's an indispensable resource in today's supplier market."



The tool enables you to immediately:

- access over 96 million transactions that are continually added to
- segment invoices by:
 - organisation and category
 - service provider
 - date at a monthly level
- benchmark your spend against your peers
- identify:
 - organisations buying similar services
 - differences in pricing
 - the leading supplier
- see how important each buyer is to a supplier
- benchmark public sector organisations' spend on a consistent basis
- see how much public sector organisations spend with different suppliers

Supply Chain Insights forms part of the Grant Thornton Public Sector Insight Studio portfolio of analytics platforms.

Click on Supply Chain Insights for more information.

Supply Chain Insights

Grant Thornton

Challenge question:

Has your Authority considered how our Supply Chain Insight tool can help support your supply chain assurance?



Cost Assurance

Did you know....

40

Number of Public Sector engagements to date

£125m

Annual spend analysed

£3.55m

Rebate opportunities identified

£1.1m

Fee income identified

2.84%

Error rate – rebates versus spend volume

55%

Of Public Sector engagements are Local Government

Our Cost Assurance service line provides Local Authorities with an independent and retrospective audit of their legacy telecommunications and utilities costs incurred during the past 6 years (as per the Statute of Limitation).

We find that there are repeat errors contained within a Suppliers' invoice arrangements – errors that aren't necessarily picked up by the end client. This is due to the fact that they tend to be contained in suppliers' billing systems 'at source' and are much further down the supply chain which the user won't necessarily have visibility of.

We are supported by a comprehensive library of legacy supplier pricing that has been collated since 2011. Our one aim is to ensure that the client has only paid for the services used during the period by:

- ensuring that bills presented by Suppliers' are in line with their contracts and relevant pricing mechanisms
- ensuring the client receives the Supplier refunds where errors have been identified by us
- ensuring consequential savings are identified and implemented immediately for the client

Our Cost Assurance work is based on a contingent-fee model and is supported by PSAA Ltd. Each of our Local Authority engagements include a fee cap to ensure governance and regulatory standards are maintained.

In summary, we are able to bring much needed financial benefit to the sector as well as providing insight into errors that may be prone to repeat offence by suppliers long after our work is concluded.

Grant Thornton Challenge question:

Has your Authority considered the potential for an independent review of telecommunications and utility costs?

Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<http://www.grantthornton.co.uk/en/insights/through-a-local-lens-solace-summit-2017/>

<http://www.grantthornton.co.uk/en/insights/combined-authorities-signs-of-success/>

<http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>

<http://www.grantthornton.co.uk/en/insights/commercial-healthcheck-in-local-authorities/>

<http://www.cfoinsights.co.uk/>

<http://supplychaininsights.grantthornton.co.uk/>

PSAA website links

<https://www.psaa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

MHCLG website links

<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

<https://www.gov.uk/government/publications/capital-finance-guidance-on-local-government-investments-second-edition>

<https://www.gov.uk/government/publications/capital-finance-guidance-on-minimum-revenue-provision-third-edition>

CIPFA website link

<http://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2017-edition-book>

National Audit Office link

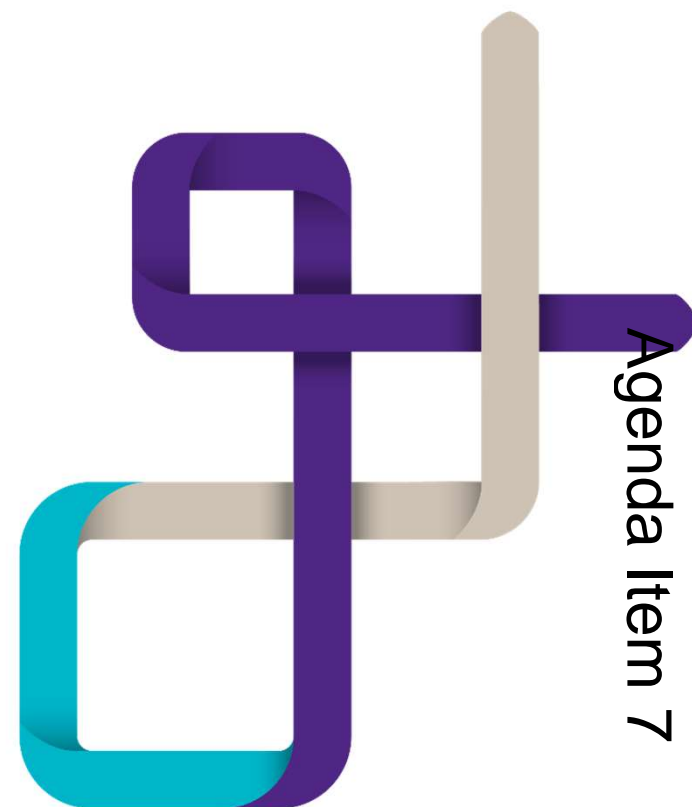
<https://www.nao.org.uk/report/the-adult-social-care-workforce-in-england/>

External Audit Plan

Year ending 31 March 2018

Tewkesbury Borough Council

March 2018



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Your key Grant Thornton team members are:

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

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Tewkesbury Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Tewkesbury Borough Council. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- financial statements (including the Annual Governance Statement) that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

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

Significant risks

Those risks requiring specific audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls (presumed risk under ISA 240)
- Valuation of property, plant and equipment
- Valuation of pension fund net liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £739k (PY £707k), which equates to 2% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £37k (PY £35k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- Medium Term Financial Strategy - the on-going challenge of meeting the savings needed, as well as the reliance on the continuation of the New Homes Bonus, appeal by the area's biggest business and the proposed use of reserves to smooth deficits, further enforces the need to identify alternative methods of achieving financial balance in the future.

Audit logistics

Our interim visit will take place in January & February 2018 and our final visit will take place in May and June 2018. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our fee for the audit will be no less than £44,921 (PY: £44,921) for the Council.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Deep business understanding

Changes to service delivery

Commercialisation

The scale of investment activity, primarily in commercial property, has increased as local authorities seek to maximise income generation. These investments are often discharged through a company, partnership or other investment vehicle. Local authorities need to ensure that their commercial activities are presented appropriately, in compliance with the CIPFA Code of Practice and statutory framework, such as the Capital Finance Regulations. Where borrowing to finance these activities, local authorities need to comply with CIPFA's Prudential Code

Devolution

The Cities and Local Government Devolution Act 2016 provides the legal framework for the implementation of devolution deals with combined authorities and other areas.

Changes to financial reporting requirements

Accounts and Audit Regulations 2015 (the Regulations)

The Department of Communities and Local Government (DCLG) is currently undertaking a review of the Regulations, which may be subject to change. The date for any proposed changes has yet to be confirmed, so it is not yet clear or whether they will apply to the 2017/18 financial statements.

Under the 2015 Regulations local authorities are required to publish their accounts along with the auditors opinion by 31 July 2018.

Changes to the CIPFA 2017/18 Accounting Code

CIPFA have introduced other minor changes to the 2017/18 Code which confirm the going concern basis for local authorities, and updates for Leases, Service Concession arrangements and financial instruments.

Key challenges

Financial pressures

The council is facing a £3 million deficit over the next 5 years, including £2 million in 2017/18, highlighted in its MTFS. The Council has strategies in place in order to achieve a balanced budget, including a 5 year council tax strategy and business transformation within services. The Council need to ensure these strategies remain fit for purpose to achieve its challenging financial targets.

Business Rates

The on-going appeal by the Council's largest contributor of business rates provides a challenge to the Council achieving a balanced budget.

The uncertainty provided by the ongoing challenge and changes in collection arrangements require the Council to closely monitor revenue funding to ensure it is sufficient to meet service provision requirements.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to uncertainty about the going concern assumption and will review any related disclosures in the financial statements.
- We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2017/18 CIPFA Code.

Significant risks identified

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgmental matters. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable 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>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including Tewkesbury Borough Council, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for Tewkesbury Borough Council.</p>
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. . The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>Management over-ride of controls is a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> • gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness • obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness • evaluate the rationale for any changes in accounting policies or significant unusual transactions.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Property, Plant and Equipment	<p>The Council revalues its land and buildings each year to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review of management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • consider the competence, expertise and objectivity of any management experts used • discuss with the valuer the basis on which the valuation is carried out and challenge of the key assumptions where appropriate • review and challenge the information used by the valuer to ensure it is robust and consistent with our understanding • test revaluations made during the year to ensure they are input correctly into the Council's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
	<p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	
Valuation of pension fund net liability	<p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement • Evaluate the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out • Undertake procedures to confirm the reasonableness of the actuarial assumptions made • Check the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.
	<p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	

Reasonably possible risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Employee remuneration completeness	<p>Payroll expenditure represents a significant percentage (24%) of the Council's operating expenses.</p> <p>As the payroll expenditure comes from a number of individual transactions there is a risk that payroll expenditure in the accounts could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention.</p>	<p>We will:</p> <ul style="list-style-type: none">• evaluate the Council's accounting policy for recognition of payroll expenditure for appropriateness• gain an understanding of the Council's system for accounting for payroll expenditure and evaluate the design of the associated controls
Operating expenses completeness	<p>Non-pay expenses on other goods and services also represents a significant percentage (76%) of the Council's operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.</p> <p>We identified completeness of non- pay expenses as a risk requiring particular audit attention.</p>	<p>We will:</p> <ul style="list-style-type: none">• evaluate the Council's accounting policy for recognition of non-pay expenditure for appropriateness• gain an understanding of the Council's system for accounting for non-pay expenditure and evaluate the design of the associated controls

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under the Act and the Code, as and when required, including:
 - 42 • giving electors the opportunity to raise questions about your 2017/18 financial statements, consider and decide upon any objections received in relation to the 2017/18 financial statements;
 - issue of a report in the public interest; and
 - making a written recommendation to the Council, copied to the Secretary of State.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

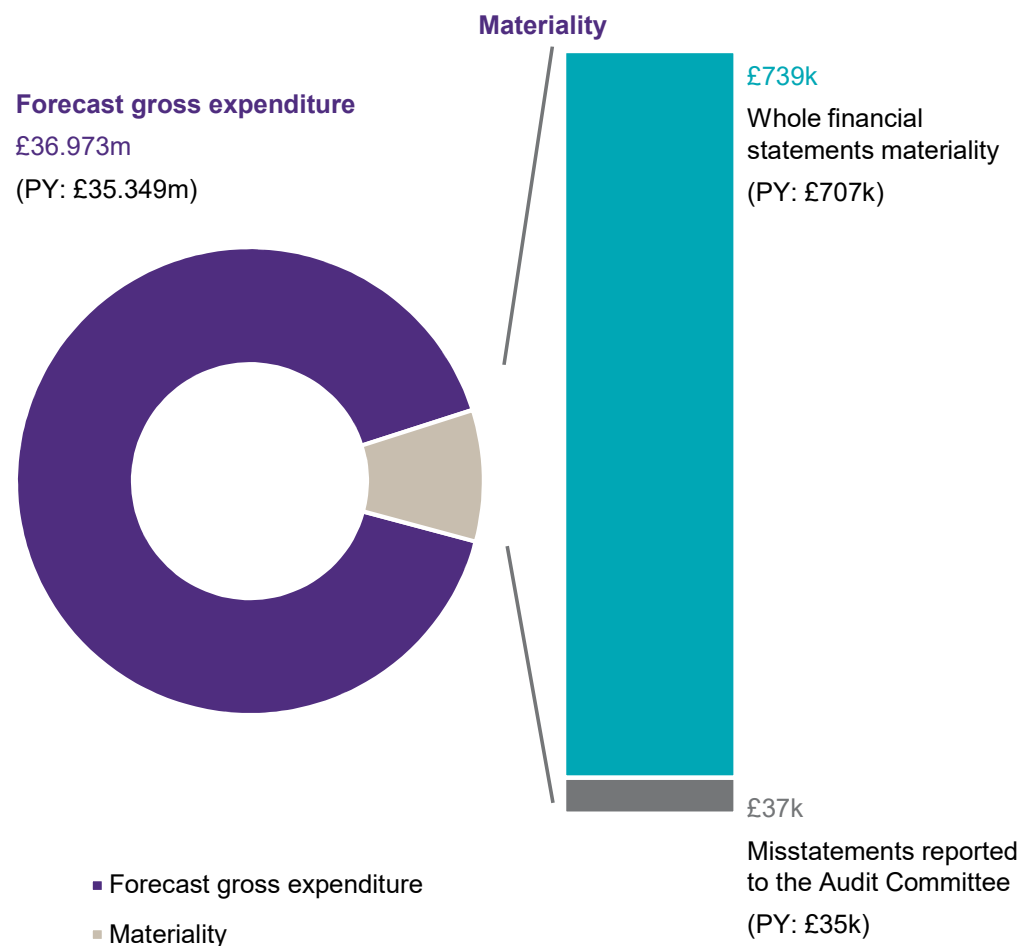
We propose to calculate financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year, we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be £739k (PY £707k), which equates to 2% of your prior year gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £37k (PY £35k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

Background to our VFM approach

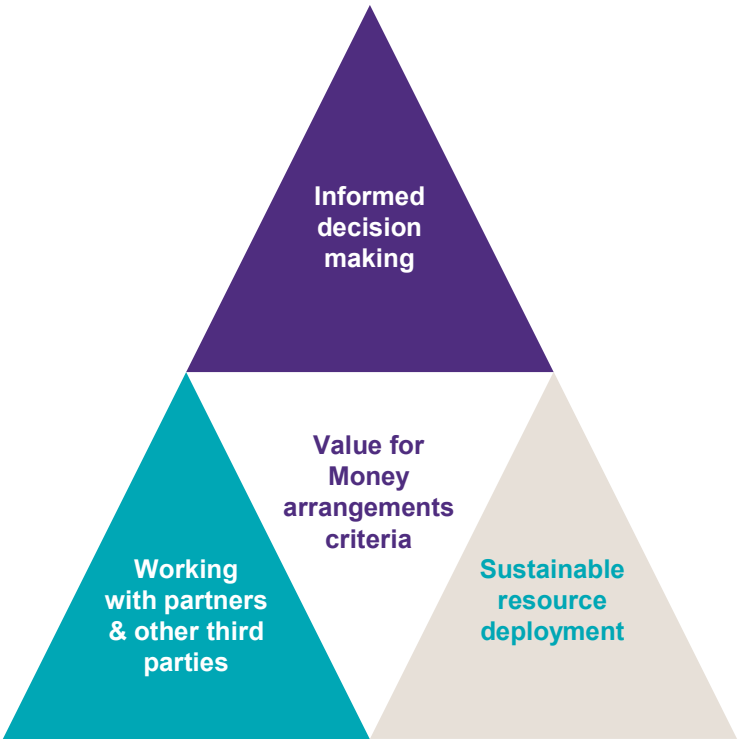
The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single 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.”

This is supported by three sub-criteria, as set out below:

44



Significant VFM risks

Those risks requiring specific audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money.

Medium Term Financial Strategy

The ongoing challenge of meeting savings requirements continues to put pressure on Local Government finances. This along with the reliance on the continuation of the New Homes Bonus, proposed use of reserves to smooth deficits and 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.

We will review the Council 's arrangements to establish how it is identifying, managing and monitoring these financial risks.

We will review the robustness of the Council's financial plans and its key assumptions supporting the development of its MTFP and savings plans.

We will aim to understand 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.

Audit logistics, team & audit fees



4.5 Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'.

