

10 September 2019

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| <b>Committee</b>       | Audit and Governance Committee                     |
| <b>Date</b>            | Wednesday, 18 September 2019                       |
| <b>Time of Meeting</b> | 2:00 pm  |
| <b>Venue</b>           | Tewkesbury Borough Council Offices,<br>Severn Room |

## **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><br><br>To approve the Minutes of the meeting held on 24 July 2019.  | 1 - 10         |
| <b>5.</b>  | <b>AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME</b><br><br>To consider the Audit and Governance Committee Work Programme.   | 11 - 18        |
| <b>6.</b>  | <b>COUNTER FRAUD AND ANTI-CORRUPTION POLICY</b><br><br>To recommend to the Executive Committee that the updated Counter Fraud and Anti-Corruption Policy be approved and that authority be delegated to the Head of Finance and Asset Management to approve future minor amendments in consultation with appropriate Officers, One Legal and the Lead Member for Corporate Governance. | 19 - 36        |
| <b>7.</b>  | <b>ANNUAL AUDIT LETTER 2018/19</b><br><br>To consider the external auditors' Audit Letter 2018/19.   | 37 - 50        |
| <b>8.</b>  | <b>ANNUAL HEALTH AND SAFETY REPORT</b><br><br>To consider the annual report on the Council's health and safety arrangements.   | 51 - 69        |
| <b>9.</b>  | <b>CORPORATE RISK REGISTER</b><br><br>To consider the risks contained within the corporate risk register and assurance that the risks are being effectively managed.   | 70 - 90        |
| <b>10.</b> | <b>INTERNAL AUDIT PLAN MONITORING REPORT</b><br><br>To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.  | 91 - 112       |
| <b>11.</b> | <b>INTERNAL AUDIT SIX MONTH PLAN 2019/20</b><br><br>To approve the Internal Audit Six Month Plan 2019/20 (October-March).  | 113 - 118      |

**DATE OF NEXT MEETING**  
**WEDNESDAY, 11 DECEMBER 2019**  
**COUNCILLORS CONSTITUTING COMMITTEE**

Councillors: C M Cody, K J Cromwell, L A Gerrard, P A Godwin, H C McLain (Vice-Chair), P D McLain, H S Munro, V D Smith (Chair) and P E Smith

**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 and Governance Committee held at the Council Offices, Gloucester Road, Tewkesbury on Wednesday, 24 July 2019 commencing at 2:00 pm**

### **Present:**

|            |                       |
|------------|-----------------------|
| Chair      | Councillor V D Smith  |
| Vice Chair | Councillor H C McLain |

### **and Councillors:**

K J Cromwell, P A Godwin, P D McLain, H S Munro and P E Smith

### **A&G.3 ANNOUNCEMENTS**

- 3.1 The evacuation procedure, as noted on the Agenda, was advised to those present.
- 3.2 The Chair indicated that he had accepted an urgent item of business in accordance with Council Procedure Rule 26 as set out in the Council's Constitution. This would be considered at Agenda Item 17 – Depot Services Working Group.

### **A&G.4 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

- 4.1 Apologies for absence were received from Councillors C M Cody and L A Gerrard. There were no substitutes for the meeting.

### **A&G.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.

### **A&G.6 MINUTES**

- 6.1 The Minutes of the meetings held on 28 March and 28 May 2019, copies of which had been circulated, were approved as correct records and signed by the Chair.

### **A&G.7 AUDIT COMMITTEE WORK PROGRAMME**

- 7.1 Attention was drawn to the Audit and Governance Committee Work Programme, circulated at Pages No. 12-17, which Members were asked to consider.
- 7.2 The Head of Corporate Services indicated that the Work Programme was quite substantial and the Committee would be busy over the course of the next year. He advised that the Counter Fraud Unit was working on an updated Anti-Fraud and Corruption Policy which would be brought to the Committee in December and the Work Programme would be updated accordingly.

7.3 It was

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

#### **A&G.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. 18-26, which provided assurance over the counter fraud activities of the Council. Members were asked to consider the annual update from the Counter Fraud Unit and make comments as necessary.

8.2 The Counter Fraud Manager advised that a new work plan had been produced for 2019/20, attached at Appendix 1 to the report, with a focus on reducing corruption in public procurement which was a big financial risk. Staff awareness training was also being arranged and a similar session had been organised for Members in October. It was noted that the Council Tax Reduction Scheme was now fully embedded - the Counter Fraud Unit investigated alleged fraud and abuse in relation to that scheme as well as acting as a single point of contact for the Department for Work and Pensions. In addition, the Unit would be carrying out a National Fraud Initiative (NFI) data match review in Revenues and Benefits and would be developing its work on public protection enforcement.

8.3 A Member welcomed the presentation to Members which had been organised for October and indicated that this might also be useful for Town and Parish Councils. The Head of Corporate Services advised that it might be possible to add something the Agenda for the next Town and Parish Council seminar in November. It was subsequently

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

#### **A&G.9 EXTERNAL AUDITOR'S AUDIT FINDINGS**

9.1 Attention was drawn to Grant Thornton's report, circulated at Pages No. 27-56, which set out the audit findings for the Council for 2018/19. Members were asked to consider the report.

9.2 The representative 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 2019 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. The key headlines were set out at Page No. 29 of the report and she was pleased to report that the final statement accounts process had gone very smoothly this year. In terms of the findings, a small number of issues had been identified but none related to a material amount and there were no concerns in terms of being able to issue an unqualified opinion on the accounts. At the time of writing the report, there were a small number of areas where work was ongoing, as set out at Page No. 40 of the report, but it was noted that these had now been concluded and the management letter of representation was the next item on the Agenda. A final review of the Statement of Accounts would be undertaken prior to it being signed off and she extended her thanks to the Head of Finance and Asset Management and his team for their hard work and co-operation.

9.3 In terms of value for money, it was noted that an ‘except for’ conclusion had been issued in 2017/18; however, Grant Thornton was satisfied with the level of preparation made in response to the recommendations arising from that and would be pleased to issue a clean opinion this year. The key findings from the audit were summarised at Page No. 33 of the report and showed that three issues had been identified, although none were material. In terms of fees and charges, testing had shown that some income was related to the following year and should have been allocated as a receipt in advance and, when extrapolated, this had given a projected major error. Additional testing was carried out in order to reduce the extrapolated error and no further errors had been identified, therefore it was not a material concern. With regard to the cash flow statement, a few errors had been identified which had led to it being reviewed by management and subsequently being reinstated. There was one item that could not be reconciled and, whilst not significant, it did need to be brought to the Council’s attention. Members were advised that the third issue related to a longstanding court case dealing with age discrimination in the judges and firefighters pension schemes. The government had applied to the Supreme Court for permission to appeal the ruling but that had been unsuccessful. The ruling around age discrimination would have implications for the Local Government Pension Scheme and the Council’s actuary had been working on a best estimate in order to see the potential impact on the authority. At this point in time it was thought that the impact on Tewkesbury Borough Council would be in the region of £174,000, although that would be refined over the coming months. Given its size, Officers did not want to make an adjustment and Grant Thornton was not minded to either. An action plan was included at Page No. 46 of the report which management had responded to accordingly.

9.4 A Member indicated that he had been concerned that the impact on the pension scheme might be more significant and the representative from Grant Thornton stressed that the exact amounts were very unclear but an exercise had been carried out based on the worst case scenario of 3.2% which had been adjusted to the specific circumstances of the authority; she did not want to give the impression that £174,000 was the definitive figure. The Chair thanked the external auditors and the Council’s Finance Team on behalf of the Committee and it was

**RESOLVED** That Grant Thornton’s audit findings 2018/19 be **NOTED**.

#### **A&G.10 LETTER OF REPRESENTATION**

10.1 Attention was drawn to the Section 151 Officer’s Letter of Representation on the financial statements for the year ended 31 March 2019, which had been circulated at Pages No. 57-63. 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, attached at Appendix 1 to the report, 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.

**A&G.11 STATEMENT OF ACCOUNTS 2018/19**

- 11.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 64-153, attached the Statement of Accounts for 2018/19 which Members were asked to approve.
- 11.2 The Finance Manager drew attention to Page No. 65, Paragraph 2.0 of the report which summarised the financial position of the Council as at 31 March 2019 and showed a surplus of £2.7M against budget which included earmarked reserved and planning obligations for which there was no budget. She indicated that Members had gone through the accounts in detail during a training session prior to the Committee meeting but she would be happy to answer any further questions.
- 11.3 It was  
**RESOLVED** That the Statement of Accounts for 2018/19 be **APPROVED**.

**A&G.12 EXTERNAL AUDITOR'S FEE LETTER 2019/20**

- 12.1 Attention was drawn to Grant Thornton's fee letter, circulated at Pages No. 154-156, which set out the proposed fee for 2019/20, together with the scope and timing for the work. Members were asked to consider the fee letter.
- 12.2 The representative from Grant Thornton advised that the external auditors were required to formally write to local authorities each year to set the fee for the next audit. The Public Sector Audit Appointments Ltd (PSAA) was responsible for setting the scale fee as the result of a national procurement exercise which was undertaken every five years to award contracts to auditors. The scope of the work was not proposed to change for 2019/20 and the scale fee for Tewkesbury Borough Council was £34,589 which was the same as 2018/19. Any requirement to vary the fee would be reported to the Committee.
- 12.3 A Member indicated that he was pleased the fee remained much lower than in previous years and the representative from Grant Thornton advised that the fee had reduced by around two-thirds over the last 10 years. It was subsequently  
**RESOLVED** That the Grant Thornton fee letter 2019/20 be **NOTED**.

**A&G.13 INTERNAL AUDIT MONITORING REPORT**

- 13.1 The report of the Head of Corporate Services, circulated at Pages No. 157-172, was the final monitoring report of the financial year and summarised the work undertaken by the Internal Audit team since the last Committee. Members were asked to consider the audit work completed and the assurance given on the adequacy of the internal controls operating in the systems audited.
- 13.2 The Head of Corporate Services advised that the full details of the work undertaken were attached at Appendix 1 to the report and gave the opinion in relation to audits on the project management framework and Ubico health and safety. A list of audit recommendations that were due to be followed-up could be found at Appendix 2 to the report; of the 10 recommendations followed-up during the period, seven had been implemented, two partially implemented and one was yet to be implemented. Appendix 3 to the report gave an overview of the status of the Internal Audit Plan 2018/19.
- 13.3 With regard to the audit of the project management framework, Members were advised that this had been in place for four years and incorporated a range of documents and guidance on how key corporate projects should be managed, for example, refurbishment of the Public Services Centre, the new leisure centre etc. It was recommended that the guidance be reviewed to ensure it was up-to-date and

reflected the latest risk management strategy and General Data Protection Regulation (GDPR) privacy and retention guidelines. All project documentation was stored on Sharepoint and could be accessed by all relevant Officers. A limited audit opinion had been issued in terms of the operation of the framework e.g. training, ensuring completeness of documents etc. This was overseen by the Corporate Services Officer but testing had shown that, whilst the key documentation was in place, underlying supporting documentation, such as privacy impact assessments, was not consistently available. With regard to the Sharepoint system, assurance was obtained that this was being maintained but risk registers had not been completed for every project which was not compliant with the Council's corporate risk management strategy. Although the vast majority of corporate projects were identified through the framework, it was recommended that the Corporate Services team go through all service plans to ensure all potential projects were identified so that delivery could be overseen. It was noted that the framework set out clear criteria for defining a project and the Programme Board was well-established and was providing adequate challenge. It was recommended that projects where the overall status was 'green' should also be reviewed by the Board to ensure that status was accurate. A Member noted that a limited opinion had been issued and he presumed that would be addressed going forward. In response, the Head of Corporate Services confirmed that the recommendations arising from the audit were set out in the final column of the table at Appendix 1 to the report and a report would be taken to Programme Board by the end of October to set the benchmark. He provided assurance that his team was already working on updated guidance documents for projects and, as with all audits, this would be followed-up in due course to give assurance that all recommendations had been implemented. A Member questioned whether sufficient attention was being paid to risk and the Head of Corporate Services advised that external project management had been brought in for some of the high profile, more complex projects so he was satisfied it was being adequately considered in those instances; it was the less significant projects that needed to be sharpened up. In response to a query as to whether Officers understood what they needed to do, Members were informed that it was intended to hold a training session for all Operational Managers as they tended to lead projects in their teams. He provided assurance that the Programme Board would be making sure that risk registers were included as and when projects came forward.

- 13.4 Members were advised that a satisfactory level of control had been found to be operating in the audit of Ubico health and safety monitoring. The Head of Corporate Services explained that there was a raft of governance around Ubico including the Environmental Services Partnership Board (ESPB), quarterly Management Team updates, monthly management reports, biannual reports to the Overview and Scrutiny Committee and an annual health and safety report to the Audit and Governance Committee. A restructure of the company in 2018 had resulted in the creation of a Head of Compliance post to help foster a health and safety environment and ensure the relevant risk assessments were in place. Following this, Ubico had achieved the International Standard for Health and Safety which gave good assurance health and safety was being adequately addressed. It was noted that Ubico worked with the Head of Community Services, the Grounds Maintenance Project Officer and the Joint Waste Team Officer to review operational activities on a regular basis e.g. crew checks etc. and they also had a relationship with the Council's Health and Safety Officer. There were recommendations in respect of risk assessment and safe systems of working to further improve monitoring, and for Ubico to undertake regular health and safety checks on bring sites that were open to the public which would then give a full picture and ensure that all assessments that should be in place were in place. A Member queried whether risk assessments were specific, as he was aware that a lot of companies tended to use generic assessments, and was advised that they were generally robust but there was a need to ensure that everyone used the same systems. With regard to a query in respect of a recent accident, Members were informed that

accidents should be reported within 24 hours and a detailed report would follow which should be received by the Client Monitoring Officer. The Head of Corporate Services indicated that it was probably too early to know the outcome but he provided assurance that a report would be taken to the ESPB setting out the risks and controls in place along with any recommendations.

- 13.5 Attention was drawn to Appendix 2 to the report and Members were advised that all recommendations due to be followed-up had been followed-up. One recommendation in respect of commercial waste had not been implemented and the Chief Executive had now requested a meeting of key officers to resolve the issues which had meant that some people continued to receive a service despite no longer paying for it. There were two amber recommendations which had been partially implemented: a review of the trade waste services was currently underway and a report would be presented to the Overview and Scrutiny Committee in January 2020 on the long term sustainability of the service; and a draft corporate retention schedule had been produced and was due to be presented to the GDPR Information Group next month for sign-off.
- 13.6 Having considered the information provided, it was  
**RESOLVED** That the Internal Audit Plan Monitoring Report be **NOTED**.

#### **A&G.14 INTERNAL AUDIT ANNUAL REPORT 2018/19**

- 14.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 173-181, which provided Members with a summary of the internal audit work undertaken in 2018/19, 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 had 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. The audit plan took a risk-based approach and was informed by governance-related work; work on fundamental financial systems; work of a service-based nature; corporate improvement work; follow-up work; and consultancy and advice. Page No. 175, Paragraph 2.2 of the report gave an overview of the audits undertaken during the year and it was noted that one audit was outstanding in relation to ICT disaster recovery which would be completed during the first half of 2019/20. Paragraph 2.3 of the report set out the corporate improvement work that had been carried out. A key area of assurance work that was of particular importance to management and Members was the follow-up of internal audit recommendations and a number of days were allocated within the plan for this work. It was noted that the team was also represented on key corporate groups such as the 'Keep Safe, Stay Healthy' Group.
- 14.3 The structure of the Internal Audit team was outlined at Page No. 176, Paragraph 3.0 of the report, and Members were informed that team comprised two part-time employees and one full-time employee with one undertaking a senior role. This resource was deemed appropriate, sufficient and was effectively deployed to achieve the plan. As defined in the Internal Audit Charter, the team had remained organisationally independent during 2018/19 and internal audit sat independently within the Council. The Head of Corporate Services reported directly to the Chief Executive so had free and unfettered access and, if necessary, could also have access to the Chair of the Audit and Governance Committee. 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.

- 14.4 Members were advised that an independent assessment of internal audit activity had been undertaken in November 2017, as required by PSIAS, and implementation of recommendations arising from that review had been the focus for improvement during the course of 2018/19. The majority of these had been delivered and reported to the Committee as set out at Page No. 177, Paragraph 4.2 of the report, and the outcome of the review had been formally reported at the last Audit Committee meeting. It was noted that a review of the Council's risk management arrangements had been undertaken during the year which had led to the approval of a new Risk Management Strategy and implementation of a new corporate risk register which would be presented later in the meeting. This was a positive outcome for internal audit and days had been allocated within the 2019/20 Internal Audit Plan to monitor the risks and give assurance it was being effectively managed.
- 14.5 The opinion on the overall adequacy of the control environment was based upon, and limited to, activities audited during the year. A total of 36 opinions had been given, 13 of which were 'good', 15 'satisfactory' and eight 'limited'. It was not unexpected to conclude a 'limited' or 'unsatisfactory' level of control given the variety and complexity of systems, procedures and services operated by the Council so it was pleasing to note that no 'unsatisfactory' opinions had been issued in 2018/19. The eight limited opinions were detailed at Page No. 178, Paragraph 6.3 of the report and these would be followed-up during the year; some had already been implemented, for instance, garden waste stock control of sticker licences. It was noted that two of the risk areas were included within the Annual Governance Statement which would be considered under the next Agenda Item. A total of 55 recommendations had been made with five categorised as high risk, 31 as medium risk and 18 as low risk. The team had followed-up 80 recommendations, 44 of which had been implemented, 15 partially implemented and 21 not yet implemented. New implementation dates had been agreed for all outstanding recommendations and they would be followed-up in accordance with those dates. Members were advised that no incidents of fraud, theft, corruption or whistleblowing had been reported during the year.
- 14.6 A summary of audit performance during the year was included at Page No. 180, Paragraph 8.1 of the report which showed that 93.75% of planned audits had been completed; 80% of audits had been completed within time; and client satisfaction, derived from a survey at the end of each audit, was generally positive. In terms of the overall audit opinion for the year, given the complexities of the Council's control environment there would always be areas identified by internal audit that required improvement; however, the internal audit opinions issued during the year demonstrated that, overall, the Council's governance, risk management and control environment was generally sound. Where areas of concern had been identified there had been a positive management response and all recommendations subject to follow-up by internal audit had been followed-up and reported to the Audit and Governance Committee at the appropriate time.
- 14.7 It was
- RESOLVED** That the internal audit annual report be **NOTED**.

