

11 September 2018

<b>Committee</b>	Audit
<b>Date</b>	Wednesday, 19 September 2018
<b>Time of Meeting</b>	2:00 pm
<b>Venue</b>	Severn

## **ALL MEMBERS OF THE COMMITTEE ARE REQUESTED TO ATTEND**

### **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.

#### **3. DECLARATIONS OF INTEREST**

Pursuant to the adoption by the Council on 26 June 2012 of the Tewkesbury Borough Council Code of Conduct, effective from 1 July 2012, as set out in Minute No. CL.34, Members are invited to declare any interest they may have in the business set out on the Agenda to which the approved Code applies.



	<b>Item</b>	<b>Page(s)</b>
<b>4.</b>	<b>MINUTES</b>  To approve the Minutes of the meeting held on 18 July 2018.	1 - 13
<b>5.</b>	<b>AUDIT COMMITTEE WORK PROGRAMME</b>  To consider the Audit Committee Work Programme.	14 - 21
<b>6.</b>	<b>ANNUAL AUDIT LETTER 2017/18</b>  To consider the external auditor's annual audit letter 2017/18.	22 - 32
<b>7.</b>	<b>ANNUAL HEALTH AND SAFETY REPORT</b>  To consider the Council's health and safety report.	33 - 50
<b>8.</b>	<b>INTERNAL AUDIT PLAN MONITORING REPORT</b>  To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	51 - 66
<b>9.</b>	<b>INTERNAL AUDIT SIX MONTH PLAN 2018/19</b>  To approve the Internal Audit Six Month Plan 2018/19 (October 2018-March 2019).	67 - 73

**DATE OF NEXT MEETING**  
**WEDNESDAY, 12 DECEMBER 2018**  
**COUNCILLORS CONSTITUTING COMMITTEE**

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

### **Substitution Arrangements**

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

### **Recording of Meetings**

In accordance with the Openness of Local Government Bodies Regulations 2014, please be aware that the proceedings of this meeting may be recorded and this may include recording of persons seated in the public gallery or speaking at the meeting. Please notify the Democratic Services Officer if you have any objections to this practice and the Chairman will take reasonable steps to ensure that any request not to be recorded is complied with.

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

## TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,  
Gloucester Road, Tewkesbury on Wednesday, 18 July 2018  
commencing at 2:00 pm**

**Present:**

Chair	Councillor H C McLain
Vice Chair	Councillor V D Smith

**and Councillors:**

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

**also present:**

Councillors R E Allen and E J MacTiernan

### **AUD.3 ANNOUNCEMENTS**

- 3.1 The evacuation procedure, as noted on the Agenda, was taken as read.
- 3.2 The Chair welcomed the Engagement Manager and Engagement Lead from Grant Thornton to the meeting. She indicated that the Counter Fraud Manager from the Counter Fraud Unit was in attendance for Agenda Item 6 – Counter Fraud Unit Report. It was noted that the Lead and Support Members for Corporate Governance were also present to observe the meeting as audit was included in their Portfolio.

### **AUD.4 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

- 4.1 Apologies for absence were received from Councillor G F Blackwell. There were no substitutions for the meeting.

### **AUD.5 DECLARATIONS OF INTEREST**

- 5.1 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.
- 5.2 There were no declarations made on this occasion.

### **AUD.6 MINUTES**

- 6.1 The Minutes of the meetings held on 28 March and 15 May 2018, copies of which had been circulated, were approved as correct records and signed by the Chair.

**AUD.7 AUDIT COMMITTEE WORK PROGRAMME**

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

7.2 It was

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

**AUD.8 COUNTER-FRAUD UNIT REPORT**

8.1 Attention was drawn to the report of the Head of Finance and Asset Management, circulated at Pages No. 18-22, which provided assurance over the counter fraud activities of the Council. Members were asked to consider the annual update on the work of the Counter Fraud Team.

8.2 The Counter Fraud Manager advised that the Team had supported the Council in a number of areas over the last six months. This included the introduction of a new Corporate Enforcement Policy, an overarching policy for the Council with the specific approaches for each department sitting beneath; a new procedural document in relation to internal investigation processes which had been issued to HR to start the consultation process; and a high level review of staff expenses. Confirmation was also provided that fraud awareness training had now been delivered to all Council staff. It was noted that work had commenced on the review of businesses within the borough and it was intended to bring these results to Members in the next update report; work on serious organised crime and how this affected the authority was also planned. The work plan for 2018/19 was attached at Appendix 1 to the report and had been developed with a focus on the priorities set out in the Home Office UK Anti-Corruption Strategy 2018-22. The Counter Fraud Unit would continue to review the Council's policies and look for opportunities to add value and align them for continuity as well as working with the Department for Work and Pensions on future joint investigations such as the Housing Benefit and Council Tax Reduction Scheme.

8.3 A Member noted that Appendix 1 stated that 217 days were to be provided in 2018/19 and sought clarification as to whether this was an estimate of the amount of time that would be dedicated to Tewkesbury Borough Council. The Counter Fraud Manager clarified that this was based on a full-time equivalent post but the work was split across all members of the team. At the end of the year, the Counter Fraud Unit reported back to the Head of Finance and Asset Management on the number of days that had actually been taken up and a refund was issued if that was less than anticipated. Another Member recognised that a significant amount of the work undertaken by the Counter Fraud Unit related to the drafting of policies and procedures and she questioned what happened if changes were required. The Counter Fraud Manager advised that a new policy, such as the Corporate Enforcement Policy, would be drafted by the Counter Fraud Unit and sent to One Legal in the first instance. The policy would then be taken to the Corporate Management Team and relevant Heads of Service for review and any comments would be taken on board and the policy updated accordingly. The final draft would then be taken to the appropriate Council or Committee meeting for approval.

8.4 In response to a query as to whether there were any specific target dates for the work that was due to be undertaken during 2018/19, the Counter Fraud Manager explained that a progress update was provided to the Audit Committee every six months and Members would see there had been a number of internal investigations over the last period; whilst a lot were ongoing, several had been completed. The serious organised crime work had started in earnest and was likely to identify areas of improvement where further work was required. She provided assurance that the reports to the Committee would continue to

demonstrate compliance. In response to a query as to whether figures were available to show how much money the work of the Counter Fraud Unit saved the Council in terms of the prevention of fraudulent activity, the Counter Fraud Manager confirmed that this information was reported to the Corporate Leadership Team. The Counter Fraud Unit had to be self-sufficient otherwise it would not be adding value; however, some of the savings were difficult to quantify, for instance, where the work of the team served as a deterrent. A Member questioned whether any information was available in terms of what had been done so far and the Head of Finance and Asset Management indicated that this would be included in the update in December in accordance with the usual reporting cycle.

8.5 It was

**RESOLVED** That the annual update on the work of the Counter Fraud Team be **NOTED**.

## **AUD.9 EXTERNAL AUDITOR'S AUDIT FINDINGS**

9.1 Attention was drawn to Grant Thornton's report, circulated at Pages No. 23-47, which set out the audit findings for the Council for 2017/18. Members were asked to consider the report.

9.2 The Engagement Lead from Grant Thornton explained that the report highlighted the key findings from its audit of the Council's financial statements for the year ended 31 March 2018 and its review of the Council's value for money arrangements. Under the National Audit Office Code of Practice, Grant Thornton was required to report whether, in its opinion, the Council's financial statements represented a true and fair view of its financial position and income and expenditure for the year, and whether they had been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice on local authority accounting and the Local Audit and Accountability Act 2014. It was noted that the timetable for the preparation of the accounts had been brought forward considerably compared to previous years – in the past the accounts were provided at the end of June following which they were audited and brought to the Committee in September whereas this year they had been reviewed at the end of May. She was pleased to report that the audit was substantially complete. At the time of writing the report, there were a few areas where work was ongoing; one area, in relation to the work on the Council's valuation of its Property, Plant and Equipment (PPE), was not fully concluded but it was hoped this would not give rise to any significant issues. She explained that Grant Thornton was making enquiries about the underlying assumptions made by the valuer to ensure it was comfortable with the approach taken – the assumptions had changed compared to the previous year and a number of local authorities used the same valuer so this was being considered across the board. This matter was expected to conclude within the next few days with a view to issuing the opinion by the statutory deadline later in the month. Therefore, the final sign-off on the opinion was subject to the resolution of the remaining queries with the valuation. The Engagement Lead from Grant Thornton wished to record her appreciation to the Finance Manager and her team for the preparation of the accounts and, subject to the outstanding queries being satisfactorily resolved, she anticipated issuing an unqualified audit opinion on the financial statements. There were no material issues in the accounts which needed to be brought to Members' attention.

9.3 In terms of the value for money conclusion, one main area of risk had been identified from the audit plan in relation to the Council's arrangements in respect of the preparation of its Medium Term Financial Strategy (MTFS). This was set out in detail at Pages No. 36-38 of the report. The latest version of the Council's MTFS had been reported to Members on 5 December 2017 identifying a £2.99M funding gap over the five year period of the MTFS 2018/19 – 2022/23. In establishing what

arrangements were in place to bridge that gap, it was clear that many were out of the Council's control as they were dictated by funding from central government e.g. reliance on New Homes Bonus; this was something which had been explored with the Committee in previous years. It was important that Grant Thornton was satisfied that the Council had clear plans for how it could bridge the gap and had agreement from Members as to where future savings could be made. The Council's savings plan was in development therefore it was not possible to confirm that those plans were in place. Officer had stated that the plans were being developed and this would continue over the summer period. On that basis, the conclusion on the value for money arrangements was 'acceptable' as it was not possible to conclude that the savings plan was sufficiently developed.

- 9.4 Several Members raised concern over the value for money conclusion. A Member noted that the process for signing off the accounts had been brought forward and therefore it was out of sync with the Council's previous system for identifying savings. Whilst she felt Officers should have brought this forward, she would also have expected to see some sort of confidence statement from Grant Thornton – given the Council's previous good performance – to recognise that a reason had been identified for the delay in producing the savings plan. In not doing so, she felt there may be a risk to the Council's reputation which would be unfair, given the circumstances. The Engagement Lead from Grant Thornton indicated that the quick wins and easy options had already been delivered so it would only get harder in terms of identifying further potential savings. It was not for the external auditors to determine how the Council would make savings and, whilst Officers could present options, Members could decide whether to accept all, or none, of these. The Member reiterated that there had been a change this year in terms of the timetable and she felt that could have been reflected in Grant Thornton's report in recognition of that. The Engagement Lead indicated that she would be very happy to make that revision to the wording to recognise the previous track record of the Council; however, it was difficult to make a comment on a forward-looking aspect that had not been subject to consideration by Members of the Council. She pointed out that the information was already in the public domain in terms of the presentation of the MTFS and, although she absolutely agreed that management was working hard to look at the options, there were some difficult decisions to be made.
- 9.5 In terms of the timetable, the Head of Finance and Asset Management advised that the MTFS had been presented to Council in December highlighting the deficit and the initial savings plan, following which, the detailed budget and savings plan for the following year was approved in February. The future budget and MTFS was then considered over the early part of the summer and the indicative plan for the next 12-18 months was made into a more detailed plan. The development programme needed to be brought forward to earlier in the year and it was intended to do this in April/May going forward so that Grant Thornton could have a worked-up version which had high-level buy-in from Members to give assurance that a robust plan was in place. In terms of this year, Officers were working on the MTFS for December and the detailed budget for February, as would normally be the case. Years three, four and five of the MTFS would still be indicative but the detail would now cover a 24 month period, as opposed to 12 months. It was noted that, if the detailed savings plan was to be developed in April/May in future, care would need to be taken in 2019 in terms of what information could be presented to Members and shared with Grant Thornton due to Borough Council Elections. He clarified that the savings programme would be considered by the Transform Working Group over the summer and autumn before being presented to the Executive Committee and Council.

- 9.6 In response to a query regarding reliance on New Homes Bonus, the Head of Finance and Asset Management explained that this comprised £2.6M of the base budget. Whilst it was not for Grant Thornton to decide how much New Homes Bonus was used each year, the worry for both Officers and Grant Thornton was the uncertainty of this income stream. It was important to ensure the Council did not rely on this too much, which was difficult given other cost pressures and reduced funding streams. At the moment, he was confident that the Council had a buffer of approximately £600,000 to deal with any cuts this year.
- 9.7 The Audit Manager from Grant Thornton went on to advise that Pages No. 29-30 of the report outlined the significant audit risks reported in the plan earlier in the year and the work that had been carried out against them; these included improper revenue recognition; management override of controls; valuation of PPE; and valuation of pension fund net liability. Reasonably possible audit risks were set out at Page No. 31 of the report and included employee remuneration and operating expenses. All areas had been assessed as 'green' and were in accordance with the Code. Other communication requirements were set out at Pages No. 33-34 and included the standard letter of representation, due to be considered later in the meeting. Page No. 41 set out the value for money approach and it was noted that the Council had put in place a number of processes to address the key risks in respect of the Ubico contract; this was now complete and was no longer a risk. The review of the Corporate Risk Register was ongoing and had been deferred several times so this was an outstanding item on the work programme. Based on the review of the draft financial statements received for audit and the outcomes of the work to date, Grant Thornton was satisfied with the quality of the financial statements prepared, and that they had been subject to appropriate review, so this had been agreed as complete. The audit adjustments were set out at Page No. 42 of the report and included a number of errors which had been amended in the final version of the accounts, namely, Note 31 – Officer remuneration – where there had been a transposition error between the comparators for the five years which had now been updated; and Note 33 – Grant Income - which had included a number of errors in the underlying data and one grant that had been missed from the totals. Two accounting policies had accidentally been omitted from the draft which had now been included and there had also been several amendments to spelling and grammar etc. The audit fees were unchanged from what had been reported in the plan and the audit opinion was outlined in the Appendix to the report.
- 9.8 A Member noted from the Minutes of the previous meeting that Grant Thornton intended to challenge the assumptions around investment property and the Engagement Lead from Grant Thornton explained that the Minutes related to the Audit Plan for 2017/18 - at that stage, Grant Thornton was setting out the work it intended to do around PPE and investment properties. The current report reflected what had actually been done and she confirmed this had been addressed, albeit with a few ongoing enquiries with the valuers to understand the rationale behind the changes from the previous valuation and ensure it was still reasonable. The Member questioned whether any assumptions had been made to forewarn Members of a possible future shortfall in income and the Engagement Lead advised that Grant Thornton would pick up whether there was a programme in place to cover deficits; it did not to look at future projections on investments and properties.
- 9.9 It was
- RESOLVED** That Grant Thornton's audit findings 2017/18 be **NOTED**.

**AUD.10 LETTER OF REPRESENTATION 2017/18**

- 10.1 Attention was drawn to the Section 151 Officer's Letter of Representation on the financial statements for the year ended 31 March 2018, which had been circulated at Pages No. 48-54. Members were asked to approve the letter.
- 10.2 The Head of Finance and Asset Management advised that, as the Section 151 Officer, he was required to write a Letter of Representation to the external auditors which outlined the principles on which the accounts were based and confirmed compliance with the law and the level of information provided to Grant Thornton to complete the audit, as well as disclosing any fraudulent activity that may have taken place. The contents of the letter had been agreed with Grant Thornton and formal approval was sought from the Committee.
- 10.3 Accordingly, it was  
**RESOLVED** That the Letter of Representation be **APPROVED** and signed by the Section 151 Officer.