If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Audit fees

The planned audit fees are no less than £44,921 (PY: £44,921) for the financial statements audit and £9,110 for grant certification. Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

In setting your fee, we have assumed that the scope of the audit, and the Council and its activities, do not significantly change.

Early close

Meeting the early close timeframe

Bringing forward the statutory date for publication of audited local government accounts to 31 July this year, across the whole sector, is a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts is curtailed, while, as auditors we have a shorter period to complete our work and face an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- 46 seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Appendix A: Revised ISAs

Detailed below is a summary of the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.

Section of the auditor's report	Description of the requirements
Conclusions relating to going concern	We will be required to conclude and report whether: <ul style="list-style-type: none">• The directors use of the going concern basis of accounting is appropriate• The directors have disclosed identified material uncertainties that may cast significant doubt about the Council's ability to continue as a going concern.
Material uncertainty related to going concern	We will need to include a brief description of the events or conditions identified that may cast significant doubt on the Council's ability to continue as a going concern when a material uncertainty has been identified and adequately disclosed in the financial statements. Going concern material uncertainties are no longer reported in an Emphasis of Matter section in our audit report.
Other information 47	We will be required to include a section on other information which includes: <ul style="list-style-type: none">• Responsibilities of management and auditors regarding other information• A statement that the opinion on the financial statements does not cover the other information unless required by law or regulation• Reporting inconsistencies or misstatements where identified
Additional responsibilities for directors and the auditor	We will be required to include the respective responsibilities for directors and us, as auditors, regarding going concern.
Format of the report	The opinion section appears first followed by the basis of opinion section.



TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	28 March 2018
Subject:	Statement of Accounting Policies and Critical Judgements
Report of:	Simon Dix, Head of Finance and Asset Management
Corporate Lead:	Robert Weaver, Deputy Chief Executive
Lead Member:	Councillor R Furolo, Lead Member for Finance and Asset Management
Number of Appendices:	2

Executive Summary:

This report sets out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. These policies outline the specific principles, bases, conventions, rules and practices applied when preparing and presenting the financial statements.

This report also explains to the Audit Committee the critical accounting judgements that will be used in preparing the 2017/18 accounts.

Recommendation:

To APPROVE the accounting policies and critical judgements to be used during the 2017/18 closedown.

Reasons for Recommendation:

The accounting policies govern the accounting treatment used to close the final accounts which this Committee is asked to approve in July after the audit has been completed. The Code of Practice on Local Authority Accounting in the United Kingdom requires disclosure of the judgements that management have made in the process of applying the authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Resource Implications:

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

Legal Implications:

There are no direct legal implications arising from the approval of accounting policies and critical judgements, however Section 21 of the Local Government Act 2003 enables the Secretary of State to make regulations requiring accounting practices including the Statement of Accounts to be undertaken in accordance with proper accounting practices (i.e. the current Code of Practice).

Risk Management Implications:

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

Performance Management Follow-up:

Grant Thornton will audit this as part of the year-end audit and will issue an opinion in July 2018.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** The Council is required to produce an annual statement of accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. In order to do this the Council has to review all its accounting policies and outline any critical judgements made to ensure it complies with the Code as the policies outline the principles applied when preparing the accounts.

2.0 MAIN CHANGES IN ACCOUNTING POLICY

- 2.1** The full list of accounting policies can be found at Appendix A. There are no significant changes to the Code that require amendment to the proposed accounting policies and so they are largely unchanged from the ones used in the 2016/17 accounts; however, significant changes are expected in 2018/19 around accounting for financial instruments (IFRS 9) and income recognition (IFRS 15). Officers will assess the impact of these changes and develop revised accounting policies for the 2018/19 Statement of Accounts.

2.2 Charges to Revenue for Non-Current Assets (1.17)

- 2.2.1** This is the first year we have to charge a minimum revenue provision (MRP), which is an annual contribution from revenue towards the reduction in its overall borrowing requirement. The MRP is used to reduce the Capital Financing Requirement (CFR) (which is a measure of the capital expenditure incurred historically by the authority that has yet to be financed).
- 2.2.2** Historically we have had a negative CFR of £106,000 and we have added to the accounting policy this year to state that we will use this balance to reduce the MRP charge in 2017/18. This has been discussed with Grant Thornton already and they have no issues with what we are proposing.

- 2.2.3** The key challenge for 2017/18 is preparation of the draft accounts to the new statutory deadline of 31 May 2018, with audited statements to be published by 31 July 2018. Based on our dry run last year, we are confident that this timescale is achievable.

3.0 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

- 3.1** In applying the authority's accounting policies, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. In accordance with International Accounting Standards, the notes to the accounts contain details of the critical judgements made. These can be found in Appendix B.
- 3.2** The disclosure of critical judgements should enable users of the financial statements to better understand how the accounting policies are applied and to use these in making comparisons between authorities regarding the basis on which management make these judgements.
- 3.3** We have bought three new investment properties this year with leases to in situ tenants. We have had to look at in detail to identify whether they should be classed as an operating or finance lease and details of this can be found in Appendix B.

4.0 OTHER OPTIONS CONSIDERED

- 4.1** None.

5.0 CONSULTATION

- 5.1** None.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 6.1** None.

7.0 RELEVANT GOVERNMENT POLICIES

- 7.1** Local Government Act 2003 and Accounts and Audit Regulations 2015.

8.0 RESOURCE IMPLICATIONS (Human/Property)

- 8.1** None.

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

- 9.1** None.

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

- 10.1** None.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 None.

Background Papers: None

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01684 272006 emma.harley@teWKesbury.gov.uk

Appendices: Appendix A – Statement of Accounting Policies
Appendix B – Critical Accounting Judgements

Appendix A

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies and Accounting Standards Issued, Not Adopted

1.1 General Principles

The financial statements summarises the Council's transactions for the 2017/2018 financial year and its position at the year-end of 31 March 2018. The Council is required to prepare annual financial statements by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Finance Act 2003.

The accounting convention adopted in the financial statements is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council prepares its financial statements on the basis that it remains a going concern; that assumes that the functions of the Council will continue in operational existence.

1.2 Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that can be 'called' within 30 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme administered by Gloucestershire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Gloucestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, (see relevant note for further details)

- The assets of the Gloucestershire County Council pension fund attributable to the Council are included in the Balance Sheet at their bid value as required by IAS 19.

The change in the net pensions liability is analysed into several components:

- Service cost comprising

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- contributions paid to the Gloucestershire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. However, the Council has a policy not to allow this.

1.5 Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the financial statements are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the financial statements are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the financial statements.

1.6 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid or ten years (whichever is the lesser). The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.
- Available-for-sale-assets - assets that have quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Only investments which are not 'callable' within 30 days (and would incur penalties for early withdrawal) and are due within 12 months would be classified as short-term investments. All others are classified as cash equivalents (see policy 1.3).

Available-for-sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.9 Interests in Companies and Other Entities

The Council does not have any material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and would require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.10 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO (first in, first out) costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

1.11 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Comprehensive Income and Expenditure Account and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.12 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease or a rent free period). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.13 Non-Current Assets Held for Sale and Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

To be classed as 'held for sale' the following criteria must be met:

- The asset is available for immediate sale in the present condition subject to terms that are usual and customary for such assets;
- The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for a sale at a price that is reasonable in relation to the current value;
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.14 Overheads and Support Services

The costs of overheads and support services are not shown within the service segments in the Comprehensive Income and Expenditure Account as we do not report this in our management reports throughout the year. Therefore the full cost principles detailed in the CIPFA *Service Reporting Code of Practice 2017/2018* (SeRCOP) are no longer used within the financial statements.

1.15 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.16 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides are for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition at its current location for its intended use, including the purchase price and any dismantling and removal costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

Current Value (Existing Use)	<ul style="list-style-type: none"> • Where there is no market-based evidence of fair value because of the specialist nature of an asset, it is an estimate of the amount that would be paid for the asset in its existing use; • Includes assets held such as car parks, properties and offices.
Depreciated Replacement Cost	<ul style="list-style-type: none"> • Represents the current cost of replacing an asset with its modern equivalent less deductions for physical deterioration and all relevant forms of obsolescence • Includes assets held such as cemetery and theatre.
Market Value	<ul style="list-style-type: none"> • Items which are not held primarily for delivery of council services and which are valued at the price that would be received to sell an asset in on the open market; • Includes investment properties.
Depreciated historic cost	<ul style="list-style-type: none"> • Represents the cost of bringing the asset into operational use less an adjustment for depreciation. Used where a reliable estimate of its current fair value can not be made; • Infrastructure, community assets and assets under construction.

Where the Council recognises non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end. The council has a policy to revalue all its assets at year end to ensure their current value is reflected in the financial statements. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The Council operates a de minimis for capital purposes of £10,000 except where a specific government grant has been received or it is an enhancement of an existing asset.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on a straight line basis over the following time periods:

- Dwellings and other buildings
 - the useful economic life (UEL) of the property as estimated by the valuer;
 - Car parks have an estimated UEL of 19 years.
- Vehicles, plant, furniture and equipment
 - 5 to 7 years, which is deemed a reasonable estimation of the UEL of these types of assets;
- Infrastructure
 - over the UEL of the individual assets as estimated by the valuer or Project Officer.
 - These assets have an estimated UEL of between 30 - 60 years
- Specialist equipment
 - depreciated over the useful economic life (UEL) of the asset as estimated by a suitably qualified person.
 - solar panels are being depreciated over 25 years

Revaluation gains are also depreciated. An amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost, being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The Council has taken the view that 'significant' means:

- The cost of the component is more than 25% of the cost of the asset as a whole; and
- The cost of the component is more than £500,000.

However, if depreciating the single asset as opposed to the separate components will not result in a material misstatement of either depreciation charges or the carrying amount of the asset then componentisation will not be required.

1.17 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance (England and Wales). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

This will be the first year we have to charge MRP. Any negative Capital Financing Requirement (CFR) balance brought forward will be used to reduce the in year charge so long as the amount is not material and does not reduce the MRP charge to below zero.

1.18 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation. They are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the financial statements.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the financial statements where it is probable that there will be an inflow of economic benefits or service potential.

1.19 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets such as, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

1.20 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.21 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.22 Heritage Assets

Heritage assets are held by the Council for the objective of contributing to knowledge and culture. The museum exhibits and historical sites are to provide historical understanding and appreciation of the local area and the civic regalia is held for historical and cultural appreciation of the Borough.

Where Heritage Assets have been recognised in the Balance Sheet, the measurement basis (including the treatment of revaluation gains and losses) is in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets, and are accounted for as follows.

The Council does not, normally, purchase heritage assets

Where heritage assets have been donated they are initially carried at cost. Where there is not readily identifiable evidence of cost, the Council will ask an expert (in that field) to provide an estimate of the value of those assets. Where a reliable estimate of value cannot be made (due to unique nature of heritage assets) the Council's policy is to not to disclose a value in the Balance Sheet but to disclose a note in the financial statements to explain the assets held.

Subsequently to initial disclosure, the Council uses insurance valuations of the assets as an estimation of the carrying value of these assets. Our Insurance schedule is updated annually and the officer responsible for the assets held assesses whether this valuation is adequate.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

The Council does not, normally, dispose of heritage assets but if the event occurred the proceeds would be accounted for in line with the general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

1.23 Council tax and Non-Domestic rates (NDR)

Billing authorities like Tewkesbury Borough Council act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

The council tax and business rates (NNDR) income recognised in the Comprehensive Income and Expenditure Account is the Council's share of accrued council tax and business rates recognised in the Collection Fund.

The transactions contained within the Collection Fund are prescribed by legislation and we (as a billing authority) have no discretion to deviate from this at all.

This means:

- the transactions included within the Collection Fund are limited to cash flows (as statute dictates) whereas the income is recognised on a full accruals basis in the Comprehensive income and Expenditure statement (including our share of the year's surplus or deficit on the Collection Fund whereas in reality this is distributed in the following year).
- the year end surplus/deficit on the Collection Fund is based on estimates made in January.

The difference between the Collection Fund figures and those required in the financial statements are taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Appendix B

Critical Judgements in Applying Accounting Policy

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision and we believe we will remain a going concern into the future.
- The Council's former insurers Municipal Mutual Insurance Limited ceased trading in 1992 and the Council became a party to the scheme of administration for liabilities outstanding at that time. Previously the administrators advised that the assets would at least match the liabilities and a solvent run off of the scheme could be expected. However the directors of MMI 'triggered' MMI's Scheme of Arrangement under section 425 of the Companies Act 1985 on 13 November 2012 and Ernst and Young LLP became responsible for the management of the MMI's business, affairs and assets in accordance with the terms of the Scheme. The claw back scheme to which Tewkesbury is subject provides for a maximum liability of £169,775. Ernst and Young suggested an initial levy rate of 15% to achieve a solvent run off and this was increased to 25% on 1 April 2016. We have provided for an additional 10% in long term provisions as we have not had any confirmation that this would be the final payment.
- The level of provision for business rate appeals under the business rate retention scheme (2010 list) has been calculated using historic appeals information. Those on the list at 31 March 2017 with a code of grounds where we have statistical information relating to the success and outcome of past appeals have been calculated using the average success rate and rateable value lost. The appeals relating to Virgin Media are treated separately as these are unique cases that were heard as part of a special programme and we will use a variety of sources to determine a suitable appeals provision, e.g. 1 April 2017 rating list figures.
- The 2017 rating list has introduced a new appeals scheme called 'Check, Challenge, Appeal' due to many appeals previously being made speculatively and with little supporting information. This means that the ratepayer has to go through 2 stages before they get a chance to appeal and this can take many months. At the end of February there were no businesses who had made it to the Challenge stage giving us no indication of the level of provision to make against the 2017 list for appeals not yet lodged. When setting the 2016/17 multiplier for the new 2017 list an allowance of 4.7% was made by the Ministry of Housing, Communities and Local Government to provide for future appeal loss. Therefore we will be providing 4.7% of the gross rates payable for the 2017-18 financial year.
- IAS 19 disclosures include information on the assets that make up the Local Government Pension Scheme for the Council as required under 6.4.3.42 (8) of the Code of Practice. We have taken the decision to disclose, in summary, the categories that the Pension Fund have invested in. The Council does not directly influence the activities of the Fund and as the fund assets do not impact on the revenue account it is our decision that the disclosure is sufficient in line with section 6.4.3.42 (2) of the Code of Practice. Should further information be required on the categories of pension assets and the decision making on the strategy for investment then we would direct the query to the Pension Fund administrators.

- The Council joined a Local Authority owned company, Ubico, on the 1 April 2015. This company provides a range of environmental services for the Council. During the year Gloucestershire County Council joined, which has taken the number of owners up to a total of 7. Each Council has one share interest in Ubico.

We are required to consider whether the Council has an interest in this company and whether the Council should produce Group Accounts.

Our conclusion is that Ubico represents a separate vehicle. However when considering joint arrangements, under IFRS12, our assessment is that on the test of whether there is Joint Control per section 9.1.2.10 of the code, there is no evidence to support this.

We have then considered whether under IAS28, that we have significant influence, per 9.1.2.22 of the Code. This is due to their being 7 equal shareholders, which means our interest in Ubico is below the 20% threshold which is an indication of holding significant influence. Other factors which we have considered include representation on the board, participation in policy making, material transactions and management influence. Our judgement is that there is no persuasive evidence that the Council has a significant level of control over the strategic direction and operation of Ubico. Therefore Group Accounts do not need to be produced.