**A&G.15 ANNUAL GOVERNANCE STATEMENT 2018/19**

- 15.1 The report of the Corporate Governance Group, circulated at Pages No. 182-196, attached, at Appendix 1, the Council's Annual Governance Statement 2018/19 which Members were asked to approve.
- 15.2 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 2018/19 was attached at Appendix 1 to the report and identified four Significant Governance Issues that required improvement, set out in the table at Page No. 194. The four areas identified were: Community Infrastructure Levy (CIL) governance arrangements; Ubico financial governance; serious crime framework key policy review; and Local Code of Corporate Governance. Progress against implementing the proposed actions would be monitored by the Audit and Governance Committee.
- 15.3 It was
- RESOLVED** That the Annual Governance Statement 2018/19 be **APPROVED.**

**A&G.16 CORPORATE RISK REGISTER**

- 16.1 The report of the Head of Corporate Services, circulated at Pages No. 197-217, asked Members to consider the risks contained within the corporate risk register and assurance that the risks were being effectively managed.
- 16.2 Members were advised that the corporate risk register was a high-level tool which helped management to consider what the corporate risks were and how they were being managed. The scoring was based on three stages: gross risk score – the inherent risk without any mitigating controls in place; current risk score – the assessed risk after the application of controls; and target risk scores – proposed risk score by applying future controls in the current risk score was deemed to be too high. The format of the register was commonly used throughout local government and, whilst there was no statutory requirement to have a register in place, it was seen as good practice and helped the Audit and Governance Committee to gain assurance that risks were being effectively managed. The register in its current format had first been presented at Audit Committee in December 2018 and the template included a 'comment' box below each risk which provided updates on the status of the risk. Key actions arising since the register had last been presented to the Committee were outlined at Page No. 201, Paragraph 3.1 of the report and particular attention was drawn to the risk in respect of cyber security as the Cabinet Office had now issued the certificate to confirm Public Sector Network compliance so that risk had been minimised. With regard to the waste partnership, it was noted that a report had been taken to the Overview and Scrutiny Committee the previous day and a Depot Services Working Group had been established accordingly – the Audit and Governance Committee would be considering that report later in the meeting. Initial discussions had taken place regarding the relocation of the Swindon Road depot and fraud awareness training had been arranged for Members, as had been reported earlier in the meeting. The Head of Corporate Services advised that a new risk had been added to the register by the Corporate Management Team in respect of the Garden Town project and that was shown in bold at Appendix 1.

16.3 A Member drew attention to Paragraph 2.2 of the report which asked the Committee to consider whether the register was complete and if any risks were missing. He felt it was right to include Brexit as a potential risk and suggested there was a need to consider the international impact in the context of the upcoming American election in terms of the Council's financial position which could be significant. The Borough Solicitor felt this was a fair point and indicated that it could be picked up the next time the Corporate Management Team reviewed the risk register.

16.4 It was

**RESOLVED** That the risks and mitigating controls within the Corporate Risk Register be **NOTED**.

#### **A&G.17 INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

17.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 218-228, which attached, at Appendix 1, the quality assurance and improvement programme. Members were asked to consider the contents of the programme.

17.2 Members were advised that, in accordance with standard 1300 of the Public Sector Internal Audit Standards (PSIAS), it was necessary to develop and maintain a quality assurance and improvement programme that covered all aspects of internal audit activity. This programme was attached at Appendix 1 and included internal audit Key Performance Indicators (KPIs) at Pages No. 226-227. A summary of the improvement actions identified was included at Page No. 228 which was essentially an action plan for this financial year. Actions outstanding from the peer review in 2017 were annotated with an asterisk and related to the establishment of an audit manual to support internal processes; undertaking an audit of the risk management framework; and undertaking an ICT risk assessment. Other actions related to supporting one of the team to achieve a recognised internal audit qualification; looking at feasibility of new income streams through the implementation of a training programme for other internal auditors; providing training to new Members of the Audit and Governance Committee; carrying out a management survey to ensure the value of internal audit was being maximised; undertaking an assurance mapping exercise; and reviewing audit documentation and processes including intranet and website pages. It was intended to bring the programme to the Audit and Governance Committee on an annual basis going forward.

17.3 It was

**RESOLVED** That the contents of the quality assurance and improvement programme be **NOTED**.

#### **A&G.18 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2018/19**

18.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 229-242, which attached, at Appendix 1, the Audit Committee Annual Report 2018/19 for approval.

18.2 The Head of Corporate Services explained that the Terms of Reference of the Audit and Governance Committee required the production of an annual report in order to demonstrate the broad range of issues that the Committee had considered and reviewed throughout the year. Following approval of the report, it would be presented to Council by the Chair of the Committee. It was subsequently

**RESOLVED** That the Audit and Governance Committee Annual Report 2018/19 be **APPROVED**.

**A&G.19 DEPOT SERVICES WORKING GROUP**

- 19.1 Attention was drawn to the report of the Head of Community Services, circulated separately, which informed Members that the Overview and Scrutiny Committee had resolved to establish a Depot Services Working Group at its meeting on 23 July 2019. The Committee was asked to appoint a Member of the Audit and Governance Committee to sit on that Group in accordance with the Terms of Reference attached at Appendix A to the report.
- 19.2 Members were advised that the approved Terms of Reference for the Depot Services Working Group set out that the Group would comprise nine Members of the Council to include six Members of the Overview and Scrutiny Committee, one Member of the Audit and Governance Committee and the Lead Members for Clean and Green Environment and Finance and Asset Management. It was therefore necessary for the Audit and Governance Committee to appoint a Member to sit on the Group to enable it to commence its work.
- 19.3 It was
- RESOLVED** That Councillor V D Smith be appointed to the Depot Services Working Group.

The meeting closed at 3:14 pm

## AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

### **Addition to 18 September 2019**

- Anti-Fraud and Corruption Policy - To recommend the approval of the updated Anti-Fraud and Corruption Policy to the Executive Committee.

### **Deletion from 18 September 2019**

- Monitoring of Significant Governance Issues – Removed as no further update since the July Committee.

**Committee Date: 11 December 2019**

| <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> |
|--|---|--|---|
| <b>Local Authority Serious and Organised Crime Checklist</b> | <b>To consider progress made against the action plan.</b>   | <b>Head of Finance and Asset Management / Counter Fraud.</b> | <b>No.</b>  |
| <b>Regulation of Investigatory Powers Act 2000 Report</b>    | <b>To endorse RIPA and the social media policy and recommend to the Executive Committee that it be approved.</b>                              | <b>Borough Solicitor.</b>                                    | <b>No.</b>  |
| External Auditor's Progress Report                           | To consider the external auditors' report on progress against planned outputs.  | External Auditors.   | No.   |
| External Auditor's Certification Year End Letter March 2019  | To consider the certification year-end letter March 2019.   | 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.   |

11

Agenda Item 5

NB – Changes from previous work programme highlighted in bold

Committee Date: 11 December 2019

| Agenda Item                                 | Overview of Agenda Item  | Lead Officer  | Has agenda item previously been deferred? Details and date of deferment required |
|---|--|---|--|
| Monitoring of Significant Governance Issues | To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions. | 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.  |
| Corporate Risk Register                     | To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.                                   | Head of Corporate Services.                                   | No.  |

| <b>Committee Date: 25 March 2020</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 2019                                  | To consider the certification year-end letter March 2019.  | 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 2019/20  | To consider the external auditors' Audit Plan 2019/20.   | External Auditors.          | No.   |
| Statement of Accounting Policies   | To approve the accounting policies to be used during the 2018/19 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 2018/19 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 2020/21  | To approve the Internal Audit Six Month Plan 2020/21 (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.   |

**NB – Changes from previous work programme highlighted in bold**

| 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.<br><br>(To include Gloucestershire Safeguarding Children Board Section 11 Self-Assessment) | Head of Community Services.            | No.   |
| <del>Internal Audit Peer Review Update</del>         | <del>To receive an update on the progress made in implementing the recommendations arising from the independent review of Internal Audit.</del>  | <del>Head of Corporate Services.</del> | <del>No. Now covered by Internal Audit Quality Assurance and Improvement Programme.</del> |
| Corporate Risk Register                              | To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.   | Head of Corporate Services.            | No.   |

| <b>Committee Date: July 2020</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 2019/20.   | 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 2020.   | Head of Finance and Asset Management                          | No.   |
| Statement of Accounts 2019/20          | To approve the Statement of Accounts 2019/20.  | Head of Finance and Asset Management.                         | No.   |
| External Auditor's Fee Letters 2020/21 | To consider the external auditors' fee letter in relation to the audit work to be undertaken during 2020/21.   | 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.   |
| Internal Audit Annual Report 2019/20   | To consider the Internal Audit Annual Report 2019/20 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.   |

| <b>Committee Date: July 2020</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> |
| Annual Governance Statement 2019/20                               | To approve the Annual Governance Statement 2019/20.  | Borough Solicitor.                 | No.   |
| Corporate Risk Register   | To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed. | Head of Corporate Services.        | No.   |
| Audit and Governance Committee Annual Report 2018/19              | To approve the Audit and Governance Committee Annual Report 2018.19  | Head of Corporate Services.        | No.   |
| <b>Internal Audit Quality Assurance and Improvement Programme</b> | <b>To consider the annual update on the Internal Audit Quality Assurance and Improvement Programme.</b>                        | <b>Head of Corporate Services.</b> | <b>No – as agreed at the Audit and Governance Committee meeting on 24 July 2019.</b>    |

**Committee Date: September 2020**

| <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> |
|---|--|-----------------------------|---|
| Annual Audit Letter 2019/20                   | To consider the external auditors' Audit Letter 2019/20.   | External Auditors.          | No.   |
| 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 2020/21         | To approve the Internal Audit Six Month Plan 2020/21 (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.   |
| Corporate Risk Register                       | To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.                                   | Head of Corporate Services. | No.   |

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

## TEWKESBURY BOROUGH COUNCIL

|                              |  |
|------------------------------|--|
| <b>Report to:</b>            | Audit and Governance Committee           |
| <b>Date of Meeting:</b>      | 18 September 2019                        |
| <b>Subject:</b>              | Counter Fraud and Anti-Corruption Policy |
| <b>Report of:</b>            | Head of Finance & Asset Management       |
| <b>Corporate Lead:</b>       | Deputy Chief Executive                   |
| <b>Lead Member:</b>          | Lead Member for Corporate Governance     |
| <b>Number of Appendices:</b> | 1  |

**Executive Summary:**

The Counter Fraud and Anti-Corruption Policy has been reviewed following the changes brought about by data protection legislation / regulations. The changes are very minor in relation to content. The Policy was considered by Audit Committee in September 2016 and approved by Executive Committee in October 2016. Members are asked to recommend to the Executive Committee that the update policy be approved.

**Recommendation:**

**To RECOMMEND TO THE EXECUTIVE COMMITTEE that the updated Counter Fraud and Anti-Corruption Policy be APPROVED and that authority be delegated to the Head of Finance and Asset Management to approve future minor amendments in consultation with appropriate Officers, One Legal and the Lead Member for Corporate Governance.**

**Reasons for Recommendation:**

To update and replace the existing Counter Fraud and Anti-Corruption Policy to reflect the position in relation to counter fraud provision within the authority and legislative changes.

In administering its responsibilities, this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.

The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.

**Resource Implications:**

There are no direct financial implications as a result of this report.

The support of the Counter Fraud and Anti-Corruption Policy will help to support the prevention and detection of misuse of public funds and fraud therefore reducing potential financial loss to the Council.

**Legal Implications:**

In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

The legislation utilised by the Counter Fraud Unit and other service areas within the Council is identified within the Policy and the Council must comply with all legislative requirements.

The Council must also ensure that authorisations obtained under the Regulation of Investigatory Powers Act 2000 or the Investigatory Powers Act 2016 are appropriately logged, maintained and updated on the central register.

**Risk Management Implications:**

If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

The Council is required to have an effective Counter Fraud and Anti-Corruption Policy to enable Officers to proactively tackle fraudulent activity against the Council or other public sector bodies. Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption.

If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

**Performance Management Follow-up:**

None directly arising from this report.

**Environmental Implications:**

None directly arising from this report.

**1.0 INTRODUCTION/BACKGROUND**

**1.1** The Council's existing Counter Fraud and Anti-Corruption Policy was developed to reflect latest legislation and the changes from the creation of the Single Fraud Investigation Services (operated by the Department for Work and Pensions) which subsumed the Council's responsibilities for investigating Housing Benefit Fraud.

**1.2** The Audit Committee considered the policy in September 2016.

**1.3** It is recommended good practice that the Policy is updated at least every few years and in line with data protection legislative changes, it has been reviewed.

**2.0 UPDATED COUNTER FRAUD AND ANTI-CORRUPTION POLICY**

**2.1** The Policy highlights the key legislation and roles and responsibilities of Members, Officers and other parties.

**2.2** The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

- 2.3** The Audit and Governance Committee is asked to consider the updated Counter Fraud and Anti-Corruption Policy and recommend to the Executive Committee that it is approved and that authority be delegated to the Head of Finance and Asset Management to approve future minor amendments in consultation with appropriate Officers, One Legal and the Lead Member for Corporate Governance.
- 3.0 OTHER OPTIONS CONSIDERED**
- 3.1** None
- 4.0 CONSULTATION**
- 4.1** The Policy has been reviewed and agreed by the Head of Finance and Asset Management and One Legal.
- 5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**
- 5.1** None
- 6.0 RELEVANT GOVERNMENT POLICIES**
- 6.1** None
- 7.0 RESOURCE IMPLICATIONS (Human/Property)**
- 7.1** Council staff will be made aware of the updated policy.
- 8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 8.1** None
- 9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 9.1** None
- 10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 10.1** Counter Fraud and Anti-Corruption Policy approved at Executive Committee in October 2016.

**Background Papers:** Counter Fraud and Anti-Corruption Policy September 2016

**Contact Officer:** Counter Fraud Manager  
01285 623356

**Appendices:** Appendix 1 – Counter Fraud and Anti-Corruption Policy



# Counter Fraud and Anti-Corruption Policy

|                             |   |
|-----------------------------|---|
| <b>Version Control:</b>     |   |
| <b>Document Name:</b>       | Counter Fraud and Anti-Corruption Policy          |
| <b>Version:</b>             | 1.1   |
| <b>Responsible Officer:</b> | Emma Cathcart, Counter Fraud Unit                 |
| <b>Approved by:</b>         | Executive<br>Head of Finance and Asset Management |
| <b>Date First Approved:</b> | October 2016                                      |
| <b>Next Review Date</b>     | August 2022                                       |
| <b>Retention Period:</b>    | N/A   |

## Revision History

| Revision date | Version | Description   |
|---------------|---------|---|
| August 2019   | 1.1     | Update following changes to data protection legislation |
|               |         |   |
|               |         |   |
|               |         |   |

## Consultees

| Internal                             | External |
|--------------------------------------|----------|
| Head of Finance and Asset Management |          |
| One Legal                            |          |

## Distribution

| Name |  |
|------|--|
|      |  |
|      |  |

# Counter Fraud and Anti-Corruption Policy

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# Counter Fraud and Anti-Corruption Policy

## 1. INTRODUCTION AND PURPOSE OF THE POLICY

- 1.1. In administering its responsibilities; this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Member. The Council is committed to an effective Counter Fraud and Anti-Corruption culture, by promoting high ethical standards and encouraging the prevention, detection and investigation of fraudulent activities.
- 1.2. The Section 151 Officer has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council's financial affairs to include the development of financial codes of practice and accounting instructions. Through delegation of duties, the Officer ensures appropriate controls are in place.
- 1.3. The Monitoring Officer has a statutory responsibility to advise the Council on the legality of its decisions and to ensure that the Council's actions do not give rise to illegality or maladministration. It is therefore essential for employees to follow the Council's policies and procedures to demonstrate that the Council is acting in an open and transparent manner.
- 1.4. The Council has a statutory duty to undertake an adequate and effective internal audit of its accounting records and its system of internal controls. The Council's Financial Rules state that 'whenever a matter arises which involves, or is thought to involve irregularities concerning cash, stores or other property of the Council, or any suspected irregularity in the exercise of the functions of the Council, the Director, Head of Service or equivalent Senior Officer has a duty to immediately notify the Section 151 Officer and the Monitoring Officer, who shall take steps as the consider necessary by way of investigation and report'. Furthermore the Financial Rules also state that each Director, Head of Service or equivalent Senior Officer is responsible for 'notifying the Section 151 Officer and the Chief Audit Executive immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources.
- 1.5. The Council has a zero tolerance approach to fraud committed or attempted by any person against the organisation or any of its partner agencies. The Council will thoroughly investigate all suggestions of fraud, corruption or theft, from within the Council and from external sources which it recognises can:
  - Undermine the standards of public service that the Council is attempting to achieve by diverting resources from legitimate activities.
  - Reduce the level of resources and services available for the residents of the borough, district or county as a whole.
  - Result in consequences which damage public confidence in the Council and / or adversely affect staff morale.
- 1.6. Any proven fraud will be dealt with in a consistent and proportionate manner. Appropriate sanctions and redress for losses will be pursued, to include criminal proceedings against anyone perpetrating, or seeking to perpetrate, fraud, corruption or theft against the Council.
- 1.7. The Council is committed to the highest possible standards of openness, probity, honesty, integrity and accountability. The Council expects all Officers, Members and partner organisations to observe these standards and values, which are defined within the Code of Conduct for Employees and the Members Code of Conduct, to help achieve the Council's over-arching priority for the continued delivery of outcomes and value for money for local tax-payers.

# Counter Fraud and Anti-Corruption Policy

## 2. DEFINITIONS

### 2.1 FRAUD

The term “fraud” is usually used to describe depriving someone of something by deceit, which might either be misuse of funds or other resources, or more complicated crimes like false accounting or the supply of false information. In legal terms, all of these activities are the same crime, theft, examples of which include deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

2.2 Fraud was introduced as a general offence and is defined within The Fraud Act 2006. The Act details that a person is guilty of fraud if he commits any of the following:

- Fraud by false representation; that is if a person:
  - (a) dishonestly makes a false representation, and
  - (b) intends, by making the representation:
    - (i) to make a gain for himself or another, or
    - (ii) to cause loss to another or to expose another to a risk of loss.
- Fraud by failing to disclose information; that is if a person:
  - (a) dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and
  - (b) intends, by failing to disclose the information:
    - (i) to make a gain for himself or another, or
    - (ii) to cause loss to another or to expose another to a risk of loss.
- Fraud by abuse of position; that is if a person:
  - (a) occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person,
  - (b) dishonestly abuses that position, and
  - (c) intends, by means of the abuse of that position:
    - (i) to make a gain for himself or another, or
    - (ii) to cause loss to another or to expose another to a risk of loss.