**AUD.11 STATEMENT OF ACCOUNTS 2017/18**

- 11.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 55-142, attached the Statement of Accounts for 2017/18 which Members were asked to approve.
- 11.2 The Finance Manager explained that the Statement of Accounts for 2017/18 showed the financial position of the Council as at 31 March 2018 as well as performance during the year. This year had seen working balances increase to £550,000 and a net worth increase from £9.9M to £14.4M. This was a surplus of £1.7M in accounting terms; the actual amount of surplus affecting the general fund was £2.6M and the Council achieved a budget surplus of £1.5M. The comprehensive income and expenditure statement was set out at Page No. 65 of the report. It was noted that the deadlines for the production and audit of the accounts had been brought forward by one and two months respectively which had been challenging due to the loss of a key member of the accountancy team and it was a credit to the Finance Team that the accounts had been produced by the new deadline. There had been a surplus of £894,000 in income for the year and the large variance was as a result of substantial grant income being received. The Council had received a number of new burdens grants from the government and had also attracted significant service specific grants, particularly in relation to the delivery for the requirements for infrastructure and the Joint Core Strategy. Treasury had also performed strongly and the Council had been able to borrow cheaply in the short-term and invest at higher rates using different products.
- 11.3 The balance sheet, set out at Page No. 68 of the report, showed that investment properties had increased from £13M to £19.5M due to the purchase of three new properties. Current liabilities had increased by £9M, £6M of which was due to borrowing money to fund the investment property purchase. Other adjustments included a reduction of £1.5M in the capital receipts reserve as the Council paid the final amounts for the new refuse and recycling vehicles and funded the refurbishment of the Public Services Centre. The balance on the Collection Fund for Council Tax at year-end was a surplus of £1.9M and £1.6M of that had already been allocated into the budget for future needs. The balance on the Collection Fund for Business Rates at year-end was a deficit of £1.79M which was a £2M improvement on the previous year. The capital resources balance was £1.979M including capital grants; however, after allowing for commitments, the unallocated budget available for new capital projects was £680,000.



- 11.4 A Member felt it should be recorded that the Audit Committee had attended a training session on the Statement of Accounts immediately prior to the Committee meeting at which Members had engaged in a significant amount of debate and discussion. It was therefore

**RESOLVED** That the Statement of Accounts 2017/18 be **APPROVED**.

#### **AUD.12 EXTERNAL AUDITOR'S FEE LETTER 2018/19**

- 12.1 Attention was drawn to Grant Thornton's fee letter, circulated at Pages No. 143-146, which set out the proposed fee for 2018/19, together with the scope and timing for the work. Members were asked to consider the fee letter.

- 12.2 The Engagement Lead from Grant Thornton explained that Public Sector Audit Appointments (PSAA) set the fee for opted-in local government bodies. For 2018/19, the indicative scale fee had reduced by 23% from the fees applicable for 2017/18 to £34,589. The letter summarised the responsibilities for Grant Thornton for the coming years, the timetable and key members of the team.

- 12.3 The Lead Member for Corporate Governance questioned how the external auditors were appointed and was advised that a significant exercise had been undertaken as part of the PSAA arrangements for 2018/19 and beyond. Individual local authorities had a choice as to whether they went into the exercise or decided to set-up their own independent panel to appoint its own auditors. There were examples of larger authorities, or collective groups of authorities, making their own appointments but over 95%, including Tewkesbury Borough Council, had decided to go into the PSAA arrangement. PSAA appointed auditors on behalf of the authorities that had opted-in based on an exercise that took into account quality and price and Grant Thornton had been appointed on that basis. At the end of the five year contract, the Council could decide whether it wanted to opt-in again or make its own arrangements. The Head of Finance and Asset Management confirmed that a report had been brought to the Audit Committee in September 2017 explaining the options and Officers had recommended the PSAA model due to the efficiencies within the arrangement.

- 12.4 It was

**RESOLVED** That the Grant Thornton fee letter 2018/19 be **NOTED**.

#### **AUD.13 INTERNAL AUDIT PLAN MONITORING REPORT**

- 13.1 The report of the Head of Corporate Services, circulated at Pages No. 147-168, was the final monitoring report of the financial year and detailed the findings of Internal Audit for the remaining audits within the Audit Plan 2017/18. Members were asked to consider the audit work completed and the assurance given on the adequacy of the internal controls operating within the systems audited.

- 13.2 Members were advised that full details of the work undertaken were attached at Appendix 1 to the report and Appendix 2 included a list of all recommendations reviewed in the period and their status. It was noted that a number of recommendations had been identified as a result of a previous audit of the leisure centre, particularly in respect of the importance of client monitoring, and a follow-up audit had provided good assurance that those recommendations had been implemented. An audit of the Council's Occupational Road Risk Policy had found that the policy had been appropriately approved and communicated to staff, and Managers/Heads of Service had received training and were carrying out checks. This was something which would be incorporated into the new HR 'Breathe' system and would be subject to a further audit review when the system was live. As such, a 'good' audit opinion had been issued. It was noted that volunteers were incorporated in the policy; however, it was considered unlikely that they would be classed as driving whilst at work and therefore the risk was minimal. Given the

difficulty enforcing this policy it was considered reasonable not to complete these checks, although volunteers should be made aware of the policy. The audit on housing benefit and the current controls in place in respect of Universal Credit had resulted in a good level of assurance and the arrangements in place between the Council and the Department for Work and Pensions were adequate. Training had been provided for staff on the introduction of Universal Credit, the Council's website had been updated with relevant information and a leaflet had been produced for residents. The Public Services Centre refurbishment had also been audited and there was a satisfactory level of control in relation to the project management arrangements. In terms of risk management, a detailed risk register was in place for the project which identified key risks and was frequently updated. The risks were reported at monthly progress meetings and discussed at the Transform Working Group. Health and safety issues formed part of the risk management process and were also discussed at meetings. With regard to the budgetary element of the project, it was noted that there had been an increase from £1.8M to £2.2M due to a change in the design brief which had been reported to Transform Working Group. Overall there was a good level of budgetary control and audit testing on expenditure had confirmed it was valid and within the remit of the project.

- 13.3 In terms of corporate improvement work, the Internal Audit team had worked with Housing to address an outstanding audit recommendation relating to the storage of personal belongings for homeless individuals and discussions had taken place in relation to a draft specification. Prior to the introduction of the General Data Protection Regulation (GDPR) in May 2018, work had also been carried out to quality assure the Council's retention schedules for the go live date. Trade waste debt recovery had been an outstanding audit recommendation since 2015/16 and corporate improvement days had been used to review the level of debt for the service and test the procedures currently in place. The audit review had established that the majority of customers with debt exceeding a year, and/or with one or more outstanding debts, were still receiving collections. 34 customers had been identified who should potentially have their service suspended therefore this recommendation was still outstanding and was included in Appendix 2. In addition, Internal Audit had helped to review the processes and controls in place for the dissemination of Section 106 monies. A survey undertaken by staff some 18 months ago had resulted in a number of management commitments and Internal Audit had been tasked with identifying how well these had been embedded. This work had confirmed that team meetings were held on a monthly basis for the majority of services and, where a monthly meeting did not take place, this was reasonable for the size of the service; a core briefing note of key issues arising from Management Team meetings was posted on the intranet; staff briefings were programmed in advance on a quarterly basis and attendance had improved dramatically following a change in timings and since all staff had been formally invited through their Outlook diaries; 12 out of 20 staff confirmed they had had a Personal and Professional Development (PPD) meeting and a further three had stated they had regular one to one's with their manager – there was a management instruction that all PPDs must be completed by September; and it had been established that sickness was being managed in accordance with the Council's Absence Management Policy.
- 13.4 With regard to the outstanding audit recommendations, attached at Appendix 2, it was noted that there were a number of recommendations on cemeteries one of which had only been partially implemented; this was around payments and Members were informed that a new platform was in place and ready to go live imminently. A recommendation about the monitoring of Freedom of Information (FOI) requests was outstanding as priority had been given to the garden waste project. The FOI system had been in place for 18 months and was a much-improved system; however, it had been recommended that this be reviewed after 12 months and a new target date had now been set for the end of September 2018. The Head of Corporate Services explained that there was a long-term

recommendation outstanding regarding the Council's discretionary policy and the changes to business rates introduced by the Localism Act 2011; this would be picked up over the summer as part of a wider agenda in relation to economic development. The audit of risk management had identified that refresher training should be provided to staff and Members involved with the risk management framework and a session had been held for Members and senior management in June. It was noted that a new Corporate Risk Register was currently being developed and follow-up training on risk appetite would be held in September and would inform the scoring of the register. Two audit recommendations were outstanding in respect of trade waste, one around debt recovery and one to ensure it was operating on a commercially viable level. It was intended to undertake a review of the service in its entirety and this was a Council Plan action. Trade waste had also been discussed by the Overview and Scrutiny and Executive Committees where assurance had been given that the full review would be undertaken by March 2019.

- 13.5 With regard to the housing benefit audit, a Member noted that a sample of 20 Universal Credit accounts had found that seven had variances in the information manually input into the system and two additional cases had an incorrect housing benefit stop date. Furthermore, a sample of five overpayment returns had found one had been incorrectly coded. This meant that half of the 20 sampled had something wrong with them and yet the audit had still found a good level of assurance. In addition, she queried whether the additional training that was to be provided to staff by the end of July 2018 had been delivered. In response, the Head of Corporate Services explained that, of the seven variances, three had not been relevant so, overall this was a good materiality level. Whilst some had been incorrectly inputted this was very low and was not a significant financial risk. In terms of the sample of five overpayments, the one which had been incorrectly coded had been attributed to an internal sundry debt and should have been a Department for Work and Pensions error therefore this was not for the Council to chase. In terms of the training, he understood this had taken place. Overall the framework for how the team had handled Universal Credit was good.
- 13.6 In response to a query regarding the overspend on the Public Services Refurbishment, the Head of Finance and Asset Management advised that this was as a result of taking the opportunity to do additional work which was planned for future years in order to benefit from efficiencies associated with already having the contractors on site. This had been funded through asset management reserves which had already been approved and he had delegated authority to expend.
- 13.7 Having considered the information provided, it was  
**RESOLVED** That the Internal Audit Plan Monitoring Report be **NOTED**.

#### **AUD.14 INTERNAL AUDIT ANNUAL REPORT 2017/18**

- 14.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 169-176, which provided Members with a summary of the internal audit work undertaken in 2017/18, together with an opinion on the overall adequacy and effectiveness of the organisation's control environment. Members were asked to consider the report and the assurance that, overall, the Council's framework of governance, risk management and control was generally effective and, where concerns had been identified there has been a positive management response.
- 14.2 Members were advised that the Public Sector Internal Audit Standards (PSIAS) required the Council to produce an annual internal audit opinion and report which could be used by the organisation to inform its Annual Governance Statement. Page No. 170, Paragraph 2.2 of the report, gave an overview of the audits undertaken during the year and Paragraph 2.3 set out the corporate improvement

work that had been carried out. It was noted that the team was also represented on key corporate groups such as the 'Keep Safe, Stay Healthy' Group.

- 14.3 A summary of the audit opinions reported throughout the year was set out at Page No. 172, Paragraph 3.2 of the report, and it was pleasing to note there had been no 'unsatisfactory' opinions. Two 'limited' opinions had been issued, both in relation to the licensing function, and the key areas for improvement were outlined within the report. There had been a positive response to these findings and the Head of Community Services had attended the Audit Committee meeting in December 2017 where he had explained that he had discussed the audit with the Chair of the Licensing Committee and they had worked together on an action plan which was being monitored by that Committee. These recommendations would be followed-up via the internal audit process and the outcomes would be presented as part of the quarterly monitoring report. It was noted that 27 recommendations had been made overall and 10 of the audits had resulted in no recommendations.
- 14.4 The structure of the Internal Audit team was outlined at Page No. 173, Paragraph 4.0 of the report, and Members were informed that one member of staff's absence had been covered by a secondment from another service area during the course of the year. With regard to the independence of the Head of Corporate Services, it was not uncommon for the internal audit strategic lead to also have operational responsibility for service areas. The Head of Corporate Services explained that he had a wide managerial remit including ICT, Customer Services, Human Resources and Policy and Communications. In cases where an audit was undertaken in any of those areas, he could give assurance that all audit opinions were exercised objectively and with integrity so that the opinions issued were open, transparent and accurate. Moving forward to 2018/19, and in response to a recommendation made in the peer review, additional safeguards had been put in place to maintain his independence in this role. Members were reminded that an independent assessment of internal audit activity had been undertaken in November 2017 as required by PSIAS and the outcome of the review had been formally reported at the last Audit Committee meeting. A small number of recommendations had been made and these had been added to the existing quality assurance and improvement programme so there was one overall action plan for internal audit activity. A workshop had been held for Audit Committee Members in May to go through the content of the report and progress would be reported at least annually to the Audit Committee.
- 14.5 It was  
**RESOLVED** That the internal audit annual report be **NOTED**.

#### **AUD.15 INTERNAL AUDIT CHARTER**

- 15.1 The report of the Head of Corporate Services, circulated at Pages No. 177-191, attached the Internal Audit Charter which must be periodically reviewed. Members were asked to approve the Internal Audit Charter.
- 15.2 Members were advised that the Public Sector Internal Audit Standards (PSIAS) required the purpose, authority and responsibility of the internal audit activity to be formally defined in an Internal Audit Charter. The charter must be periodically reviewed by the Chief Audit Executive and presented to senior management and 'the board' for approval. For Tewkesbury Borough Council, the charter defined the board as the Audit Committee and the Chief Audit Executive as the Head of Corporate Services. As previously reported to the Committee, it was a requirement of PSIAS that an external assessment of internal audit activity be undertaken at least every five years by a qualified, independent assessor. This had taken place in November 2017 and had resulted in 16 recommendations, a small number of which related to the Internal Audit Charter and were set out at Page No. 179, Paragraph

3.2 of the report. Amendments had been made to take account of these recommendations and an updated charter was attached at Appendix 1 to the report. Particular reference was made to Page No. 184 of the report which had been included to address the recommendation that core principles for the professional practice of internal audit be included with examples, and Page No. 186 which included the safeguards to protect the independence and objectivity of the Chief Audit Executive.

15.3 A Member noted that Paragraph 13 of the Internal Audit Charter made reference to the annual review of the charter by the Chief Audit Executive and she questioned when this would be undertaken. The Head of Corporate Services advised that this was likely to be towards the end of the financial year. If any significant changes were needed they would be brought back to the Audit Committee for approval, otherwise the charter would be taken to the Committee for formal approval every three years.

15.4 The Chair congratulated the Head of Corporate Services on the revised charter which she felt was well set out and very easy to read. It was subsequently

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

#### **AUD.16 ANNUAL GOVERNANCE STATEMENT 2017/18**

16.1 The report of the Corporate Governance Group, circulated at Pages No. 192-205, attached, at Appendix 1, the Council's Annual Governance Statement 2017/18 which Members were asked to approve.