The Council has accounted for the cost incurred in operating a service contract with Ubico and also the interest the Council has as a Shareholder, however the Council's statements do not reflect any interest in assets and liabilities that we have in the company.

Ubico's Statement of Accounts are available from Companies House.

- The council has to make judgements whether a lease is an operating lease or a finance lease and has assessed the following:

- all the investment properties recently purchased included tenant with lease terms remaining of between 6 and 9 years. The authority has decided that, on the balance of the risk and rewards, they should all be classified as operating leases.

- The Council purchased a new fleet of vehicles in 2017, which it leases to Ubico. The vehicles are on our balance sheet as operational assets as we retain the majority of the risks and rewards of ownership therefore the lease to Ubico is classed as an operating lease.

- A decision has been made to classify the following Plant, Property and Equipment bought this year as investment properties:

- E1 and E2 The Chase, Foxholes Business Park, Hertford, Hertfordshire, SG13 7NN was purchased for £3.9m and was acquired for the in situ tenants with lease end dates ranging from 2024 to 2026.

- SPL House, Poole Hall Industrial Estate, Ellesmere Port CH66 1ST was purchased for £3.77m with sitting tenants whose next lease break clause comes in 2027.

- Unit 10 Kennet Way, Canal Road Industrial Estate, Trowbridge, BA14 8RN cost £5.9m and the current tenants have a lease in place until 2027.

There are no service related provisions in the any of the contracts and they are held purely for the capital appreciation and revenue return.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	28 March 2018
Subject:	Annual Safeguarding Update
Report of:	Peter J Tonge, Head of Community Services
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor K J Berry, Lead Member for Community
Number of Appendices:	Two

Executive Summary:

This report provides the Committee with an update on how the Council is fulfilling its safeguarding responsibilities.

The self-assessment at Appendix 1 is a summary of the arrangements that the Council has in place for ensuring that it safeguards and promotes the welfare of children in line with the Council's Safeguarding Policy. The assessment is submitted to Gloucestershire County Council annually.

Appendix 2 is an update on the actions identified as part of an internal audit of safeguarding.

Recommendation:

To CONSIDER the annual report giving assurance as to the level of the Council's compliance with its safeguarding duty.

Reasons for Recommendation:

Tewkesbury Borough Council is committed to the principles of safeguarding and promoting the welfare of all children, young people and vulnerable adults. Our employees and any contractors working on the Council's behalf are briefed and understand the definitions of children and vulnerable adults in the context of the Safeguarding Vulnerable Groups Act and the legislative framework of measures to protect these groups from harm.

Resource Implications:

None arising from this report.

Legal Implications:

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.

Risk Management Implications:

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.

Performance Management Follow-up:

The Safeguarding Policy will be reviewed in 2018/19 to ensure that it is still fit for purpose.

Environmental Implications:

None

1.0 INTRODUCTION/BACKGROUND

- 1.1 Tewkesbury Borough Council recognises and accepts its responsibilities to ensure as far as possible that young people and vulnerable adults are protected from harm.
- 1.2 In December 2017, the Safeguarding Children Self-Assessment toolkit was completed and submitted to Gloucestershire County Council. This is attached to the report at Appendix 1.
- 1.3 As part of ensuring that we are dealing with safeguarding appropriately, the Internal Audit team carried out a review of how the Council complies with this requirement. Appendix 2 to this report is an update on the activity that has been carried in regard to the actions identified.

2.0 ANNUAL REPORT

- 2.1 The Section 11 self-assessment and the update on the internal audit fulfil the requirements of an annual report.
- 2.2 The Section 11 assessment shows that the Council is, on the whole, fully meeting its requirement to keep young people safe from harm and this has been evidenced by the provision of documentation within the self-assessment.

- 2.3** There are a few areas where the Council is only partially meeting the requirements, in particular these are:
- Volunteers – It is not considered that we fully meet these criteria as we do not use volunteers that would need in-depth training and an understanding of safeguarding is considered sufficient.
 - Safeguarding incorporated into staff appraisals etc. – Safeguarding is not currently reflected in appraisal, supervision or helpful behaviours framework. These elements could be incorporated in future.
 - Procurement / Commissioning – Safeguarding is reflected when procuring services or contracts; however, the nature of the commissioning that a district council does not lend itself to fully meeting this requirement.
- 2.4** Most of the actions in the Internal Audit action plan have been completed or are progressing well. The two elements that are not due to meet the timescale are around the hackney carriage and private hire drivers; as the Hackney Carriage and Private Hire Driver Policy needs to be reviewed, it makes sense to incorporate these actions into that.
- 3.0 PURPOSE**
- 3.1** The Council is committed to the principles of safeguarding and promoting the welfare of all children, young people and vulnerable adults. This annual update provides Councillors with reassurance that these commitments are being met.
- 4.0 OTHER OPTIONS CONSIDERED**
- 4.1** None
- 5.0 CONSULTATION**
- 5.1** None
- 6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**
- 6.1** Tewkesbury Borough Council Safeguarding Policy
- 7.0 RELEVANT GOVERNMENT POLICIES**
- 7.1** Safeguarding children and young people – July 2014
Adult safeguarding: statement of government policy – May 2011.
- 8.0 RESOURCE IMPLICATIONS (Human/Property)**
- 8.1** None
- 9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 9.1** None

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

10.1 None

Background Papers: None

Contact Officer: Peter J Tonge, Head of Community Services
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Appendices: Appendix 1 - Gloucestershire Section 11 Self-Assessment Audit Tool - Standards for safeguarding and promoting the welfare of children.

Appendix 2 - Internal Audit of Safeguarding – Action plan update.

Gloucestershire Section 11 Self Assessment Audit Tool
Standards for safeguarding and promoting the welfare of children

Name of Agency or Organisation	Tewkesbury Borough Council
Audit Completed By	Peter J Tonge – Head of Community Services
Contact Details	Tel: 01684 272259. E-mail: peter.tonge@teWKesbury.gov.uk
Date Returned	28 December 2017

Introduction

The tool has been updated by Gloucestershire Safeguarding Children Board during 2017 to incorporate local issues and themes. The audit tool uses a model of self evaluation by partner agencies to help identify areas of good practice and areas that need to be improved.

The key organisations operating within Gloucestershire that are covered by the duty to safeguard and promote the welfare of children and young people are:

- The Local Authority and District Councils that provide children's and other types of services, including children's and adult social care services, public health, housing, sport, culture and leisure services, licensing authorities and youth services
- NHS organisations, including the NHS Commissioning Board and clinical commissioning groups, NHS Trusts and NHS Foundation Trusts
- The police, including police and crime commissioners and the chief officer
- British Transport Police
- The Probation Service
- Community Rehabilitation Companies
- Governors/Directors of Prisons and Young Offender Institutions
- Directors of Secure Training Centres
- Principals of Secure Colleges
- Youth Offending Team

When completing this tool, there must be clear evidence provided for the ratings that are given. For example, wherever possible the rating should be backed up with data or qualitative evidence arising from audit/internal quality assurance processes. The GSCB may ask for further evidence to support the rating that has been given if it is not clear from the information that has been provided.

Standard 1: Organisational Safeguarding Responsibilities are Clearly Stated					
Evidence Required	Not Met	Partly Met	Fully Met	Rating	Supporting Evidence and Action Being Taken
1.1 – Each agency has a named person with overall responsibility for safeguarding arrangements (Please state their name and job title)	There is no named person with overall responsibility for safeguarding within the organisation.	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	There is a named individual with overall responsibility for safeguarding within the organisation. (please provide name and job role in the evidence/comments field)	FM	Peter Tonge – Head of Community Services is the organisations Designated Safeguarding Officer, Paula Baker (Housing Services Manager) and Janet Martin (HR Manager) are the organisations Deputy Safeguarding Officers. These descriptions are included in our job descriptions. Posters around the building give contact details of both for staff to contact if they any safeguarding concerns. Councillor Kay Berry is the Lead Member for Community which includes Safeguarding, therefore would be the council Champion for Safeguarding across Adults and Children
1.2 – Staff and volunteers within the organisation know who the named person is, and they understand their role and know how to contact them	Staff are not aware that a) there is a named person responsible for safeguarding b) what their role is and c) how to contact them	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Staff are aware that there is a named person with responsibility for safeguarding, they understand their role and know how to contact them	FM	There is signage throughout the building informing people who the safeguarding officers are, these also contain contact details. All staff have previously been issued with a credit card sized laminated card with the telephones numbers of the Adult and Children Helpdesks along with the telephone numbers of the lead and

					deputy lead safeguarding officers. (See attached)
1.3 - The importance of safeguarding and promoting the welfare of children is clearly communicated to all staff	This message is not communicated within the organisation.	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	There are a range of communication tools in place that regularly reinforce the importance of safeguarding and promoting the welfare of children.	FM	Safeguarding training is compulsory across the organisation and all staff have undertaken this. Safeguarding is a part of the new starter induction information.
1.4 – There is a clear and accessible safeguarding policy in place which sets out the responsibilities for staff and volunteers for safeguarding children, including when and how to act on safeguarding concerns(provide a copy as evidence)	The organisation does not have a safeguarding policy in place.	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	There is a clear policy in place; staff work to the policy and make changes to their practice in line with policy updates	FM	The Council has a safeguarding policy in place and this was revised in December 2016. The policy is available on the Council's intranet and staff are encouraged to gain an understanding of it. A summary is also contained in the induction training. (Copy attached)
1.5 - Staff, children and families are aware of how to make complaints when responsibilities are not met (provide a copy of the complaints policy)	Staff, children and families are not aware of how to make a complaint.	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	There is a clear and easy to understand complaints policy in place, which staff, children and families are aware of and understand. The policy	FM	The council has very limited departments working solely with children or their families, therefore we do not have a specific safeguarding complaints procedure, the councils formal complaints policy is an overarching policy, therefore would cover any

and data in relation to the number of safeguarding complaints dealt with during the year)			is readily accessible and complaints are responded to in a timely manner.		complaints from young people or their families. The current policy does contain information relating to the Complaints policy, should a member of the public wish to complain. (Copy attached) No customer complaints specific to safeguarding have been received.
1.6 – Whistleblowing concerns are taken seriously and are treated in line with the organisation’s whistleblowing procedures	There is no procedure in place to raise concerns about poor or unsafe practice and potential failures in the organisation’s safeguarding arrangements	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	There is a whistleblowing procedure in place; all staff are aware of the procedure to follow should they have concerns. There are procedures in place for concerns to be raised with the organisation’s leadership team.	FM	The Council has a Whistleblowing Policy and this has been adopted across all Gloucestershire Districts and Borough’s. At Tewkesbury this was agreed at the Executive Committee 12 October 2016. (Copy attached)
Standard 2 – A clear line of accountability for the commissioning and/or provision of services designed to safeguard and promote the welfare of children					
2.1 – Safeguarding priorities are reflected in the agency’s strategic plan	The strategic plan does not make any reference to safeguarding and it is not felt to be a strategic priority	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	The strategic plan includes clear safeguarding priorities and there are clear actions for how these will be achieved and what difference will be made for children and families.	FM	The Safeguarding policy is a strategic document and is adopted by the Council’s Executive Committee. The Council’s Audit Committees receive Safeguarding updates periodically.
2.2 - Safeguarding	Safeguarding	Please rate partly met if	Safeguarding	FM	With Tewkesbury Borough Council the

governance arrangements are clearly defined within the organisation e.g. through regular discussions at strategic leadership meetings	governance arrangements are not clearly defined within the organisation	your agency had some arrangements in place but is not yet fully meeting the standard	governance arrangements are clearly defined. There are robust discussions in relation to safeguarding responsibilities and all Senior Managers are kept up to date with both local and national safeguarding guidance and the role they have to play in improving outcomes for children.		<p>following applies: Chief Executive (Mike Dawson) has Strategic Corporate responsibility for Safeguarding. Peter Tonge – Head of Community Services is the organisations Designated Safeguarding Officer, Paula Baker (Housing Services Manager) and Janet Martin (HR Manager) are the organisations Deputy Safeguarding Officers. These descriptions are included in our job descriptions. Posters around the building give contact details of both for staff to contact if they any safeguarding concerns. Councillor Kay Berry is the Lead Member for Community which includes Safeguarding, therefore would be the council Champion for Safeguarding across Adults and Children.</p> <p>Safeguarding is discussed quarterly at the Council's Management team meetings and the lead member is briefed regularly on safeguarding issues.</p>
2.3 - Safeguarding responsibilities are included in job descriptions and/or volunteer responsibilities	Job descriptions and volunteer responsibilities don't make any reference to the safeguarding responsibilities of individuals	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Safeguarding responsibilities are included in job descriptions and volunteer responsibilities and staff and volunteers are	FM	<p>Safeguarding of children and adults is reflected in all employment contracts throughout the organisation. (Copy attached)</p> <p>With regard to volunteers, the Council uses a small workforce of volunteer</p>

			fully aware of to whom they are accountable		litter pickers and flood wardens and these are periodically supplied with awareness leaflets at annual events.
2.4 – Safeguarding is routinely discussed and is a standing item in supervision and appraisal. (please provide evidence of any recent audits)	Safeguarding is not discussed during supervision or included in appraisals	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Safeguarding discussions are integral to all supervision arrangements and clear actions are agreed and followed up through management oversight. Safeguarding responsibilities are included within the appraisal process, which includes a clear focus on learning and development needs of staff and the outcomes that need to be achieved	PM	Safeguarding is discussed at one to ones as appropriate. The council recently carried out an audit of its safeguarding activities. (Copy attached). All elements in the audit have either been addressed or are in the process of being addressed. Further work needs to be done with regard to ensuring this is discussed at PPDs with all staff.
2.5 - FOR COMMISSIONING ORGANISATIONS ONLY: Private, Voluntary and Independent organisations commissioned to provide services, are compliant with S11 standards and these are monitored through	Contract monitoring arrangements do not include whether the organisation is compliant with S11 standards.	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Compliance with S11 Standards is fully regulated through the contract monitoring arrangements. Any non-compliance is addressed and actions are put in place to ensure full compliance with the standards in order to safeguard	PM	The Council's safeguarding policy states "Any contracts awarded with external agencies for the provision of goods and services must make specific reference to safeguarding and the duties imposed on staff. Steps must be taken to ensure the safeguarding of children, young people and vulnerable adults is commensurate with the type of service being provided on behalf of, or in partnership with the council."

contract monitoring arrangements			<p>children.</p> <p>The organisation has a demonstrable understanding that it is their responsibility to ensure that organisations providing services on their behalf are compliant with Section 11.</p> <p>The GSCB Guidance for Commissioners is used to ensure compliance with S11 standards.</p>		Where services are provided by independent organisations such as community bodies and where the Council administers monies through S.106 agreements or similar there are requirements for the organisations are carrying out DBS checks as appropriate.
2.6 - FOR COMMISSIONED ORGANISATIONS ONLY: The commissioning process included a requirement to safeguard children.	The commissioning process did not place a requirement on the organisation to safeguard children.		The commissioning organisation included a specific requirement on the organisation to safeguard children, as part of the commissioning process.	FM	As above
Standard 3 – There is a culture of listening to children and taking account of their wishes and feelings, both in individual decisions made about them and the development of services					
3.1 - Service development plans are informed by the views and experiences of children and families	Plans are developed without taking into consideration the wishes and feelings of children, young people and families	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Children and families are actively involved in the design, development and delivery of services.	NA	The council has very limited departments working solely with children or their families, therefore we do not a specifically tailor services to views and experiences of children.