2.3 In addition the Act introduced new offences in relation to obtaining services dishonestly, possessing, making, and supplying articles for the use in frauds and fraudulent trading applicable to non-corporate traders.

### 2.4 CORRUPTION

Is the deliberate use of one’s position for direct or indirect personal gain. “Corruption” covers the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person to act inappropriately and against the interests of the organisation.

### 2.5 THEFT

Is the physical misappropriation of cash or other tangible assets. A person is guilty of “theft” if he or she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.

### 2.6 MONEY LAUNDERING

Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership whilst retaining use of the funds.

2.7 The burden of identifying and reporting acts of money laundering rests within the organisation. Any service that receives money from an external person or body is

# Counter Fraud and Anti-Corruption Policy

potentially vulnerable to a money laundering operation. The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and advice sought from the Monitoring Officer, Section 151 Officer or Chief Audit Executive. A failure to report a suspicion could compromise an individual and they could be caught by the money laundering provisions. All employees are therefore instructed to be aware of the increasing possibility of receiving requests that are not genuine and are in fact for the purpose of money laundering.

2.8 The Council recognises its responsibilities under the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002. These responsibilities are adhered to in line with the Council's Anti-Money Laundering and Proceeds of Crime Procedures. The Council is required to have a designated Officer for money laundering reporting purposes.

2.9 Both Financial and Legal Officers working for the Council also have their own professional guidance in relation to money laundering which places a duty on them to report any suspicions. These suspicions may override their legal professional privilege and confidentiality.

## 2.10 BRIBERY

The Bribery Act 2010 introduced four main offences, simplified below. Please note, a 'financial' or 'other advantage' may include money, assets, gifts or services within the following:

- **Bribing another person:** a person is guilty of an offence if he offers, promises or gives a financial or other advantage to another person. Further if he intends the advantage to induce a person to perform improperly a function or activity or if he knows or believes the acceptance of the advantage offered constitutes improper activity.
- **Offences relating to being bribed:** a person is guilty of an offence if he requests, agrees to receive, or accepts a financial or other advantage intending that as a consequence an improper activity or function will be performed improperly or if he knows or believes the acceptance of the advantage offered constitutes improper activity. Where a person agrees to receive or accepts an advantage as a reward for improper activity or function that has been performed. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate advantage or not.
- **Bribery of a foreign public official:** a person who bribes a foreign public official is guilty of an offence if the person's intention is to influence the foreign public official in their capacity, duty or role as a foreign public official. A person must also intend to obtain or retain business or an advantage in the conduct of business and must offer, promise or give any financial or other advantage.
- **Failure of commercial organisations to prevent bribery:** organisations, which include the Council, must have adequate procedures in place to prevent bribery in relation to the obtaining or retaining of business associated with the business itself.

2.11 The Council is committed to ensuring the prevention of corruption and bribery and sets out its policy in relation to the acceptance of gifts and hospitality within the Code of Conduct for Employees and the Members Code of Conduct. Receipt of any gifts or hospitality should be recorded by Officers and Members in the appropriate register. Officers and Members are also required to declare any outside interests that they have which may result in a conflict of interest in respect of transactions and dealings with the Council. Again, any such interests will be recorded in an appropriate register.

# Counter Fraud and Anti-Corruption Policy

- 2.12 Prior to entering into any business arrangements, all Council Officers and/or business units should ensure that they have taken all reasonable steps to identify any potential areas of risk relating to bribery or corruption. If an Officer has any concerns they must raise them with The Chief Audit Executive.

## 3. SCOPE

- 3.1 In relation to any of the above mentioned offences, this policy applies to:

- All employees, including shared service employees, casual workers and agency staff.
- Members.
- Committee Members of Council funded voluntary organisations.
- Partner organisations, where the Council has a financial or statutory responsibility.
- Council Suppliers, Contractors and Consultants.
- The general public.

## 4. AIMS AND OBJECTIVES

- 4.1 The aims and objectives of the Counter Fraud and Anti-Corruption Policy are to:

- Ensure that the Council has measures in place to guard against fraud and loss and that the Council maximises revenue recovery.
- Safeguard the Council's valuable resources by ensuring they are not lost through fraud but are used for providing services to the community as a whole.
- Create a 'counter fraud' culture which highlights the Council's zero tolerance to fraud, corruption, bribery and theft, which defines roles and responsibilities and actively engages everyone (the public, Members, Officers, managers and policy makers).

- 4.2 The Council aims to:

- Proactively deter, prevent and detect fraud, corruption, bribery and theft.
- Investigate any suspicions of, or detected instances of fraud, corruption, bribery and theft.
- Enable the Council to apply appropriate sanctions, to include prosecution, and recovery of losses.
- Provide recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity.

## 5. PRINCIPLES

- 5.1 The Council will not tolerate abuse of its services or resources and has high expectations of propriety, integrity and accountability from all parties identified within this policy. Maintaining this policy supports this vision.
- 5.2 The Council has a documented Constitution, Scheme of Delegated Powers and Financial Regulations to give Members and Officers clear instructions or guidance for carrying out the Council's functions and responsibilities. Responsibility for ensuring compliance with these documents rests with management with adherence being periodically monitored by Internal Audit Services; where breaches are identified these will be investigated in accordance with this policy and the Council's Financial Rules.
- 5.3 The Council expects that Members and Officers will lead by example in ensuring adherence to rules, procedures and recommended practices. A culture will be maintained that is conducive to ensuring probity. Members and Officers should adopt

# Counter Fraud and Anti-Corruption Policy

the standards in public life as set out by the Nolan Committee, known as the Nolan Principles:

- Selflessness – to take decisions solely in terms of the public interest and not in order to gain for themselves.
- Integrity – not to place themselves under any obligation to outside individuals or organisations that may influence the undertaking of their official duties.
- Objectivity – when carrying out any aspect of their public duties, to make decisions and choices on merit.
- Accountability – to be accountable, to the public, for their decisions and actions and must submit themselves to the appropriate scrutiny.
- Openness – to be as open as possible about the decisions and actions they take and the reasons for those decisions and actions. The dissemination of information should only be restricted when the wider public interest clearly demands it.
- Honesty – to declare any private interests which relate to their public duties and take steps to resolve any conflicts arising in a manner which protects the public interest.
- Leadership – to promote and support these principles by leadership and example.

- 5.4 The Council will ensure that the resources dedicated to counter fraud activity are appropriate and any officers involved in delivering these services are trained to deliver a professional counter fraud service to the correct standards ensuring consistency, fairness and objectivity.
- 5.5 All fraudulent activity is unacceptable, and may result in consideration of legal action being taken against the individual(s) concerned. In addition, the Council has in place disciplinary procedures which must be followed whenever Officers are suspected of committing a fraudulent or corrupt act. These procedures are monitored and managed by the Human Resources Team and may be utilised where the outcome of an investigation indicates fraudulent or corrupt acts have occurred.
- 5.6 The Council may pursue the repayment of any financial gain from individuals involved in fraud, malpractice and wrongdoing. The Council may also pursue compensation for any costs it has incurred when investigating fraudulent or corrupt acts.
- 5.7 This policy encourages those detailed within this document to report any genuine suspicions of fraudulent activity. However, malicious allegations or those motivated by personal gain will not be tolerated and, if proven, disciplinary or legal action may be taken. Reporting arrangements in relation to incidents of fraud or irregularity are detailed below.
- 5.8 The Council will work both internally across different departments and with external organisations such as the Police, HM Revenue and Customs and other Councils to strengthen and continuously improve its arrangements to prevent fraud and corruption. The Council is committed to assisting the Police in fighting Serious and Organised crime and will implement measures and share data to ensure the Council is not engaging with organised crime gangs when procuring goods and services.
- 5.9 The Council collects and stores data within multiple departments to enable data cleansing, data sharing and data matching. This process can be utilised for the prevention and detection of fraud and the Council will pursue this where appropriate. The Council applies fair processing practices and these are reflected within data

# Counter Fraud and Anti-Corruption Policy

collection documents, stationery and other data collection processes such as those required for the National Fraud Initiative.

## 6. RESPONSIBILITIES

| OFFICER / DEPARTMENT  | SPECIFIC RESPONSIBILITIES  |
|---|--|
| <b>Head of Paid Service / Chief Executive</b>   | Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.  |
| <b>Chief Finance Officer<br/>(Section 151 Officer)</b>  | To ensure the Council has adopted an appropriate Counter Fraud and Anti-Corruption Policy. That there is an effective internal control environment in place and resources to investigate allegations of fraud and corruption.  |
| <b>Monitoring Officer</b>   | To advise Members and Officers on ethical issues, conduct and powers to ensure that the Council operates within the law and statutory Codes of Practice.   |
| <b>Audit Committee/ Audit and General Purposes Committee / Audit and Governance Committee</b> | To receive formal assurance from an appropriate representative at meetings and an annual opinion report in relation to the Council's control measures and counter fraud activity.<br><br>The Audit Committee also receives assurance from external audit on the Council's Annual Accounts and Annual Governance Statement. |
| <b>Councillors / Members</b>  | To comply with the Members Code of Conduct and related Council policies and procedures.<br><br>To be aware of the possibility of fraud, corruption, bribery and theft and to report any genuine concerns to the Chief Audit Executive.   |
| <b>External Audit / Internal Audit</b>  | Has a duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption, bribery and theft.<br><br>Has powers to investigate fraud and the Council may invoke this service.   |
| <b>Counter Fraud Unit</b>   | Responsible for assisting the development and implementation of the Counter Fraud and Anti-Corruption Policy. The Counter Fraud Unit have a duty to monitor the investigation of any reported issues of irregularity.<br><br>To ensure that all suspected or reported irregularities                                       |

# Counter Fraud and Anti-Corruption Policy

| OFFICER / DEPARTMENT                             | SPECIFIC RESPONSIBILITIES  |
|--|--|
|  | <p>are dealt with promptly and in accordance with this policy.</p> <p>That action is identified to improve controls and reduce means, opportunity and the risk of recurrence.</p> <p>Reporting to the appropriate Senior Officer(s) (Section 151 Officer, Monitoring Officer, Chief Audit Executive) with regard to the progress and results of investigations.</p> <p>Reporting annually to the Audit Committee on proven frauds.</p>   |
| <p><b>Counter Fraud Provision / Services</b></p> | <p>To proactively deter, prevent and detect fraud, corruption, bribery and theft within or against the Council.</p> <p>To investigate all suspicions of fraud, corruption, bribery or theft, within or against the Council, in accordance with the Criminal Procedures and Investigations Act 1996 (CPIA).</p> <p>To consider reputational damage and the public interest test when investigating any instances of fraud, corruption, bribery or theft.</p> <p>To conduct interviews under caution when appropriate in accordance with the Police and Criminal Evidence Act 1984 (PACE).</p> <p>To undertake any surveillance operation or obtaining any communications data, adhering to the Regulation of Investigatory Powers Act 2000 (RIPA) – this is applicable when undertaking criminal investigations only.</p> <p>To comply with Data Protection Legislation (and the General Data Protection Regulations) when obtaining or processing personal data.</p> <p>To report to the appropriate Senior Officer(s) for decisions in relation to further action.</p> <p>To enable the Council to apply appropriate sanctions, to include criminal proceedings, and to assist in the recovery of losses in accordance with the Council’s Prosecution Policy.</p> <p>To prepare Witness Statements and prosecution paperwork for the Council’s Legal Department.</p> <p>To attend and present evidence in the Magistrates Court, the Crown Court and Employment Tribunals.</p> <p>To provide recommendations to inform policy, system and control improvements.</p> |

# Counter Fraud and Anti-Corruption Policy

| OFFICER / DEPARTMENT   | SPECIFIC RESPONSIBILITIES  |
|--|--|
|  | <p>To provide fraud awareness training and updates for Members and Officers.</p> <p>To publicise successes where appropriate.</p>  |
| <b>Human Resources</b>   | <p>To report any suspicions of fraud, corruption, bribery or theft to the Section 151 Officer, Monitoring Officer or Counter Fraud representative if reported directly to HR or if identified during any disciplinary or internal procedures.</p> <p>To ensure recruitment procedures provide for the obtainment and verification of significant information supplied by applicants.</p>   |
| <b>Strategic Directors, Heads of Service, Service Managers or equivalent Senior Officers</b> | <p>The primary responsibility for maintaining sound arrangements to prevent and detect fraud and corruption rests with management.</p> <p>To promote awareness and ensure that all suspected or reported irregularities are immediately referred to the appropriate Senior Officer.</p> <p>To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, bribery and theft. To reduce these risks by implementing internal controls, monitoring of these controls by spot checks and to rectify weaknesses if they occur.</p> |
| <b>Staff / Employees / Officers</b>  | <p>To comply with Council policies and procedures when conducting their public duties.</p> <p>To be aware of the possibility of fraud, corruption, bribery and theft and to report any genuine concerns. Officers may report suspicions as detailed below.</p> <p>Referrals can also be made in confidence in accordance with the Council's Whistleblowing Policy.</p>   |
| <b>Public, Partners, Suppliers, Contractors and Consultants</b>                              | <p>To be aware of the possibility of fraud and corruption within or against the Council and to report any genuine concerns or suspicions as detailed below.</p>  |

## 7. APPROACH TO COUNTERING FRAUD

- 7.1 The Council has a responsibility to reduce fraud and protect its resources by enabling counter fraud services to complete work in each of the following key areas:

# Counter Fraud and Anti-Corruption Policy

## 7.2 DETERRENCE

The best deterrent is the existence of clear procedures and responsibilities making fraud and corruption difficult to perpetrate and easy to detect. As detailed already within this policy, the Council has a number of measures in place to minimise risk:

- Clear codes of conduct for Officers and Members.
- Register for declarations of interest / gifts and hospitality for Members and Officers.
- Clear roles and responsibilities for the prevention and detection of fraud, corruption, bribery and theft including an Audit Committee, an appointed Monitoring Officer, Section 151 Officer and trained Counter Fraud Officers.
- Effective ICT security standards and usage policies.
- The application of appropriate sanctions and fines as detailed below.

7.3 The existence of an effective Counter Fraud Team is a prime deterrent for fraud and corruption. Counter Fraud Officers and the Internal Audit Team analyse and identify potential areas at risk of fraudulent abuse with the assistance of the Council's Corporate Management, efficient and effective audits of principal risk areas can then be conducted.

7.4 The Council will promote and develop a strong counter fraud culture, raise awareness and provide information on all aspects of its counter fraud work. This may include advice on the intranet, fraud e-learning tools, publicising the results of proactive work, investigating fraud referrals and seeking the recovery of any losses.

## 7.5 PREVENTION

The Council will strengthen measures to prevent fraud. Counter Fraud Officers will work with management and policy makers to ensure new and existing systems, procedures and policy initiatives consider any possible fraud risks. Any internal audit conducted will also consider fraud risks as part of each review and ensure that internal controls are in place and maintained to combat this.

7.6 Important preventative measures include effective recruitment to establish the propriety and integrity of all potential employees. Recruitment is carried out in accordance with the Council's Recruitment and Selection Policy and provides for the obtainment and verification of significant information supplied by applicants.

7.7 The Council will undertake any internal remedial measures identified by any investigation to prevent future recurrence at the first opportunity.

## 7.8 DETECTION

A record of fraud referrals received will be maintained by Counter Fraud Officers (and other departments as applicable). This record helps to establish those areas within the Council most vulnerable to the risk of fraud. In addition, a consistent treatment of information and independent investigation is ensured. A Council wide fraud profile is created which then informs any detailed proactive work.

7.9 The Council is legislatively required to participate in a national data matching exercise; the National Fraud Initiative (NFI). Particular sets of data are provided and matched against other records held by the Council or external organisations. Where a 'match' is found it may indicate an irregularity which requires further investigation to establish whether fraud has been committed or an error made. An officer within the authority is designated as the 'Key Contact' for this process. The initiative also assists in highlighting areas which require more proactive investigation. The Council may engage in other data matching/sharing for the purposes of fraud prevention and detection, and for the recovery of monies owed.

# Counter Fraud and Anti-Corruption Policy

- 7.10 Safeguarding and deterrent internal controls and monitoring procedures are established for financial and other systems within the Council, for example those set out within the Council's Financial Rules / Contract Rules.
- 7.11 The Council relies on employees, Members and the public to be alert and to report any suspicions of fraud and corruption which may have been committed or that are allegedly in progress. Managers should be vigilant and refer any matters which may require additional monitoring to a senior representative within the Human Resources Department for guidance and further action.

## 7.12 INVESTIGATION

The Council will investigate all reported incidents of fraud or irregularity using its counter fraud resources. The Council will ensure the correct gathering and presentation of evidence in accordance with the Criminal Procedures and Investigations Act 1996.

- 7.13 Investigations will make due reference to Employment Law as necessary and be conducted within a reasonable time in accordance with the Human Rights Act 1998. Investigations will also adhere to and comply with other applicable legislation such as the Police and Criminal Evidence Act 1984, Data Protection Legislation and the Freedom of Information Act 2000 as appropriate.
- 7.14 Officers may utilise investigative tools and gain intelligence utilising a number of legal gateways and data sharing agreements. This may include membership to third party organisations such as the National Anti-Fraud Network (NAFN).
- 7.15 When investigating allegations of fraud and corruption, the Council may be required to conduct surveillance. The Council must comply with the Regulation of Investigatory Powers Act 2000 which ensures that investigatory powers are used in accordance with human rights. To ensure compliance the Council has a written procedure detailing who may authorise covert surveillance and the use of covert human intelligence sources. Standard documentation has been adopted which must be used by an Officer when seeking such authorisation.
- 7.16 Officers may also need to acquire communications data when conducting an investigation. This is permissible however; the Council must adhere to the Investigatory Powers Act 2016 when applying for this information and the correct nominated single point of contact must be used. As above, specific details are set out within the written procedures.
- 7.17 Further information in relation to the use of the above and protocol for Officers when investigating irregularities is set out within the Council's Counter Fraud and Anti-Corruption Investigation Procedures and Guidelines. These include the need to:
- Deal promptly with the matter.
  - Record all evidence received.
  - Ensure that evidence is sound and adequately supported.
  - Conduct interviews under caution when necessary.
  - Ensure security of all evidence collected.
  - Contact other agencies if necessary e.g. Police, Trading Standards, HM Revenue and Customs.
  - Notify the Council's insurers.
  - Implement Council disciplinary procedures where appropriate.
  - Attend court and present evidence.

## 7.18 SANCTIONS

The Council will apply considered sanctions to individuals or organisations where an investigation reveals fraudulent activity. This may include:

# Counter Fraud and Anti-Corruption Policy

- Appropriate disciplinary action in line with the Disciplinary Policy.
- Fines and penalties.
- Criminal proceedings.
- Civil proceedings to recover loss.