16.2 The Borough Solicitor explained that the Accounts and Audit Regulations 2015 required local authorities to conduct a review, at least once a year, of the effectiveness of its systems of internal control and include an Annual Governance Statement reporting on the review with any published Statement of Accounts. The Annual Governance Statement should normally be approved at the same time, or prior to, the Statement of Accounts. The draft Annual Governance Statement for 2017/18 was attached at Appendix 1 to the report and identified eight Significant Governance Issues that required improvement, set out in the table at Page No. 204. The eight areas identified were: risk management; Council Constitution; business continuity; Audit Committee effectiveness; General Data Protection Regulation (GDPR); workforce development strategy; Local Code of Corporate Governance; and licensing. Progress against implementing the proposed actions would be monitored by the Audit Committee.

16.3 In response to a query regarding the review of the Council's Constitution, the Borough Solicitor recognised this had been delayed but provided assurance that the review would be complete by December 2018 in accordance with the timescale set out in the table. Accordingly, it was

**RESOLVED** That the Annual Governance Statement 2017/18 be **APPROVED**.

#### **AUD.17 DATA PROTECTION POLICY**

17.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 206-223, which attached, at Appendix 1, a draft Data Protection Policy describing the Council's arrangements for compliance with the General Data Protection Regulation (GDPR). Members were asked to recommend to the Executive Committee that the Data Protection Policy be approved.

17.2 The Head of Corporate Services advised that anyone processing personal data must comply with six principles of good practice i.e. that personal data must be: processed lawfully, fairly and in a transparent manner; only obtained for specified,

explicit and legitimate purposes; adequate, relevant and not excessive; accurate and kept up-to-date; not be kept for longer than necessary; and processed in a secure manner. Page No. 208, Paragraph 3 of the report, set out the roles and responsibilities that had been established to oversee compliance which included appointment of a Senior Information Risk Owner (SIRO) - to ensure that information was appropriately managed and to take responsibility for the whole information governance framework and the risks associated with it - and a Data Protection Officer - to undertake the statutory role by monitoring compliance and providing training advice and assistance to the SIRO. A summary of the key roles of the Data Controller, Data Protection Officer and the Information Commissioner was set out at Appendix 2 to the report. The Council's Data Protection Policy had been revised to take account of the changes and this was attached at Appendix 1 to the report.

17.3 A Member questioned whether Members' roles and responsibilities were outlined in the policy and was advised that this was covered at Page No. 218. A Member indicated that he was also a Gloucestershire County Councillor and a footer had been produced for Members of that authority to use on emails to explain what they did with personal data, for example, how long it was retained. The Borough Solicitor explained that a template footer was currently being developed which Tewkesbury Borough Councillors may choose to use along with a template for a privacy page which could be made available on the Council's website alongside the existing information about each Councillor. Notwithstanding this, it was important to recognise that Members had a responsibility to protect themselves and, whilst these templates would be available to use, each individual Member would need to decide for themselves how long they wished to retain data.

17.4 A Member indicated that her biggest concern was residents contacting Members with questions as it was very rare that the Member could answer outright and therefore the information needed to be shared. The Borough Solicitor felt that this needed to be addressed in the privacy pages but her general advice would be that, if the query was being passed on to anyone other than an Officer of the Council, it would be necessary to go back to the person to ask for permission; this included passing the query on to other Members. Whilst it was reasonable to expect that Members would not be able to answer a query without reference to an Officer, it was not reasonable to expect that it would be passed to another agency or another Member. Another Member raised concern about retention of personal data, particularly electronic data and how to ensure that it was actually deleted from a computer. The Borough Solicitor stressed that actions to protect data had to be reasonable so if Members permanently deleted emails etc. they should no longer be able to access them and this would be deemed to be reasonable. The Head of Corporate Services reiterated that the Internal Audit Plan included more work on GDPR to ensure that the Council remained compliant.

17.5 Having considered the information provided, it was

**RESOLVED** That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that the Data Protection Policy be **APPROVED**.

## **AUD.18 ANNUAL AUDIT COMMITTEE REPORT**

18.1 Attention was drawn to the report of the Head of Corporate Services, circulated separately, which attached, at Appendix 1, the Audit Committee Annual Report 2017/18 for approval.

18.2 The Head of Corporate Services explained that it was good practice to produce an annual report to demonstrate the broad range of issues that the Audit Committee had considered and reviewed throughout the year. It had also been agreed at an Audit Committee Workshop that an annual report would help to raise the profile of the Committee as the perception among the wider Membership was that it was

purely financial. A report had been compiled based on the work that the Committee had undertaken in 2017/18 including: Internal Audit monitoring reports; Annual Governance Statement; financial reporting including the presentation and approval of the Council's Statement of Accounts; Gloucestershire Counter Fraud Unit reports; external audit monitoring reports; reports on key governance frameworks e.g. safeguarding, health and safety etc.; and Internal Audit operational reports such as the Internal Audit Charter and Internal Audit Peer Review. Following approval, the annual report would be presented by the Chair of the Audit Committee at Council in September 2018.

- 18.3 The Chair felt this was a good start in terms of changing perceptions of the Audit Committee which was much more than just a finance committee and was actually becoming increasingly about policy and governance. It was subsequently

**RESOLVED** That the Annual Audit Committee Report 2017/18 be  
**APPROVED.**

The meeting closed at 4:07 pm

## AUDIT COMMITTEE WORK PROGRAMME

**Addition to 19 September 2018**

- Annual Audit Letter 2017/18 – brought forward from 12 December.

**Deletion from 19 September 2018**

- External Auditor's Progress Report – replaced by Annual Audit Letter.

**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.
<del>Annual Audit Letter 2017/18</del>	<del>To consider the external auditors' Audit Letter 2017/18.</del>	<del>External Auditors.</del>	<del>No.</del> <b>Moved to 19 September.</b>
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.	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.	Borough Solicitor.	No.
Counter Fraud Unit Update	To consider the six monthly update from the Counter Fraud Unit.	Head of Finance and Asset Management / Counter Fraud Manager.	No.
<b>Organised Crime Action Plan and Checklist.</b>	<b>To consider the organised crime action plan and checklist.</b>	<b>Head of Finance and Asset Management / Counter Fraud Manager.</b>	<b>No.</b>

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Agenda Item 5

NB – Changes from previous work programme highlighted in bold



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
Corporate Risk Register and <b>Draft Risk Management Strategy</b>	<b>To consider the updated Risk Management Strategy prior to consideration by the Executive Committee.</b>	Head of Corporate Services.	Yes – deferred pending the review of the Council’s overall risk management arrangements.

<b>Committee Date 27 March 2019</b>			
<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
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.	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.	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.	Head of Corporate Services.	No.
Internal Audit Six Month Plan 2019/20	To approve the Internal Audit Six Month Plan 2019/20 (Apr-Sept).	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.	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	Annual report to give assurance as to the level of the Council's compliance with its safeguarding duty.  (To include Gloucestershire Safeguarding Children Board Section 11 Self-Assessment)	Head of Community Services.	No.
<b>Internal Audit Peer Review Update</b>	<b>To receive an update on the progress made in implementing the recommendations arising from the independent review of Internal Audit.</b>	<b>Head of Corporate Services.</b>	<b>No.</b>

<b>Committee Date: July 2019</b>			
<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Counter-Fraud Unit Report	To consider the annual update on the work of the Counter Fraud Team.	Head of Finance and Asset Management / Counter Fraud Manager.	No.
External Auditor's Audit Findings	To consider the external auditors' Audit Findings 2018/19.	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 2019.	Head of Finance and Asset Management	No.
Statement of Accounts 2018/19	To approve the Statement of Accounts 2018/19.	Head of Finance and Asset Management.	No.
External Auditor's Fee Letters 2019/20	To consider the external auditors' fee letter in relation to the audit work to be undertaken during 2019/20.	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.	Head of Corporate Services.	No.

<b>Committee Date: July 2019</b>			
<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Internal Audit Annual Report 2018/19	To consider the Internal Audit Annual Report 2018/19 and the assurance from the work undertaken during the year on the level of internal control within the systems audited during the year.	Head of Corporate Services.	No.
Annual Governance Statement 2018/19	To approve the Annual Governance Statement 2018/19.	Borough Solicitor.	No.

Committee Date: September 2019			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Annual Audit Letter 2018/19	To consider the external auditors' Audit Letter 2018/19.	External Auditors.	No – Brought forward in line with new deadlines for the Statement of Accounts.
<del>External Auditor's Progress Report</del>	<del>To consider the external auditors' report on progress against planned outputs.</del>	<del>External Auditors.</del>	<del>No. – Replaced by Annual Audit Letter 2018/19.</del>
Annual Report on Health and Safety Activities	To consider the adequacy of the Council's health and safety arrangements.	Head of Community Services.	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.	Head of Corporate Services.	No.
Internal Audit Six Month Plan 2019/20	To approve the Internal Audit Six Month Plan 2019/20 (Oct-Mar).	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.	Borough Solicitor.	No.

<b>OTHER ITEMS</b>			
<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Comments</b>



# Annual Audit Letter

*Year ending 31 March 2018*

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Tewkesbury Borough Council

August 2018

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Agenda Item 6



# Contents



## Your key Grant Thornton team members are:

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Julie Masci

Associate Director

T: 02920 347506

E: [julie.masci@uk.gt.com](mailto:julie.masci@uk.gt.com)

Grace Hawkins

Assistant Manager

T: 02920 347542

E: [grace.e.hawkins@uk.gt.com](mailto:grace.e.hawkins@uk.gt.com)

Tony Era

In Charge Accountant

T: 02920 347504

E: [Tony.JD.Era@uk.gt.com](mailto:Tony.JD.Era@uk.gt.com)

## Section

1. Executive Summary
2. Audit of the Accounts
3. Value for Money conclusion

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## Appendices

- A Reports issued and fees

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# Executive Summary

## Purpose

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Tewkesbury Borough Council for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 18 July 2018.

## Respective responsibilities

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

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

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

## Our work

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<b>Materiality</b>	We determined materiality for the audit of the Council's financial statements to be £739,000, which is 2% of the Council's gross revenue expenditure.
<b>Financial Statements opinion</b>	We gave an unqualified opinion on the Council's financial statements on 27 July 2018.
<b>Whole of Government Accounts (WGA)</b>	The Council fell below the threshold so no detailed audit work was required on the WAG submission. .
<b>Use of statutory powers</b>	We did not identify any matters which required us to exercise our additional statutory powers.

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# Executive Summary

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## Value for Money arrangements

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources except for the matter we identified in relation to the Authority's development of a robust savings plan in order to balance its annual budgets with sufficient capacity to manage its emerging cost pressures over the duration of its Medium Term Financial Strategy (MTFS). We issued a qualified 'except for' conclusion in relation to the Council's Value for Money arrangements.

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## Certification of Grants

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2018. We will report the results of this work to the Audit Committee in our Annual Certification Letter.

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## Certificate

We certify that we have completed the audit of the accounts of Tewkesbury Borough Council in accordance with the requirements of the Code of Audit Practice.

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

**Grant Thornton UK LLP**  
**August 2018**

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# Audit of the Accounts

## Our audit approach

### Materiality

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

We determined materiality for the audit of the Council's accounts to be £739,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

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### The scope of our audit

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

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

We also read the remainder of the Statement of Accounts and the narrative report and annual governance statement published alongside the Statement of Accounts to check they are consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

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

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

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

# Audit of the Accounts

## Significant Audit Risks

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

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Management over-ride of controls</b></p> <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>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• reviewed accounting estimates, judgements and decisions made by management</li> <li>• tested a sample of journal entries</li> <li>• reviewed unusual significant transactions</li> <li>• reviewed significant related party transactions outside the normal course of business</li> </ul>	<p>No unusual transactions were identified. Our audit work identified one journal where VAT was incorrectly allocated in year.</p>
<p><b>Valuation of Property, Plant and Equipment</b></p> <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 performed the following work:</p> <ul style="list-style-type: none"> <li>• reviewed management's processes and assumptions for the calculation of the estimate.</li> <li>• reviewed the competence, expertise and objectivity of any management experts used.</li> <li>• reviewed the instructions issued to valuation experts and the scope of their work</li> <li>• held discussions with the Council's valuer about the basis on which the valuation was carried out, challenging the key assumptions.</li> <li>• reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.</li> <li>• tested revaluations made during the year to ensure they were input correctly into the Council's asset register</li> <li>• evaluated the assumptions made by management for any assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.</li> </ul>	<p>Our audit work did not identify any issues in respect of the valuations of its property, plant and equipment.</p>
<p><b>Valuation of pension fund net liability</b></p> <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 performed the following work:</p> <ul style="list-style-type: none"> <li>• Identified the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessed whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement.</li> <li>• Reviewed the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation.</li> <li>• Gained an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made.</li> <li>• Reviewed the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary</li> </ul>	<p>Our audit work did not identify any issues in respect of the valuations of its pension fund net liability.</p>

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# Audit of the Accounts

## **Audit opinion**

We gave an unqualified opinion on the Council's financial statements on 27 July 2018, in advance of the national deadline.

## **Preparation of the accounts**

The Council presented us with draft accounts in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

## **Issues arising from the audit of the accounts**

We reported the key issues from our audit to the Council's Audit Committee on 18 July 2018.

## **Annual Governance Statement and Narrative Report**

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

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

## **Certificate of closure of the audit**

We are also required to certify that we have completed the audit of the accounts of Tewkesbury Borough Council in accordance with the requirements of the Code of Audit Practice. We provided this certificate on 27 July 2018.

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# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

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

## Key findings

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

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

As part of our Audit Findings report agreed with the Council in July 2018, we agreed recommendations to address our findings:

- The Council should ensure that a robust savings plan is in place to balance its annual budgets with sufficient capacity to manage its emerging cost pressures over the duration of its Medium Term Financial Strategy (MTFS). This savings plan should be reviewed and agreed by members

## Overall Value for Money conclusion

We are satisfied that, in all significant respects, except for the matter we identified below:

- the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources, except for the matter we identified in relation to the Authority's development of a robust savings plan in order to balance its annual budgets with sufficient capacity to manage its emerging cost pressures over the duration of its Medium Term Financial Strategy (MTFS).