3.2 – The voice and experiences of the child are routinely heard and acted upon	The voice of the child is not taken into consideration and there is no evidence of the child's views and experiences being recorded on files or evidenced in plans.	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	The voice of the child is routinely heard and acted upon. There is clear evidence that the child's experiences, views and wishes have been taken into account and assessments and plans are focussed around the needs and timescales of the child. Service user involvement forums and surveys take place on a regular basis.	NA	The council has very limited departments working solely with children or their families, therefore we do not a specifically tailor services to views and experiences of children.
3.3 Feedback from children and families effectively informs internal quality assurance processes and leads to action for improvement (Improvement Plan)	Feedback from children and families is not routinely sought and does not inform quality assurance processes	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Feedback from children and families is an integral part of quality assurance processes within the organisation and their views and experiences are used to improve safeguarding practice through learning and development activity and system changes	NA	The council has very limited departments working solely with children or their families, therefore we do not a specifically tailor services to views and experiences of children.
3.4 - The diversity needs of children are met, and there is	There is no evidence in place to suggest that the work of the	Please rate partly met if your agency had some arrangements in place	Individual needs based on race, language, religion, faith, gender	FM	The Council has an equal opportunities policy in place and equality impact assessments are car

equality of opportunity	organisation is anti-discriminatory. The organisation does not have an equality and diversity policy.	but is not yet fully meeting the standard	and disability are taken into account when working with a child and their family. There is an equality and diversity policy and action plan in place which is monitored and updated on a regular basis.		
Standard 4 – Effective Inter-Agency Working to safeguard children					
4.1 - The organisation is regularly represented and is an active participant at safeguarding forums, meetings and child protection conferences (if invited)	There is little or no representation by the organisation at safeguarding meetings and forums. When the organisation is represented, they do not take an active role in discussion and decision making	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	There is a representative from the organisation who regularly attends safeguarding meetings or forums and fully contributes to discussions and decision making. Inter-agency working exists and works effectively at both a strategic and a practice level within the organisation and can be evidenced through quality assurance activity and management oversight.	FM	The Chief Executive and Head of Community Services regularly attend the various safeguarding meetings.
4.2 - Staff and	Staff working within the	Please rate partly met if	Staff and volunteers	PM	The Council's safeguarding policy has a

volunteers understand the GSCB Levels of Intervention guidance and the type of support that should be provided according to the needs of the child or young person (Improvement Plan)	organisation are not aware of the Levels of Intervention guidance or the action that they would need to take if they were concerned about a child	your agency had some arrangements in place but is not yet fully meeting the standard	understand thresholds for intervention across the continuum of need and use the Levels of Intervention guidance as part of their daily decision making to ensure that appropriate decisions are made in the best interests of the child and their family		procedural element which acts as a guide for staff in understanding this. It also acts as a “quick help” guide for staff that have less to do with safeguarding and are therefore naturally less familiar with the procedures. The Council does not use volunteers that would need this level of understanding e.g. volunteer litter pickers would not require this level and a general awareness is sufficient.
4.3 - Staff are confident in the use of healthy, respectful professional challenge if they do not agree with the decisions that have been made within and across agencies. Click here to view the GSCB Escalation of Professional Concerns Guidance	Staff are not aware of or confident in the use of healthy challenge. They are not aware of the GSCB Escalation of Professional Concerns Guidance	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	All appropriate staff within the organisation understand and apply the principles of respectful challenge as part of their daily practice. Discussions regarding the importance of professional challenge take place as part of supervision arrangements. Concerns are escalated appropriately and in line with the GSCB policy. The senior leadership team are advised of the number	FM	As above

			<p>of challenges that are made and these are reported back to the GSCB.</p> <p>Please provide details of the number of escalations that have been raised by the organisations since April 2017</p>		
4.4 – Staff are aware of the roles and responsibilities of other professionals and agencies and understand the importance of multi-agency working with children, young people and their families as defined in Working Together to Safeguard Children (2015)	Staff are not clear about the role and responsibilities of other professionals or the importance of working together to improve outcomes for children and young people	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Staff within the organisation are clear about their own roles and responsibilities and those of other professionals and agencies. Practice is in line with the requirements of Working Together to Safeguard Children and any concerns about the effective of multi-agency working are raised in line with GSCB guidance and procedures.	FM	As above
Standard 5 – Staff are aware of information sharing procedures					
5.1 - Staff are aware of how to access multi-	Staff are not aware of how to access multi-	Please rate partly met if your agency had some	There are information sharing	FM	The Council has signed up to the GISPA and staff are aware of the

agency guidance on information sharing	agency guidance on information sharing	arrangements in place but is not yet fully meeting the standard	procedures/guidance in place. Staff understanding of the procedures/guidance is monitored through internal audit and supervision checks.		appropriateness of information sharing.
5.2 - All staff and volunteers who come into contact with children understand the purpose of information sharing in order to safeguard children	Staff and volunteers who come into contact with children do not understand the purpose of information sharing.	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Staff and volunteers who become aware of issues relating to child protection fully understand the importance of information sharing in order to safeguard children.	FM	As above
5.3 – All staff within the organisations know when and how to share information when there are concerns about the safety and welfare of a child	Staff do not understand when and how to share information and do not seek advice from the safeguarding lead	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Staff within the organisation understand when are how to share information; are clear about the importance of discussing concerns and obtaining consent wherever it is safe to do so and also the action that is taken when there are concerns that a child is at immediate risk of significant harm.	FM	As above

Standard 6 – Appropriate training, supervision and support for staff					
6.1 – Safeguarding is included in the organisation's induction programme for staff and volunteers	Staff induction does not include safeguarding information. Staff do not have an awareness of their own safeguarding responsibilities or those of other professionals	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	An induction process is in place which includes safeguarding information. All staff receive an introduction to the organisation's child protection policy and local reporting processes, which includes Levels of Intervention guidance, professional challenge/Escalation Policy and information sharing guidance. The induction always takes place within the first 6 months of employment.	FM	Safeguarding is incorporated into staff inductions, not only do staff complete the on line e training, a more in depth training sessions is provided to all new starters on Safeguarding Children and Adults.
6.2 - Safeguarding training is accessed by all members of staff appropriate to their job roles, which includes; in-house single agency training and as appropriate multi-agency specialist training.	Staff within the organisation do not receive appropriate levels of training.	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	All staff within the organisation have received safeguarding training or are due to receive the training appropriate to their role and responsibilities. This can be clearly evidenced and is regularly reported to	FM	Safeguarding is incorporated into staff inductions, not only do staff complete the on line e training, a more in depth training sessions is provided to all new starters on Safeguarding Children and Adults.

			the senior leadership team.		
6.3 – The organisation keeps records of the safeguarding training attended by each volunteer or staff member	There are no safeguarding training records kept by the organisation	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	There are robust records kept by the organisation that show each course, both single agency and multi-agency that a member of staff has attended and the date of attendance. The organisation also records that the 3-month evaluation questionnaire has been completed.	FM	Records are retained by HR for safeguarding training.
6.4 – The organisation measures the impact of safeguarding training back in the workplace and on outcomes for children and young people	There are no processes in place within the organisation to measure the impact of safeguarding training	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	The organisation has a robust mechanism to be able to measure the impact of safeguarding training attended by staff and volunteers on their practice through applied learning, which leads to improved outcomes for children and young people	FM	A periodic audit of safeguarding procedures are carried out and recommendation from the audits are implemented. This ensures that all staff involved in safeguarding are kept up to date with current thinking around safeguarding.
6.5 - Learning from system reviews, relevant to the organisation have been	No dissemination of learning from any system reviews.	Please rate partly met if your agency had some arrangements in place but is not yet fully	Systematic dissemination of learning from reviews relevant to the	FM	As above.

disseminated and embedded. They might include Serious Case Review's (SCR) and other systems review, Child Death Overview Panel (CDOP), Critical learning review (Youth Justice Board)		meeting the standard	organisation and of embedding the learning into the organisational culture.		
Standard 7 – Safe Recruitment and Allegations Management					
7.1 - Relevant staff have access to safer recruitment training	Relevant staff within the organisation do not have access to safer recruitment training	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Relevant staff have undertaken safer recruitment accredited training, (e.g. GSCB safer recruitment training)	FM	A number of members of the Human Resources Team have undertaken safer recruitment training and would generally sit on recruitment panels. The Council has a Safer Recruitment Policy.
7.2 - Interview panels include someone trained in safer recruitment when appropriate	Interview panels do not include a panel member who is trained in safer recruitment	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	When appropriate, Interview panels always include at least one member who has undertaken accredited Safer Recruitment training	FM	As above
7.3 - References are taken up in line with the organisation's recruitment guidelines	References are not taken up in accordance with organisational guidelines.	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Where organisational guidelines state that references are taken up after interview, this is always the case and staff are not appointed	FM	Yes

			unless a satisfactory reference has been received		
7.4 - Regulated activity under DBS has been agreed and checks undertaken	There is no clear understanding of regulated activity and DBS checks are not undertaken.	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	The organisation undertakes DBS checks on all staff and volunteers who work with children in regulated activity	FM	Yes
7.5 - All staff (where appropriate) are aware of the procedures for allegations against staff and have received relevant training	Staff are not aware of the procedures to be followed if allegations are made about them or a colleague	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	Procedures for the management of allegations are known by all appropriate staff. Allegations are referred to the most senior person who is not implicated in the concern. If an allegation has been made there is evidence that the procedures are followed properly, reported to the Local Authority Designated Officer (LADO) and clear records kept. (Please evidence the number of referrals made to the LADO, and whether they were made within timescales	FM	Yes

			(Working Together 2015 stipulates within 1 working day)		
Standard 8 – Monitoring and inspection of arrangements to safeguard and promote the welfare of children					
8.1 – There is a quality assurance framework in place which is embedded and the findings routinely lead to practice improvements (please provide copy as evidence) (Improvement Plan)	There is no internal safeguarding quality assurance framework in place	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	There is a quality assurance framework in place within the organisation. Safeguarding children and young people is integral to the principles and objectives of the framework and there is clear evidence that findings from quality assurance activity leads directly to practice improvements through learning and development opportunities and changes to policies and procedures	FM	We believe that this element is met by demonstration of the internal audit of safeguarding referred to previously.
8.2 – There are key performance indicators in place that provide internal assurance about the quality of safeguarding responses and data is routinely	The organisation does not have safeguarding performance indicators in place	Please rate partly met if your agency had some arrangements in place but is not yet fully meeting the standard	There is a robust safeguarding performance framework in place, and reports are provided on a quarterly basis through the	FM	As above

shared with the GSCB (Improvement Plan)			organisation's strategic reporting frameworks. Data is shared with the GSCB on a quarterly basis and more detailed reports are provided as required.		
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SAFEGUARDING AUDIT ACTION PLAN

Recommendation / Action	Responsible Officer	Target Date	Status	Progress to Date
The Council has a statutory responsibility and a duty of care to cooperate and report issues relating to safeguarding to the appropriate authorities and partner agencies.	Peter J Tonge – Head of Community Services	Sept 2017	✓	Regular reports are now made to the safeguarding team at GCC. This is also now reported to Management Team on a quarterly basis.
Safeguarding training needs to be made real for officers and a training scheme needs to be arranged for this to happen.	Peter J Tonge – Head of Community Services	October 2017	☺	Online safeguarding training is completed annually by all members of staff. Safeguarding is also incorporated into inductions for new starters. The Head of Community Services has offered to attend team meetings to deliver further awareness raising work.
Basic awareness of safeguarding needs to be undertaken with volunteers.	Peter J Tonge – Head of Community Services	March 2018	☺	Some training has been carried out with volunteer litter pickers, safeguarding information has also been provided at Town and Parish Council seminars. This will continue with reminders on an annual basis.
Elected members need to understand their safeguarding responsibilities and appropriate training needs to be arranged and delivered.	Peter J Tonge – Head of Community Services	March 2018	☺	Online training was provided for Councillors but not all Councillors were able to access it. Further work needs to be done to deliver training to Councillors.

Recommendation / Action	Responsible Officer	Target Date	Status	Progress to Date
It is recommended that the Council templates used in connection with decision making provide appropriate safeguarding prompts.	Peter J Tonge – Head of Community Services	March 2018	😊	It has been agreed with Democratic Services that safeguarding comments and implications will be incorporated into future decision reports.
A review of ICT security policy to ensure confidentiality of data needs to be undertaken.	Peter J Tonge – Head of Community Services	March 2018	😊	This is being incorporated into the work to comply with the General Data Protection regulations (GDPR).
To update the licensing application form to include safeguarding requirement and how to meet the requirement.	Gordon Buchanan – Environmental Health Manager	March 2018	✓	Form has been amended and is available online.
A process to check all new/renewal license applicants within six months to confirm they can demonstrate that they have received training should be implemented.	Gordon Buchanan – Environmental Health Manager	March 2018	😊	Training has been arranged and drivers are being written to and informed that they need to attend training at their own cost (currently £25/head)
License suspension procedures should be developed to handle any non-compliance to safeguarding training.	Gordon Buchanan – Environmental Health Manager	March 2018	😞	The Hackney Carriage and Private Hire Policy is currently under review and will be taken to Licensing Committee for approval in the first quarter of 2018/19. This action will be incorporated into the new policy.

Recommendation / Action	Responsible Officer	Target Date	Status	Progress to Date
The Councils website should be updated to provide adequate licensing information in respect to safeguarding.	Gordon Buchanan – Environmental Health Manager	March 2018	☹	The Hackney Carriage and Private Hire Policy is currently under review and will be taken to Licensing Committee for approval in the first quarter on 2018/19. This action will be addressed within the new policy.

STATUS KEY

☺	Action is progressing well and on target to achieve completion date/within agreed budget (if applicable) etc.
☹	Action has some issues or delays but is likely to achieve completion date/within agreed budget (if applicable) etc.
☹	Significant risk to not achieving the action or there has been significant slippage in the timetable.
✓	Action is complete.
	Action not yet commenced. (may not yet be programmed for action)

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	28 March 2018
Subject:	Internal Audit Plan Monitoring Report
Report of:	Graeme Simpson, Head of Corporate Services
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor D J Waters, Leader of the Council
Number of Appendices:	2

Executive Summary:

The monitoring report is the third update report of 2017/18. The report details the findings of internal audit assignments completed since the last report to Audit Committee on 13 December 2017. The report also provides an overview of other related audit activity undertaken in the period.

Recommendation:

To CONSIDER the audit work completed and the assurance given on the adequacy of internal controls operating in the systems audited.

Reasons for Recommendation:

The work of internal audit broadly 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.

Resource Implications:

None arising directly from this report.

Legal Implications:

None

Risk Management Implications:

If the CAE does not report functionally to the board then this does not comply with PSIAS.

If there are delays in response to the acceptance/implementation of internal audit recommendations then this potentially increases the risk of fraud, error, inefficiency or areas of non-compliance remaining within the systems audited.

Performance Management Follow-up:

All recommendations made by internal audit are followed up within appropriate timescales to give assurance they have been implemented. Recommendations made by Internal Audit are reported to the Audit Committee.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** The 2017/18 Internal Audit Plan was approved at Audit Committee on 22 March 2017. This monitoring report is the third monitoring report of 2017/18 and summarises the internal audit work undertaken since the last report to Audit Committee on 13 December 2017. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Head of Corporate Services) reports formally to the 'board' (Audit Committee) on the work of internal audit.