## 7.19 REDRESS

A crucial element of the Council's response to tackling fraud is seeking financial redress. The recovery of defrauded monies is an important part of the Council's strategy and will be pursued in line with internal debt recovery processes and legal redress i.e. Confiscation Orders and the application of the Proceeds of Crime Act 2002.

## 7.20 CONTROL FAILURE RESOLUTION

In addition to the above, Internal Audit also prepares a risk based annual Audit Plan that details the key objectives and areas of work for the year. Within these work areas indicators for fraud are considered. Internal Audit will also respond to requests from management and Counter Fraud Officers where there may be concerns over the effectiveness of internal controls. The work plan is agreed and monitored by the Audit Committee and Section 151 Officer.

## 8. REPORTING, ADVICE AND SUPPORT

- 8.1 The Council's expectation is that Members and managers will lead by example and that employees at all levels will comply with the Constitution, Council Policies, Financial Regulations, Procurement Regulations, Financial and Contract Procedure Rules, codes of conduct and directorate procedures.
- 8.2 The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. It is essential that employees of the Council report any irregularities, or suspected irregularities to their Line Manager and if this is not appropriate then to a Counter Fraud representative.
- 8.3 The Council must create the right environment so that anyone can raise concerns in respect of irregularities with the knowledge that they will be treated seriously and confidentially. The Council will provide all reasonable protection for those who raise genuine concerns in good faith, as confirmed in the Council's Whistle-Blowing Policy.
- 8.4 If the informant is a member of the public or external contractor, they can contact a Counter Fraud Officer at the Council to report the suspicion. This can be done anonymously. A hotline number for reporting suspicions may also be established and if so, can be found on the Council's website. The Council's complaint procedure may also be utilised but may not be the most appropriate channel.
- 8.5 The above process does not relate to reporting Housing Benefit Fraud allegations (which are now dealt with by the Department for Work and Pensions) or to Council Tax Reduction Scheme offences. The informant should contact the Officer nominated to deal with this; details can be found on the Council's website within the Revenues and Benefit Section information.
- 8.6 The Officer who receives the allegation (whether from a Member or a Council employee) must refer the matter to a Counter Fraud representative within the Council, to determine how the potential irregularity will be investigated and to whom the allegation should be discussed within the Council. This is to ensure correct investigative procedures are adhered to and that any potential fraud enquiry is not compromised.
- 8.7 As appropriate, reports will be issued to the Monitoring Officer, Head of Paid Service, Section 151 Officer, Senior Officers, and Cabinet Members etc. where the irregularity is material and/or could affect the reputation of the Council. Decisions will then be made

# Counter Fraud and Anti-Corruption Policy

with regard to the most appropriate course of action. Communications and publicity will also be managed if the matter is likely to be communicated externally.

- 8.8 If the investigation relates to an employee then Human Resources will be engaged and the Council's Disciplinary Procedure will also be considered however this will be managed carefully to ensure any criminal investigation is not compromised.
- 8.9 The Council will also work in co-operation with the following bodies (and others as appropriate) that will assist in scrutinising our systems and defences against fraud, bribery and corruption:
- Local Government and Social Care Ombudsman.
  - External Audit.
  - The National Fraud Initiative.
  - Central Government Departments.
  - HM Revenue and Customs.
  - The Police.
  - Trading Standards.
  - The Department for Work and Pensions.
  - Immigration Services.
  - The Chartered Institute of Public Finance and Accountancy (CIPFA).
  - The Institute of Revenues Rating and Valuation (IRRV).
- 8.10 As detailed within this document and the Council's Whistle Blowing Policy, any concerns or suspicions reported will be treated with discretion and in confidence. Key contacts include:

|                     |  |
|---------------------|--|
| Section 151 Officer | Simon Dix – Tewkesbury Borough Council<br>01684 295010 |
|---------------------|--|

|                    |  |
|--------------------|--|
| Monitoring Officer | Sara Freckleton – Tewkesbury Borough Council<br>01684 295010 |
|--------------------|--|

|                       |   |
|-----------------------|---|
| Chief Audit Executive | Graeme Simpson – Tewkesbury Borough Council<br>01684 295010 |
|-----------------------|---|

|                       |  |
|-----------------------|--|
| Counter Fraud Manager | Emma Cathcart – Tewkesbury Borough Council<br>01285 623000 |
|-----------------------|--|

## 9. FURTHER INFORMATION

- 9.1 Further information on Council policy can be found in the following documents (or equivalent documentation / codes):
- The Constitution.

# Counter Fraud and Anti-Corruption Policy

- Code of Conduct for Employees and the Members Code of Conduct which include information in relation to gifts and hospitality and declaring and registering interests.
- Whistleblowing Policy.
- Corporate Enforcement / Prosecution Policy.
- Anti-Money Laundering and Proceeds of Crime Policy.
- Recruitment and Selection Processes.
- RIPA / IPA Procedure and Guidance.
- Financial Rules.
- Contract Rules or equivalent.
- Fair Processing Statement.
- Disciplinary Procedure.

## 10. STRATEGY AND POLICY REVIEW

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

10.2 Responsible Department: Counter Fraud Unit

Date: August 2019

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



# The Annual Audit Letter for Tewkesbury Borough Council

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Year ended 31 March 2019

20 August 2019



# Contents



## Your key Grant Thornton team members are:

**38** Julie Masci  
Associate Director  
T: 029 2034 7506  
E: Julie.Masci@uk.gt.com

Grace Hawkins  
Assistant Manager  
T: 029 2034 7542  
E: Grace.E.Hawkins@uk.gt.com

Beth Garner  
Executive  
T: 0117 305 7726  
E: Beth.AC.Garner@uk.gt.com

## Section

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

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## Appendices

- A Reports issued and fees
- B Action Plan

# Executive Summary

## Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Tewkesbury Borough Council (the Council) for the year ended 31 March 2019.

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 and Governance Committee as those charged with governance in our Audit Findings Report on 24 July 2019.



## Our work

|   |   |
|---|---|
| <b>Materiality</b>                        | We determined materiality for the audit of the Council's financial statements to be £750,000, which is approximately 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 30 July 2019.   |
| <b>Whole of Government Accounts (WGA)</b> | We were not required to complete work on the Council's return following guidance issued by the NAO as they were below the audit threshold. We confirmed this in our Assurance Statement to the NAO on 30 July 2019. |
| <b>Use of statutory powers</b>            | We did not identify any matters which required us to exercise our additional statutory powers.  |

## 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.

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# Executive Summary

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|                                     |  |
|-------------------------------------|--|
| <b>Value for Money arrangements</b> | We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit findings report to the Council on 24 July 2019.  |
| <b>Certification of Grants</b>      | 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 2019. We will report the results of this work to the Audit and Governance Committee separately. |
| <b>Certificate</b>                  | We certified that we have completed the audit of the financial statements of Tewkesbury Borough Council in accordance with the requirements of the Code of Audit Practice on 30 July 2019.   |

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## 4 Working with the Council

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you in July, delivering the financial statements before the 31 July deadline.
- Understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness.
- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports
- Providing training – we provided your teams with training on the Housing Benefit Certification process and testing.

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

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# Audit of the Financial Statements

## 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 financial statements to be £750,000, which is approximately 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.

We set a lower threshold of £37,500, above which we reported errors to the Audit and Governance Committee in our Audit Findings Report.

### 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 financial statements and the narrative report and annual governance statement published alongside the financial statements to check it is consistent with our understanding of the Council and with the financial statements 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 was based on a thorough understanding of the Council's business and is risk based.

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

# Audit of the Financial Statements

## 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>Valuation of net pension liability</b><br/>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements. We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p> <p style="text-align: center;">42</p> | <p>We:</p> <ul style="list-style-type: none"> <li>• identified the controls put in place by management to ensure that the pension fund liability is not materially misstated.</li> <li>• assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement;</li> <li>• evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuations and gained an understanding of the basis on which the valuations were carried out;</li> <li>• undertook procedures to confirm the reasonableness of the actuarial assumptions made;</li> <li>• checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial reports; and</li> <li>• gained assurances over the data provided to the actuary to ensure it was robust and consistent with our understanding.</li> </ul> | <p>The Court of Appeal ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.</p> <p>The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits.</p> <p>An adjustment for the McCloud / Sargeant ruling of £174k was not made on the grounds of materiality.</p> |

# Audit of the Financial Statements

## Significant Audit Risks - continued

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

| Risks identified in our audit plan  | How we responded to the risk   | Findings and conclusions  |
|---|--|---|
| <p><b>Management override of internal 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. Management over-ride of controls is a risk requiring special audit consideration.</p> | <p>We have:</p> <ul style="list-style-type: none"> <li>gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness;</li> <li>obtained a full listing of journal entries and identified and subsequently tested any unusual journal entries for appropriateness; and</li> <li>evaluated the rationale for any changes in accounting policies and any significant unusual transactions or estimates.</li> <li>reviewed significant related party transactions outside the normal course of business.</li> </ul>   | <p>Our audit work has not identified any issues in respect of management override of controls.</p>          |
| <p><b>Valuation of land and buildings</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. We identified the valuation of land and buildings revaluations as a risk requiring special audit consideration.</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 valuer about the valuation basis, 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> <li>confirmed that the prior period adjustment to two of the council's assets was appropriate and tested the revalued amounts were appropriately accounted for.</li> </ul> | <p>Our audit work has not identified any issues in respect of property, plant and equipment valuations.</p> |

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# Audit of the Financial Statements

## **Audit opinion**

We gave an unqualified opinion on the Council's financial statements on 30 July 2019.

## **Preparation of the financial statements**

The Council presented us with draft financial statements 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 financial statements**

We reported the key issues from our audit to the Council's Audit and Governance Committee on 24 July 2019.



Our action plan is outlined in Appendix B of this document.

## **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.

## **Whole of Government Accounts (WGA)**

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Council was below the audit threshold.

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

We certified that we have completed the audit of the financial statements of Tewkesbury Borough Council in accordance with the requirements of the Code of Audit Practice on 30 July 2019.

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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 risks where we concentrated our work.

45  
The risks we identified and the work we performed are set out overleaf.

## Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

# Value for Money conclusion

## Value for Money Risks

| Risks identified in our audit plan  | How we responded to the risk   | Findings and conclusions  |
|---|--|---|
| <p>Our 2017-18 VFM conclusion highlighted that the Council must ensure it develops a robust savings plan in order to deliver its annual budgets with sufficient capacity to manage its emerging cost pressures over the duration of its Medium Term Financial Strategy (MTFS). The ongoing challenge of increasing service costs, as well as the reliance on the continuation of the New Homes Bonus and anticipated use of reserves enforces the need to identify additional sources of income in order to secure its financial sustainability for the future.</p> | <p>We reviewed:</p> <ul style="list-style-type: none"> <li>the Council 's arrangements to establish how it is identifying, managing and monitoring these financial risks.</li> <li>the robustness of the Council's financial plans and its key assumptions supporting the development of its MTFP and savings plans.</li> <li>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.</li> </ul> | <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. The MTFS contains important strategic planning in a number of areas and its latest version was reported to members at a meeting of Council on 29 January 2019 which identified a £3.526m funding gap over the 5 year period of the MTFS.</p> <p>Over recent years, the Council has put in place a number of service reconfigurations, shared service arrangements and have already exhausted a number of commercialisation opportunities to reduce costs and generate new income streams.</p> <p>There remains 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. This is not sustainable in the medium to long term.</p> <p>A savings plan is detailed and was approved as part of the MTFS. Due to the limited opportunity to gain savings without impacting on services the focus of 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. The Council have continued to engage members through the Transform Work Group. The group of members consider budgetary matters and comment on new opportunities and schemes that are available to the Council prior to the approval process through Executive Committee and Council. This engagement is vital to the progression of officers' plans to bridge the current forecasted deficit and has seen pay off in the financial year. <i>(continued overleaf)</i></p> |

# Value for Money conclusion

## Value for Money Risks (continued)

| Risks identified in our audit plan  | How we responded to the risk   | Findings and conclusions  |
|---|--|---|
| <p>Our 2017-18 VFM conclusion highlighted that the Council must ensure it develops a robust savings plan in order to deliver its annual budgets with sufficient capacity to manage its emerging cost pressures over the duration of its Medium Term Financial Strategy (MTFS). The ongoing challenge of increasing service costs, as well as the reliance on the continuation of the New Homes Bonus and anticipated use of reserves enforces the need to identify additional sources of income in order to secure its financial sustainability for the future.</p> | <p>We reviewed:</p> <ul style="list-style-type: none"> <li>the Council 's arrangements to establish how it is identifying, managing and monitoring these financial risks.</li> <li>the robustness of the Council's financial plans and its key assumptions supporting the development of its MTFP and savings plans.</li> <li>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.</li> </ul> | <p>The final General Fund revenue outturn position for the full year was reported as a £2.68m surplus. This was a significant increase against the quarter three position and the outturn of previous years. The budgeted transfer to reserves was £777,720 with an actual outturn transfer totalling £3,463,217. Total useable reserves now stands at over £14m which puts the council in a great position moving forward. This surplus was aided by the increase of Council Tax by the maximum 5% in year, with an assumption in the MTFS that this will continue for the next 5 years. This is vital to the financial sustainability of the Council. During the year, several other opportunities and schemes have been utilised which have had a positive impact on the outturn position. This includes a positive position on the retained business rates scheme with a surplus against budget of £1,179,391 in year. In addition to this base position the Council were also able to take advantage of the 100% Business Rate Retention Pilot in Gloucestershire for 2018/19. resulting in additional income for Tewkesbury of £882,000.</p> <p>Other positive steps that have been taken include the success of the garden waste stickering system which performed above expectations and the launch of the carpool pilot to reduce mileage and other travel costs. The Council also had their Garden Town status bid approved which aims to help the Council deliver up to 10,000 houses over the period to 2041. Councils and groups from around the country submitted more than 100 ambitious proposals with the 5, including Tewkesbury's, taken forward resulting in an initial £750,000 investment to help develop plans for vibrant, thriving settlements where people can live, work and raise families.</p> |

# A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and **provision of non-audit services**.

## Reports issued

| Report                | Date issued |
|-----------------------|-------------|
| Audit Plan            | March 2019  |
| Audit Findings Report | July 2019   |
| Annual Audit Letter   | August 2019 |

## Fees

|                                     | Planned fees<br>£ | Actual fees<br>£ | 2017/18 fees<br>£ |
|-------------------------------------|-------------------|------------------|-------------------|
| Statutory audit                     | 34,589            | 39,089           | 44,921            |
| <b>Non-Audit Services</b>           |                   |                  |                   |
| Housing Benefit Grant Certification | 7,795             | TBC              | 13,421            |
| <b>Total fees</b>                   | <b>42,384</b>     | <b>TBC</b>       | <b>58,342</b>     |

### Audit fee variation

As outlined in our audit plan, the 2018-19 scale fee published by PSAA of £34,589 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table.

| Area  | Reason   | Fee proposed |
|---|--|--------------|
| <b>Assessing the impact of the McCloud ruling</b> | The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements. | £1,500       |
| <b>Pensions – IAS 19</b>                          | The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this.   | £1,500       |
| <b>PPE Valuation – work of experts</b>            | As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.   | £1,500       |
| <b>Total</b>                                      |  | £4,500       |

Fee variations are subject to PSAA approval.

## B. Action Plan

We have identified two recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

|   | Assessment | Issue and risk  | Recommendations   |
|---|------------|---|---|
| 1 | ●          | <ul style="list-style-type: none"> <li>As noted above, we extended our sample of Fees and charges due to identifying an error within the sample population. We identified that a large proportion of one of the sample items related to 2019/20, but the whole balance was included as 2018/19 income.</li> </ul> | <ul style="list-style-type: none"> <li>We recommend that management review their processes for identifying receipts in advanced in order to reduce the level of errors in future periods.</li> </ul> <p><b>Management response</b></p> <ul style="list-style-type: none"> <li>There is already a robust procedure in place to review all invoices raised in the year for receipts in advance. There are few non-invoiced income amounts that would require apportionment however we will review all such items and ensure these are all included in our receipts in advance process.</li> </ul>   |
| 2 | ●          | <ul style="list-style-type: none"> <li>As noted above, we identified one £25,000 item within the cashflow statement that could not be verified to an external source. Without this item, the cash flow statement would not balance.</li> </ul>  | <ul style="list-style-type: none"> <li>We recommend that management undertake a retrospective review of the 2018/19 cash flow statement in order to identify the reasons behind the balancing item as well as to ensure this difference will not be brought forward into 2019/20.</li> </ul> <p><b>Management response</b></p> <ul style="list-style-type: none"> <li>This has been identified as an area for review and we have identified ways to automate this process more (so requiring less human analysis at the year end). We will endeavour to review the 2018-19 cash flow and implement improved procedure in future years.</li> </ul> |

### Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice



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## TEWKESBURY BOROUGH COUNCIL

|                              |  |
|------------------------------|--|
| <b>Report to:</b>            | Audit and Governance Committee             |
| <b>Date of Meeting:</b>      | 18 September 2019                          |
| <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> | 1  |

**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 2018 to 31 March 2019.

Tewkesbury Borough Council is committed to the health and safety of its employees, service users and contractors and has a system in place to monitor, control and minimise the risks as far as possible. Of course incidents occur from time to time and these are learned from and measures put in place to ensure that these risks are minimised further.

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 and looks forward to work proposed in the next year. The aim is to provide information to demonstrate how the Council fulfils its legal responsibilities 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 the controls in place against the identified risks.

Corporate health and safety is managed via the Keep Safe Stay Healthy Group, chaired by the Deputy Chief Executive and attended by senior managers and staff from the organisation together with the Lead Member for Organisational Development. The Group considers health, safety and welfare issues across the organisation and has achieved areas of good practice across all Council services as detailed in the achievement section of the report, for example the planning and implementation of the Wellbeing Programme and the developing and launching of the Mental Health at Work Plan.

**Recommendation:**

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

**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 assist Members in carrying out this responsibility.

|  |
|--|
| <p><b>Resource Implications:</b></p> <p>As detailed at Appendix 1.</p>   |
| <p><b>Legal Implications:</b></p> <p>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.</p> |
| <p><b>Risk Management Implications:</b></p> <p>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.</p>  |
| <p><b>Performance Management Follow-up:</b></p> <p>Performance management issues are detailed within the report and Appendix.</p>  |
| <p><b>Environmental Implications:</b></p> <p>None</p>  |

## **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 provide excellent guidance in both leading and managing health and safety. The attached report provides a good way to deliver on their recommendation to establish an effective 'downward' communication system and management structure.
- 1.4** The Council has a pro-active Keep Safe Stay Health Group which is well attended by both Officers and the Lead Member. The objective of this Group is to bring together management, staff, Trade Unions and Members to consider health, safety and welfare matters. The Group provides a forum for consultation on related policies that the Council may adopt.