# Value for Money conclusion

## Key Value for Money Risks

Risks identified in our audit plan	Findings	Conclusion
<p><b>Sustainable Resource Deployment - Medium Term Financial Strategy</b></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>The Council's Medium Term Financial Strategy (MTFS) is a key element within the Council's overall strategic planning framework. The Strategy takes a five-year perspective and is reviewed, updated and rolled forward annually to set a framework for how budget pressures and priorities will be managed within the best estimates of available capital and revenue resources.</p> <p>The MTFS contains important strategic planning in a number of areas and its latest version was reported to members on 5 December 2017 which identified a £2.99m funding gap over the 5 year period of the MTFS.</p> <p>The Council has over the past few years put in place a number of service reconfigurations, shared service arrangements and so have already exhausted a number of commercialisation opportunities to reduce costs and generate new income streams. Further ideas and plans are in the process of being put in place to mitigate this funding gap during the course of the MTFS period. However, there is a high reliance on the use of uncertain income such as the New Homes Bonus, which makes up almost 30% of the income forecasts. Where the Council is unable to identify and deliver further savings or additional income streams to bridge the current MTFS funding gap, use of the council's general reserves would be required in order to manage its financial position.</p> <p>Therefore, the main focus for the council has been the growth agenda and looking for further commercialisation opportunities through investment property diversification, commercial opportunities through the UBICO contract and the use of council buildings for encouraging business growth through new business growth incubator units on site at the Council's offices in Tewkesbury.</p> <p>During the course of our work, we have received additional information from officers on its current proposals under consideration to address the MTFS shortfall. A key area for consideration relates to the current levels of Council Tax income within the Borough, where Tewkesbury Council remains one of the lowest levels in the Country.</p> <p>The Council is in the process of reviewing a number of assumptions in the MTFS specifically around New Homes Bonus and Business Rate retention. These assumptions are anticipated to reduce the expected level of deficit in the MTFP to £1.5m and a number of further initiatives for growth and financial savings are currently being discussed and agreed by officers. The Council's savings plan to bridge the MTFS funding gap is still in the process of being formalised and its proposals are still subject to agreement with members.</p>	<p>Whilst the current review of assumptions would look to reduce the expected level of deficit to £1.5m, the Council's savings plan is still in the process of being formalised to bridge the MTFS funding gap and any proposals are still subject to agreement with members. It is therefore uncertain whether sufficient savings or additional income sources will be identified to deliver its MTFS.</p> <p>We are therefore unable to conclude that a robust savings plan is in place to balance its annual budgets with sufficient capacity to manage its emerging cost pressures over the duration of its Medium Term Financial Strategy (MTFS).</p>



# A. Reports issued and fees

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

## Reports issued

Report	Date issued
Audit Plan	March 2018
Audit Findings Report	July 2018
Annual Audit Letter	August 2018

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## Fees

	Planned £	Actual fees £	2016/17 fees £
Statutory Council audit	44,921	44,921	44,921
Housing Benefit Grant Certification	9,110	TBC	13,227
<b>Total fees</b>	<b>54,031</b>	<b>TBC</b>	<b>58,148</b>

The planned fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

## Non- audit services

- We can confirm that no non-audit or audit related services have been undertaken for the council.



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## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit Committee
<b>Date of Meeting:</b>	19 September 2018
<b>Subject:</b>	Annual Health and Safety Report
<b>Report of:</b>	Head of Community Services
<b>Corporate Lead:</b>	Deputy Chief Executive
<b>Lead Member:</b>	Lead Member for Organisational Development
<b>Number of Appendices:</b>	One

**Executive Summary:**

The report attached, at Appendix 1, is a summary of the activities carried out to secure health and safety compliance in the financial year 1 April 2017 to 31 March 2018.

**Recommendation:**

**To CONSIDER the Council’s health and safety report.**

**Reasons for Recommendation:**

The Health, Safety and Welfare Policy of Tewkesbury Borough Council states that “elected Members have a responsibility for ensuring that the Chief Executive and Deputy Chief Executive are adequately resourced and supported in achieving compliance with the legal requirements of the Health and Safety at Work Act 1974 and regulations made under it”. The attached report has been written to help Members carry out this responsibility.

**Resource Implications:**

As detailed in the report at Appendix 1

**Legal Implications:**

Tewkesbury Borough Council is responsible for the health, safety and welfare of its staff, contractors and where relevant, members of the public in accordance with the Health and Safety at Work etc. Act 1974. All statutory guidance and other legislative requirements must be followed.

**Risk Management Implications:**

Risk Management is an integral part of the Health, Safety and Welfare Policy and the work-plan detailed at Appendix 1 of the report will help mitigate related business risks.

**Performance Management Follow-up:**

Performance management issues are detailed within the report and appendix.

**Environmental Implications:**

None.

**1.0 INTRODUCTION/BACKGROUND**

- 1.1** Tewkesbury Borough Council recognises and accepts its responsibilities to secure the health, safety and welfare of staff and, where relevant, members of the public. It also recognises the importance of good communications in making sure this is effectively carried out.
- 1.2** As part of securing and ensuring compliance with the Health and Safety at Work etc. Act 1974, it has been identified that Members, as well as staff and the public, should be well informed about the work carried out
- 1.3** The Health and Safety Executive provides excellent guidance in both leading and managing health and safety. The attached report provides a good way to deliver on its recommendation to establish an effective 'downward' communication system and management structure.

**2.0 ANNUAL REPORT**

- 2.1** The report aims to provide a review of the previous year's activities in this area of work, as well as to provide a work plan for forthcoming year.

**3.0 PURPOSE**

- 3.1** The Council is committed to the management of health and safety for both Council client officers and all contractors engaged by the Council. This report provides the health and safety framework that all parties must follow to ensure health and safety is managed during the course of business.
- 3.2** The purpose of the annual report is to provide an open and transparent way of reporting the work carried out and progress with all matters relating to health and safety in accordance with good practice from the HSE.
- 3.3** The report is intended to be both a reflection on the performance and activities from the previous year, but also a projection of the planning, organising, checks and actions for the future.

**4.0 OTHER OPTIONS CONSIDERED**

- 4.1** None.

**5.0 CONSULTATION**

- 5.1** Management team has been consulted on the contents of the annual health and safety audit report.

**6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

6.1 Health, Safety and Welfare Policy.

**7.0 RELEVANT GOVERNMENT POLICIES**

7.1 Leading Health and Safety at Work (INDG417) and Managing for Health and Safety (HSG65), both published by the Health and Safety Executive provide guidance for employers on discharging their duties under the Health and Safety at Work etc. Act 1974.

**8.0 RESOURCE IMPLICATIONS (Human/Property)**

8.1 As detailed in the report at Appendix 1.

**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.

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**Background Papers:** None.

**Contact Officer:** Environmental Safety Officer Tel: 01684 272225  
Email: [kay.meddings@tewkesbury.gov.uk](mailto:kay.meddings@tewkesbury.gov.uk)

**Appendices:** Health and Safety Annual Report 2018.

# Health *and* Safety annual report

2018



keep  safe  
stay healthy

  
Tewkesbury  
Borough Council

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## Introduction

Tewkesbury Borough Council is committed to maintaining a healthy and safe place of work for all its employees, as well as taking all reasonable steps to ensure that the public and the environment (which may be affected by its work) are exposed to the lowest practicable level of risk.

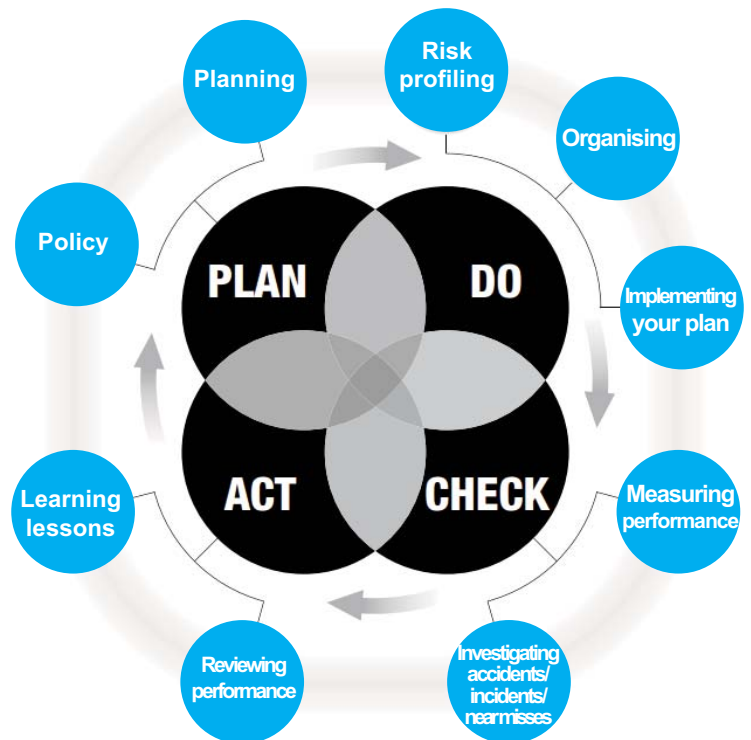
Effective management of health and safety risks helps the council to:

- Maximise the well-being and performance of its employees.
- Stop people getting injured, ill or killed by their work.
- Prevent reputational damage in the eyes of customers, suppliers, other stakeholders and the wider community.
- Encourage better relationships with partnerships and contractors, and ensure that the activities of contractors do not pose a health and safety risk for the council or its employees, visitors or customers.
- Minimise the likelihood of prosecution and consequent penalties.

Best practice recommends that organisations produce and publish an annual health and safety report. As such, this report summarises Tewkesbury Borough Council's health and safety performance during the year 1st April 2017 to 31st March 2018 and looks forward to work proposed in the next year. The aim is to provide relevant information on what the council is doing to protect its employees, volunteers, contractors, service users and members of the public and to show the processes in place to identify a wide range of health and safety risks and to comply with statutory requirements.

The report provides an overview of key performance statistics along with commentary on key aspects of health and safety.

## Our approach to managing health and safety risks



(Extract from "Managing for Health and Safety", HSE, 2013)

The council's health and safety management system includes the key elements of the Health and Safety Executive's (HSE) guidance document HSG65 'Managing for Health and Safety'. The document advocates a 'Plan, Do, Check, Act' approach to managing health and safety within organisations.

Plan, Do, Check, Act achieves a balance between the systems and behavioural aspects of management. It also treats health and safety management as an integral part of good management generally, rather than as a stand-alone system. The following table gives a summary of the actions involved in delivering the system effectively:



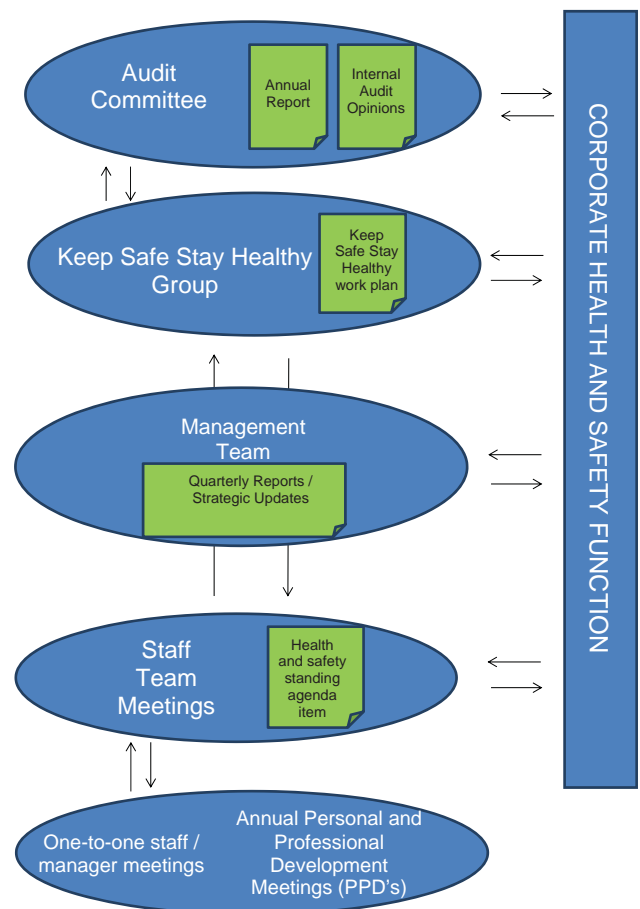
**Table 1 The read across between Plan, Do, Check, Act and other management systems**

Plan, Do, Check, Act	Conventional health and safety management	Process safety
<b>Plan</b>	Determine your policy/plan for implementation	Define and communicate acceptable performance and resources needed
<b>Do</b>	Profile risks/organise for health and safety/implement your plan	Identify and assess risks/identify controls/record and maintain process safety knowledge
<b>Check</b>	Measure performance (monitor before events, investigate after events)	Implement and manage control measures
<b>Act</b>	Review performance/act on lessons learned	Measure and review performance/learn from measurements and

- ✓ Health and Safety Induction for new starters
- ✓ Legionella
- ✓ Lone working
- ✓ Management of asbestos
- ✓ Managing Contractors Safely
- ✓ Manual handling
- ✓ Noise at work
- ✓ Personal protective equipment
- ✓ Provision and use of work equipment
- ✓ Safeguarding
- ✓ Staff personal safety
- ✓ Young workers

**Do**

Health and safety management arrangements at Tewkesbury Borough Council



Extract from "Managing for Health and Safety" (HSE, 2013)

The format of this report follows the 'Plan, Do, Check, Act' workflow.

**Plan**

**Policy**

Tewkesbury Borough Council has a health, safety and welfare policy which is updated regularly. There are also a number of other guidance, policy and procedure documents that impact on the health, safety and welfare of employees which are reviewed and updated on a three year rolling programme as contained in the Keep Safe Stay Healthy Plan which are as follows:

- ✓ Accidents and incidents
- ✓ Casual and temporary workers
- ✓ Cemetery and memorial safety management
- ✓ The control of substances hazardous to health
- ✓ Using display screen equipment/workstation safely
- ✓ Fire and emergency evacuation
- ✓ First Aid

## The Management Team

Ultimate responsibility for the health, safety and welfare of staff and the public who use council services lies with the Chief Executive and the Management Team. The Deputy Chief Executive has specific responsibilities for leading on corporate health and safety matters and chairs the Keep Safe Stay Healthy Group.

The Management team receives regular quarterly operational updates and a more in depth report twice a year including a strategic overview.

The Head of Community Services is the council's Corporate Health & Safety Advisor assisted by the Environmental Safety Officer (ESO).

## Keep Safe Stay Healthy Group (KSSH)

The objective of the KSSH group is to bring together Management, Staff, Elected Members and Trade Union representatives to:

- (a) consider matters relating to the health and safety of all employees;
- (b) provide a forum on a regular basis for consultation and consideration on matters relating to health, safety and welfare including a pro-active approach in order to develop a programme of work to inform, advise and train;
- (c) Ensure issues are reported to the Management Team;
- (d) Oversee the creation of the Work Plan on an annual basis, for presentation to the Audit Committee (for information only).

## Team and Staff Meetings

Teams across the council are required to include health and safety as a standard item on their agenda every time they meet to encourage open and constructive dialogue. From time to time the ESO will also attend these meetings to provide guidance on how the health and safety policies should be implemented. In addition, team leaders are asked to cover health and safety matters during individual staff meetings (including the annual Personal and Professional Development performance appraisal meetings).

## Health and Safety Advice

The ESO provides advice to all staff working for and on behalf of the organisation on all health and safety matters, and plays a leading role in controlling risks, running initiatives, monitoring action plans and overall compliance.

## Promotion

Health and safety matters are prominent on the council's intranet; the system has been improved to make it easier to access policies and risk assessments. Health, safety and wellbeing matters are reported through other internal channels such as the monthly News4U staff newspaper and the health and safety information boards available throughout the council office building. Health and safety matters have also been the subject of discussion at regular council-wide staff briefing sessions.

## Risk Assessments

Health and safety risk assessments have been carried out for all services and current versions can be found posted on the council's intranet. The ESO

has attended team meetings to help with the process of identifying risks and on occasion given advice/recommendations with regards to the remedial actions required to control the identified risks. A generic risk assessment is available for use which covers common hazards, risks and standard controls and actions to assist with the annual review of service risk assessments.