2.0 COMPLETED AUDIT ASSIGNMENTS 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. An overview of any consultancy type work undertaken is also detailed in Appendix 1.
- 2.2** When reporting, a 'split' opinion can be given. This means an individual opinion can be given for different parts of the system being audited. This approach enables internal audit to identify to management specific areas of control that are operating or not. Assurance opinions are categorised as 'good', 'satisfactory', 'limited' and 'unsatisfactory'. With regards to the opinions issued, it is pleasing to report that all have a positive audit opinion. Where recommendations have been made, these have all been accepted by management and dates for implementation agreed. When the implementation dates are triggered, these will be followed up by Internal Audit and the status of implementation reported to Audit Committee.

3.0 FOLLOW UP OF INTERNAL AUDIT RECOMMENDATIONS

- 3.1** All audit recommendations that were due to be followed-up in the period have been followed-up. This provides the Committee with an overview of the breadth of work undertaken and allows Members to monitor the implementation of the audit recommendations. The list of these recommendations and their status can be found in Appendix 2. Of the recommendations followed-up during the period, 11 have been implemented, four partially implemented and five yet to be implemented.

4.0 FRAUD/CORRUPTION/THEFT/WHISTLEBLOWING

- 4.1** No incidents have been reported during the period. For the Committee to note, the Gloucestershire Counter Fraud Unit is running two sessions for staff on general fraud awareness in March 2018.

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 comment on the draft report and 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 value for money through its 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 in the period 2017/18
Appendix 2 – Summary of recommendations reviewed in the period

List of Audits completed as part of the 2017-18 Audit Plan

Audit	Audit Objective & Opinion															
Cash and Bank	Control Objectives (CO): <div><div>1. Income receipted through the cash office is promptly banked and allocated to the general ledger.</div><div>2. Card payments made online or over the phone are controlled and reconciled.</div><div>3. Systems transactions are matched promptly to statement transactions.</div><div>4. A bank reconciliation is undertaken on a monthly basis.</div></div>															
	Audit Opinion															
	<table><tr><th>CO</th><th>Assurance Level</th><th>Opinion</th></tr><tr><td>1</td><td>Good</td><td>Testing of 15 transaction listing reports provided a good level of assurance that income received through the cash office is promptly banked and allocated correctly to the general ledger code INCO/8171. No cases of under or over banking exceeding £10.00 were found between April 2017 and February 2018 and therefore no investigations had been required to be completed.</td></tr><tr><td>2</td><td>Good</td><td>Card payments, including automated telephone payments, are effectively controlled and reconciled. Of the 15 daily transaction totals sampled during the audit, all were found to reconcile to the bank import file (bank statement) and be correctly allocated within the general ledger.</td></tr><tr><td>3</td><td>Good</td><td>There is a good level of assurance that system transactions are matched promptly to bank statement deposits. A review of the unmatched systems transactions report found that four cheques had been outstanding in excess of six months and therefore required cancellation; this had not been completed as part of the balancing for the previous accounting period but has now been updated.</td></tr><tr><td>4</td><td>Good</td><td>A bank reconciliation is carried out on a monthly basis, the statements for which are reviewed and signed by the Finance Manager. The accuracy of these reconciliations was confirmed through a review of reconciliation statements completed for AP4 and AP7.</td></tr></table>	CO	Assurance Level	Opinion	1	Good	Testing of 15 transaction listing reports provided a good level of assurance that income received through the cash office is promptly banked and allocated correctly to the general ledger code INCO/8171. No cases of under or over banking exceeding £10.00 were found between April 2017 and February 2018 and therefore no investigations had been required to be completed.	2	Good	Card payments, including automated telephone payments, are effectively controlled and reconciled. Of the 15 daily transaction totals sampled during the audit, all were found to reconcile to the bank import file (bank statement) and be correctly allocated within the general ledger.	3	Good	There is a good level of assurance that system transactions are matched promptly to bank statement deposits. A review of the unmatched systems transactions report found that four cheques had been outstanding in excess of six months and therefore required cancellation; this had not been completed as part of the balancing for the previous accounting period but has now been updated.	4	Good	A bank reconciliation is carried out on a monthly basis, the statements for which are reviewed and signed by the Finance Manager. The accuracy of these reconciliations was confirmed through a review of reconciliation statements completed for AP4 and AP7.
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4	Good	A bank reconciliation is carried out on a monthly basis, the statements for which are reviewed and signed by the Finance Manager. The accuracy of these reconciliations was confirmed through a review of reconciliation statements completed for AP4 and AP7.														

Council Tax – write offs	<p>Control Objectives (CO):</p> <p>1. A Write Off policy exists and has been appropriately approved. Any write offs made should be completed in line with this policy.</p> <p>Audit opinion</p> <table><tr><th>CO</th><th>Assurance Level</th><th>Opinion</th></tr><tr><td>1</td><td>Satisfactory</td><td><p>A Write Off Policy was taken to Executive Committee and appropriately approved. Contextual amendments have been made since the restructure within the Revenues and Benefits section, with the policy now making reference to the new Revenues and Benefits Manager (RBM) role. The policy is high level in that it defines the authorisation limits for which officers can sign off write offs. It is recognised that the policy requires further enhancements, particularly in relation to defining the circumstances when a debt can be written off, and in this respect the RBM has been tasked with reviewing the policy.</p><p>Testing of a sample of 10 write offs found that, in all cases, write offs had been done so with legitimate cause and in line with the policy. Some variances in the value of the write offs were identified due to timing issues from raising the write off to authorisation by the Head of Finance and Asset Management (HFAM). As a result, it is recommended that a review of the current procedure for raising and reporting write offs be completed to ensure that the information provided to the HFAM is accurate at the time of authorising write offs.</p><p>As part of testing, the audit examined the quarterly return of council tax and business rates completed by the previous Head of Revenues and Benefits for the final outturn relating to 2016/17. It was found that the data entered in relation to write offs could not be reconciled to the Northgate system and there was no supporting documentary evidence. Whilst the return does not have a financial bearing, the return is a public document and, to ensure that the council's reputation is not damaged, information published should be accurate. A recommendation has been made that supporting documentation is retained to support the values entered.</p></td></tr></table>	CO	Assurance Level	Opinion	1	Satisfactory	<p>A Write Off Policy was taken to Executive Committee and appropriately approved. Contextual amendments have been made since the restructure within the Revenues and Benefits section, with the policy now making reference to the new Revenues and Benefits Manager (RBM) role. The policy is high level in that it defines the authorisation limits for which officers can sign off write offs. It is recognised that the policy requires further enhancements, particularly in relation to defining the circumstances when a debt can be written off, and in this respect the RBM has been tasked with reviewing the policy.</p> <p>Testing of a sample of 10 write offs found that, in all cases, write offs had been done so with legitimate cause and in line with the policy. Some variances in the value of the write offs were identified due to timing issues from raising the write off to authorisation by the Head of Finance and Asset Management (HFAM). As a result, it is recommended that a review of the current procedure for raising and reporting write offs be completed to ensure that the information provided to the HFAM is accurate at the time of authorising write offs.</p> <p>As part of testing, the audit examined the quarterly return of council tax and business rates completed by the previous Head of Revenues and Benefits for the final outturn relating to 2016/17. It was found that the data entered in relation to write offs could not be reconciled to the Northgate system and there was no supporting documentary evidence. Whilst the return does not have a financial bearing, the return is a public document and, to ensure that the council's reputation is not damaged, information published should be accurate. A recommendation has been made that supporting documentation is retained to support the values entered.</p>
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Council Tax
- Recovery

Control Objectives (CO):

1. Effective recovery procedures and policies are in place to ensure non payers are promptly and effectively pursued.
2. Actual recovery is completed in line with the Council's policies and procedures as referenced in CO1.
3. A contract exists between the Council and the external recovery agents (Bristow and Sutor), and recovery action completed on behalf of the council is done so in accordance with this contract.

Audit opinion

CO	Assurance Level	Opinion
1	Satisfactory	Procedures are detailed in the Council's Collection Policy that was taken to Executive Committee on 30 March 2011 and subsequently approved, although this now requires updating. The Revenues and Benefits Manager is in the process of reviewing a number of the department's policies. The recommendation has been made that the policy be reviewed to ensure that it remains relevant and is robust enough to support the decisions made within the department. The procedures for recovery are effectively communicated on the Council's dedicated webpage and are standardised in accordance with the Council Tax (Administration and Enforcement) Regulations 1992.
2	Satisfactory	Testing of accounts at numerous stages of recovery found that bills, reminders and summons were raised appropriately in line with the Council's recovery procedures. Processes are in place to actively seek to recover debts, with the Revenues Team Leader producing business objects reports and system generated reports to direct Revenues Officers to contact liable parties and raise the appropriate recovery stage. More complex cases were found to take an extended period of time at recovery stages which included fraud cases and cases in which legal advice was required. Currently no formal reporting of monitoring figures is undertaken but the Revenues and Benefits Manager gave verbal assurance that this will be implemented.

	3	Satisfactory	<p>A contract is in place between the Council and both the primary (Bristow and Sutor) and secondary (Rossendales) enforcement agents. The contract has been appropriately authorised and signed in November 2016. The contract makes reference to appropriate data processing in line with the Data Protection Act, and steps are in place to vary the contracts with regards the General Data Protection Regulations.</p> <p>Monthly reports are provided to the Revenues Team Leader (RTL) from both enforcement companies, and the Bristow and Sutor's online portal allows the RTL to access individual debtor accounts or run additional ad-hoc reports. Quarterly meetings are maintained between the RTL and representatives of Bristow and Sutor, and bi-annual meetings are held with Rossendales who handle a smaller case load.</p> <p>The contract does not include performance measures such as expected recovery % and time frames for handling cases. The contract makes reference to an Order Form, which should include performance measures, the commencement date and additional information surrounding exit strategies. However, during the course of the audit, the completed Order Form could not be obtained. Without appropriate performance measures, effective contract monitoring and the Council's ability to challenge service delivery is limited. It is therefore recommended that the Order Form be completed as it would have been at the beginning of the contract. This should include appropriate performance indicators, which will enable the council to monitor service delivery and provide groundings for challenging the enforcement companies if and when necessary.</p>
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Budgetary Control	Control Objectives (CO):		
	<ol style="list-style-type: none"> 1. The budget is formally approved at Council prior to the commencement of the financial year and the general ledger reflects the approved budget. 2. Responsibility for budgetary control is defined. 3. There is adequate budget monitoring. 		
	Audit Opinion:		
	CO	Assurance Level	Opinion
	1	Good.	The 2017/18 budget of £9,913,693 was appropriately approved at Council, prior to the commencement of the financial year. The approved budget has successfully been uploaded to the general ledger.
	2	Good.	Good assurance was obtained that the scheme of budget delegation is well documented; a folder is created annually to show that each manager has officially signed for the acknowledgment of their budget and is updated each new financial year. Guidelines in respect of budgetary control have been produced and are relevant as at 2017. There is evidence that training for budget managers and Members has been provided for 2017/18 and this was well attended.
	3	Good.	<p>Good assurance was obtained that there is adequate budget monitoring taking place. Monitoring reports are produced on a regular basis and are received by the nominated budget holders as depicted by parameters set. Quarterly meetings between the Finance Representative and the budget holder further prove that a regular review of budgets is carried out by Financial Services. Through the sampling of significant budget variances, assurance was also obtained that these are investigated, documented and where appropriate formal actions plans have been established.</p> <p>Budget information was also found to be reported to CLT management at regular intervals and quarterly reporting of the budget position is produced for the Executive Committee.</p>

Land Charges	Control Objectives (CO):		
	<div>1. That income in respect of searches has been received and banked in accordance with the agreed scale of fees.</div> <div>2. That expenditure made to the County in respect of search information received is accurate.</div> <div>3. Procedures have been put in place to ensure a smooth transfer of Land Charges records to the Land Registry in 2019.</div>		
	Audit opinion		
	CO	Assurance Level	Opinion
	1	Good.	<div>The Local Authorities (England) (Charges for Property Searches) Regulations 2008 require the council to publish information relating to proposed unit charges based on estimates. An annual exercise by the Finance Section is carried out to establish the new unit price; however, this data had not been published since 2015/16. An agreed action to add this instruction to the Land Charges staff calendars before the 30th of June each year as a prompt has been made. The regulations also require a yearly summary of the total income and costs relating to access to property records and answering enquires, these were found to have been published and up to date. All fees that had been established have been appropriately approved, the website shows a document signed by the Asset Manager.</div> <div>Local land charges requests were found through testing, to have been processed with reasonable promptness and upon receipt of a payment. Fees charges are accurately applied and the associated income receipted via card, cheque and BACs was banked promptly and allocated to the appropriate general ledger code. In addition VAT was correctly applied for each payment.</div>
2	Good.	<div>Search requests can include County Council questions. Payment in respect of these questions is taken by the Borough Council and repaid to the County. Testing of two quarterly invoices demonstrated that the Land Charges Clerk has a systematic approach to recording information to be able to reconcile the invoices received. Good assurance was obtained that expenditure made to the County Council has been verified and is accurate.</div>	

	3	Good.	Through a review of programme planning documentation and verbal discussions with the Head of Development Services and the Development Manager assurance was obtained that procedures have been put in place to ensure a smooth transfer of land charges records to the Land Registry when a timescale has been agreed. It is clear that this process is ingrained within Development Services and an awareness of the risks and work involved is evident. An official project will be established in due course.
Main Accounting	Control Objectives (CO):		
	1. All journals over £10,000 are reviewed by an appropriate member of the finance team to ensure that all transactions are appropriately processed and recorded.		
	2. Suspense and unidentified remitters accounts are reviewed and cleared on a regular basis.		
	3. Feeder systems are balanced to the main accounting system on a monthly basis.		
	Audit Opinion		
	CO	Assurance Level	Opinion
	1	Good.	Through reviewing a sample of journals processed within the current financial year to date, assurance was obtained that these have been authorised, processed by an appropriate officer and all had adequate supporting documentation to support their integrity. For journal entries greater than £10,000 evidence was obtained that these are reviewed on a monthly basis by the Finance Manager.
	2	Good.	The suspense and unidentified remitters accounts were found to have been reviewed and cleared on a regular basis. A review of the general ledger during the audit confirmed the balance to be '0' for both detailed suspense accounts and items within the account had been cleared promptly. In respect of unidentified remitters, this identified no significant balances in respect of un-cleared bank, cash and giro transactions.
	3	Good.	The feeder systems to the main accounting system were identified during the audit and a review of the balancing statement file confirmed that these are balanced on a monthly basis and balancing statements are subject to supervisory review by the Finance Manager. A review of the reconciliation statements of two feeder systems was carried out during the audit and these were found to be accurate.