## **2.0 ANNUAL REPORT**

- 2.1** 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.

### **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 Health and Safety Executive.

### **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).

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

**8.1** As detailed 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  
01684 272225 [kay.meddings@tewkesbury.gov.uk](mailto:kay.meddings@tewkesbury.gov.uk)

**Appendices:** Appendix 1 - Health and Safety Annual Report 2019.

# Health *and* Safety annual report 2019



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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.

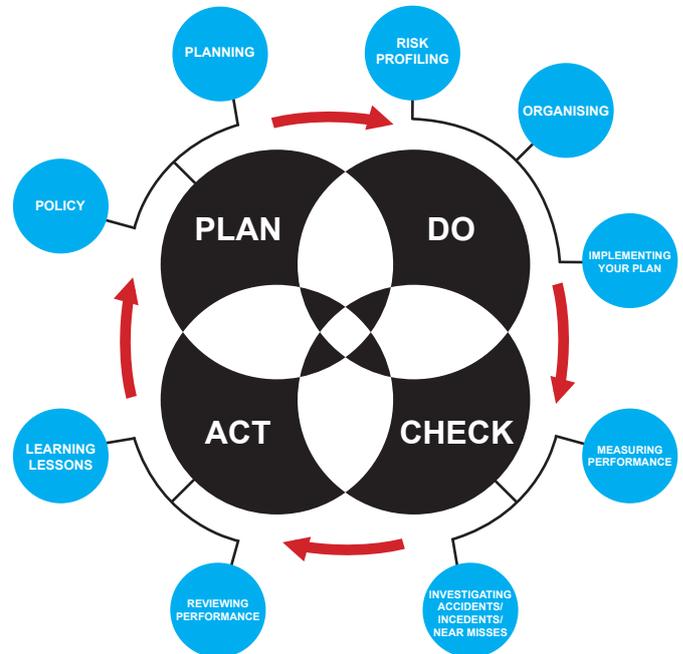
Effective management of health and safety risks helps the council to:

- » 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 partners 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 2018 to 31st March 2019 and looks forward to work proposed in the next year. The aim is to provide information to demonstrate how the council fulfils its legal responsibilities 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 the controls in place against the identified risks.

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 |
|                      |   | Implement and manage control measures  |
| <b>Check</b>         | Measure performance (monitor before events, investigate after events) | Measure and review performance/Learn from measurements and findings of investigations    |
| <b>Act</b>           | Review performance/Act on lessons learned                             |  |

- ✓ Manual handling
- ✓ Noise at work
- ✓ Personal protective equipment
- ✓ Provision and use of work equipment
- ✓ Safeguarding
- ✓ Staff personal safety
- ✓ Young Workers

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

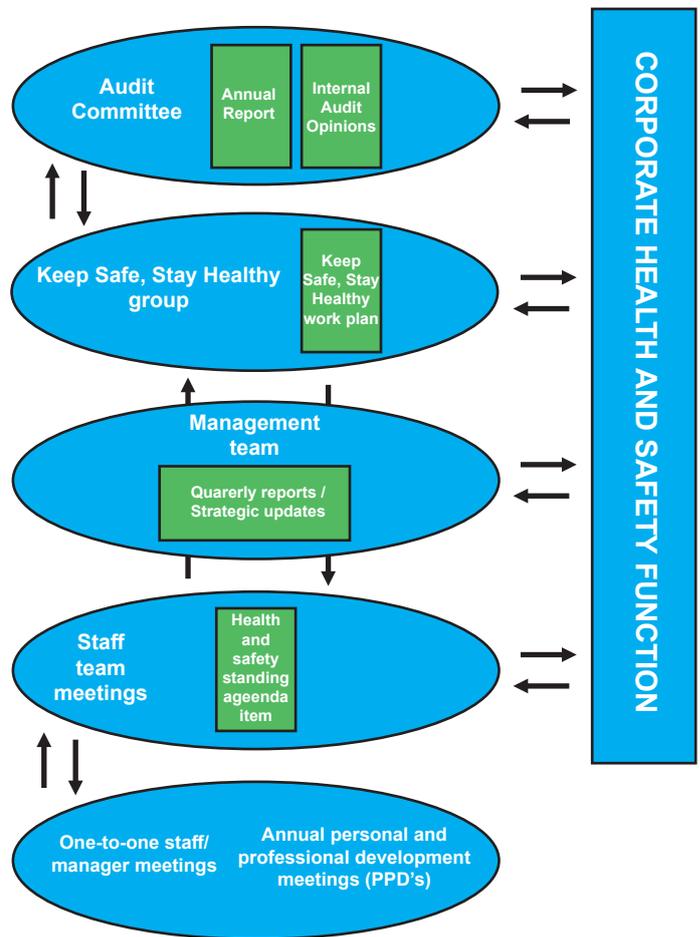
The format of this report follows the ‘Plan, Do, Check, Act’ workflow.

**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 managements
- ✓ The control of substances hazardous to health
- ✓ Using display screen equipment/ workstation safety
- ✓ Fire and emergency evacuation
- ✓ First aid
- ✓ Health and safety induction for new starters
- ✓ Legionella
- ✓ Lone working
- ✓ Management of asbestos
- ✓ Managing contractors safely

**Do**  
Health and safety management arrangements at Tewkesbury Borough Council



## 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 including a strategic overview.

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

## 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).

## Health and Safety Advice

The ES Officer 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.

## 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 ES Officer 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).

## Promotion

Health and safety matters are prominent on the council's intranet. 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 ES Officer 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 - 24 new starters
- ✓ Display Screen Equipment on line training for staff - 201 staff/169 FTE
- ✓ Wider Public Safety at Events – 1 member of staff
- ✓ First Aid at Work – 3 members of staff
- ✓ Manual Handling – 25 members of staff
- ✓ AED + Oxygen Therapy – 8 members of staff
- ✓ Legionella Awareness/control – 5 members of staff
- ✓ Fire Safety – 15 members of staff
- ✓ Supporting Mental Health in the Workplace – 1 member of staff

### Training initiatives planned for the coming year include:

- ✓ Mental Health First Aid
- ✓ First Aid at Work requalification
- ✓ Stress Management Workshop
- ✓ Mental Health Awareness Workshops
- ✓ AED/Oxygen Training (refresher)

Further training will be provided if a training need is identified by a line manager, in line with PPD requirements 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 2018 to March 2019, the following has been achieved:

- ✓ Review of service risk assessments across the council. A generic risk assessment tool was introduced three 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 ES Officer throughout the year to ensure ongoing compliance with policy and procedure
- ✓ Flexible and homeworking/remote audit review in line with audit recommendations policy and procedure review
- ✓ Health and safety induction policy and procedure reviewed and revised
- ✓ Display screen equipment arrangements reviewed resulting in a new improved and more user friendly course currently being trialled and shortly to be launched
- ✓ COSHH (Control of Substances Hazardous to Health) policy and procedure reviewed and revised
- ✓ 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
- ✓ Developing and launching a Mental Health at Work Plan

The review process for the Wellbeing Charter is due to commence in July 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.

**The Wellbeing plan has covered the following in this period:**

1. Stress awareness month - 2 nibblet sessions provided for staff
2. National walking month - relaunched lunchtime walks
3. Sun awareness week - educational leaflets displayed on notice boards and intranet
4. Health information week – links provided on intranet and health MOT's undertaken
5. Back care awareness week - Awareness information provided on the Intranet
6. World diabetes day - Awareness literature on Intranet and notice boards plus Gloucestershire Care NHS Diabetes Drop In Session
7. Flu vaccinations
8. Alcohol awareness week - Awareness literature signposting to support networks
9. Healthy eating advice – Slimming club including healthy eating information
10. Stop smoking - Signposting Information on intranet & notice boards

Future Wellbeing events include the following:

1. Dry (alcohol) January - Factual literature and links
2. Mental Health Awareness including mental health first aid training will be provided – see training section above) plus Let's Talk Mental Health nibblet session
3. Substance Misuse – signposted on intranet and notice boards
4. National Walking Month – Provision of maps of walks that can be achieved during lunchtime break plus signposts to local walks for outside work/families
5. Financial Planning and Wealth Management
6. Mid-Career Financial Planning Sessions
7. World Suicide Prevention Day – Signposting and advice

8. National Eye Health Week – RNIB information
9. Make a Difference Day – Volunteering opportunities
10. Pre-Retirement Planning Session
11. Men's Health Awareness Month – Prostate cancer and other cancers
12. Mental Health awareness - Staff briefing and mental health awareness training

✓ 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 following policies have been reviewed:

- » Overarching Health, Safety and Welfare policy
- » Lone working policy/procedure
- » Personal Protective Equipment policy
- » Accident & Incident Reporting policy
- » Manual Handling policy
- » Managing Contractors policy
- » COSHH (Control of substances hazardous to health) policy

Review of the HSG65 Monitoring Checklist – see results on following page:

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. The figures in red are where improvements were made from last year. The overall score last year in this period was 126 (90%). The overall score this year has increased to 133 (95%).

| Section Heading                                     | Possible Points | Actual Points | % Score    |
|---|-----------------|---------------|------------|
| Policy  | 14              | 13            | 92.86%     |
| Organising control                                  | 8               | 7             | 87.5%      |
| Organising communication                            | 14              | 12            | 85.71%     |
| Organising co-operation                             | 8               | 7             | 87.5%      |
| Organising competence                               | 14              | 13            | 92.86%     |
| Planning and implementing                           | 52              | 52            | 100%       |
| Measuring performance                               | 14              | 14            | 100%       |
| Auditing and reviewing                              | 16              | 15            | 93.75%     |
| <b>Total points/overall Reviewed on the 6/03/19</b> | <b>140</b>      | <b>133</b>    | <b>95%</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.

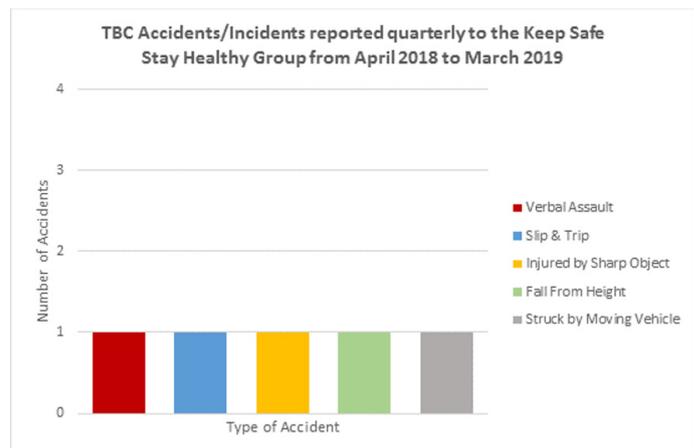
### Health and Safety Audit

The ES Officer 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.

## 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 ES Officer 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 2018 to March 2019 - TBC

5 reported Accidents/Incidents as shown in graph above including causes. No RIDDOR reports (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. All accidents/incidents were investigated and applicable remedial actions put in place to avoid recurrence.

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

A quarterly report is provided by the contractor to Asset management who manage and monitor this contract. The report is also sent to the ES officer to enable the accident and incidents statistics to be reported quarterly 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 no RIDDOR reports in the time frame of this report.

In Q2 there was a major incident in the gym when an elderly customer suffered a heart attack whilst using the facilities. Staff provided medical assistance until he was transported to hospital. The actions of the staff involved were highly commended by the family and also by the surgeon's at Cheltenham hospital. This incident was not required to be reported under RIDDOR as the incident was not due to the equipment/environment or failings in the organisation or management of an activity.

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

### **Training**

- » Health and safety seminars
- » Technical & Environmental Workshops
- » Working in confined spaces
- » Training appertaining to role e.g. lifeguard training, fitness instructor training, swimming instructor training

### **Food**

Hygiene 5 star rating achieved in this period.

### **Events**

The leisure centre hosted the Tewkesbury Triathlon and Tewkesbury Half Marathon.

### **UBICO (Waste, Street Cleansing and Grounds Maintenance Services) contract report**

The waste and street cleansing contract is managed and monitored by the Joint Waste Team and the ground maintenance contract is managed and monitored by the Head of Community Services assisted by the TBC Grounds Maintenance Project Officer who jointly provide TBC with a health and safety report on a quarterly basis. The following information summarises the most pertinent points contained within the quarterly reports:

**Crew checks** are carried out by supervisors and JWT/TBC Grounds Maintenance Project Officer each month to ensure correct PPE is being worn and safe systems of work are being complied with.

**Drivers** carry out mandatory vehicle checks and complete daily defects sheets before leaving the depot plus supervisors in this period have also carried out checks of 50% of the vehicles at the gate to ensure compliance is being achieved. Grounds maintenance checks also include equipment checks to ensure they are fit for purpose.

**Cameras** on the vehicles are being utilised when investigating accidents/ incidents such as cars mounting pavements plus vehicle and crew incidents/accidents and near misses. Camera footage is also being used during training sessions and is used if required to provide evidence to the police.

**Safety Standard** - In this period Ubico updated all risk assessments, safe systems of work in order to attain the Occupational Health and Safety standard ISO45001 which was achieved at the end of Q4. Developed by leading trade and international standards bodies, it provides a framework for organisations to instigate proper and effective management of health & safety in the workplace.

**Training covered in this period was as follows:**

- » One supervisor completed the Transport Manager Course
- » One driver completed the safe driver assessor course
- » Three members of staff completed sweeper training.
- » All crews have received training to carry out vehicle checks and vehicle defect reporting
- » Training has been provided for supervisory staff in relation to the downloading of CCTV footage for the purposes of inspections and investigations
- » Reversing assistant training has been given to all collection crew staff
- » A member of the grounds maintenance team received true surgery training including emergency procedures
- » All ground maintenance employees received refresher training on all risk assessments and safe systems of work
- » PA1 (Pesticide Spraying course) was completed by grounds maintenance staff

**Tool Box Talks and Briefings:**

The Ubico health and safety partner Publica, circulates monthly briefings to all clients and stakeholders which are used to train the staff on a monthly basis. The briefings and Tool Box talks up to the end of Q4 were as follows:

- » Near miss reporting
- » Bowel cancer awareness
- » Use of seatbelts
- » Sun safety
- » Hand arm vibration/carpal tunnel syndrome
- » Coping in the heat
- » COSHH (Control of Substances Hazardous to Health)
- » Safety in public spaces

- » General site safety
- » Reversing assistant training
- » Flu vaccines
- » World Mental Health Day
- » PPE (personal protective equipment)
- » Drug Misuse
- » Drink Driving
- » Killing in the waste industry
- » National obesity awareness week
- » Over weight vehicles
- » National heart month
- » Manual handling
- » Healthy eating

**Audits**

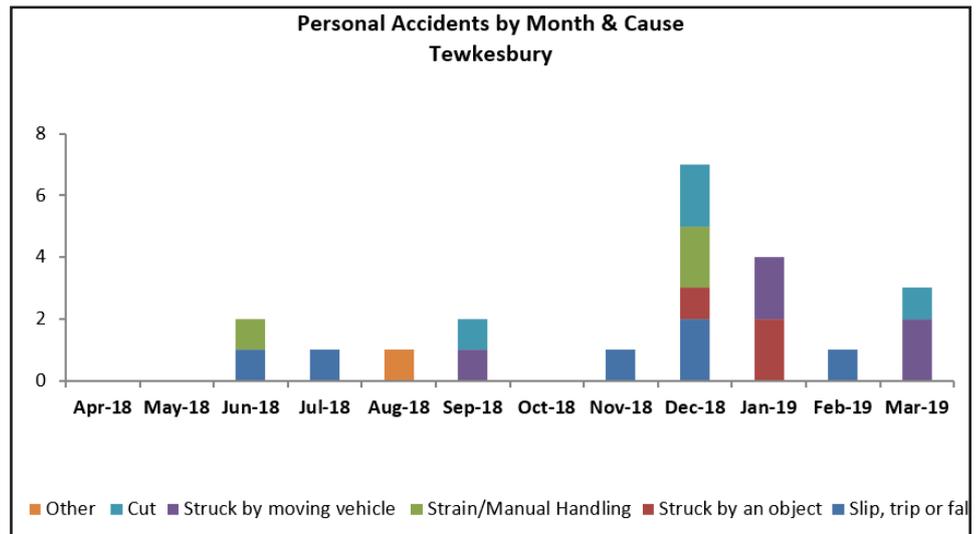
Fleet audits are carried out every 12 weeks by Ubico.

**Gloucestershire Waste Safety and Health (GWASH) meetings**

Every quarter the countywide collections and disposal authorities (JWT plus Stroud and Gloucester City) meet with the contractors and the HSE to discuss campaigns plus incidents and accidents and the controls required to reduce the likelihood of recurrence.

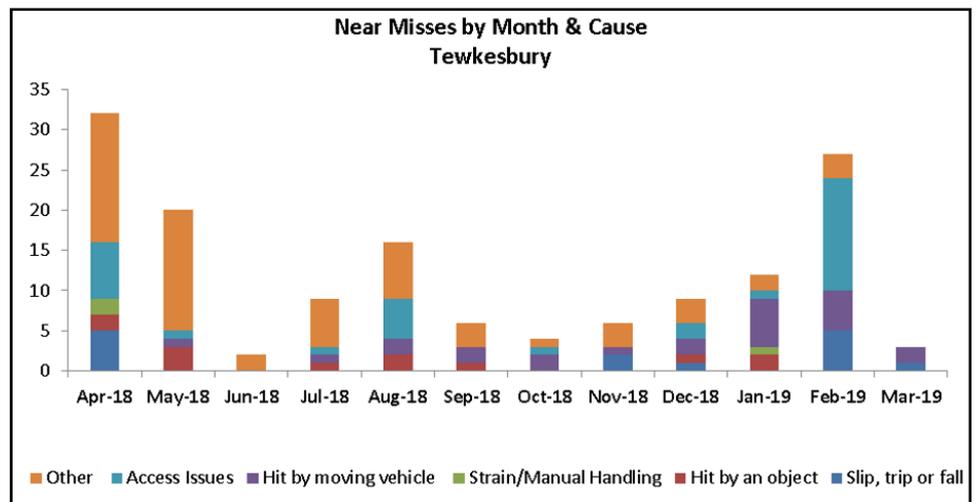
**April 2018 to March 2019 – Waste, Street Cleansing and Ground Maintenance contracts accident/incident statistics as shown in graph.**

In total 22 accidents/incidents were reported in this period plus 2 RIDDORs which related to a loader who tripped over a kerb and fractured an arm and a loader who sustained a strained back when moving a heavy bin. The total number of collections made in this period was 4,524,000.