## Training

Health and safety training is encouraged and the council training budget helps to overcome any funding challenges faced by the individual council teams. The training that staff have participated in this year includes the following:

- ✓ Induction training for new starters
- ✓ Display Screen Equipment on line training for staff
- ✓ Resilience Training (reflecting on stress and resilience in practice)
- ✓ Safety enforcement
- ✓ Asbestos awareness
- ✓ Routine and operational playground inspection
- ✓ First aid courses
- ✓ Managing difficult conversations – two separate training days one for managers and one for staff
- ✓ Assertiveness and dealing with difficult people
- ✓ Managing contractors safely
- ✓ Leadership for managers in health and safety
- ✓ Disciplinary investigations
- ✓ Sickness Absence

Training initiatives planned for the coming year include:

- ✓ Manual handling
- ✓ Stress training (niblet sessions)
- ✓ Safety & Enforcement
- ✓ First aid courses
- ✓ Enviro crime
- ✓ Wider Public Safety at Events

- ✓ Further asbestos training

Further training will be provided if a training need is identified by a manager or the KSSH group.

## Achievements in the last 12 months

The Keep Safe Stay Healthy group have an annual work plan of priorities for action. In the year from April 2017 - March 2018, the following has been achieved:

- ✓ Review of service risk assessments across the council. A generic risk assessment tool was introduced two years ago to assist with the task. The assessment tool contains the common hazards, risks and standard controls that need to be undertaken relating to the risk. The assessment tool helps to focus even more on how to mitigate the more unique hazards identified that are specific to a particular service.
- ✓ Lone working monitoring arrangements ongoing. Periodical spot checks carried out by ESO throughout the year to ensure ongoing compliance with policy and procedure.
- ✓ Flexible and homeworking audit recommendations reviewed.
- ✓ Personal Protective Equipment review relating to audit recommendations.
- ✓ Display Screen Equipment arrangements reviewed and recommendations being implemented.
- ✓ Planning and implementation of the Wellbeing programme, plus engagement in the Workplace Wellbeing Charter. The accreditation level awarded for Corporate Health & Safety was Excellence in July 2017 which covered the following commitment standard achievement:

1. Awareness of legal obligations in relation to health and safety
2. Relevant health and safety policies in place
3. A risk assessment programme has been implemented
4. The workplace environment is conducive to health and employee welfare
5. Health and safety training provided for all staff
6. Systems in place for staff to raise and resolve health and safety issues
7. All health and safety policies and workplace activities are regularly monitored for new hazards and improvements are made
8. There are identified health and safety representatives (Trade union/or company representatives)
9. Staff representatives have been involved in the development and/or evaluation of health and safety policies
10. There is a clear emphasis on prevention of ill health across all health and safety policies
11. All managers have received health and safety management training
12. Regular health and safety meetings are held and recorded

The Wellbeing Charter is due to be reviewed in 2019 by Health at Work which will include a review of evidence, the interviewing of key members of staff and a tour of the site.

- ✓ Voluntary Litter Pickers (VLP) – An induction is carried out for all new volunteer litter pickers. The induction covers all health and safety aspects of litter picking, plus details of insurance cover.
- ✓ Review of all council health and safety policies / procedures on a 3yr rolling programme. To date the overarching Health, Safety and Welfare policy has been reviewed, plus the Lone working policy / procedure, the Personal Protective

Equipment policy and the Accident & Incident Reporting policy. The next policy to be reviewed is the Manual Handling policy and training has also been arranged to cover the policy requirements.

- ✓ Review of the HSG65 Monitoring Checklist – see results below:

The council's health and safety management system includes the key elements of the Health and Safety Executive's (HSE) guidance document HSG65 'Managing for Health and Safety'. A review of the HSE checklist which scores against this management system is completed twice a year. It was completed by the ESO in February 2017 and the overall score at this time was 81% as reported in the 2017 annual report. This exercise was repeated in November 2017 and the overall score increased to 90%.

Section Heading	Possible Points	Actual points	0% score
Policy	14	14	100%
Organising Control	8	6	75%
Organising communication	14	12	86%
Organising co-operation	8	7	87.5%
Organising competence	14	12	86%
Planning and implementing	52	45	87%
Measuring performance	14	13	93%
Auditing and review	16	16	100%
<b>Total points/overall</b>	<b>140</b>	<b>126</b>	<b>90%</b>

The Keep Safe Stay Healthy Work Plan includes the required tasks to improve the overall score.

## Check

### Health and Safety Annual Report

The purpose of this annual report is to provide an open and transparent way of reporting the work carried out and progress with all matters relating to health and safety in accordance with good practice from the HSE. The report is intended to be both a reflection on the performance and activities from the previous year, but also a projection of the planning, organising, checks and actions for the future.

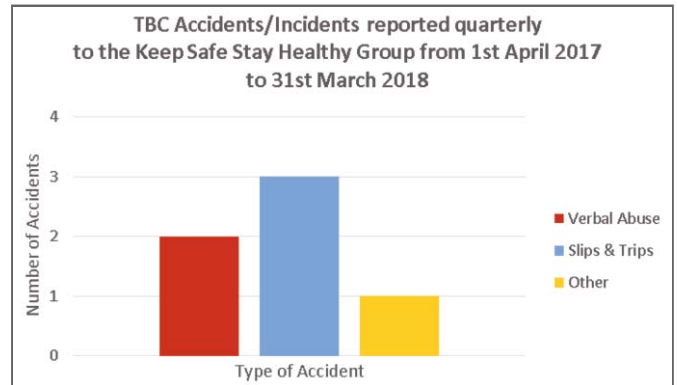
### Health and Safety Audit

The ESO will carry out health and safety audits and reviews of policies or activities at the council in accordance with the KSSH Group Action Plan. This will result in actions being recommended by the officer and reported to the Management Team through the channels described above. The ESO will usually be engaged in helping to deliver these actions, especially if this involves drafting or rewriting policies or procedures and any subsequent awareness raising. Health and safety audits and reviews are usually carried out as a response to issues arising from service risk assessments. The audits and reviews identified in the Work Plan are as a response to an identified need or a knowledge gap.

### Accident and Incident Reporting

All accidents/incidents and near misses are reported under the council's procedures. This enables appropriate remedial action to be identified and preventative measures to be put in place. The investigating of accidents/incidents and near misses, in the first instance, is the responsibility of the line manager, which enables swift and direct action to be taken. Where necessary, advice and assistance can be sought from the ESO during this procedure.

The following section covers TBC accident and incident reports plus an update of the Leisure Centre contract and the two highest risk services under contract which are waste and ground maintenance.



**April 2017 to March 2018 - TBC - 6 reported Accidents/Incidents as shown in graph above the causes were as follows:**

Verbal assault – 2 incidents

Slips and trips – 3 accidents

Other - A member of the public attending a housing interview required hospital treatment.

All accidents/incidents were investigated and remedial actions were undertaken to control the risks.

### Tewkesbury Leisure Centre Contract (Contractor: Places for People)

A quarterly report is provided by the contractor to Asset management who monitor this contract and report to the Management Team and Keep Safe Stay Healthy group. The report provided by the contractor covers the performance, operations and health and safety.

There was one RIDDOR (the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013). These Regulations require employers, the self-employed and those in control of premises to report specified workplace incidents to the HSE. The RIDDOR related to a member of staff who sustained

a fractured elbow. Remedial actions were taken to ensure this did not reoccur. No further RIDDORs were reported for the rest of the year. In Q4 the report stated as a company (Places for People) there had not been any staff RIDDOR incidents reported in the previous 4 months. This includes 110 sites and around 8000 employees.

All other accident/incidents reported were minor relating to the wet environment inherent to the service.

Training undertaken relating to health and safety is as follows:

- Health and Wellbeing Workshops
- Health & Safety Seminars
- Training appertaining to role e.g. lifeguard training, fitness instructor training, swimming instructor training which included teacher training for children with disabilities. Disability session attendance have shown an increase this year.
- Technical and Environmental Workshop
- Working in confined spaces

### **Ubico (Waste, Street Cleansing and Grounds Maintenance Services)**

The waste and street cleansing contract is managed by the Joint Waste Team who provides TBC with a health and safety report on a quarterly basis.

Ubico have reviewed the way they report the health and safety statistics for all partners to improve reporting. The format of the new reports shows the statistics for both the Tewkesbury contract and Ubico as a whole to enable comparison across the contracts.

Near miss reporting – In Q1 it was recognised by Ubico and the JWT that an improvement in near miss reporting was required as there were only two near misses reported in this quarter. Training was provided in August 2017 which proved successful as

near miss reporting began to rise as captured in the graph below. The graph also clearly shows a reduction in accidents which indicates the near miss reporting improvement is achieving its purpose. The near miss cards have been redesigned with a feedback section which must be completed and returned to the reporter so they are aware what action has been taken.

Training – All crews received manual handling training in Q1 and again in Q4. In addition all crews and drivers received training on the new safe systems of work for the new vehicle fleet and the revised route risk assessments as part of the service change. Street cleansing staff, operatives and supervisors received accredited Highways training.

Vehicle cameras on the new vehicles are being utilised for incidents such as cars mounting pavements plus vehicle and crew incidents. Camera footage is also being used during training sessions and can be used if required to provide evidence to the police.

Crew checks are now based on employees rather than by round to ensure that all employees are covered which is a better approach as some employees change rounds. Ubico carries out 25 crew checks per month which is an increase on the previous target. Crew checks are also undertaken by the JWT.

Toolbox talks are held on a regular basis which are informal group discussions that focus on a particular safety issue which helps to promote a positive safety culture. Toolbox talks in the period of this report have covered slips, trips and falls, vehicle fires, awareness of children at play, near miss reporting, vehicle access and egress, manual handling, stress and mental wellbeing, violence and aggression, alcohol and winter preparedness.

Staff briefings circulated to the staff throughout the year have included issues relating to reversing, mobile phone use, drug and alcohol testing (tests were carried out on all new staff and a random selection of staff with a 100% pass rate), litter, smoking, stress and wellbeing, violence and aggression, focus on PPE in the winter months and the need for food caddy lids to be closed after emptying.

Health and safety matters are regularly discussed at Environmental Services Partnership Board meetings and countywide Gloucestershire Waste and Safety meetings.

In Q3 the HSE carried out an inspection of the bulking facility contracted by Tewkesbury Borough Council for the bulking and transfer of mixed dry recyclables and the HRC at Swindon Rd. There were some minor improvements required.

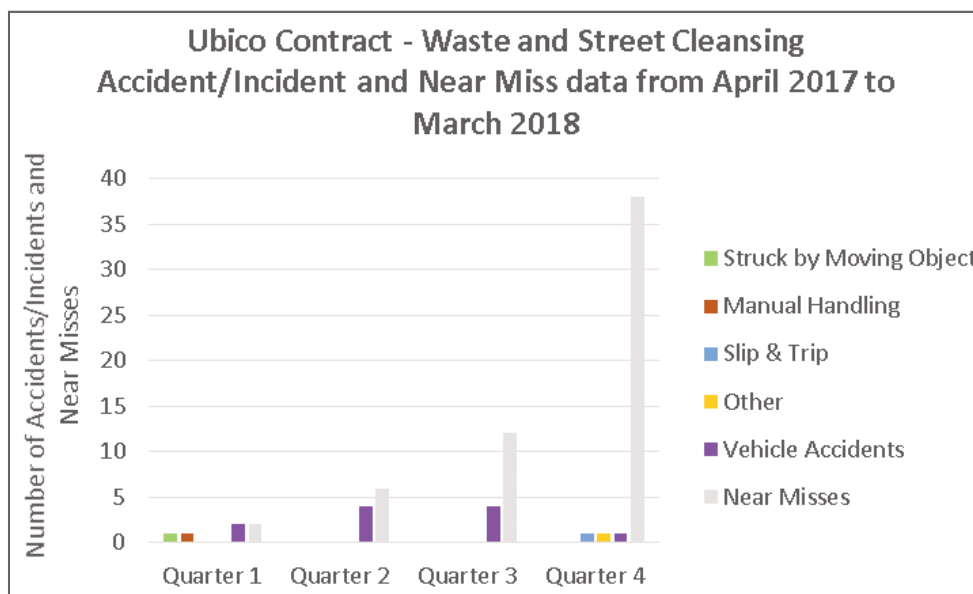
In Q3 Ubico reviewed all risk assessments. New safe systems of work resulting from the findings of the risk assessments for street cleansing activities and ground maintenance are in progress and the outcome of this should be known in Q1 and Q2. (July to September '18)

Once again the weather proved quite testing in the winter months and a number of collections were cancelled due to poor weather conditions.

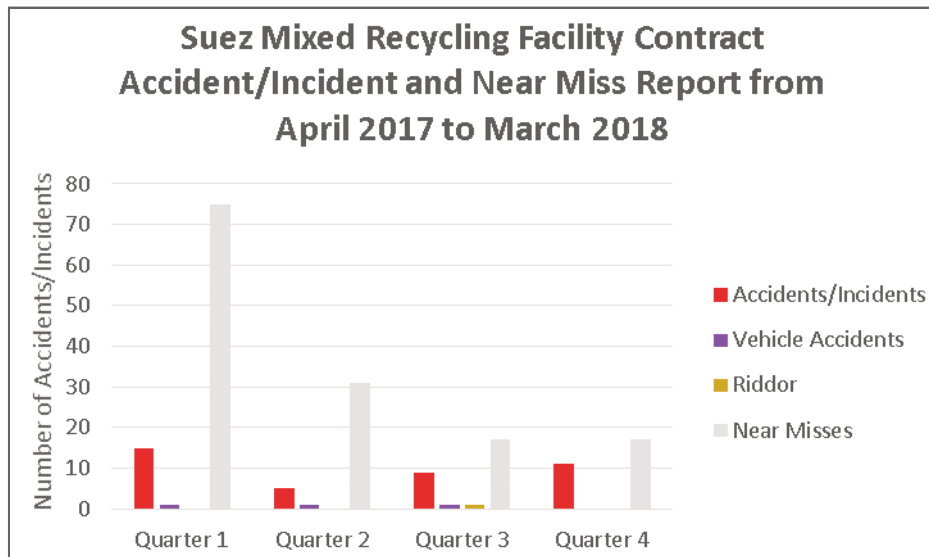
**April 2017 to March 2018 - Waste & Street Cleansing contract - Reported Accidents/Incidents and Near Misses as shown in graph below** - 4 work related accidents/incidents, 1 struck by moving object, 1 slip and trip 1 manual handling and 1 other relating to a loader bitten by a dog. 11 vehicle accidents were also reported in this period. No accident/incidents reported under RIDDOR. 58 near misses reported which included crew operatives nearly struck by moving vehicles, access issues and vehicle maintenance issues.

**Mixed Recycling Facility (MRF) Contract Report 2017-2018**

Suez Resource and Recovery Ltd. took over the Materials Recycling Facility contract from Grundon on 14 April 2017. The Suez recycling facility is located in Avonmouth and therefore collection vehicles no longer deliver direct to the recycling facility.



The Gloucestershire Joint Waste Team (JWT) manages and monitors the contract on behalf of Tewkesbury Borough Council. This includes covering health and safety management within the contracted services.



**Mixed Recycling & Facility contract - Reported Accidents/Incidents & Near Misses as detailed in the graph above** - 40 accidents/incidents reported, 3 vehicle accidents/incidents, 1 RIDDOR and 140 near misses.

40 accidents/incidents – The majority of the accidents/incidents reported which resulted in cuts and abrasions were sustained on the picking line plus manual handling injuries. Remedial actions have been undertaken including the monitoring of personal protective equipment (PPE) use. 3 vehicle incidents were also reported in this period.