Payroll	Control Objectives (CO):						
	1. Review the effectiveness of the framework in place to ensure compliance to the IR35 legislation.						
	Audit opinion						
	<table><tr><th>CO</th><th>Assurance Level</th><th>Opinion</th></tr><tr><td>1</td><td>Good</td><td><p>A robust framework has been established in relation to ensuring compliance to the IR35 legislation. The framework includes:-</p><ul style="list-style-type: none">• The establishment of documented procedures, guidance and checklists which have been disseminated to relevant officers.• The provision of training in relation of off-payroll creditors.• An ongoing assessment process of individuals working for the Council (through companies including employment agencies) is undertaken by Financial Services and the establishment of an “off-payroll creditors” list has been created to prevent payments being processed until an informed decision as to the correct mechanism for paying the creditor has been made.<p>A review of the assessment process has confirmed that only one creditor is currently identified as an off-payroll worker and testing of payments to this individual confirmed that payments to HMRC are being made. It was noted that one of the tax deductions had been based on the gross amount of pay and it was confirmed with the Finance Manager that VAT charges should not be included in any calculation of PAYE tax. The Finance Manager provided verbal assurance that the VAT error has been rectified satisfactorily and Frontier have provided evidence to ensure this does not happen again.</p></td></tr></table>	CO	Assurance Level	Opinion	1	Good	<p>A robust framework has been established in relation to ensuring compliance to the IR35 legislation. The framework includes:-</p> <ul style="list-style-type: none">• The establishment of documented procedures, guidance and checklists which have been disseminated to relevant officers.• The provision of training in relation of off-payroll creditors.• An ongoing assessment process of individuals working for the Council (through companies including employment agencies) is undertaken by Financial Services and the establishment of an “off-payroll creditors” list has been created to prevent payments being processed until an informed decision as to the correct mechanism for paying the creditor has been made. <p>A review of the assessment process has confirmed that only one creditor is currently identified as an off-payroll worker and testing of payments to this individual confirmed that payments to HMRC are being made. It was noted that one of the tax deductions had been based on the gross amount of pay and it was confirmed with the Finance Manager that VAT charges should not be included in any calculation of PAYE tax. The Finance Manager provided verbal assurance that the VAT error has been rectified satisfactorily and Frontier have provided evidence to ensure this does not happen again.</p>
CO	Assurance Level	Opinion					
1	Good	<p>A robust framework has been established in relation to ensuring compliance to the IR35 legislation. The framework includes:-</p> <ul style="list-style-type: none">• The establishment of documented procedures, guidance and checklists which have been disseminated to relevant officers.• The provision of training in relation of off-payroll creditors.• An ongoing assessment process of individuals working for the Council (through companies including employment agencies) is undertaken by Financial Services and the establishment of an “off-payroll creditors” list has been created to prevent payments being processed until an informed decision as to the correct mechanism for paying the creditor has been made. <p>A review of the assessment process has confirmed that only one creditor is currently identified as an off-payroll worker and testing of payments to this individual confirmed that payments to HMRC are being made. It was noted that one of the tax deductions had been based on the gross amount of pay and it was confirmed with the Finance Manager that VAT charges should not be included in any calculation of PAYE tax. The Finance Manager provided verbal assurance that the VAT error has been rectified satisfactorily and Frontier have provided evidence to ensure this does not happen again.</p>					

Corporate Improvement Work	<p><u>ICT Risk Assessment</u></p> <p>Further support work has been provided in the production of the ICT risk assessment and risks in relation to IT availability, continuity, security, change, data integrity and outsourcing of services have been incorporated into the assessment. Consideration is now being given to identifying the mitigating controls against these risks and to scoring of these risks.</p> <p><u>Tewkesbury Leisure Centre</u></p> <p>To support the monitoring of key contract requirements, the team has generated a draft monitoring guide in relation to the leisure centre which provides information on the timing of reports, data to be collected and suggested physical checks to be performed.</p> <p><u>Management Commitments – staff engagement</u></p> <p>In response to feedback given from staff through a staff engagement survey a set of management commitments were introduced. These were developed in conjunction with staff and promoted through staff briefings. The commitments reinforce fundamental engagement activities that must happen across the corporate piste. These include the regular holding of team meetings, completion of Personal, Professional Development forms (performance reviews) and prompt completion of corporate requests e.g code of conduct forms. Management specifically asked internal audit to undertake a short piece of work to confirm how well embedded the commitments are. This work has commenced and the outcome will be reported at the next Audit Committee meeting.</p>
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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.

AUDIT RECOMMENDATIONS FOLLOWED UP IN 2017-18 QUARTER 4

Audit	Recommendation Details	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Business Continuity 2016/17	A review of the service specific BCPs should be undertaken to understand whether the plans provide sufficient information to recover critical functions in a timely manner in the event of a disruption	Head of Corporate Services	Jul-17	Feb-18	Follow up Undertaken - implemented	Through audit corporate improvement planned days assistance was provided to operational managers in the updating of the business continuity plans.	17-18 q4
Business Continuity 2016/17	The Corporate BCP (CBCP) should be reviewed and updated accordingly	Head of Corporate Services	Jul-17 September 18	Feb-18	Follow Up Undertaken - partially implemented	The Head of Corporate Services confirmed that the corporate business continuity plan is now at draft. The plan is to be circulated prior to finalisation. <u>Revised implementation date: September 2018</u>	17-18 q4

Appendix 2

Audit	Recommendation Details	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Business Continuity 2016/17	Testing at TBC's ITDR facility should be completed alongside frontline staff, e.g. a benefit assessor, to ensure that the system is not only live, but operationally functional.	ICT Operations Manager	Sep-17	Feb-18	Follow up Undertaken - implemented	The ICT Operations Manager was able to provide a report demonstrating the completion of disaster recovery testing of TBC IT system including connection of drives and applications including those relating to Revenues and Benefits.	17-18 q4
Complaints 2016/17	To review the handling and data retention practices when dealing with customer complaints	Corporate Services Manager	Sep-17 November 18	Feb-18	Follow Up Undertaken - partially implemented	A review of complaints handling is complete. Retention of complaints information is being looked at as part of GDPR requirements. Complaints are handled through the firmstep software system. The continued use of this system has to be reviewed particularly in relation to data protection prior to the end of the contract in November 2018.	17-18 q4

Appendix 2

Audit	Recommendation Details	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Complaints 2016/17	The data sharing protocol established with the county council in 2014 should be updated to include reference to the JWT and the handling of complaints data.	Head of Community Services	Sep-17 May-18	Mar-18	Follow Up Undertaken - not implemented	On discussion with the Head of Community Services, it was stated that this work has been delayed pending the update of the protocol in line with GDPR. <u>New implementation date agreed: May 2018</u>	17-18 q4
Disabled Facilities Grants 2017/18	That a regular review of unapproved eligible claims is undertaken in order to ensure these are processed promptly to the approved stage. A monthly estimation of paid, approved and eligible grants reviewed against the funding allocation would assist in identifying shortfalls in county allocated funding promptly.	Environmental Health Manager	Oct-17 July 18	Feb-18	Follow Up Undertaken - not implemented	The new EHM explained that he is currently in the process of setting up a service plan in respect of dfgs and will review this recommendation as part of the setting up of this plan. The intention is to have this plan (and recommendation) established by July 2018.	17-18 q4

Appendix 2

Audit	Recommendation Details	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Flood Alleviation 2016/17	Procurement for OHL Group Tewkesbury Flood Management Works corrected.	Environmental Health Manager	Nov-17 May 18	Feb-18	Follow Up Undertaken - not implemented	The Flood Risk Management Engineers confirmed that this recommendation is outstanding. He has now agreed to engage with legal services within the next couple of weeks and the <u>revised</u> implementation date is May 2018	17-18 q4
Flood Alleviation 2016/17	A finalised, signed agreement between TBC and GCC with regards grant payments to undertake flood alleviation schemes needs to be obtained	Environmental Health Manager	Nov-17	Feb-18	Follow up Undertaken - implemented	The Flood Risk Management Engineer (FRME) provided a template agreement. The contents of which have been agreed with the country and this template will now be used in respect of future flood alleviation projects partnered with the county council. The FRME indicated that the county would not enter into retrospective agreements concerning previous flood alleviation schemes.	17-18 q4
FOI Monitoring 2017/18	In relation to the recommendation made in the Information Governance audit 2016/17, handling procedures for FOIs should be further enhanced to include definitions of internal reviews and exemptions	Corporate Services Manager	Dec-17	Feb-18	Follow up Undertaken - implemented	Handling procedural notes have now been formally documented and include reference to both internal reviews and exemptions.	17-18 q4

Appendix 2

Audit	Recommendation Details	Responsible Officer	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	Housing Services Manager	Apr-16 Dec-17 Sept-18	Feb-18	Follow Up Undertaken - partially implemented	Procurement support will be provided through audit corporate days allocated in the audit plan 2018/19. <u>Revised implementation date: September 2018.</u>	17-18 q4
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.	Asset Manager	Mar-17. Dec-17 Aug -18	01/04/2017 Feb-18	Follow Up Undertaken - not implemented	The AM explained that the refurbishment of the building will be completed by end of August and as a result security and data protection issues will need to be considered in respect of the entire building.	17-18 q4

Appendix 2

Audit	Recommendation Details	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
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.	Asset Manager	Dec-16. Dec-17	01/04/2017 Feb-18	Follow up Undertaken - implemented	The Property Services Assistant verbally confirmed that a review of access cards for TBC staff and other building users has been completed.	17-18 q4
Recycling 2016/17	Further consideration should be given to establishing a recycling data protocol between the JWT, UBICO and TBC to identify expected audit and contract performance monitoring exercises and escalation procedures in the possible event of non-payment of recycling credits.	Head of Community Services in collaboration with JWT	Sep-17 Sep-18	Mar-18	Follow Up Undertaken - not implemented	On discussion with the Head of Community Services (HoCS), it was stated that this piece of work has not been completed due to a lack of resources. The HoCS confirmed that there are mechanisms in place for checking recycling data and that a protocol will be developed by the new deadline. <u>New implementation date: September 2018.</u>	17-18 q4

Appendix 2

Audit	Recommendation Details	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Recycling 2016/17	Invoices for the claiming of recycling credits should be raised promptly after receipt of relevant data produced by the recycling providers and verification procedures are in place to ensure that invoices are raised for the correct amount.	Joint Waste Team	Sep-17	Feb-18	Follow up Undertaken - implemented	Since November invoicing processing has improved and this was verified through a review of the recycling credit invoices from the general ledger	17-18 q4
TIC 2016-17	In cases where TBC act as an agent for the sale of event tickets, an appropriate stock check system should be developed and documented to ensure that actual number and values of tickets sold are accurate.	TIC Manager	Aug-17	Feb-18	Follow up Undertaken - implemented	There is now written confirmation of the number of tickets accepted by TIC from the seller and where tickets are in a numbered form a record of the number of tickets sold is maintained.	17-18 q4

Appendix 2

Audit	Recommendation Details	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
TIC 2016-17	The agreement between TBC and Winchcombe Town Trust should be located and updated to outline the conditions and rental fee for the lease of the room used for Winchcombe TIC.	TIC Manager and Economic and Community Development Manager	Aug-17 Sep 18	Feb-18	Follow Up Undertaken - partially implemented	The Economic and Community Development Manager verbally confirmed that the agreement with Winchcombe Town Trust has yet to be located. However, meeting arrangements are being made with the Trust in order to discuss updating the conditions and rental charge. <u>A revised implementation date has been agreed as September 2018</u>	17-18 q4
TIC 2016-17	A data retention policy should be developed and excess data removed and destroyed appropriately, in line with the Data Protection Act.	TIC Manager and Economic and Community Development Manager	May-17	Feb-18	Follow up Undertaken - implemented	The Economic and Community Development Manager verbally confirmed the completion of a retention policy and that the destruction of data in accordance with this policy was currently being carried out.	17-18 q4

Appendix 2

Audit	Recommendation Details	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Ubico Client Monitoring 2016-17	Responsibilities across the organisation in respect of the performance and budget monitoring of the contract should be clearly defined in order to ensure that an effective approach is taken and that all elements of the service are adequately monitored.	Head of Community Services	Apr-17	Sep 17 & Feb 18	Follow up Undertaken - implemented	The Finance Accountant confirmed that financial data now being receipted was adequate in respect of supporting the setting of the budget and in the assisting the monitoring the budget.	17-18 q4
Ubico Client Monitoring 2016-17	The council should establish its requirements for robust stock control procedures with Ubico in order to ensure that adequate stock levels are maintained, new bin orders are made promptly and customers receive an acceptable level of service in respect of bin deliveries.	Head of Community Services	Apr-17	Sep 17 & Feb 18	Follow up Undertaken - implemented	The Joint Waste Team Officer confirmed that stock trigger points have been established and was able to demonstrate through the January 2018 monthly meeting minutes that these are reviewed at each monitoring meeting	17-18 q4

Appendix 2

Audit	Recommendation Details	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Ubico Client Monitoring 2016-17	In accordance with the terms of the contract, it should be requested that Ubico submit quarterly reconciliation invoices/ credit notes within 14 days of the respective quarter to reflect the actual cost of the services incurred in the preceding quarter.	Head of Community Services	Apr-17	Sep 17 & Feb 18	Follow up Undertaken - implemented	An invoice review demonstrated the implementation of this recommendation.	17-18 q4

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	28 March 2018
Subject:	Internal Audit Six Monthly Plan 2018-19 (April – September)
Report of:	Graeme Simpson, Head of Corporate Services
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor D J Waters, Leader of the Council
Number of Appendices:	1

Executive Summary:

The Public Sector Internal Audit Standards (PSIAS) REF 2010 (Planning) requires that the Chief Audit Executive (CAE) is responsible for developing a risk based plan. Ref 2030 (Resource Management) requires that the CAE must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the plan.

Recommendation:

That Members APPROVE the Internal Audit Six Month Plan 2018/19 (April-September), as detailed in Appendix 1.

Reasons for Recommendation:

The Terms of Reference of the Audit Committee require Members to consider a summary of proposed internal audit activity.

The PSIAS requires that the CAE reports functionally to the Board, an example of functional reporting is approving the internal audit plan.

Resource Implications:

None.

Legal Implications:

None.

Risk Management Implications:

If an internal audit plan is not developed and approved then there will be no steer as to where audit resources should be deployed.

If the plan does not give adequate coverage of the internal control environment then resources will not be deployed effectively to the higher risk areas.

Performance Management Follow-up:

The Audit Committee will receive, on a quarterly basis, a monitoring report on achievement against the plan, and an audit opinion for each individual audit. Any audit within the plan where recommendations have been made to improve control are subject to a follow-up audit. Progress in the implementation of internal audit recommendations is reported to Audit Committee.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** Internal audit sits within Corporate Services and has direct reporting to the Chief Executive. This arrangement demonstrates compliance with PSIAS ref 1110 – organisational independence, as it allows the Head of Corporate Services (delegated as CAE within the audit charter) to report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities.
- 1.2** PSIAS ref 2010 – planning, requires that the CAE is responsible for developing a risk based plan to take into account the requirement to produce an annual internal audit opinion. The input of senior management and the Board (Audit Committee) must be considered in the process. The plan has been endorsed by Corporate Management Team.
- 1.3** As the Committee is aware, an external assessment of the internal audit activity has recently been undertaken. Whilst no aspect of the internal audit activity was assessed as being non-compliant with the Public Sector Internal Audit Standards (PSIAS) recommendations have been made for improvement. Some of these recommendations relate to audit planning. Due to the nature of the recommendations and taking into account feasible implementation dates for their implementation it is proposed to set a six monthly plan.
- 1.4** The setting of a six month plan will enable a more flexible approach to be taken to audit planning. It will also allow the Council's risk management arrangements to be sufficiently developed in readiness for setting a plan for the second half of the year. This will be brought to Audit Committee for approval at its September meeting. This approach recognises the rapidly changing environment the Council operates in particularly around its transformation agenda. Moving away from a more rigid annual plan will allow audit planning to better track and respond to the audit of developing risk areas.