**April 2018 to March 2019 - Waste & Street Cleansing contract and ground maintenance contract reported near misses as detailed in graph.**

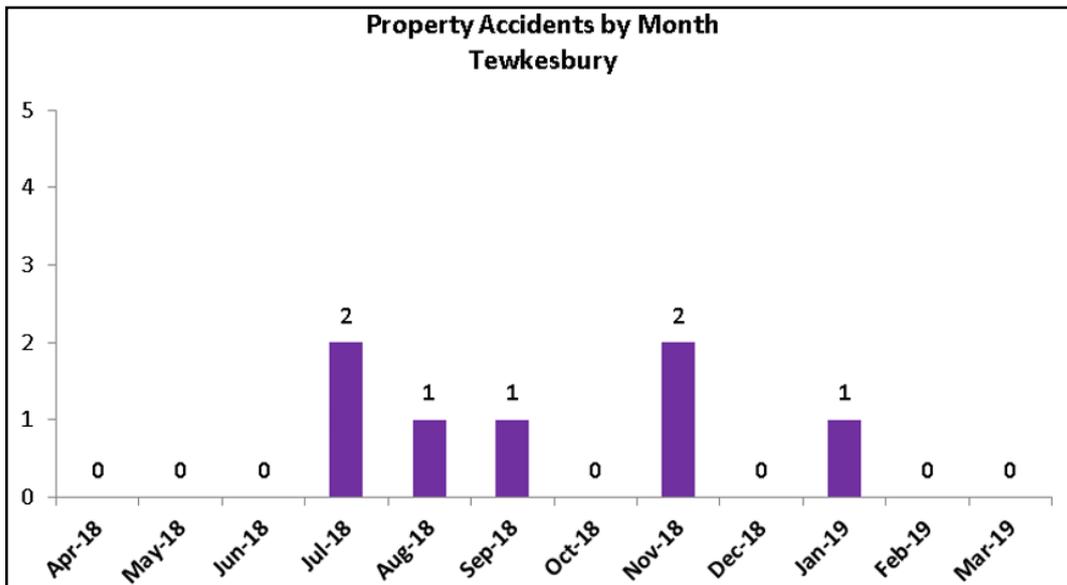
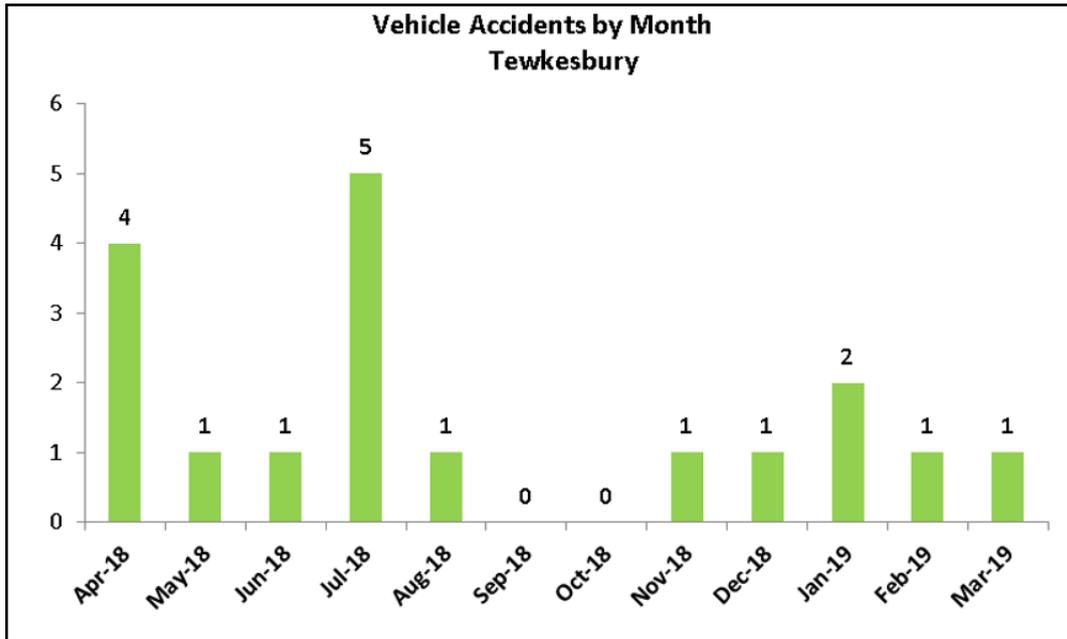
Spikes in April '18 and February '19 mainly due to crew or access issues due to adverse weather conditions. Other causes as shown in graph which are specified in quarterly reports covered the following:



- » Physical/Verbal assault
- » Injured by sharp object
- » Contact with electricity
- » Fall from height
- » Exposure to biological agent
- » Exposure to harmful substance
- » Contact with hot or cold surface
- » Contact with equipment/machinery
- » Not following correct procedure

Near miss reporting has continued to be encouraged by Ubico in this period and the JWT throughout the year which is reflected in the statistics shown in the graphs above.

Ubico monitor the incidents and accidents and near misses to enable trends to be identified which are actioned accordingly including applicable training provision.



TBC and the JWT requested more detailed information regarding vehicle and property accidents/incidents as shown in the graphs above which has been provided by Ubico from Q2 onwards. All accidents/incidents have been investigated and applicable remedial actions have been undertaken by Ubico.

The GPS vehicle tracker system has been set up to send the waste and recycling supervisors plus operations manager an email when vehicles enter high risk areas as contained in route risk assessments such as schools and places with access restrictions.

## 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.

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 service. The JWT provide quarterly reports that are submitted at quarterly KSSH group meetings and Management Team meetings.

The following information summarises the most pertinent points contained within the quarterly reports:

Tool box talks are carried out on a monthly basis relating to key issues which stem from the company's health and safety policies plus as a result of an accident/incident or near miss investigation outcomes. Suez has a target of 5 near miss reports per person and also is targeting supervisors with Safety in Mind conversations with the workforce.

A Suez business systems audit identified that the Avonmouth MRF was the best in the country in relation to their health and safety arrangements compared to all other MRF sites operated by the company.

Mixed Recycling & Facility contract - Accidents/Incidents & Near Misses reported in this period as detailed in the graph.

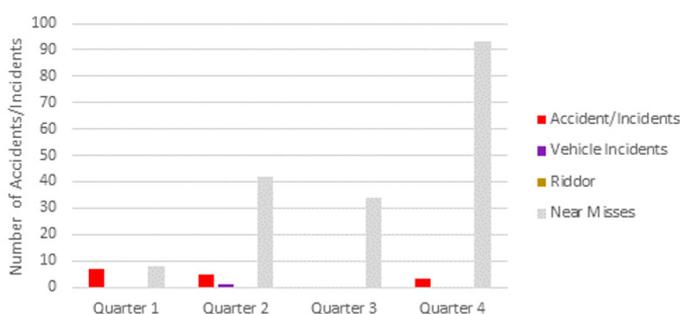
- » 15 accidents/incidents
- » no RIDDORS
- » 177 near misses
- » 1 vehicle accident

The majority of the accidents /incidents reported which resulted in cuts and abrasions were sustained on the picking line, plus slips and trips due to poor housekeeping plus workers not following correct procedure. All accidents/incidents were promptly investigated and applicable controls but in place to avoid recurrence.

### 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 2018-2019 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.

Suez Mixed Recycling Facility Contract  
Accident/Incident and Near Miss Report from April  
2018 to March 2019



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| Topic  | Expected Outcomes  | Target completion date | Additional information   |
|--|--|------------------------|--|
| 1. Review of all council health and safety policies  | To ensure all policies and procedures are fit for purpose and in line with current legislation/regulation requirements | March 2020             | 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, Personal Protective Equipment policy/procedure, Managing Contractors policy and procedure (training provision included in review), Manual Handling policy (training provision included in review), COSHH (Control of Substances Hazardous to Health) and further review of Homeworking/remote working policy and procedure is currently being undertaken. The next two policies that are planned to be reviewed are the Asbestos and Legionella policies/procedures. |
| 2. Review of completed 2018 service risk assessments | To ensure all service risk assessments are reviewed on an annual basis and when changes occur.                         | March 2022             | This task will be incorporated into item 3.  |

| Topic  | Expected Outcomes  | Target completion date | Additional information  |
|--|--|------------------------|---|
| 3. Health & safety audits/reviews/ safety inspections in line with generic risk assessment and health and safety legislation/ regulation | To ensure all hazards/risks have been identified applicable to a service and to ensure all controls applicable to the identified risk has been implemented and are being monitored ongoing.  | March 2022             | Health and safety audits to be undertaken over a 3yr rolling programme commencing with E.H team in the month of October 2019 and then continuing to audit all other services in order of risk.              |
| 4. Display screen equipment (DSE) workstation requirement  | Compliance to DSE regulations when working in the office and when working remotely including working from home.<br>An online training and risk assessment package that is fit for purpose and achieves full staff engagement.                            | December 2019          | Display screen equipment workstation on line training and risk assessment package has been reviewed resulting in a new and improved course being trialled to assess its suitability before being launched.  |
| 5. Health and safety training plan   | To deliver health and safety training to staff on the following subject<br>» Mental health first aid<br>» First aid at work requalification.<br>» Stress management workshop<br>» Mental health awareness workshops<br>» AED/oxygen training (refresher) | Septemeber 2019        | Further training will be provided if a training need is identified by service managers and the KSSH group throughout the year. HR are also gathering information from PPD's and creating a training matrix. |

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| Topic  | Expected Outcomes  | Target completion date                                  | Additional information   |
|--|--|---|--|
| 6. 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  | December 2019   | 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 currently under review.  |
| 7. Review contract monitoring arrangements of health and safety in regard to the environmental services provided by Ubico Ltd. | To ensure compliance to Managing Contractors policy standards and health and safety legislation/ regulations.  | March 2020  | Reports to be submitted to the Management Team and 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 statistics including causes and trend analysis and any other health and safety related issues. |
| 8. 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 next review due September 2019. | The checklist covers the following areas:<br>» Policy<br>» Organising control<br>» Organising communication<br>» Organising co-operation<br>» Organising competence<br>» Planning and implementing<br>» Measuring performance<br>» Auditing and reviewing performance  |

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## TEWKESBURY BOROUGH COUNCIL

|                              |                                      |
|------------------------------|--------------------------------------|
| <b>Report to:</b>            | Audit and Governance Committee       |
| <b>Date of Meeting:</b>      | 18 September 2019                    |
| <b>Subject:</b>              | Corporate Risk Register              |
| <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> | 1                                    |

**Executive Summary:**

The Council has a risk management framework and this is set out in the Risk Management Strategy approved by Executive Committee on 16 January 2019. Risk management is an intrinsic element of good, effective management and should not be seen as a 'bolt on'. The strategy sets out the risk management approach around the identification, analysis, prioritisation and management of risk. A key element of the strategy is capturing key corporate risks through a corporate risk register. This register is presented at each Audit and Governance Committee.

**Recommendation:**

**To CONSIDER the risks contained within the corporate risk register and assurance that the risks are being effectively managed.**

**Reasons for Recommendation:**

Risk management is an integral part of the Council's overall governance framework. It is within the Terms of Reference of the Audit and Governance Committee to gain assurance that key risks are effectively managed.

**Resource Implications:**

None arising directly from this report.

**Legal Implications:**

None arising directly from this report.

**Risk Management Implications:**

If the Council does not have in place a corporate risk register then it cannot demonstrate that corporate risks are formally considered, scored and managed.

**Performance Management Follow-up:**

The corporate risk register is considered at each Audit and Governance Committee and prior to this by Corporate Management Team on a monthly basis.

**Environmental Implications:**

None.

**1.0 INTRODUCTION/BACKGROUND**

**1.1** The Council's Risk Management Strategy formalises the Council's risk management arrangements and sets out the risk management approach around the identification, analysis, prioritisation and management of risk. A key element of the strategy is the maintenance of a corporate risk register that captures the Council's key corporate risks. The register is a high level document to record in a proportionate manner the key risks facing the Council, their risk score and high level management controls that are in place to manage individual risks. The scoring matrix within the strategy provides guidance on scoring those risks.

**2.0 CORPORATE RISK REGISTER**

**2.1** The register is a useful tool to demonstrate in a concise manner that corporate risks are being considered and managed. The headings within the register and the scoring of risk are all detailed within the risk management strategy. Succinctly, the scoring is based around three stages:

- Gross risk score (the inherent risk without any mitigating controls in place).
- Current risk score (the assessed risk after the application of controls).
- Target risk score (proposed risk score by applying future controls, if the current risk score is deemed to be too high).

**2.2** The format of the register is one which is commonly used throughout local government. There is no statutory requirement to have a register in place but it is seen as good practice. It also helps the Audit and Governance Committee fulfil its risk management responsibilities. Internal Audit will support the Audit and Governance Committee in gaining assurance that the risks are being effectively managed. Days have been allocated within the Internal Audit Work Plan to review the register and give assurance to the Committee around such things as:

- Is the register complete? Are there any risks missing?
- The controls detailed in the register – are they actually in place and working effectively?
- Future actions – is there assurance they will be implemented within appropriate timescales?

**2.3** The register in its current format was first presented at Audit and Governance Committee on 12 December 2018. The risk register template includes a 'comments' box below each risk. This provides opportunity for each risk owner to provide an update on the status of that risk. For example, if the risk score has been downgraded as a result of effective control action being implemented, or, alternatively, if the risk score has increased. An increase could happen through a number of scenarios, for example, if an internal audit has concluded that a mitigating control is not effective.

**2.4** The risk register is presented at Corporate Management Team (CMT) on a monthly basis and further reviewed by the Corporate Governance Group (CGG). This group is chaired by the Borough Solicitor. Other attendees are the Lead Member for Corporate Governance, a representative from the Counter Fraud Unit, Head of Corporate Services and Head of Finance and Asset Management. The risk register can be found in Appendix 1.

### **3.0 KEY UPDATES ON THE REGISTER**

**3.1** Summarised below are key actions arising since the register was last presented at Committee:

| <b>Risk identified</b>         | <b>Key action arising</b>   |
|--------------------------------|---|
| Ref 3. (cyber security)        | <ul style="list-style-type: none"> <li>• Cyber security awareness training has been arranged for Members on 17 October 2019.</li> <li>• A new two year post has been approved within ICT. This post will be dedicated to supporting the resilience of the Council's network and infrastructure.</li> <li>• The development of a new intranet will include a dedicated cyber security page for Members and officers.</li> <li>• Procurement and implementation of a new firewall.</li> </ul> |
| Ref 5. (GDPR)                  | <ul style="list-style-type: none"> <li>• A full audit of the Council's GDPR arrangements will be undertaken by the Data Protection Officer in quarter three. Internal Audit will support this work.</li> </ul>  |
| Ref 6. (emergency planning)    | <ul style="list-style-type: none"> <li>• An internal audit review of this risk has concluded that it is satisfactorily managed. Controls stated within the register were effective and assurance obtained that actions are progressing.</li> </ul>  |
| Ref 7. (waste partnership)     | <ul style="list-style-type: none"> <li>• Overview and Scrutiny Committee on 23 July 2019 agreed the formation of an Ubico Working Group.</li> <li>• Report to Council on 1 October 2019 on the future of the Joint Waste Team who client monitor the Ubico contract.</li> </ul>   |
| Ref 10. (Asset Management)     | <ul style="list-style-type: none"> <li>• The refurbishment of the vacant ground floor space at the rear of the west wing is now complete. The County Council are now occupying this larger area and have signed new long term leases for all areas of occupation.</li> </ul>  |
| Ref 13. (Fraud and Corruption) | <ul style="list-style-type: none"> <li>• Fraud awareness training has been programmed for Members on 17 October 2019. (Joint session with cyber security).</li> <li>• An internal audit review of this risk has concluded it is satisfactorily managed.</li> </ul>  |
| Ref 15. (Garden Town)          | <ul style="list-style-type: none"> <li>• Appointment of Programme Director.</li> </ul>  |

**4.0 OTHER OPTIONS CONSIDERED**

4.1 None.

**5.0 CONSULTATION**

5.1 None.

**6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

6.1 Risk Management Strategy.

**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 Mitigation of risk will help the Council achieve its objectives.

**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  
01684 272002 Graeme.simpson@teWKesbury.gov.uk

**Appendices:** Appendix 1 – Corporate Risk Register

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
| Red   | 16 – 25    | Must be managed down to reduce risk scores in the next year |
| Amber | 5 – 15     | Seek to improve the risk score in the medium term           |
| Green | 1-4        | Tolerate and monitor  |

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| Risk ref | Corporate risk identified  | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls  | Risk Owner                         | Current risk score | Identified risk management action points  | Target risk |
|----------|--|--|--------|------------|------------|--|------------------------------------|--------------------|---|-------------|
| 1        | The uncertainty and volatility of council funding streams, including Business Rates Retention and New Homes Bonus, means that long term business planning is difficult and subject to significant change | <p>The Council received £3.2m from NHB and £2.3m from retained business rates in 2017-18.</p> <p>NHB is subject to annual review and amendments by Central Government including a review of the deadweight reduction</p> <p>Business rates is a volatile income stream as a result of successful appeals. In addition, a move to a 75% retention scheme is planned but a detailed scheme is not in place. Uncertainty exists over a number of issues including:</p> <ul style="list-style-type: none"> <li>• How appeals are dealt with</li> <li>• How retained funding is split in two tier areas</li> <li>• How and when the system is reset to ensure and equitable distribution</li> </ul> | 5      | 4          | 20         | <p>Growth of tax base is substantial and protects council from significant NHB losses.</p> <p>Council does not use 100% of NHB to support base budget.</p> <p>Accumulated provisions within existing retained rates scheme</p> <p>Involvement and understanding of emerging 75% retention scheme</p> <p>Development of other funding streams such as Council Tax and Commercial properties</p> | Head of Finance & Asset Management | 15                 | <p>Further development of alternative income streams to reduce dependence on these funding streams</p> <p>Clarification of intended 75% rates retention scheme</p> <p>Early confirmation from Government of intentions with regards to NHB scheme</p> | 6           |

|       |            |   |
|-------|------------|---|
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| Risk ref  | Corporate risk identified   | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls   | Risk Owner                | Current risk score | Identified risk management action points   | Target risk |
|---|---|--|--------|------------|------------|---|---------------------------|--------------------|--|-------------|
| <p><b>Comments:</b></p> <p>The Government have now confirmed that the results of a one year spending review will be released on the 4 September. This will confirm the overall quantum of funding for the sector but individual allocations will probably not be made until the provisional settlement in December. It is anticipated that changes through the fair funding review, the 75% business rates retention scheme and any changes to new homes bonus will come forward next year in time for a further spending review.</p> |   |  |        |            |            |   |                           |                    |  |             |
| 2   | Failure to see the delivery of residential and business growth within the Borough will have a significant impact within the MTFS planning | <p>Growth within the Borough will attract significant additional funding streams by means of Council Tax, NHB and retained business rates.</p> <p>Given the reductions in core government grant and the increasing cost of delivering services, the income from growth is imperative to ensure a balanced MTFS and the ongoing delivery of services within the Borough</p> | 5      | 4          | 20         | <p>Growth strategy set out in Joint Core Strategy</p> <p>Efficient management of DM process</p> <p>Programmes for the delivery of significant infrastructure</p> <p>Strong relationships with key agencies such as Homes England and GFirst LEP</p> <p>Economic Development Strategy</p> <p>Establishment of Growth Hub</p> | Corporate Management Team | 15                 | <p>Approval of Borough Plan</p> <p>Development and delivery of rail strategy</p> <p>J9 masterplan</p> <p>Business case developments for J10</p> <p>Airport development strategy</p> <p>Identification of opportunities to use business rate reliefs to support and attract business</p> <p>Implementation of DM improvement action plan</p> <p>Agreement for governance of CIL funding to maximise infrastructure delivery</p> | 10          |