**RIDDOR**

1 Slip and Trip – Remedial actions undertaken.

**140 Near Misses** – The majority of the near misses reported were related to PPE issues and site alarm activations. Other near misses reported related to the

loading of material, kit and equipment failure, fires, spillage and contamination. Remedial actions have been undertaken including an ongoing company initiative relating to fire risk.

**Ubico Ground Maintenance Contract 2017-2018**

As reported last year a significant improvement was needed in this area therefore to assist with this requirement a Grounds Maintenance Project Officer was appointed by the council in July '18 to monitor the Ubico Ground Maintenance contract.

A request has been made by TBC and the JWT to separate out the reporting of the services provided by Ubico including ground maintenance which was done in part in Q3 in the commentary contained within the report. The report made reference to the areas in which they work to include waste and recycling (including transfer station), street cleansing and grounds maintenance. The report stated an



assessment of grounds maintenance staff qualifications had been undertaken with particular regard to tree works to enable training to be arranged in accordance to the outcome of the assessment.

The report in Q4 stated that new safe systems of work are in progress for street cleansing and grounds maintenance and should be available for review in Q1 or Q2 reports.

### **Conclusion.**

Good progress has been made again this year and an improvement to the overall percentage score of the council's health and safety management system (as detailed in the achievement section of this report) should be noted and commended. The proposed planned actions contained in the 2016-2017 annual work plan have also been achieved. Appended to this report is the proposed work plan for the coming year which will be discussed, actioned and reviewed at the quarterly Keep Safe Stay Healthy group meetings.

Topic	Expected outcomes	Target completion date	Additional information
1 Review of all council health and safety policies  48	To ensure all policies and procedures are fit for purpose and in line with current legislation/regulation requirements	3yr rolling programme	To date the overarching Health, Safety & Welfare policy has been reviewed and revised plus the following policies/procedures: Accident/Incident, Lone Working, the Staff Safety Register and the Personal Protective Equipment Policy/Procedure. A plan is being devised to cover all policies under this 3yr programme and the next policy within this programme to be reviewed is the Manual Handling Policy and training has also been arranged in line with the policy requirements. The Flexible working policy/remote working and home working policy is also under review
2 Review of completed 2018 service risk assessments	To ensure service risk assessments have been fully completed in line with the generic risk assessment requirements and associated policies	January 2019	Follow up review of completed service risk assessments. The introduction of the generic risk assessment document in 2016 will assist with required completion date of this task
3 Lone working ongoing review	To ensure lone working arrangements within the council are compliant to the Lone working policy and procedure	March 2019	Periodical spot checks to be carried out by ESO throughout the year to ensure ongoing compliance to the Lone Working policy/procedure is achieved

Topic	Expected outcomes	Target completion date	Additional information
4 Display Screen Equipment (DSE) Workstation requirement	Compliance to DSE regulations when working in the office and when working remotely including working from home. Full staff engagement of the online training and risk assessment DSE system. System fully updated and fit for purpose	December 2018	A review of the Cardinus system (DSE on line training and risk assessment package) is being undertaken by ESO and further training arranged for administrators and users
49 5 Health and safety training plan	To deliver health and safety training to staff on the following subjects: <ul style="list-style-type: none"> <li>• Manual handling</li> <li>• Stress training (niblet sessions)</li> <li>• Safety &amp; Enforcement</li> <li>• First aid courses</li> <li>• Enviro crime</li> <li>• Wider Public Safety at Events</li> <li>• Further asbestos training</li> </ul>	April 2019	Health and safety training prevents accidents and ill health caused by work and is an excellent way to develop a positive health and safety culture, where safe and healthy working becomes second nature to everyone. Further training will be provided if a training need is identified by service managers or the Keep Safe Stay Healthy Group throughout the year
6 Review of health & Safety audit recommendations carried out in 2017	To ensure audit recommendations have been actioned and implemented	August 2019	The review recommendations relating to the Flexible/Remote/Homeworking and Personal Protective Equipment audit has been carried out and further steps taken to address the outstanding issues
7 Wellbeing initiative/Workplace Wellbeing Charter	The implementation of the Wellbeing Programme and continued review of the Wellbeing Workplace Charter to achieve the 'Excellence' accreditation level when next reviewed in 2019 which was obtained in 2017	Ongoing	A Wellbeing Programme is contained within the KSSH plan. The plan also contains the tasks required to achieve the 'Excellence' accreditation level that was obtained in 2017 which is due for review in 2019

Topic	Expected outcomes	Target completion date	Additional information
8 Refine health and safety aspects of contract monitoring of the Ubico contract.	To ensure compliance to Managing Contractors policy standards and health and safety regulations	January 2019	Reports to be submitted to the Keep Safe Stay Healthy group on a quarterly basis to include findings and actions from risk assessments for each service, accidents, incidents and near misses and any other health and safety related issues
9 Environmental Safety Officer attending team meetings	Each meeting is attended twice a year to assist and advise on health and safety issues	Ongoing	Health and safety topics covered by the ESO at team meetings will relate to review and audit findings that are contained within the Keep Safe Stay Healthy Group Work Plan
50 Monitoring of the Health & Safety Management System HSG65 Checklist	To ensure the Keep Safe Stay Healthy Work Plan includes the required tasks to improve the overall score. The council's health and safety management system includes the key elements of the Health and Safety Executive's (HSE) guidance document HSG65 'Managing for Health and Safety'. The HSE checklist scores against this management system	Undertaken twice a year	<p>The checklist covers the following areas:</p> <ul style="list-style-type: none"> <li>• Policy</li> <li>• Organising control</li> <li>• Organising communication</li> <li>• Organising co-operation</li> <li>• Organising competence</li> <li>• Planning and implementing</li> <li>• Measuring performance</li> <li>• Auditing and reviewing performance</li> </ul>

## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit Committee
<b>Date of Meeting:</b>	19 September 2018
<b>Subject:</b>	Internal Audit Monitoring Report
<b>Report of:</b>	Head of Corporate Services
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Member:</b>	Lead Member Corporate Governance
<b>Number of Appendices:</b>	Two

**Executive Summary:**

The monitoring report provides the Audit Committee with the findings of the individual audit assignments undertaken for the period April to August 2018 and the status of internal audit recommendations that have been followed up in quarter two. In Appendix 1, is the internal audit opinion for each individual audit assignment completed in the period. Appendix 2 provides details of previous audit recommendations that have been followed up and by using a Red, Amber, Green (RAG) key identifies whether the recommendations have been implemented or not. All recommendations that were due for follow up, have been followed up.

**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:**

As confirmed from the internal audit peer assessment completed during 2017/18 the work of internal audit is in broad compliance 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:**

By monitoring the implementation of their recommendations, internal audit assists the council to minimise risk areas and thereby reduce the prospects of legal challenge.

**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. In response to recommendations made following the independent review of internal audit, the final report template has been amended. All recommendations made from an audit can now be clearly visualised within the final report itself.

**Environmental Implications:**

None.

**1.0 INTRODUCTION/BACKGROUND**

**1.1** A six monthly internal audit plan (April-September) was approved by Audit Committee on 28 March 2018. This monitoring report summarises the work of the internal audit team from April 2018 to August 2018. At the time of writing the report there are a number of audits still in progress and these will be reported to Audit Committee in December. 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** In relation to the individual audits within the approved plan, the findings of those audits completed to date can be found in Appendix 1. This provides commentary on the activity audited, the control objectives for each activity and the audit opinion for each control objective. The information presented is in a new format as discussed with Members of the Committee at a recent workshop. The internal audit process now gives clearer focus on risk. This was a recommendation from the independent internal audit peer review.

**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, overall the majority are of at least a satisfactory level of control. Two limited opinions have been issued in relation to the garden waste service; these relate to;

Legislative and policy compliance – the implementation of a documented retention schedule supported with a Data Sharing Agreement with Ubico.

Operational – to ensure that Ubico operatives only empty bins that are stickered - 'no sticky, no picky'. The stock control of emergency stickers was also identified as an internal control issue during the audit but this has since been rectified.

### **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 it to monitor the implementation of the audit recommendations. The list of these recommendations and their status can be found in Appendix 2. Of the 28 recommendations followed up during the period, 12 can be considered implemented, seven partially implemented and nine yet to be implemented. Of the recommendations not yet implemented, three are categorised as 'high'.

### **4.0 OTHER OPTIONS CONSIDERED**

**4.1** None.

### **5.0 CONSULTATION**

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

### **6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

**6.1** Internal Audit Charter and Internal Audit Annual Plan.

### **7.0 RELEVANT GOVERNMENT POLICIES**

**7.1** None.

### **8.0 RESOURCE IMPLICATIONS (Human/Property)**

**8.1** None.

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

**9.1** None.

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

**10.1** Internal Audit contributes to VFM through their improvement work.

### **11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

**11.1** None.

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**Background Papers:** None.

**Contact Officer:** Head of Corporate Services Tel: 01684 272002  
Email: Graeme.simpson@teWKesbury.gov.uk

**Appendices:** 1 – 2018/19 audit work undertaken to date – internal audit opinions.  
2 – Audit recommendations followed up (Qtr 2).

List of audits completed as part of the 2018-19 Audit Plan  
Reported to Audit Committee 19 September 2018

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Audits			
Audit: GARDEN WASTE 2018-19			
Introduction: Since the transfer of waste services to UBICO in April 2015, garden waste operations have been segregated into two functions. The council has retained the administration and payment functionality whilst UBICO are responsible for the collection of waste and the delivery of bins. Garden waste is a chargeable service, currently set at £45 for the 2018/19 financial year; with an estimated income budget of £697,500.00. Residents subscribe to the scheme by ordering and paying in advance for one year. For the duration of the subscription, customers are loaned a brown wheeled bin in which to keep their garden waste; these are then emptied fortnightly. Following a recent garden waste review, all garden waste customers now have a single renewal date and a sticker system has been introduced whereby a sticker is put on the garden waste bin; this serves as the customers licence to demonstrate to the collection team that the service has been paid for and the bin can therefore be emptied. This audit is completed as part of the 2018/19 Internal Audit Plan and will obtain assurance that garden waste income has been collected and banked promptly and the service has only been provided to paying customers.			
Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p><b>Legislative and Policy Compliance</b></p> <p><b>LPC1:</b> The collection and storage of garden waste customer data fails to comply with General Data protection Regulation (GDPR).</p>	Limited	<p>Garden waste data is being held for only as long as necessary i.e. 1 year plus the current year (to allow for renewals) and this is publicised within the garden waste privacy statement- available on the council's website. The data is not currently included within the appropriate retention schedule and this is a recommended action within the 2018/19 GDPR audit. In terms of sharing customer data with Ubico to enable garden waste collections to take place, a Data Sharing Agreement is in the process of being drawn up (this is an outstanding recommendation from a previous Ubico audit) and is also an action within the GDPR action plan with a target completion date of October 2018.</p>	There are no recommendations as these are covered elsewhere.
<p><b>Operational</b></p> <p><b>O1:</b> Inadequate stock control of bin sticker licences giving the potential for fraud.</p> <p><b>O2:</b> Garden waste bins are emptied where the service has not been paid for.</p>	Limited	<p>At the time of the audit there was found to be inadequate stock control of the sticker licences; this was in relation to the re-issuing of approximately 400 stickers, with a further 300 held in stock. Improvements were implemented during the audit whereby the stickers are now stored in a secure, lockable cabinet and a stock control spreadsheet is now in place which will be used to record stock levels and the distribution of replacement stickers. Therefore, whilst stock control was limited at the time of the audit, there is now a satisfactory level of assurance that the arrangements going forward are robust.</p> <p>During the launch of the new sticker system, issues were experienced with customers not receiving their sticker licences through the post. Audit testing gave a good level of assurance that requests for replacement stickers were genuine.</p> <p>During the course of the audit, a filled garden waste bin, without a licence sticker, was presented for collection at 10 different locations across the borough. 5 of these were emptied by Ubico, the remaining 5 were not emptied. Of these 5, 3 were reported back as having been presented without a sticker, therefore following the correct process. The remaining 2 were not reported. It is acknowledged that these findings are based on a small and non-scientific sample size when taking into account the 17,000 garden waste customers and therefore over 400,000 collections per annum. A further desktop exercise established a total of 67 bins (for which a garden waste licence had not been purchased) were</p>	<p><b><u>O2- R1</u></b> <i>Recommendation priority: Medium</i> <i>Implementation date: April 2019</i> <i>Responsible Officer: Interim Corporate Services Manager</i> A pro-active approach should be taken to marketing the garden waste service and identifying and contacting those in possession of a non-licensed garden waste bin; to identify potential renewals or bins that could be collected and re-issued where it is cost effective to do so.</p> <p><b><u>O2- R2</u></b> <i>Recommendation priority: High</i> <i>Implementation date: October 2018</i> <i>Responsible Officer: Operations Manager</i> The garden waste crew induction should include a briefing note on the licence scheme for garden waste and periodic refresher training should be given. Reminders should also be visible in the crew files and/or cabs and this should be monitored and reported regularly at the Ubico/Customer Services meeting. Regular spot checks should be carried out in order to ensure that bins are only emptied where the service has been paid for.</p>



		presented for collection over a 3 month period; recommendations have been made in respect of refresher briefings for crews, regular spot checks and taking a more pro-active approach in identifying potential renewals (R1&2).	
<p><b>Economic and Financial</b></p> <p><b>EF1:</b> The 2018/19 garden waste fee has not been formally approved.</p> <p><b>EF2:</b> Loss of income due to failure to collect payments due.</p> <p><b>EF3:</b> Refunds issued for incorrect amount and/or not authorised by an appropriate officer.</p>	Satisfactory	<p>The 2018/19 garden waste fee of £45 has been approved in accordance with the council's scheme of delegation. The recording and processing of these payments involves three interfacing systems; the payments system (Adelante), the garden waste customer database and the general ledger. A sample of 20 garden waste payments were reviewed and in all cases they were able to be successfully traced between all three systems. A small number of minor, known, issues were highlighted during the audit in relation to the customer database (these relate to the consistency of referencing, some duplication and payments listed with no payment amount). The customer database therefore showed a variance against Adelante when reconciled. It has therefore been recommended that a regular reconciliation between these systems be carried out in order to identify and investigate any variances (R3).</p> <p>A selection of refunds sampled during the audit were found not to have been issued in accordance with the terms and conditions of the service and without authorisation from an appropriate officer. These refunds, albeit for minimal amounts, were mainly issued due to missed collections. A decision should therefore be made to determine the continuation of these refunds and the terms and conditions amended to reflect this (R4).</p>	<p><b>EF2- R3</b>  <u>Recommendation priority: Medium</u>  <u>Implementation date: April 2019</u>  <u>Responsible Officer: Interim Corporate Services Manager</u>  A regular reconciliation should be carried out between the payments system and the garden waste customer database to identify and investigate any variances.  (Responsibility for this action to be allocated following implementation of T1-R5).</p> <p><b>EF3- R4</b>  <u>Recommendation priority: Medium</u>  <u>Implementation date: April 2019</u>  <u>Responsible Officer: Interim Corporate Services Manager</u>  A decision should be made as to whether refunds should continue to be issued for missed collections. If so, the terms and conditions should be amended to reflect this.</p>
<p><b>Technology</b></p> <p><b>T1:</b> An adequate record of garden waste customers is not maintained.</p>	Satisfactory	<p>A record of garden waste customers is maintained, confirming address details, number of sticker licences purchased and payment confirmation. Following the successful completion of the garden waste project, the ownership of the customer database and responsibility for the administration of the service should be established, including phase two of the project which will include more proactive marketing of the service to attract additional customers (R5).</p>	<p><b>T1- R5</b>  <u>Recommendation priority: High</u>  <u>Implementation date: April 2019</u>  <u>Responsible Officer: Interim Corporate Services Manager/ Head of Corporate Services / Head of Community Services</u>  Moving forward, the ownership of the garden waste customer database and responsibility for the administration of the service should be established.</p>