2.0 PUTTING TOGETHER THE PLAN

- 2.1** The plan provides a total of 185 productive days and is delivered by two full-time equivalent staff members. This resource is appropriate, sufficient and will be effectively deployed to achieve the plan. Appropriate refers to the mix of knowledge, skills and other competencies need to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimises the achievement of the approved plan.

2.2 The number of days is the net total following allowance for non-working days such as weekends and bank holidays, annual leave, sickness and training. A number of days have also been included within the plan to support implementation of the Quality Assurance and Improvement Programme (QAIP). The QAIP will be updated to include recommendations from the recent external assessment on compliance with the Public Sector Internal Audit Standards. The overall annual number of days is deemed adequate to ensure there is adequate coverage of the council's control environment. The plan is divided into key areas as follows: -

2.2.1 Governance related activity

The Council has an assurance framework that helps contributes towards the effectiveness of its overall governance arrangements. On an annual basis the Council must produce an Annual Governance Statement (AGS). The purpose of the statement is to demonstrate the effectiveness of the governance arrangements and, if necessary, identify and take action on any significant governance issues that arise. Internal audit work therefore supports the completion and integrity of the AGS. Moving forward, and in response to recommendations made from the PSIAS review, internal audit will give more focus to governance related activities such as risk and ethics within the audit planning stage. For example, a key area of governance and risk at the moment is compliance with the General Data Protection Regulations.

2.2.2 Corporate Improvement

This is an allocation of days, specifically requested by Corporate Management Team (CMT). This is ad-hoc work and can either be of a consultancy or assurance type nature. Using the independence of internal audit can help inform CMT of specific issues when a need arises. Examples of previous work undertaken under this heading include the benchmarking of planning data – this has been used to inform the planning review and audit days used to assess how well the 'Management Commitments' – staff engagement have been developed across service areas.

2.2.3 Fundamental Financial Systems

This is the audit review of the key financial systems which inform the year end Statement of Accounts. Although internal audit sits within the Chief Executive's Unit, it still recognises its responsibility to support the Head of Finance and Asset Management to discharge his duties as the Council's Section 151 Officer, one of which is to maintain sound financial control. As has been reported previously to Audit Committee, both by internal audit and external audit, the Council has good financial control. On this basis, the financial systems will not always be audited on an annual basis. Particular focus will be given to where a material change has occurred in the systems. For example, a new income system has recently been implemented and a new purchase ordering system is now fully adopted.

2.2.4 Service areas

These are service related activities that have been risk assessed based upon factors such as size of budget, inherent risk, previous audit history and the period since last audit. Areas of work included within the first half year plan include the new garden waste sticker system, including the implementation of one annual renewal date; review of council tax liability - as new policies have been approved, for example, empty homes premium; and, an audit review of ICT activity, which will be informed by the ICT risk assessment.

2.2.5 Other areas

There is an allocation of days under 'consultancy and advice'. This covers representation on corporate groups such as the Procurement Group, 'Keep Safe, Stay Healthy' Group and individual project groups. For example, internal audit input has been requested on a S106 working group. The days also cover general advice given on an ad hoc basis such as advice on procurement, financial procedure rules, data retention etc. An estimated number of days are allocated for follow-up reviews. This is an important element of audit work to provide assurance as to whether audit recommendations have been successfully implemented. There is an allocation of days to cover 2017/18 work which is ongoing at 31 March 2018.

3.0 OTHER OPTIONS CONSIDERED

3.1 None

4.0 CONSULTATION

4.1 Consultation has taken place with Corporate Management Team.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Internal Audit Charter.

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 Internal Audit contributes to value for money through its routine audit work and corporate improvement work.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None

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Appendices: Appendix 1 – Internal Audit Six Month Plan

Appendix 1 - INTERNAL AUDIT PLAN 2018/19 (April-September)

	Est No of days	Total
Governance		
General Data Protection Regulation	10	10
Corporate Improvement	30	30
Financial Systems		
Financials - e-ordering	10	
New income systems	10	20
Service Areas		
Garden Waste	10	
ICT	15	
Council Tax - liability/discounts/exemptions	15	
Business Rates - reliefs and exemptions	15	
Disabled Facility Grant - additional funding certification	5	60
Internal Audit Quality Assurance and Improvement	15	15
Consultancy & Advice (incl corporate group representation)	15	15
Follow up reviews	15	15
Audit work brought forward	20	20
Total		185

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	28 March 2018
Subject:	External Assessment of Internal Audit
Report of:	Graeme Simpson, Head of Corporate Services
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor D J Waters, Leader of the Council
Number of Appendices:	One

Executive Summary:

It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive must develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP was approved at Audit Committee on 21 September 2017. The QAIP must include a requirement that an external assessment be undertaken at least once every five years by a qualified, independent assessor from outside the organisation. The purpose of the assessment is to conclude the level of compliance the internal audit activity has with the PSIAS.

The external assessment took place week commencing 13 November and was undertaken by Tilia Solutions. Both an overview of the assessment process and the appointed assessor was reported to the Audit Committee prior to the assessment taking place. A copy of the report is attached at Appendix 1 and confirms no areas of non-compliance were identified that would affect the overall scope or operation of the internal audit activity. Recommendations have been made to improve the audit process further and these have been accepted and an action plan agreed. The action plan forms part of Appendix 1.

Recommendation:

- 1. To CONSIDER the outcome of the external assessment in particular the recommendations arising and**
- 2. To APPROVE the agreed action plan for the delivery of those recommendations.**

Reasons for Recommendation:

The Public Sector Internal Audit Standards (PSIAS) require that the Chief Audit Executive (CAE) report functionally to the board. This includes the requirement that the conclusion of any assessments be reported upon completion and the results of ongoing monitoring are communicated at least annually.

As defined within the approved Internal Audit Charter, at Tewkesbury Borough Council the role of CAE is undertaken by the Head of Corporate Services and the board is defined as the Audit Committee.

Resource Implications:

Implementation of the recommendations are assigned to the Head of Corporate Services. Implementation will also be supported by the internal audit team and time will need to be allocated within the internal audit plan for this.

Legal Implications:

None.

Risk Management Implications:

If the CAE does not report functionally to the board then this does not comply with PSIAS.

If the agreed recommendations are not implemented then there is a risk the internal audit activity will not maximise its effectiveness and support the Council in achieving its objectives.

Performance Management Follow-up:

The recommendations will be added to the existing QAIP recommendations so there is one overall action plan for the internal audit activity. Progress in implementing this action plan will be reported at least annually to the Audit Committee.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** It is a requirement of the PSIAS that, at least once every five years, an independent assessment of the internal audit activity is undertaken. This assessment should be carried out by a qualified and independent assessor from outside the organisation. As previously reported to Audit Committee, the appointed assessor was from Tilia Solutions and is accredited by the Chartered Institute of Public Finance and Accountancy (CIPFA) with a vast CV in relation to audit practice.

2.0 WHAT THE ASSESSMENT COVERS

- 2.1** PSIAS applies to every public sector internal audit activity though compliance with the standards should be proportionate to the size of the activity. To give some context to the assessment, the assessor produced a working paper of 42 pages, covering over 150 questions. For each question, from the evidence submitted concludes whether there is compliance/partial compliance/non-compliance. The standards cover several headings:

- Code of ethics
- Purpose, authority and responsibility
- Independence and objectivity
- Proficiency and due professional care
- Quality assurance and improvement programme
- Managing the internal audit activity
- Engagement planning
- Nature of work

- Engagement planning
- Performing the engagement
- Communicating results
- Monitoring progress
- Communicating the acceptance of risks

2.2 The assessment was undertaken week commencing 13 November 2017 and included interviews with the CAE, Chief Executive, Borough Solicitor, Head of Finance and Asset Management, the Internal Audit team, a number of operational managers, Chair of Audit Committee and the Lead Member for Corporate Governance. In addition, a plethora of internal audit documentation and processes were reviewed including a review of completed audit assignments.

3.0 ASSESSMENT OUTCOME

3.1 The final report attached at Appendix 1 summarises the findings of the assessment. This concluded that no areas of non-compliance were identified that would affect the overall scope or operation of the internal audit activity. A number of recommendations have been made to further improve the effectiveness of the internal audit activity. All the recommendations have been accepted by the CAE and form an action plan that is included at the end of the final report.

3.2 The recommendations can essentially be categorised as follows:

- Textual amendments to the Internal Audit Charter to define more clearly parts of the internal audit activity.
- Formal safeguards to maintain the independence of the CAE.
- Undertake audit planning by using a more strategic focus.
- Revision of audit documentation to improve the audit planning process.

3.3 Feasible implementation dates have been assigned to each recommendation and reflect the individual nature of the recommendation. For example, amendments to the Internal Audit Charter are relatively straight forward to implement and an updated Charter can be presented at the next Audit Committee. Recommendations relating to a more strategic focus have direct links to corporate risk. The Council's risk management arrangements are currently under review so the two would need to be aligned. A number of recommendations are logistically not possible to implement until the appropriate time, for example, ensuring performance indicators show trends over time.

4.0 MONITORING OF ASSESSMENT RECOMMENDATIONS

4.1 The recommendations will be added to the existing QAIP recommendations so there is one overall action plan for the internal audit activity. Progress in implementing this action plan will be reported at least annually to the Audit Committee.

5.0 OTHER OPTIONS CONSIDERED

5.1 None.

6.0 CONSULTATION

6.1 Consultees who were interviewed as part of the assessment are listed in the final report.

7.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 7.1**
- Internal Audit Charter
 - Internal Audit Annual Plan
 - Internal Audit Quality Assurance and Improvement Programme

8.0 RELEVANT GOVERNMENT POLICIES

8.1 Public Sector Internal Audit Standards.

9.0 RESOURCE IMPLICATIONS (Human/Property)

9.1 Implementation of the recommendations is assigned to the Head of Corporate Services. Implementation will also be supported by the Internal Audit team and time will need to be allocated within the Internal Audit Plan for this.

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 Implementation of recommendations should maximise the value of the internal audit activity.

12.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

12.1 None.

Background Papers: None

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Appendices: Appendix 1 – External Assessment of Internal Audit Final Report

FINAL

Review of

Tewkesbury Borough Council's Internal Audit Team

01 March 2018

Elizabeth Humphrey CPFA

Review of Tewkesbury Borough Council's Internal Audit Team (November 2017)

Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS) which have been in place since 1 April 2013, were revised on 1 April 2016 and have been further revised on 1 April 2017. The standards require periodic self-assessments and an assessment by an external person every five years. Now that Tewkesbury Borough Council's audit team has been operating under the standards for over four years, this was deemed a good time for the first external review. The review also included checking compliance with the Local Government Advisory Note (LGAN) where this has requirements in addition to those in the PSIAS.

The review was carried out through a process of interview and document review. A list of interviewees is included at appendix 2. I should like to thank all those who took the time to talk to me for their help. I reviewed seven audits and one corporate improvement assignment carried out during the 2016/17 and 2017/18 financial years and I examined key documents including the Charter and reports to the Audit Committee.

I identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity and I commend the team for their structured and focussed approach and the speed with which they perform assignments. However, the approach taken to audit planning, both annually and for individual audit assignments, needs revising to increase the focus on council objectives and risks, thus increasing the support that internal audit can give to Tewkesbury in achieving the Council Plan. I have made some practical and pragmatic medium priority recommendations (R) and lower priority suggestions (S) to support this. The Head of Corporate Services (referred to as the CAE below) will need to take action to implement them and an action plan is included as appendix 1.

Summary findings and recommendations

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
Mission	Complies	The audit manual includes the newly developed internal audit mission	Include the mission in the Charter	S1
Core principles of internal audit	Partial compliance	No problems were identified in addressing the majority of the Core Principles, other than those relating to planning, both annually and for individual audits. The planned revision of the approach to risk management will enable audit to consider council-wide risks in audit planning, supporting achievement of council plans and objectives. Addressing	See R3, R7, R14	

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
		some of the matters highlighted below will also support the Principles further		
Code of Ethics	Complies	All interviewees stressed the emphasis placed on ethics by the audit team and their independence and objectivity		
Attribute standards				
I 000 Purpose, authority and responsibility	Complies	The recently developed Charter is one of the most approachable that I have seen Standard I 010 There is no reference to the Core Principles in the Charter See also Standard I 112 regarding safeguards to be included in the Charter for non-audit work	Include information about the Core Principles in the Charter, including how audit delivers against them	R1 R2
I 100 Independence and objectivity	Partial compliance	Standards I 112 and I 130.A2 Several different activities come under the leadership of the CAE. These activities can, potentially, compromise audit's independence and objectivity and the audit team should only undertake audit activities in these areas if safeguards have been put in place to manage this. There are informal arrangements, but no formal safeguards	Safeguards, including independent audit arrangements and/or alternative reporting arrangements (for example, to another member of the management team), should be put in place to manage audit's independence and objectivity where they carry out non-audit activities. These should be discussed with and approved by the Audit Committee and included in the Audit Charter	R2
I 200 Proficiency and due professional care	Partial compliance	Standards I 210.A2, I 220.A1 and I 220.A3 Audits are planned on a risk basis, but the risks considered are often operational and general in nature rather than specific to that audit	Improve audit planning and expand the audit assignment brief to consider more strategic risks and risks that specifically relate to the area being audited, including fraud risks	R3

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
I300 Quality assurance and improvement programme (QAIP)	Partial compliance	Standards I311 and LGAN p13 The service has not carried out any reviews against the PSIAS although periodic internal reviews are required. They have, however, carried out more general reviews	Undertake internal reviews against the PSIAS periodically, ideally annually Occasionally involve others from within the Council who have sufficient knowledge of audit practices, for example members of the Audit Committee and finance staff in audit quality reviews Report the results of all reviews against the PSIAS to the audit committee, including an action plan to enable progress monitoring. Ensure that the results of the review are included in the Annual Report	R4 S2
		Standard I320 Action plans from the general reviews of the service are reported to the Chief Executive but not to the Audit Committee, nor are they referenced in the Annual Report		R5
		LGAN p13 Performance indicators are now in place for the service and have been reported. They should be reported over time, showing trends	Ensure that performance indicators reported in the Annual Audit Report show trends over time	R6
Performance standards				
2000 Managing the internal audit activity	Partial compliance	Standards 2010 and 2010.A1 Annual audit planning is carried out using a structured methodology but the focus is on audit risk rather than on council-wide risk The annual plan report does not refer to a number of the required points	Undertake annual audit planning in consideration of the Council's plans, objectives, priorities and associated risks Refer to the Charter and internal audit delivery and development in the annual plan	R7 R8
		Standards 2040 and LGAN p12 The current audit manual is in draft and contains reference to links and appendices that have not been included	Ensure completion of the audit manual	R9
		LGAN 7.1.2 Neither the Charter nor the audit plan set out audit's objectives and	Include information in the Charter and/or the Annual Plan regarding:	R10