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|       |            |   |
|-------|------------|---|
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| Risk ref   | Corporate risk identified  | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls   | Risk Owner                 | Current risk score | Identified risk management action points  | Target risk |
|--|--|--|--------|------------|------------|---|----------------------------|--------------------|---|-------------|
| <b>Comments:</b>   |  |  |        |            |            |   |                            |                    |   |             |
| Growth in the Borough remains strong and above national growth levels. Given a likely one year, standstill local government settlement, the Borough Council is likely to continue to see good levels of new homes bonus and business rates as well as a growth in our Council Tax base. The long term benefit will depend on any changes made to local government finance in the forthcoming year. |  |  |        |            |            |   |                            |                    |   |             |
| 3  | If the ICT network is not adequately protected then there is a potential risk that it could be subject to a cyber-security attack leading to loss of systems and significant downtime. | <p>Phishing attacks/Spear phishing – untargeted mass emails sent to many recipients to acquire sensitive information/targeted emails designed to look like its been sent from a trusted person.</p> <p>Denial of service (DoS) – hacker floods a website with more traffic than it can handle. Legitimate users are denied access to services, downtime of systems.</p> <p>Malware – forms of harmful software executed when it is mistakenly downloaded.</p> <p>Weak credentials – accounts can be compromised if not secure. Reusing credentials on multiple systems makes it easier for a hacker to move around the network.</p> <p>All or combination can lead to;</p> | 5      | 5          | 25         | Patch management<br>Penetration testing<br>Internal phishing awareness exercises<br>PSN compliance<br>Firewall management | Head of Corporate Services | 12                 | Review potential of cyber insurance<br>Review cyber security arrangements based upon Local Government Association best practice survey<br>Deployment of new firewall. | 9           |

|       |            |   |
|-------|------------|---|
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| Risk ref | Corporate risk identified | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls | Risk Owner | Current risk score | Identified risk management action points | Target risk |
|----------|---------------------------|--|--------|------------|------------|---------------------|------------|--------------------|--|-------------|
|          |                           | <ul style="list-style-type: none"> <li>Loss of reputation and trust</li> <li>Financial loss – disruption to service delivery, cost of restoring systems</li> <li>Legal implications – personal data breach could lead to a significant fine</li> </ul> |        |            |            |                     |            |                    |  |             |

**Comments:**

A grant of £17.5k has been successfully obtained from the LGA which will support further training and awareness for staff and members, technical training for ICT staff and additional consultancy and advice on cyber security risk. Members of the ICT Team regularly attend the Warning, Advice and Reporting (WARP) south west network. With regards to Public Sector Network compliance, this was achieved on 2 July 2019. This is a robust network security assessment, undertaken annually and is signed off by Cabinet Office. **A new firewall will be deployed by the end of November 2019.**

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
| Red   | 16 – 25    | Must be managed down to reduce risk scores in the next year |
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| Green | 1-4        | Tolerate and monitor  |

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| Risk ref | Corporate risk identified   | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls   | Risk Owner                 | Current risk score | Identified risk management action points                                  | Target risk |
|----------|---|--|--------|------------|------------|---|----------------------------|--------------------|---|-------------|
| 4        | If business continuity planning is not in place then there is a risk the council would struggle to deliver its services in the event of an incident | <p>Does the council understand the major threats and risk to the business operations?</p> <p>Is a business continuity plan in place?</p> <p>Is the plan tested for various scenarios?</p> <p>Have priority systems been identified?</p> <p>A BC incident could be any of the following;</p> <ul style="list-style-type: none"> <li>• ICT downtime</li> <li>• Major staff absence</li> <li>• Property access</li> <li>• Supply chain failure</li> </ul> | 4      | 4          | 16         | <p>Individual service continuity plans</p> <p>Draft corporate plan</p> <p>ICT disaster recovery</p> | Head of Corporate Services | 12                 | <p>Finalise and test draft plan.</p> <p>Alternative premises solution</p> | 9           |

**Comments:**

The corporate business continuity plan has been finalised and in the first instance will now be subject to a desk top test exercise. This will be facilitated by the Civil Protection Team. This is being arranged before the end of the calendar year. Additional testing will then take place with services, putting their individual service plans to the test. Internal Audit will audit the ICT disaster recovery arrangements during 2019/20.

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
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| Risk ref | Corporate risk identified   | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls  | Risk Owner                 | Current risk score | Identified risk management action points  | Target risk |
|----------|---|--|--------|------------|------------|--|----------------------------|--------------------|---|-------------|
| 5        | If the council is not compliant with General Data Protection Requirement then there is a risk of financial penalties and adverse publicity. | GDPR came into force in May 2018. Essentially it makes organisations more accountable for data. E.g. what personal data is held, where it came from and who it is shared with plus a greater focus on consent. Fines rising from £500,000 to 20 million euro in the event of non-compliance. | 4      | 4          | 16         | Data Protection Policy<br><br>Governance structure in place eg Information Board, Data Protection Officer appointed, designated Senior Information Risk Owner, Business Administration Officer<br><br>Breach reporting framework<br><br>Staff awareness training | Head of Corporate Services | 12                 | Rollout of e-learning module<br><br>Implementation of related audit recommendations<br><br>Implementation of GDPR action plan | 9           |

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**Comments:**

**To ensure all staff and members remain focussed on GDPR, and e-learning module has been rolled out. This incorporates cyber security awareness as well. This enhances awareness training already undertaken during 2018/19.** An Information Board meets monthly chaired by the Senior Information Risk Officer (SIRO) to oversee GDPR compliance. Compliance is supported by the work of internal audit who have undertaken reviews of the GDPR framework and reported to Audit and Governance Committee. A published corporate retention policy is nearly complete. **A full review of GDPR compliance will be undertaken by the council's Data Protection Officer later in the year – this process will be supported by internal audit.**

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
| Red   | 16 – 25    | Must be managed down to reduce risk scores in the next year |
| Amber | 5 – 15     | Seek to improve the risk score in the medium term           |
| Green | 1-4        | Tolerate and monitor  |

08

| Risk ref | Corporate risk identified      | Impact assessment / comment   | Impact | Likelihood | Gross risk | Mitigating Controls   | Risk Owner                 | Current risk score | Identified risk management action points  | Target risk |
|----------|--------------------------------|---|--------|------------|------------|---|----------------------------|--------------------|---|-------------|
| 6        | Ineffective Emergency Planning | <p>Failure to deliver support to the community in the event of an emergency.</p> <p>Public not warned and informed in the event of an emergency</p> <p>Negative perception of the Council by external parties /partners/local businesses</p> <p>Failure to deliver critical services in the event of a declared emergency or event. Could result in significant extra cost over the long term</p> | 4      | 4          | 16         | <p>Trained and willing volunteers / staff.</p> <p>Up to date emergency / business continuity plans.</p> <p>Regular reviews of EP RAG Status (quarterly)</p> <p>Partnership working with the LRF and other partners e.g. Severn Trent Water.</p> <p><b>Sufficient equipment for rest centres</b></p> | Head of Community Services | 8                  | <p>Through the Emergency Planning Team Leaders group ensure that all plans and procedures are up to date.</p> <p>Ensure that Emergency plans are up to date.</p> <p>Develop further capacity within the organisation to assist in the case of an emergency (ensure all new job descriptions reflect this as a requirement).</p> <p>Up to date equipment supplies for rest centres.</p> <p><del>Annual audit of equipment for rest centres.</del></p> <p>Carry out a test exercise in 2019/20 to ensure our EP works.</p> <p>Complete MT training of EP.</p> <p>Copy of the updated Emergency Response Guide is currently being circulated for consultation.</p> | 4           |

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
| Red   | 16 – 25    | Must be managed down to reduce risk scores in the next year |
| Amber | 5 – 15     | Seek to improve the risk score in the medium term           |
| Green | 1-4        | Tolerate and monitor  |

| Risk ref  | Corporate risk identified                                     | Impact assessment / comment   | Impact | Likelihood | Gross risk | Mitigating Controls   | Risk Owner                 | Current risk score | Identified risk management action points   | Target risk |
|---|---|---|--------|------------|------------|---|----------------------------|--------------------|--|-------------|
| <p><b>Comments:</b></p> <p>There is a programme in place to continually review our emergency planning procedures along with the local resilience forum. The Major Incident Procedures Manual has recently been reviewed and updated by the LRF and is currently being consulted on with relevant organisations across the County. Regular reports are brought to the internal quarterly Emergency Planning Team Leaders meeting and also periodically to Corporate Management Team. Members of CMT have arranged to go on various EP training. As a result of the recent staff briefings a number of new volunteers have come forward adding resilience to the EP team. This risk has been audited and will be reported to Audit and Governance Committee in September. A small number of recommendations have been made but generally controls are effective and action points are being progressed.</p> |   |   |        |            |            |   |                            |                    |  |             |
| 7   | Failure of our waste partner to deliver an effective service. | <p>Failure of contractor or partners to deliver services or meet agreed performance targets leads to additional costs or failed objectives.</p> <p>Failure of MRF operator to be able to fulfil contract.</p> | 5      | 3          | 15         | <p>Contract / Performance monitoring processes in place and improved.</p> <p>Established government arrangements.</p> | Head of Community Services | 10                 | <p>Review of contractual arrangements and service specifications.</p> <p>Service review and improvement plan for grounds maintenance and street cleansing.</p> <p>Enforcement of contract rules.</p> | 8           |
| <p><b>Comments:</b></p> <p>Regular contract monitoring is in place and remedial actions taken where necessary. Regular meetings take place with senior management at both TBC and Ubico to seek to improve performance and financial reporting. <b>A new member working group has been established and is due to meet on 24 September for the first meeting to consider the depot services.</b></p>   |   |   |        |            |            |   |                            |                    |  |             |

18

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
| Red   | 16 – 25    | Must be managed down to reduce risk scores in the next year |
| Amber | 5 – 15     | Seek to improve the risk score in the medium term           |
| Green | 1-4        | Tolerate and monitor  |

82

| Risk ref | Corporate risk identified  | Impact assessment / comment   | Impact | Likelihood | Gross risk | Mitigating Controls       | Risk Owner                 | Current risk score | Identified risk management action points  | Target risk |
|----------|----------------------------|---|--------|------------|------------|---------------------------|----------------------------|--------------------|---|-------------|
| 8        | Use of Swindon Road depot. | Our waste services are currently based at the Swindon Road Depot in Cheltenham. The depot is currently leased to Ubico by Cheltenham Borough Council. If CBC were minded to terminate this arrangement then we may need to identify a suitable depot for Ubico to operate of waste services from. | 5      | 2          | 10         | Lease agreement in place. | Head of Community Services | 8                  | Review legal lease arrangements at Swindon Road Depot.<br>Consider where a temporary depot could operate from in an emergency.<br>Ensure that there are robust leasing arrangements in place to ensure that we are not left without a depot at short notice | 5           |

**Comments:**

Lease arrangements are in place. Working with Cheltenham Borough Council on potential depot plans and locations. A project group involving officers from TBC, CBC and Ubico are exploring alternative options for a strategic depot at a different location to Swindon Road.

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
| Red   | 16 – 25    | Must be managed down to reduce risk scores in the next year |
| Amber | 5 – 15     | Seek to improve the risk score in the medium term           |
| Green | 1-4        | Tolerate and monitor  |

88

| Risk ref | Corporate risk identified | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls   | Risk Owner                 | Current risk score | Identified risk management action points  | Target risk |
|----------|---------------------------|--|--------|------------|------------|---|----------------------------|--------------------|---|-------------|
| 9        | Safeguarding arrangements | That the arrangements and implementation of policies and procedures by the Council (and its partners) are not adequate to protect vulnerable adults and children who may be at risk of significant harm. The damage to the Council would be mainly reputational. | 5      | 2          | 10         | Staff awareness of safeguarding.<br>Safeguarding policy in place.<br>Feedback from S.11 annual audit.<br>Partnership working through the District Safeguarding Network.<br>Taxi driver DBC checks carried out.<br>Street Trader DBS checks implemented. | Head of Community Services | 6                  | Raising awareness of safeguarding policies and procedures with staff through staff briefings, one to ones, PPDs and training.<br><br>Adopt the quality assurance framework for safeguarding.<br><br>Implement feedback from S.11 Audit.<br><br>Where necessary ensure pre-employment checks / DBS checks are carried out.<br><br><b>The Council's safeguarding policy and procedures is currently under review.</b> | 4           |

**Comments:**

New online training is available for staff and members. Regular safeguarding updates via the District Safeguarding Network meeting. The Safeguarding Policy is due for a full review and this will be reported back to O&S Committee in January 2020.

|       |            |   |
|-------|------------|---|
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| Amber | 5 – 15     | Seek to improve the risk score in the medium term           |
| Green | 1-4        | Tolerate and monitor  |

| Risk ref | Corporate risk identified  | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls  | Risk Owner                           | Current risk score | Identified risk management action points   | Target risk |
|----------|--|--|--------|------------|------------|--|--------------------------------------|--------------------|--|-------------|
| 10       | Failure to maintain council assets and ensure ongoing tenancies could result in significant cost and lost income | The Council has a significant property portfolio encompassing both operational and investment assets. For example, the total commercial portfolio is £39.5m producing an annual gross income of £2.4m. A further £6.7m is available within the capital programme to support the portfolio. | 5      | 4          | 20         | Recent refurbishment of service related property<br><br>Establishment of annual contribution to Asset Maintenance Programme<br><br>Commercial investment reserve<br><br>Trained and experienced staff<br><br>Appointment of external investment support<br><br><b>Recruitment of additional Property Officer</b> | Head of Finance and Asset Management | 6                  | Establishment of long term asset maintenance programme, including allocation of required funding | 3           |

**Comments:**

Management of council assets improved through additional capacity and resources being secured. Audit of all council assets in progress to establish ongoing maintenance requirements and inform a long term plan. **The refurbishment of the vacant ground floor space at the rear of the west wing is now complete. The county council are now occupying this larger area and have signed new long term leases for all areas of occupation.**

|       |            |   |
|-------|------------|---|
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| Amber | 5 – 15     | Seek to improve the risk score in the medium term           |
| Green | 1-4        | Tolerate and monitor  |

| Risk ref | Corporate risk identified   | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls   | Risk Owner                           | Current risk score | Identified risk management action points | Target risk |
|----------|---|--|--------|------------|------------|---|--------------------------------------|--------------------|--|-------------|
| 11       | Treasury management decisions with the wrong focus could be costly over the long-term | <p>Making investment decisions with an inappropriate balance between risk and reward could result in low returns or investment principal being lost</p> <p>An inappropriate balance between minimising cost with short term borrowing and securing low long term rates could result in significant extra cost over the long term</p> | 4      | 4          | 16         | <p>Appointment of external treasury advisors</p> <p>Approval of annual treasury strategy</p> <p>Strong relationships with city brokers</p> <p>Trained and experienced staff</p> | Head of Finance and Asset Management | 4                  |  | 4           |

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**Comments:**

Annual treasury strategy approved in January. The strategy continues to be based on a diverse range of investments to balance risk and return with further emphasis on pooled investment vehicles. The borrowing strategy continues to strike a balance between low short term rates and the very low long-term rates currently on offer.

|       |            |   |
|-------|------------|---|
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| Green | 1-4        | Tolerate and monitor  |

| Risk ref | Corporate risk identified  | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls   | Risk Owner          | Current risk score | Identified risk management action points | Target risk |
|----------|--|--|--------|------------|------------|---|---------------------|--------------------|--|-------------|
| 12       | If the Growth Hub fails to deliver the outputs as specified within the LEP agreement then there is potential that the capital grant would have to be repaid. | <ul style="list-style-type: none"> <li>Financial risk (£500k)</li> <li>Reputational</li> <li>Wider impact on economic delivery in the borough</li> </ul> | 3      | 3          | 9          | Performance monitoring through CRM system<br>Partnership working and effective governance with LEP<br>Dedicated staff to manage hub and outputs e.g. manager and navigator<br>Promotion through business networks | Head of Development | 4                  |  | 4           |

**Comments:**

Growth Hub Navigator post successfully recruited to on permanent basis. Outputs being achieved and regular discussions with LEP are taking place as regards to outputs and these are reported on a regular basis.

The Growth Hub Manager (Growth and Enterprise Manager) regularly monitors the outputs and reports them on a regular basis. Effective promotion of the hub and its events provide publicity to maximise outputs. The Head of Development Services is considering options to ensure that the service has the capacity to deliver the outputs and objectives.

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
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| Amber | 5 – 15     | Seek to improve the risk score in the medium term           |
| Green | 1-4        | Tolerate and monitor  |

| Risk ref | Corporate risk identified  | Impact assessment / comment  | Impact | Likelihood | Gross risk | Mitigating Controls   | Risk Owner                  | Current risk score | Identified risk management action points   | Target risk |
|----------|--|--|--------|------------|------------|---|-----------------------------|--------------------|--|-------------|
| 13       | If the council's fraud and corruption framework is not robust then this leaves the council vulnerable to potential fraud and corruption. | <ul style="list-style-type: none"> <li>Financial loss</li> <li>Adverse reputation</li> <li>Impact on staff morale</li> </ul> | 4      | 4          | 16         | Counter Fraud Unit<br>Internal Audit<br><br>Policy framework incl code of conduct | Head of Finance & Asset Mgt | 9                  | Review of key policies eg. whistleblowing, anti fraud and corruption<br><br>Deliver actions within serious crime checklist<br><br>programme of officer and member training to be implemented | 4           |

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**Comments:**

An updated anti-fraud and corruption policy will be presented to Audit & Governance committee in September with further policy work scheduled for later this year. Ongoing training and awareness programme in place. This risk has recently been audited with the conclusion that mitigating controls are effective and identified risk management action points are progressing. This audit conclusion will also be reported to Audit & Governance committee in September.