**Audit:**  
**COUNCIL TAX LIABILITY, DISCOUNTS AND EXEMPTIONS 2018-19**

**Introduction:**

This audit is completed as part of the 2018/19 audit plan.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p><b>Legislative and Policy Compliance (LPC)</b></p> <p><b>LPC1:</b> The introduction of the Executive Committee approved empty homes premium in April 2018 has not been implemented</p> <p><b>LPC2:</b> The introduction by Executive Committee in August 2017 to the issue of penalty charge notices in respect of incorrectly claimed council tax discount and exemptions has not been implemented</p>	Satisfactory	<p>There is a good level of assurance that processes are in place through the running of regular Northgate reports to identify properties which have been empty for more than 2 years. Where applicable, the additional premium of 50% was found to have been applied correctly with amended bill notices being issued. No processes have been established in relation to enforcing penalties on incorrectly claimed council tax discounts and exemptions. The Revenues and Benefits Manager (RBM) explained that this policy had been agreed shortly before her arrival and the implementation of other revenue and benefit changes such as council tax reduction scheme and a new discretionary housing policy had been given a higher priority. <b>[R1]</b> Verbal confirmation was provided from the Senior Fraud Investigations Officer that a penalty process is in place for council tax support</p>	<p><b>LPC2:</b>  <b>R1</b>  <i>Recommendation priority: Medium</i>  <i>Implementation date: end October 2018</i>  <i>Responsible Officer: Revenues and Benefits Manager</i>            A process should be established for issuing penalties where the council tax penalty policy criteria for incorrectly claimed exemptions and discounts have been met.</p>
<p><b>Operational (O)</b></p> <p><b>O1:</b> The Hierarchy of liability approach has not been applied to accounts and therefore incorrect recovery action is being taken.</p> <p><b>O2:</b> Transactions relating to liability changes are not initiated and recorded promptly leading to incorrect liability records.</p> <p><b>O3:</b> Discounts and exemptions are not accurate leading to incorrect liability and loss of income</p>	Good	<p>Testing of new council tax accounts found that the hierarchy of liability had been applied correctly. Council tax transactions involving changes in tenancies and death notifications that resulted in liability changes had also been appropriately dealt with, including fresh demand notices being issued. Changes in liability are also being identified through the annual data matching exercises carried out in conjunction with the national fraud initiative. There is a satisfactory level of control in respect of the application of discounts and exemptions to council tax accounts with periods of discount/exemption having been calculated correctly and evidence being retained to support their initial application. In respect of discount/exemption reviews, the single person's discount (SPD) review has been replaced by the annual data matching of SPD against the electoral register through the national fraud initiative. Further consideration does need to be given to reviewing disregards (such as the 'severely mentally impaired') which have no end date - the Revenues Team leader indicated that currently resources for such reviews are limited. <b>[R2]</b> The Revenues and Benefits Manager will look at options for realigning resources in the 2019-20 financial year to free up capacity to undertake the reviews.</p>	<p><b>O3:</b>  <b>R2</b>  <i>Recommendation priority: Low</i>  <i>Implementation date: end June 2018</i>  <i>Responsible Officer: Revenues and Benefits Manager</i>            A review of disregards should be undertaken.</p>

<b>Social, Political and Ethical (SPE)</b>  <b>SPE1:</b> Information and data are not protected from loss, damage or unauthorised access	Good	Assurance was obtained through the reviewing of access to both the revenues system 'Northgate' and the document imaging system 'Information at Work' that data is protected through authorised access. In respect of adherence to the council tax privacy statement verbal confirmation was obtained that data is stored on servers within the building.	There are no recommendations.
<b>Audit:</b> <b>Disabled Facilities Grants- additional funding 2017/18 (audited 2018/19)</b> <b>Introduction:</b> This audit is completed as part of the 2018/19 Internal Audit Plan. In the Autumn Budget in 2017, it was announced that an additional £42 million would be allocated between Local Authorities in England for the provision of Disabled Facility Grants (DFGs). In a letter dated 1st December 2017, an indicative maximum allocation for Tewkesbury was stated as £107,949.79. In the grant determination letter dated 24th January 2018 confirmed that an amount of £107,951 had been accepted, with an additional £4353 being allocated due to unclaimed funding, providing a total of £112,304 to be paid to the Council. The additional funding was primarily for the provision of adaptations to disabled people's homes, or where agreed locally, for wider social care capital projects. This audit will look to confirm that the funding has been spent appropriately.			
<b>Risk identified:</b>	<b>Level of Control:</b>	<b>Overall opinion:</b>	<b>Recommendations:</b>
<b>Legislative and Policy Compliance (LPC)</b>  <b>LPC1:</b> the additional grant funding has not been spent in accordance with the Grant Determination letter and relevant legislation (section 11 of the Local Government Act 2003 and chapter 1 of part 1 of the Housing Grants, Construction and Regeneration Act 1996)	Good	A full Disabled Facilities Grants audit was completed in 2017/18 and found a satisfactory level of assurance that grants were processed, approved and paid correctly. Testing of 10 DFGs including 6 standard DFGs and 4 payments to Severn Vale Housing schemes confirmed that the additional grant funding has been spent in accordance with the Grant Determination letter and relevant legislation (Housing Grants, Construction and Regeneration Act 1996).	There are no recommendations.
<b>Operational (O)</b>  <b>O1:</b> supporting documentation has not been retained to evidence that the grant has been paid in accordance with the legislation.	Good	Sufficient supporting documents were retained for the sample of standard DFGs tested in LPC1. The Head of Community Services (HoCS) provided supporting documentation relating to the award of grant monies to Severn Vale Housing, however these were retained in their email inbox. The HoCS has agreed to transfer this data to a central drive for resilience and continuity.	There are no recommendations.
<b>Economic and Financial (EF)</b>  <b>EF1:</b> the grant funding amount as outlined in the Grant Determination letter has not been received in full and allocated correctly within the General Ledger (GL)  <b>EF2:</b> invoices have not been accurately accounted	Satisfactory	A sample of 5 DFGs were traced from the information recorded on Uniform to the General Ledger and confirmed that these had been accurately allocated. Testing in LPC1 found that the invoices for the 6 standard DFGs sampled had been accurately paid and accounted. Invoices had been received from Severn Vale Housing Society for the successful projects, these had been processed for payment prior to the works having been completed, however verbal assurance was obtained that these works had been carried out. A recommendation has therefore been made for the HoCS to obtain evidence of the completion of the works [R1].	<b>EF2.1:</b> <u>Recommendation priority: Medium</u> <u>Implementation date: December 2018</u> <u>Responsible Officer: Head of Community Services</u> The Head of Community Services should obtain evidence of the completion the SVH works.

**Audit:**  
**GENERAL DATA PROTECTION REGULATION (DATA RETENTION)**

**Introduction:**

The General Data Protection Regulation (GDPR) became effective on 25 May 2018 and replaced the Data Protection Act. It sets out requirements for how organisations must handle personal data and is intended to strengthen and unify data protection for all individuals. Failure to comply with this legislation, and consequently handle and dispose of personal data appropriately could lead to significant financial and reputational costs for the council. This audit is undertaken as part of the 2018/19 audit plan and will focus specifically on the data retention requirements of the GDPR.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p><b>Legislative and Policy Compliance (LPC)</b></p> <p><b>LPC1:</b> Failure to comply with General Data Protection Regulation</p>	<p>Satisfactory</p>	<p>The council's revised Data Protection Policy was presented to Audit Committee in July 2018 and was subsequently approved at Executive Committee on 28 August 2018. The policy itself makes appropriate reference to the requirement for, and responsibility for implementing retention schedules within service areas.</p> <p>All service areas have in place a completed data retention schedule. The format and level of detail given within these schedules does vary and it has therefore been recommended that these be standardised and amalgamated into a single, corporate document to ensure consistency. A more detailed review of the retention schedules identified that some functions had not been covered, namely; land drainage, safeguarding, design &amp; conservation, garden waste and sports development. All data retention schedules should therefore be quality assured to ensure completeness and be inclusive of all functions within services. A number of actions have also been recommended in line with the Information Commissioner Office (ICO) guidance. These are in relation to demonstrating authorisation from an appropriate officer and ensuring ongoing periodic reviews [R1&amp;2].</p> <p>Information Asset Owners have been identified within each service area and verbal assurance was obtained during the audit that data destruction days had taken place across the organisation in the lead up to, and following the introduction of the GDPR. These were however not documented in line with best practice. It is recommended that going forward, the monitoring of the implementation of the data retention schedules be carried out through regular spot checks [R3].</p>	<p><b><u>LPC1- R1</u></b>  <i>Recommendation priority: Medium</i>  <i>Implementation date: March 2019</i>  <i>Responsible Officer: Business Administration Manager</i>            Data retention schedules should be quality assured and reviewed in line with best practice to ensure they are robust:</p> <ul style="list-style-type: none"> <li>-Their format should be standardised to ensure continuity and these be amalgamated into one, corporate document.</li> <li>-All schedules should be quality assured to ensure completeness and be inclusive of all functions within services.</li> <li>-Schedules should demonstrate authorisation from an appropriate officer i.e. Information Asset Owner, and be subject to periodic review to ensure their ongoing relevance.</li> </ul> <p><b><u>LPC1- R2</u></b>  <i>Recommendation priority: Medium</i>  <i>Implementation date: April 2019</i>  <i>Responsible Officer: Interim Corporate Services Manager in conjunction with Operational Managers &amp; ICT Services</i>            Discussions should take place between Customer Services and relevant service areas to ensure there is a consistency in the information being retained. Following this, in conjunction with ICT, appropriate retention periods should be set within Firmstep for personal data obtained via online forms.</p> <p><b><u>LPC1- R3</u></b>  <i>Recommendation priority: Medium</i>  <i>Implementation date: April 2019</i>  <i>Responsible Officer: Business Administration Manager</i>            Monitoring of the implementation of data retention schedules should take place by way of regular spot checks.</p>

## Recommendations Rating




Priority:	Definition:
1 <b>High</b>	A fundamental weakness in the system that puts the Authority at risk. This might include non-compliance with legislation or council policy, or may result in major risk of loss or damage to council assets, information or reputation. Requires action as a matter of urgency; to be addressed within a 3-6 month timeframe wherever possible or within an extended time frame as agreed with Internal Audit if the recommendation requires extensive resources or time.
2 <b>Medium</b>	Observations refer mainly to issues that have an important effect on the system of internal control but do not require immediate action. Legislation or policy are unlikely to be breached as a consequence of these issues, although could cause limited loss of assets, information or adverse publicity or embarrassment. Internal audit suggest improvement to system design to minimise risk and/or improve efficiency of service. To be resolved within a 6-9 month timescale.
3 <b>Low</b>	Observations refer to issues that would if corrected, improve internal control in general and ensure good practice, but are not vital to the overall system of internal control. A desirable improvement to the system, to be introduced within a 9-12 month period.

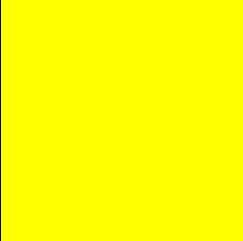
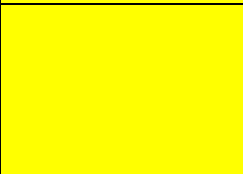
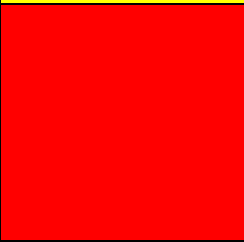
## Level of control

Level of control:	Definition:	Guidance:
<b>Good</b>	Significant assurance- There is a sound system of control, and the controls are being consistently applied. Limited scope for improving existing arrangements. Significant action unlikely to be required.	No audit recommendations or no more than 3 low priority (3) recommendations.
<b>Satisfactory</b>	Reasonable assurance- There is a sound system of control, and the controls are generally being consistently applied. However, there are some minor weaknesses in control, and/or evidence of non-compliance.	No more than 2 medium priority (2) recommendations, possibly with some low (3) recommendations.
<b>Limited</b>	Limited assurance- Lapses in the framework of control in a number of areas, and/or evidence of significant non-compliance.	Between 1 and 3 high priority (1) and possibly several other priority recommendations OR 3 or more medium (2) recommendations.
<b>Unsatisfactory</b>	Inadequate assurance- The system of control is weak, and/or there is evidence of significant non-compliance, which exposes the council to the risk of significant error or unauthorised activity.	4 or more Priority 1s OR 6 or more medium priority (2) recommendations.