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
		<p>outcomes, the way in which the CAE will form and evidence his opinion on governance and risk management arrangements and the control environment nor how audit's work will identify and address local and national issues and risks</p> <p>LGAN p15 The annual audit plan does not prioritise assignments, making it difficult for the audit committee and senior management to comment usefully about what has been included in the plan</p>	<ul style="list-style-type: none"> • Audit's objectives and outcomes • The way in which the CAE will form and evidence his opinion on governance and risk management arrangements and the control environment • How audit's work will identify and address local and national issues and risks <p>Prioritise audits in the plan, for example by including the risk scoring or H/M/L ranking</p>	R11
2100 Nature of work	Partial compliance	<p>Standards 2110, 2120.A1 and 2130.A1 The operational nature of the audit plan means that audit does not examine governance activities in relation to strategic decision making, nor does it consider performance management and accountability</p> <p>Standard 2110.A1 Some limited work has been undertaken on the implementation and effectiveness of ethics-related activities but this is not a routine part of audit's work</p> <p>Standard 2110.A2 The lack of IT audit expertise in the section means that auditors are reliant on ICT staff being honest about IT governance arrangements</p>	<p>Ensure audit planning includes consideration of strategic matters and decision making Consider organisational performance management and accountability in any relevant audit</p> <p>Include ethical aspects more routinely in audits and audit planning, bringing this work together at the year end to form an opinion on ethical activities</p> <p>Once the IT audit risk assessment is complete, make occasional use of specialist IT auditors for more in-depth reviews</p>	<p>R7</p> <p>R3</p> <p>R12</p> <p>R13</p>

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
		Standards 2120 and 2120 C2 There have been no recent audits of risk management arrangements	Once the risk management arrangements have been reviewed and improvements implemented, an audit of the framework is needed as a priority	R14
2200 Engagement planning	Partial compliance	Standards 2201, 2210, 2220 and LGAN p19 The audit assignment brief and audit programme do not always cover: <ul style="list-style-type: none"> • Strategies and objectives of the activity being reviewed • How the activity controls its performance • How the activity contributes to the Council Plan • The significant risks to the activity • The framework used by the activity to manage its governance, risk and control processes and criteria against which to judge these • The objective of the assignment • The probability of errors and non-compliance • The systems, records, personnel and physical property to be considered • Opportunities to add value 	Expand the audit terms of reference as indicated	R3

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
2300 Performing the engagement	Complies	The review showed that audits are well-performed and clearly documented. The speed with which audits are turned around and the number of assignments performed are impressive		
2400 Communicating the results	Partial compliance	<p>Standard 2410.AI All auditees are familiar with the opinions used on audits, as are audit committee members and senior management. The form of the opinion is currently being debated, which is good practice. I have made some suggestions for possible alternative forms</p> <p>Standards 2440.AI and CI Reports do not include the name of the CAE and may not be sent out by him</p> <p>Standard 2450 The annual internal audit opinion does not take into account the Council Plan and associated risks to conclude on the overall adequacy and effectiveness of the Council's governance, risk and control arrangements. The current form of the annual opinion, stating the number of different levels of opinion given during the year does not enable the reader to reach such a conclusion. There is no statement on conformance with the PSIAS and the results of the QAIP.</p>	<p>As a minimum, include the CAE's name on audit reports</p> <p>Revise the annual report to include:</p> <ul style="list-style-type: none"> • An opinion that refers to the governance, risk and internal control framework • The link must be made to the strategies, risks and objectives of the council • Reference to the level of compliance with the PSIAS • Details of activities as a consequence of the QAIP 	<p>R15</p> <p>R16</p>

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
		LGAN p19 The circulation for reports is included on the audit assignment briefs and the email that accompanies the report but not on the report itself so circulation would be unclear if the report is detached from the email	Include details of report circulation within the report itself	S3
2500 Monitoring progress	Complies	The follow-up process complies with the standards and all those interviewed understood the process		
2600 Communicating the acceptance of risks	Complies	There was no evidence that risks have been left unmitigated following an audit, highlighting the importance placed by the officers at the Council on audit findings		

The Head of Corporate Services has details of the findings, standard by standard.

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Appendix I: action plan

Recommendations

No	Recommendation	Response	Responsible officer	Action date
R1	Include information about the Core Principles in the Charter, including how audit delivers against them	Charter will be updated and presented at Audit Committee for approval.	Head of Corporate Services	July 2018
R2	Safeguards, including independent audit arrangements and/or alternative reporting arrangements (for example, to another member of the management team), should be put in place to manage audit's independence and objectivity where they carry out non-audit activities. These should be discussed with and approved by the Audit Committee and included in the Audit Charter	Independence of CAE will be discussed at Corporate Governance Group and appropriate arrangements put in place. Charter will be updated accordingly.	Head of Corporate Services	July 2018
R3	<p>Improve audit planning and expand the audit assignment brief to consider:</p> <ul style="list-style-type: none"> Strategies and objectives of the activity being reviewed, making a clear link between the Council Plan, organisational objectives, audits and audit plans The objective of the assignment The strategic risks and risks that specifically relate to the area being audited Organisational performance management (including how the activity controls its performance) and accountability The framework used by the activity to manage its governance, risk and control processes Examination of ethical arrangements, where relevant 	The internal audit team often reviews its supporting documentation to ensure it remains relevant, complies with standards and is customer focused. The internal audit assignment brief will be reviewed to take into account the points made. Examples of other internal audit team's assignment briefs have been obtained for comparison.	Head of Corporate Services	March 2019

No	Recommendation	Response	Responsible officer	Action date
	<ul style="list-style-type: none"> Examination of fraud risks specific to that activity, ruling them out explicitly if they are not relevant to a planned audit The probability of errors and non-compliance The systems, records, personnel and physical property to be considered Opportunities to add value 			
R4	Undertake internal reviews against the PSIAS periodically, ideally annually	Self-assessment to be undertaken and reported to Corporate Governance for review.	Head of Corporate Services/Corporate Governance Group	July 2019
R5	Report the results of all reviews against the PSIAS to the audit committee, including an action plan to enable progress monitoring. Ensure that the results of the review are included in the Annual Report	Outcome of the review will be reported to Audit Committee on an annual basis. Any actions arising will be added to the internal audit improvement plan. The improvement plan is monitored by the Audit Committee.	Head of Corporate Services	July 2019
R6	Ensure that performance indicators reported in the Annual Audit Report show trends over time	Performance indicators are included within the QAIP which was approved at Audit Committee on 21 September 2017. These will be reported annually which will inevitably lead to trend analysis.	Head of Corporate Services	July 2018
R7	Undertake annual audit planning in consideration of the Council's decision making, plans, objectives, priorities and associated risks	The new corporate risk register will help inform audit planning. It should be noted however that the current audit plan and previous audit plans include activities that are likely to feature within a risk register e.g PSC refurbishment, GDPR, Ubico, ICT security etc	Head of Corporate Services	March 2019
R8	Refer to the Charter and internal audit delivery and development in the annual plan	The annual plan will reference the key aspects of the charter.	Head of Corporate Services	March 2019
R9	Ensure completion of the audit manual	Audit manual will be reviewed when capacity allows but this is seen as a low priority. Procedure notes, in lieu of a manual will also be considered.	Head of Corporate Services	December 2019

No	Recommendation	Response	Responsible officer	Action date
R10	Include information in the Charter and/or the Annual Plan regarding: <ul style="list-style-type: none"> • Audit's objectives and outcomes • The way in which the CAE will form and evidence his opinion on governance and risk management arrangement and internal control • How audit's work will identify and address local and national issues and risks 	These are referenced within the charter but will be updated to strengthen the points made.	Head of Corporate Services	July 2018
R11	Prioritise audits in the plan, for example by including the risk scoring or H/M/L ranking	Audits included within the plan have been initially risk assessed. This risk assessment will be made clearer in the audit planning report.	Head of Corporate Services	March 2019
R12	Include ethical aspects more routinely in audits and audit planning, bringing this work together at the year end to form an opinion on ethical activities	Internal audit work does include ethical perspectives where relevant. For example, audit work undertaken on absence management, health & safety, complaints etc all have ethical aspects. The audit assignment brief will be updated to make it more explicit as to what the ethical aspects are. This will allow the ethical related work to be brought together for the overall year end opinion.	Head of Corporate Services	July 2018
R13	Once the IT audit risk assessment is complete, make occasional use of specialist IT auditors for more in-depth reviews	This is already acknowledged. The completion of the risk assessment will prioritise internal audit work and whether the expertise of an ICT auditor is required to undertake some of this work.	Head of Corporate Services	September 2018
R14	Once the risk management arrangements have been reviewed and improvements implemented, an audit of the framework is needed as a priority	A new corporate risk register is under development. Once approved and embedded, its integrity will be audited, together with an audit of the new risk management strategy.	Head of Corporate Services	March 2019
R15	As a minimum, include the CAE's name on audit reports	Report format to be reviewed.	Head of Corporate Services	July 2018

No	Recommendation	Response	Responsible officer	Action date
R16	Revise the annual report to include: <ul style="list-style-type: none">• An opinion that refers to the governance, risk and internal control framework• The link must be made to the strategies, risks and objectives of the council• Reference to the level of compliance with the PSIAS• Details of activities as a consequence of the QAIP	Annual report to be revised with effect for 2019/20 audit plan.	Head of Corporate Services	July 2019

Suggestions

No	Suggestion	Response	Responsible officer	Action date
S1	Include the mission in the Charter	Charter to be updated.	Head of Corporate Services	July 2018
S2	Occasionally involve others from within the Council who have sufficient knowledge of audit practices, for example members of the Audit Committee and finance staff in audit quality reviews	Covered in response to R4 (Corporate Governance Group and happy to accommodate Audit Committee where appropriate)	Head of Corporate Services	July 2018
S3	Include details of report circulation within the report itself	Covered in response to R15.	Head of Corporate Services	July 2018

Appendix 2: interviewees

Person	Position
Amy Adams	Corporate Services Officer
Emma Cathcart	Counter Fraud Unit Manager
Lisa Chapman	Member Services Officer
Mike Dawson	Chief Executive
Simon Dix	Head of Finance and Asset Management
Sam Dudfield	Internal Auditor
Claire Evans	Corporate Services Manager
Sara Freckleton	Borough Solicitor
Emma Harley	Finance Manager
Martha Mundy	Community Funding Officer
Andy Noble	Asset Manager
Lin O'Brien	Group Manager, Democratic Services
Matt Reeve	Operations Manager
Andy Sanders	Economic and Development Manager
Graeme Simpson	Head of Corporate Services (CAE)
Cllr Vernon Smith	Chair, Audit Committee
Diane Vince	Senior Auditor
Dave Waters	Leader of the Council
Georgina Whitehead	Internal Auditor

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	28 March 2018
Subject:	Monitoring of Significant Governance Issues
Report of:	Sara Freckleton, Borough Solicitor
Corporate Lead:	Sara Freckleton, Borough Solicitor
Lead Member:	Councillor D J Waters, Leader of the Council
Number of Appendices:	1

Executive Summary:

The report attaches, at Appendix 1, a table incorporating the Significant Governance Issues which were identified in the Council's Annual Governance Statement (AGS), approved by the Audit Committee on 19 July 2017, and the action to be taken to address them. The table indicates the progress on those specified actions by 1 March 2018, to enable the Audit Committee to monitor progress on these actions as required by the Annual Governance Statement.

Recommendation:

To CONSIDER the information set out in Appendix 1 and to review progress against the actions.

Reasons for Recommendation:

To comply with the requirements of the Review of Effectiveness of the Council's Annual Governance Statement.

Resource Implications:

None arising from this report.

Legal Implications:

None arising from this report.

Risk Management Implications:

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.

Performance Management Follow-up:

Further review by Audit Committee when approving the 2017/18 Annual Governance Statement will take place in July 2018.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** On the 19 July 2017, the Audit Committee approved the Council's Annual Governance Statement for 2016/17 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 1 March 2018. In respect of those governance issues where action is due to have taken place already, there has been progress although not all of the specified work has been completed. In respect of the outstanding items, a revised date has been included in the timescale column to indicate the date by which the action should be completed. The revised dates take into account resourcing and other priorities. These governance issues will be carried forward to the 2017/18 Annual Governance Statement which will be considered by the Committee at its next meeting.

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 19 July 2017 – Approval of Annual Governance Statement 2016/17
Council 24 June 2008 – Approval of Code of Corporate Governance

Background Papers: Annual Governance Statement 2016/17

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Appendices: Appendix 1 - Monitoring of Significant Governance Issues 2016/17

MONITORING OF SIGNIFICANT GOVERNANCE ISSUES

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 1 March 2018
1.	Constitution	<ul style="list-style-type: none"> Review and update the Constitution 	December 2018	Head of Democratic Services	There are no major elections scheduled for 2018 and priority will be given to commencing the update of the Constitution. In the meantime, the Constitution is still a serviceable document available on the internet.
2.	Risk Management	<ul style="list-style-type: none"> Review and update strategy Risk management awareness training Introduce a new corporate risk register 	February 2018 July 2018	Head of Corporate Services	<ul style="list-style-type: none"> Draft strategy has been written. Risk management training including development of risk appetite and identification of corporate risks is in the process of being organised. Development of risk register to follow training and present at next Audit Committee.

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 1 March 2018
3.	Business Continuity	<ul style="list-style-type: none"> • All service plans to be updated • Review of Corporate Plan • Identify and prioritise key systems • Desktop exercise to test new plan 	<p>March 2018</p> <p>June 2018</p>	Head of Corporate Services	<ul style="list-style-type: none"> • All service plans in place – Internal Audit helped facilitate the process. • Draft corporate plan produced. • Key systems identified as part of the planning process. • Testing to take place on the plan within final quarter of the year – this will be facilitated by the Civil Protection Team.

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 1 March 2018
4.	Audit Committee effectiveness	<ul style="list-style-type: none"> Audit Committee training Undertake a review of the effectiveness of the Committee 	<p>March 2018</p> <p>September 2018</p>	Head of Corporate Services	<ul style="list-style-type: none"> Role of the Audit Committee, 'Meet the Internal Audit Team' and Statement of Accounts training have taken place. New CIPFA guidance on Audit Committee effectiveness has been published and will inform a formal review. Name and Terms of Reference of current Committee are to be reviewed, an annual Audit Committee report will be produced and a more proactive challenge to outstanding audit recommendations will all contribute to maximising the effectiveness of the Committee.
5.	Workforce development strategy	<ul style="list-style-type: none"> Develop and approve strategy 	September 2017	Human Resources Adviser	<ul style="list-style-type: none"> A draft strategy has been produced. Finalising the strategy will be overseen by the Interim HR Manager.

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 1 March 2018
6.	Ubico Client Monitoring	<ul style="list-style-type: none"> Review of current arrangements and produce improvement plan 	September 2017	Head of Community Services	<p>Waste contract - The improvement plan continues to be adapted and managed and performance is improving. New performance indicators have now been agreed across the partnership and will be monitored from April 2018. This will allow better contract management.</p> <p>Grounds maintenance – Quality of work is now being better managed with the assets and property team and schedules of work are being drawn up and agreed. Joined up work with partners and contract management and monitoring still needs to be improved.</p>
7.	General Data Protection Regulations (GDPR)	<ul style="list-style-type: none"> Deliver implementation action plan 	May 2018	Head of Corporate Services	<ul style="list-style-type: none"> Data audit completed and actions arising are being delivered in accordance with project milestones. Awareness training for all staff and Members has been carried out. Information group has been set up to oversee project implementation.

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 1 March 2018
8.	Local Code of Corporate Governance	<ul style="list-style-type: none"> Review and update current code 	March 2018 September 2018	Head of Corporate Services	<ul style="list-style-type: none"> No progress to date other than research.