## Appendix 2

### Outstanding Audit Recommendations

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

Audit	Recommendation Details	Priority	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Local Transparency Agenda Follow-Up 2015/16  60	Data published in respect of local authority land should be reviewed to ensure compliance to the Local Transparency Code 2015.	L	Asset Manager	<del>Mar-16.</del> <del>End-Sep-17.</del> <del>Jun-18</del> Sept 18	Aug-18		Issues with original data included duplicate entries, incomplete data fields and formatting. The majority of data has now been updated and is live on the website. Only data relating to commercial properties needs to be updated and this will be completed by the end of quarter 2.	18-19 q2
Bulky Waste Audit 2016-17	A review of the bulky waste service, including charges, should be carried out.	M	Head of Community Services	<del>Apr-18</del> Apr-19	Aug-18		Charges are now reviewed (annually); however the service review is yet to be carried out. This this will be done in conjunction with the Javelin Park project.	18-19 q2
Bulky Waste Audit 2016-17	A Data Retention Policy should be developed for bulky waste.	H	Head of Community Services	<del>Apr-17.</del> <del>May-18</del> Oct-18	Aug-18		This is due to be reviewed in October 2018 alongside other Environmental Health activities in relation to GDPR requirements.	18-19 q2

Bulky Waste Audit 2016-17	Terms of reference for using this service should be established and published.	L	Head of Community Services	<del>Apr-17.</del> <del>Apr-18.</del> <b>Apr-19</b>	Aug-18		The intention was for the terms of reference for the bulky waste service to be set out in the council's waste & recycling collection policy and procedure (adopted by Executive Committee in November 2017. However, review of the policy found that these terms and conditions are not covered.	<b>18-19 q2</b>
Complaints 2016/17	The council's data sharing protocol with the County Council should be updated to include reference to the JWT and complaints data.	H	Head of Community Services	<del>Sep-17.</del> <del>May-18</del> <b>Oct-18</b>	Aug-18		An updated Data Sharing Policy is being picked up as part of the broader GDPR work.	<b>18-19 q2</b>
Flood Alleviation 2016/17 5 1	A waiver should be obtained in relation to the flood alleviation works carried out by OHL Group.	L	Environmental Health Manager	<del>Nov-17.</del> May-18	Aug-18		A retrospective waiver has now been completed.	<b>18-19 q2</b>
ICT Environmental Controls 2016/17	All physical and environmental information security risks should be recognised within appropriate council policies e.g. - ICT security - building security - non electronic information - equipment storage	H	1. Corporate Services Manager/Head of Corporate Services in conjunction with Business Admin Manager (GPDR)	<del>Jan-17.</del> <del>May-18</del> <b>Apr -19</b>	Aug-18		This action will be picked up within the work of the new ICT Operations Manager. The information security policy and procedures have been reviewed as part of GDPR. Other related policies to be reviewed.	<b>18-19 q2</b>

ICT PSN Submission 2016-17	Key ICT policies and procedures should be reviewed and where appropriate updated.	L	ICT Operations Manager	<del>Nov-16.</del> <del>May-18.</del> <del>Aug-18</del> Apr -19	Aug-18		These policies and procedures are yet to be reviewed. Change in IT manager has delayed the implementation of this recommendation.	18-19 q2
Information Governance 2016/17	Data protection procedures should be enhanced to ensure compliance with legislation.	H	Head of Corporate Services	May-18	Aug-18		This recommendation is mitigated by the work plan currently being progressed to ensure GDPR compliance.	18-19 q2
Information Governance 2016/17	A review of the Information Governance Policy should be carried out, appropriately approved and communicated to staff.	H	Head of Corporate Services	May-18	Aug-18		This recommendation is mitigated by the work currently taking place with GDPR and the Information Security Policy and Procedures document.	18-19 q2
Information Governance 2016/17	Documents supporting the Information Governance Policy should be reviewed to ensure they remain up to date.	L	1. ICT Operations Manager 2. Policy and Communications manager	May-18 Aug-17	Aug-18		This recommendation is mitigated by the ICT PSN Submission 2016-17 recommendation, whereby key ICT policies and procedures are due to be reviewed, and where appropriate updated, as reference is made to the same policies within the Information Governance Policy.	18-19 q2



Leisure Centre 16-17	The outcome based scorecard should be completed and reported against	M	Asset Manager	<del>Apr-18</del> Oct-18	Aug-18		The Leisure centre management team are currently working on and ensuring consistency with PfP national operation. Baseline and first year figures will be available within the revised timescale of October 2018.	18-19 q2
Ubico Client Monitoring 2016-17	A Data Sharing Agreement should be established between Tewkesbury Borough Council and Ubico	H	Head of Community Services	<del>Apr-17.</del> <del>May-18</del> Oct-18	Aug-18		Work around the data sharing agreement is being undertaken alongside the broader GDPR for Environmental Health.	18-19 q2
Ubico Client Monitoring 2016-17	A KPI should be established to measure non-completion of works in relation to the maintenance of Tewkesbury and Bishops Cleeve cemeteries.	H	Head of Community Services	<del>Apr-17.</del> <del>Apr-18.</del> Dec-18	Aug-18		A progress report in relation to this recommendation was taken to Audit Committee in September 2017. Speaking with the Grounds Maintenance Project Officer they are now in the process of drawing up general KPI's for UBICO – measures and targets for the PIs need to set.	18-19 q2
Ubico Client Monitoring 2016-17	As part of the annual review, the Key Performance Indicators within the Ubico contract should be reviewed to ensure they are fit for purpose, robust and that all elements of the service provided by Ubico are monitored where appropriate.	H	Head of Community Services	<del>Apr-17.</del> Apr-18.	Aug-18		New set of PIs have been developed in respect of most services. Additional work required to establish measurements and targets for ground maintenance PIs - this is expected to be completed by end December 2018 (see recommendation above). The trade waste review will incorporate setting of PIs for this service – review date not yet set.	18-19 q2

Ubico Client Monitoring 2016-17	Performance monitoring arrangements should be reviewed.	H	Head of Community Services	<del>Apr-17.</del> Apr-18.	Aug-18		Reviewed and completed.	18-19 q2
Ubico Client Monitoring 2016-17	The Communications Protocol should be reviewed to ensure consistency with the contract and be amended to refer to Tewkesbury Borough Council.	L	Head of Community Services	<del>Apr-17.</del> Apr-18.	Aug-18		Reviewed and completed.	18-19 q2
Cemeteries 2017-18	The ability for payments to be taken by cemeteries staff should be implemented.	L	Asset Manager	<del>Mar-18.</del> <del>July-18</del> Dec-18	Aug-18		Progress was being made towards implementation however supplier withdrew their services completely. Web Application and Digital Developer is looking at creating a bespoke in-house system.	18-19 q2
Cemeteries 2017-18	A checklist for the burial process should be developed and regular spot checks of entries carried out.	L	Asset Manager	Jun-18	Aug-18		Checklist and spot-checks verified.	18-19 q2
Council Tax Write Offs 2017-18	Supporting documentation should be retained for data entered into the quarterly return of council tax and non-domestic rates (QRC) form.	L	Revenues and Benefits Manager	Jun-18	Aug-18		Evidence verified.	18-19 q2

Housing Benefits-DHP 2017-18	In line with the scheduled review of the Council's DHP policy, consideration should be given to the recovery of overpayments, monitoring functions and the establishment of contingency funds.	L	Revenues and Benefits Manager in	<del>Jun-18</del> <b>Oct-18</b>	Aug-18		Discussions still taking place between Revs & Bens and Finance as to the possibility of a contingency fund. No DHP overpayments have been created since the audit report, but the process of reclaiming overpayments will now be identified and discussions are being had with Northgate.	<b>18-19 q2</b>
Licensing Audit 2017-18	A review should be undertaken in respect of license processes regulated by the Licensing Act 2003.	M	Environmental Health Manager	<del>Apr-18</del> <b>Apr-19</b>	Aug-18		New implementation date agreed.	<b>18-19 q2</b>
65								
Licensing Audit 2017-18	A regular reconciliation should be carried out between licences and the general ledger to identify non-payments, part payments and any miscoding errors.	L	Environmental Health Manager	Apr-18	Aug-18		Evidence verified.	<b>18-19 q2</b>
Licensing Audit 2017-18	A review of taxi/private hire licences should be undertaken in particular the receipt of LOLER certificates	L	Environmental Health Manager	<del>Apr-18</del> <b>Apr-19</b>	Aug-18		A review of taxi/private hire licences and LOLER certificates will be looked at in conjunction with the Hackney Carriage and Private Hire Drivers Licensing Policy scheduled for April 19.	<b>18-19 q2</b>

Licensing Audit 2017-18	Service requests such as noise complaints that can be associated with a licenced premises should be dealt with through the licencing module.	L	Environmental Health Manager	Apr-18	Aug-18		It was discussed with Environmental Health Manager and was agreed that all service requests such as noise complaints will continue to be dealt through service requests. All noise complaint visits are reviewed before visit made through the unique property reference number (UPRN) which provides a complete property history showing pervious noise complaints.	18-19 q2
Members' Allowances 2017-18	It is recommended that a verification check be completed by Democratic Services after the Payroll Officer has entered the information into the payroll system.	L	Payroll Officer in consultation with the Democratic Services	May-18	Aug-18		Evidence verified.	18-19 q2
Members' Allowances 2017-18  66	The provision for Councillor's internet should be reviewed and the Members ICT Policy revised as appropriate.	L	Head of Corporate Services in consultation with the Head of Democratic Services	<del>Aug-17</del> <del>May-18</del> May-19	Aug-18		New implementation date agreed.	18-19 q2
Property Leases 2017-18	A risk assessment should be completed for the frequency of property inspections.	L	Asset Manager/ Estates Officer	May-18	Aug-18		Risk matrix completed this displays the frequency on which properties will be inspected	18-19 q2

## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit Committee
<b>Date of Meeting:</b>	19 September 2018
<b>Subject:</b>	Internal Audit Six Monthly Plan 2018-19 (October – March)
<b>Report of:</b>	Head of Corporate Services
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Member:</b>	Lead Member for Corporate Governance
<b>Number of Appendices:</b>	Two

**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 Monthly Plan 2018/19 (October – March) as detailed in Appendix 1.**

**Reasons for Recommendation:**

1. The Terms of Reference of the Audit Committee require Members to consider a summary of proposed internal audit activity.
2. 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 the Corporate Services group 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. Safeguards have been put in place to protect the independence of the CAE, given the operational responsibilities of the role.
- 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 members of the Committee are aware, an external assessment of the internal audit activity was undertaken in November 2017. A report on the findings of that assessment was presented at Audit Committee on 28 March 2018. Whilst no aspect of the internal audit activity was assessed as being non-compliant with the Public Sector Internal Audit Standards (PSIAS) recommendations were made to improve the internal audit process. A workshop was also held with Committee Members to consider the recommendations and action plan in further detail. A small number of the recommendations relate to audit planning.
- 1.4** As part of implementing the action plan, and as discussed at the workshop, there was agreement to develop a six-monthly audit plan. Such a plan for the period April 2018-September 2018 was subsequently approved at Audit Committee on 28 March 2018. The setting of a six-month plan will enable a more flexible approach to be taken to audit planning. Rather than setting a rigid annual plan, this approach recognises the changing environment the Council operates in particularly around its transformation agenda. It allows audit planning to better track and respond to the audit of developing risk areas. As covered in the workshop, improvements have also been made to the planning of individual audit assignments so they are more risk focussed.

**1.5** The external assessment recommended that audit planning should consider the strategic risks facing the Council. The development of the Council's risk management arrangements was included as a significant governance issue within the 2017/18 Annual Governance Statement. An action includes the implementation of a new strategic risk register. This is currently under development. The target date for completion is December 2018 where it will be presented at Audit Committee. The risks contained within this register will help inform future audit planning. The register will be a dynamic document. The six-monthly internal audit plan will help ensure flexibility to audit risks reported within the register.

## **2.0 PUTTING TOGETHER THE PLAN**

**2.1** The plan provides a total of 195 productive days and is delivered by two full time equivalent (FTE) members of staff. This resource is deemed 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 the ongoing implementation of the Quality Assurance and Improvement Programme (QAIP). The QAIP has been updated to include recommendations from the external assessment on compliance with the PSIAS. The overall annual number of days is deemed adequate to ensure there is adequate coverage of the Council's control environment. The plan takes into account 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. In response to recommendations made from the PSIAS review, more focus to governance related activities such as risk and ethics is included within the audit planning stage. A key area of governance and risk at the moment is compliance with the General Data Protection Regulation. Days have been allocated in the second half of the year to review the Council's project management arrangements.

### **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 a high level review of how well the 'Management Commitments' – staff engagement have been developed across service areas and a review of recovery procedures in relation to trade waste.

### **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 necessarily be audited within the half year plan. Particular focus will be given to where a material change has occurred in the systems.

### **2.2.4 Service Area Related Activity**

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 second half year plan include an allocation of days for ICT – this will be informed by the emerging ICT risk assessment, UBICO client monitoring and a review of the new S106 process. The proposed plan can be found in Appendix 1.

### **2.2.5 Other Areas**

- There is an allocation of days under 'consultancy and advice'. This covers representation at corporate groups such as the Procurement Group, Keep Safe, Stay Healthy Group, Programme Board and individual project groups. 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 work which is ongoing as at 30 September 2018.
- Days allocated for ongoing work to implement the team's Quality Assurance and Improvement Programme (this includes days allocated for the peer review of individual audit assignments and supporting documentation, such as working papers).

## **3.0 STATUS OF SIX MONTHLY PLAN (Apr – Sept)**

**3.1** An overview of the status of the planned audits agreed at Audit Committee on 28 March 2018 can be found in Appendix 2. The progress is at the time of writing the report, so is essentially as at 30 August 2018. A number of audits are therefore currently in progress but will be completed by the end of the period. There will be an outstanding audit in relation to ICT. A draft ICT risk assessment has been undertaken and, when finalised in October, will help inform the areas to be audited. Days will be carried forward to the second half of the year plan.

## **4.0 OTHER OPTIONS CONSIDERED**

**4.1** None.



**5.0 CONSULTATION**

5.1 Consultation has taken place with Corporate Management Team.

**6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

6.1 Internal Audit Charter.

**7.0 RELEVANT GOVERNMENT POLICIES**

7.1 None.

**8.0 RESOURCE IMPLICATIONS (Human/Property)**

8.1 None.

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

9.1 None.

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

10.1 Internal Audit contribute to VFM through their routine audit work and corporate improvement work.

**11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

11.1 None.

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**Background Papers:** None.

**Contact Officer:** Head of Corporate Services Tel: 01684 272002  
Email: [Graeme.simpson@teWKesbury.gov.uk](mailto:Graeme.simpson@teWKesbury.gov.uk)

**Appendices:** Appendix 1 – 2018/19 Six Monthly Internal Audit Plan (October to March).

**INTERNAL AUDIT PLAN 2018/19 (October - March )****Appendix 1**

	<b>Est No of days</b>	<b>Total</b>
<b>Governance</b>		
General Data Protection Regulation	15	
Project Management framework	10	
Serious crime framework	15	40
<b>Corporate Improvement</b>	35	35
<b>Financial</b>		
National Non Domestic Rates (NNDR) - subsidy claim	5	5
<b>Service Areas</b>		
Ubico - client monitoring	10	
ICT	10	
S106/CIL	20	
Ubico - health and safety	10	50
<b>Internal Audit Quality Assurance and Improvement</b>	15	15
<b>Consultancy &amp; Advice (incl corporate group representation)</b>	20	20
<b>Follow up reviews</b>	15	15
<b>Audit work brought forward</b>	15	15
<b>Total</b>		195

## INTERNAL AUDIT PLAN PROFILE 2018-2019

### APRIL - SEPTEMBER

AUDIT	COMMENTS ON PROGRESS OF AUDIT
1 General data protection regulations	completed - report to Audit Committee 19/09/18
2 Financials e-ordering	in progress - complete by 30/09/18 -report to Audit Committee 12 December 2018
3 New income system	in progress - complete by 30/09/18 -report to Audit Committee 12 December 2018
4 Garden waste	completed - report to Audit Committee 19/09/18
5 ICT	outstanding - c/fwd. ICT risk assessment to be finalised.
6 Council Tax - liability, discounts, exemptions	completed - report to Audit Committee 19/09/18
7 Business rates - reliefs and exemptions	in progress - complete by 30/09/18 -report to Audit Committee 12 December 2018
8 Disabled facility grant - additional funding certification	completed - report to Audit Committee 19/09/18

#### Corporate Improvement

Stage 1-Draft contract & evaluation matrix sent for review by client

Homeless storage contract

Trade Waste Outstanding Audit Recommendation Review Complete - reported to Audit Committee 18 July 2018

#### Internal audit quality assurance and improvement

Workshop prep and presentation Complete - workshop held 11 May 2018. (quarterly meetings also held with Chair and Lead Member)

Document Changes Complete - changes to assignment brief, working papers, final reports etc (new format agreed at workshop)

#### Consultancy & Advice

S106, Cheques and GDPR Advice

#### Follow-up Reviews

Quarter 1 Follow Ups Complete - reported to Audit Committee 18 July 2018

Quarter 2 Follow Ups Complete - report to Audit Committee 19 September 2018

#### Audit work brought forward

UBICO - Fleet management 2017-18 Draft - report to Audit Committee 12 December 2018

Public Services Centre 2017-18 Complete - reported to Audit Committee 18 July 2018

HB 2017-18 Complete - reported to Audit Committee 18 July 2018