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
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| Amber | 5 – 15     | Seek to improve the risk score in the medium term           |
| Green | 1-4        | Tolerate and monitor  |

| Risk ref | Corporate risk identified   | Impact assessment / comment   | Impact | Likelihood | Gross risk | Mitigating Controls  | Risk Owner                | Current risk score | Identified risk management action points   | Target risk |
|----------|---|---|--------|------------|------------|--|---------------------------|--------------------|--|-------------|
| 14       | The uncertainty over Brexit leads to an adverse impact on council services and its communities. | <ul style="list-style-type: none"> <li>Potential fuel shortages</li> <li>Data transfer implications</li> <li>Supply chain delays</li> <li>Economic impact</li> <li>Election – impact on resource</li> </ul> | 4      | 4          | 16         | Business continuity and contingency planning<br><br>Intelligence and networking eg Local Resilience Forum, government agencies<br><br>Government funding of £52k | Corporate Management Team | 16                 | On-going participation in multi-agency network<br><br>Potential support to small businesses through Growth Hub<br><br>Glos LRF undertaking an audit of countywide fuel storage capacity<br><br>Data storage assessment | 12          |

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**Comments:**

The Government remains focused on a withdrawal from the EU by 31 October 2019. All councils have established a Brexit Lead Officer and the development of Brexit Plans for each Local Resilience Forum. There remains a high level of uncertainty given the political climate. The council remains part of the information network to receive national, regional and local updates. A further 17k has been received from government. This is currently being held as a contingency and once the position becomes clearer.

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
| Red   | 16 – 25    | Must be managed down to reduce risk scores in the next year |
| Amber | 5 – 15     | Seek to improve the risk score in the medium term           |
| Green | 1-4        | Tolerate and monitor  |

68

| Risk ref | Corporate risk identified | Impact assessment / comment   | Impact | Likelihood | Gross risk | Mitigating Controls   | Risk Owner                   | Current risk score | Identified risk management action points  | Target risk |
|----------|---------------------------|---|--------|------------|------------|---|------------------------------|--------------------|---|-------------|
| 15       | Garden town status        | <p>Failure to deliver Garden Town project will have an impact on the Council in</p> <ul style="list-style-type: none"> <li>• Reputation - Confidence from Government of TBC ability to deliver programme</li> <li>• Financial ( loss of NHB from assumed delivery of homes)</li> <li>• Non Delivery of homes and jobs required for community</li> </ul> | 5      | 5          | 25         | <p>Tewkesbury Borough Council are holding regular meetings with the Project Assurance Group which is attended by a Homes England representative.</p> <p>The project is being managed through the standard HE Project Delivery Plan (PDP).</p> <p>Staff are being recruited to for the project to set up a team.</p> <p>A masterplan to deliver the planning/physical delivery strategy is being commissioned.</p> <p>The Council is in receipt of £750,000 funding to add</p> | Head of Development Services | 12                 | <p>Ongoing management through the Project Assurance Group</p> <p>Appointment of the Garden Town Team with appropriate skills and experience.</p> <p>Engagement with Senior Officers from Homes England</p> <p>Participation with the Garden Town Induction programme</p> <p>Internal monitoring through using the PDP</p> | 9           |

|       |            |   |
|-------|------------|---|
| Code  | Risk score | Risk Management view  |
| Red   | 16 – 25    | Must be managed down to reduce risk scores in the next year |
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| Green | 1-4        | Tolerate and monitor  |

| Risk ref  | Corporate risk identified | Impact assessment / comment | Impact | Likelihood | Gross risk | Mitigating Controls       | Risk Owner | Current risk score | Identified risk management action points | Target risk |
|---|---------------------------|-----------------------------|--------|------------|------------|---------------------------|------------|--------------------|--|-------------|
|   |                           |                             |        |            |            | capacity to the programme |            |                    |  |             |
| <p>Comments: The Programme Director has recently been appointed who will be responsible for the development of the risk management action points.</p> |                           |                             |        |            |            |                           |            |                    |  |             |

## TEWKESBURY BOROUGH COUNCIL

|                              |  |
|------------------------------|--|
| <b>Report to:</b>            | Audit and Governance Committee                     |
| <b>Date of Meeting:</b>      | 18 September 2019                                  |
| <b>Subject:</b>              | Internal Audit Plan Monitoring Report              |
| <b>Report of:</b>            | Chief Audit Executive (Head of Corporate Services) |
| <b>Corporate Lead:</b>       | Chief Executive                                    |
| <b>Lead Member:</b>          | Lead Member Corporate Governance                   |
| <b>Number of Appendices:</b> | 2  |

**Executive Summary:**

The monitoring report provides the Audit and Governance Committee with an overview of the work completed by internal audit in the period. This includes a level of assurance as to how well the internal control environment is managed for each audit assignment undertaken. The report also provides an overview of the progress in implementing internal audit recommendations that were due for completion. Appendix 1 is the internal audit opinion for each individual audit assignment completed in the period. Appendix 2 provides details of 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.

**Recommendation:**

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

**Reasons for Recommendation:**

The Public Sector Internal Audit Standards (PSIAS) state that the Chief Audit Executive (CAE) must report functionally to 'the board' (Audit and Governance Committee). 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 or implementation of internal audit recommendations, this potentially increases the risk of fraud, error, inefficiency or areas of non-compliance within the systems audited.

**Performance Management Follow-up:**

All internal audit recommendations are followed-up within appropriate timescales to give assurance they have been implemented. Where a recommendation has not been implemented and it has missed two agreed implementation dates then a responsible officer must attend Committee to answer any questions that arise.

**Environmental Implications:**

None.

**1.0 INTRODUCTION/BACKGROUND**

1.1 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 and Governance Committee) on the work of internal audit. The monitoring report provides the Audit and Governance Committee with an overview of the work completed by internal audit in the period. This includes a level of assurance as to how well the internal control environment is managed for each audit assignment undertaken. The report also provides an overview of the progress in implementing internal audit recommendations that were due for completion.

**2.0 COMPLETED AUDIT ASSIGNMENTS FOR THE PERIOD**

2.1 When reporting, a 'split' opinion can be given. This means an individual opinion is given for each risk category identified. 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'. It is pleasing to report that, of the areas audited during the period, all have at least a 'satisfactory' level of control. The audit opinions can be found in Appendix 1.

**3.0 FOLLOW-UP OF INTERNAL AUDIT RECOMMENDATIONS**

3.1 All audit recommendations that were due to be followed-up in the period have been followed-up. This provides the Committee with an overview of the breadth of work undertaken and allows Members to monitor the implementation of the audit recommendations. The list of these recommendations and their status can be found in Appendix 2. Of the 24 recommendations followed-up during the period, 10 have been implemented, 11 partially implemented with three yet to be implemented. In relation to the recommendations partially implemented or yet to be implemented, revised implementation dates have been agreed.

**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. The status of audit recommendations is reported on a regular basis to Corporate Management Team.

## **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  
01684 272002 Graeme.simpson@teWKesbury.gov.uk

**Appendices:** Appendix 1 – Completed audit opinion  
Appendix 2 – Audit recommendations followed-up

**Audit:** Emergency Planning**Introduction:**

The council has a legal responsibility under the Civil Contingencies Act 2004 to maintain plans to help prevent, control and manage emergencies. An emergency is classed as 'an event or situation which threatens serious damage to human welfare in a place in the UK, the environment of a place in the UK, or war or terrorism which threatens serious damage to the security of the UK'. As such, emergency planning is included as a key risk on the council's corporate risk register. This audit is carried out as part of the 2019/20 Internal Audit plan and will obtain assurance that the controls stated within the risk register are in place and working effectively.

| Risk identified:  | Level of Control: | Overall opinion:   | Recommendations:    |
|---|-------------------|--|---------------------|
| <p><b>Legislative and Policy Compliance</b></p> <p><b>LPC1:</b> Failure to comply with the Civil Contingencies Act 2004</p> | Good              | <p>As a category 1 responder under the Civil Contingencies Act 2004, the council is required to undertake the following:</p> <ul style="list-style-type: none"> <li>- Assess the risk of emergencies occurring.</li> <li>- Put in place emergency plans.</li> <li>- Put in place business continuity management arrangements.</li> <li>- Put in place arrangements to warn, inform and advise the public in the event of an emergency.</li> <li>- Share information and co-operate with other local responders.</li> </ul> <p>Assurance was obtained during the audit that these duties are being met.</p> | No recommendations. |

|  |                     |   |   |
|--|---------------------|---|---|
| <p><b>Operational</b></p> <p><b>O1:</b> Key controls stated in the corporate risk register in respect of emergency planning are not in place and/ or working effectively</p> | <p>Satisfactory</p> | <p>Risks identified on the council's corporate risk register are regularly reviewed and commented upon by Corporate Management Team. In addition, the risk register is presented to and considered by the Audit and Governance Committee, as well as being reviewed by the Corporate Governance Group on a quarterly basis. Emergency planning is being managed as a key risk within the corporate risk register. Adequate mitigating controls have been identified to manage this risk and audit testing concluded the following in respect of their implementation:</p> <p><u>Training and test exercises</u></p> <p>These take place on a regular basis and the majority of staff involved in emergency response operations have received training in the last 12 months. The current process for maintaining training records does not allow for staff who are due refresher training to be easily identified. It is therefore recommended that a training programme be established to ensure all officers receive regular training. Training for elected members (including Parish and Town Councils) is due to take place during 2019/20 and should also form part of an ongoing training programme. A number of test exercises have been carried out, some being council-specific and others multi-agency events. There is currently no formal timetable for when test events will be run and this should form part of the recommended training programme [R1].</p> <p><u>Up-to-date plans</u></p> <p>The council's Emergency Plan is updated regularly and is supported by various procedures and guides e.g. a flood response guide, works team procedures, a comprehensive rest centre guide (a total of 24 rest centres are now identified) etc. A new co-ordination room has recently been established and an initial set-up exercise undertaken; this should now be documented.</p> <p>The council has access to 'Resilience Direct'- a secure online network ensuring key information is readily available in the event of an</p> | <p><b><u>R1</u></b></p> <p><u>Recommendation priority:</u> Medium</p> <p><u>Implementation date:</u> January 2020</p> <p><u>Responsible Officer:</u> Head of Community Services in conjunction with Civil Protection Officer</p> <p><u>Recommendation Agreed:</u> Yes</p> <p><u>Recommendation Details:</u></p> <p>A training programme should be established for the emergency planning response team. This should include:</p> <ul style="list-style-type: none"> <li>- Identification of ongoing training requirements (including awareness training for elected members).</li> <li>- A schedule of test exercises to be carried out.</li> </ul> <p><b><u>R2</u></b></p> <p><u>Recommendation priority:</u> Low</p> <p><u>Implementation date:</u> February 2020</p> <p><u>Responsible Officer:</u> Head of Community Services in conjunction with ICT Manager</p> <p><u>Recommendation Agreed:</u> Yes</p> <p><u>Recommendation Details:</u></p> <p>In accordance with the council's emergency plan, consideration should be given to all members of the response team being allocated a council mobile phone as part of the mobile phone</p> |
|--|---------------------|---|---|

|  |   |  |
|--|---|--|
|  | <p>emergency. Some of the council's documents on this site are now out of date and it would therefore be beneficial for this to be reviewed.</p> <p>Emergency planning information is published on the council's website; the plan itself should however be available on the intranet. Reference is made within the plan to all members of the response team being allocated a council mobile phone. The audit established that this is not currently happening in practice and this should therefore be a consideration as part of the mobile phone procurement project [R2].</p> <p><u>RAG status reviews</u></p> <p>This risk assessment update is presented to the Emergency Planning Team Leader meetings every quarter. To ensure that updates are accurate, each team leader should provide commentary on the status of their team prior to each meeting.</p> <p>In conclusion to the above two mitigating controls, it is recommended that key documentation relating to the council's emergency planning arrangements is reviewed [R3].</p> <p><u>Partnership working</u></p> <p>The Gloucestershire Local Resilience Forum (LRF) is the main hub for multi-agency working and information sharing regarding emergency planning. Assurance was obtained that the council is represented at relevant LRF groups.</p> <p><u>Job descriptions reflect emergency planning requirements</u></p> <p>A review of relevant job descriptions established that some made reference to emergency planning requirements and others did not. This control is therefore not being consistently applied. It is recommended that a discussion takes place with HR to establish where it is appropriate for job descriptions to include emergency planning operations. Where this is not considered to be appropriate; consideration should be given to developing a guidance document for volunteers in order to ensure roles and responsibilities are defined, to</p> | <p>procurement project.</p> <p><b><u>R3</u></b></p> <p><u>Recommendation priority:</u> Medium</p> <p><u>Implementation date:</u> January 2020</p> <p><u>Responsible Officer:</u> Head of Community Services in conjunction with Head of Corporate Services and Out of Hours Officers</p> <p><u>Recommendation Agreed:</u> Yes</p> <p><u>Recommendation Details:</u></p> <p>Documentation relating to the council's emergency planning arrangements should be reviewed as follows:</p> <ul style="list-style-type: none"> <li>- The emergency co-ordination room set-up procedure should be documented</li> <li>- Resilience Direct should be reviewed to ensure all documents are up to date e.g. all rest centre plans should be uploaded and out of date documents removed (old emergency response guides, flood plans etc)</li> <li>- The RAG status should be reviewed to include a risk matrix and each team leader should provide commentary on the status of their team prior to each Emergency Planning Team Leader meeting</li> <li>- The emergency plan should be published on the intranet (excluding personal contact details)</li> <li>- The link to the community risk register on the Gloucestershire Prepared webpage should be updated</li> </ul> |
|--|---|--|

set expectations and ensure consistency across the authority [R4].

Rest centre supplies

These were found to be up to date, clearly labelled and organised along with hard copies of appropriate checklists/ risk assessments. An annual audit of equipment was carried out in April 2019 which deemed rest centre supplies to be satisfactory and evidence of this provided during the audit.

**R4**

Recommendation priority: Medium

Implementation date: February 2020

Responsible Officer: Head of Community Services in conjunction with HR

Recommendation Agreed: Yes

Recommendation Details:

A discussion should take place to establish where it is appropriate for job descriptions to include emergency planning operations. Where this is not considered to be appropriate, consideration should be given to developing a guidance document for volunteers in order to ensure roles and responsibilities are defined, to set expectations and ensure consistency across the authority.

**Audit:** Debtors

**Introduction:**

This audit was completed as part of the 2019/20 Internal Audit Plan. According to the general ledger code SDLE, sundry debtor balance brought forwards from 2017/18 was £984,021.66 and for the period 01/04/2018 to 31/03/2019, receipts of £9,935,077.57 had been received. A new income system was introduced in 2018 and was reviewed as part of the 2018/19 audit plan. The method for raising invoices has also changed, with services now responsible for raising their own sundry debts. This audit will look to confirm that invoices are raised promptly and accurately, income correctly accounted, and that recovery action has been facilitated.

| Risk identified:   | Level of Control: | Overall opinion:  | Recommendations:   |
|--|-------------------|---|--|
| <p><b>Legislative and Policy Compliance (LPC):</b></p> <p><b>LPC1:</b><br/>Personal information is not retained in line with GDPR, breaching the regulations and resulting in potential fines.</p> | <p>Good</p>       | <p>LPC1:</p> <p>There is a good level of assurance that controls are in place in relation to data held on the debtors system. Controls include the use of data retention schedules and controlled access to the finance system. Financial Services have also produced a public privacy statement detailing how data is used and this includes debtor invoices. Invoices are also raised by other departments (such as One Legal, Environmental Health) and therefore a low risk recommendation has been made to add a standard point to privacy notices for other departments in which they issue debtors invoices (<b>R1</b>).</p> | <p><b><u>R1:</u></b></p> <p><u>Recommendation priority:</u> Low</p> <p><u>Implementation date:</u> January 2020</p> <p><u>Responsible Officer:</u> Business Admin Manager</p> <p><u>Recommendation Agreed:</u> Yes</p> <p><u>Recommendation Details:</u></p> <p>The online privacy notices should be updated to include reference to the use of information for debt recovery/raising of invoices.</p> |

|  |             |  |                            |
|--|-------------|--|----------------------------|
| <p><b>Operational (O):</b></p> <p><b>O1:</b> sundry debts are not raised promptly, accurately and income received not accurately accounted, resulting in a loss of income/ misstatement of accounts.</p> <p><b>O2:</b> debt is not promptly recovered potentially resulting in a loss of income/ misstatement of accounts.</p> | <p>Good</p> | <p><b>O1 &amp; O2:</b></p> <p>Invoices were found to have been raised promptly for the correct amount and expected income was being allocated to the appropriate service. In respect of payments receipted for debtor invoices, there are processes which automatically allow the allocation of these receipts to the appropriate debtor accounts. Where payments cannot be automatically matched these are placed into a debtors suspense account. It was found that payments in this account were reviewed regularly and were promptly allocated to the correct debtor account. The performance of a monthly reconciliation between the debtors system and the general ledger provides assurance that potential misstatements are identified promptly.</p> <p>There is evidence to demonstrate that Financial Services are meeting their obligations in respect of facilitating the recovery of sundry debt through the issue of invoices and associated reminders; providing debt updates within service budgetary reviews and also issuing services with monthly updates on unpaid invoices.</p> | <p>No recommendations.</p> |
|--|-------------|--|----------------------------|

**Audit: Fraud & Corruption Framework**

**Introduction:**

In administering its responsibilities, the council has a duty to protect public funds and ensure that any allegations of fraud and corruption are fully investigated. The Fraud Act 2006 defines fraud as the intention to make gain or cause loss by false representation, failing to disclose information or abuse of position. As a local authority, the council is vulnerable to risks of fraud and corruption and as such, this is included as a key risk on the corporate risk register. This audit is carried out as part of the 2019/20 Internal Audit Plan and will obtain assurance that the controls stated within the risk register are in place and working effectively.

| Risk identified:   | Level of Control: | Overall opinion:   | Recommendations:           |
|--|-------------------|--|----------------------------|
| <p><b>Economic and Financial</b></p> <p><b>EF1:</b> Key controls stated in the Corporate risk register in respect of fraud and corruption are not in place and/ or working effectively</p> | <p>Good</p>       | <p>Fraud has been identified as a key risk within the council's corporate risk register and there is a good level of assurance that this risk is well managed. Audit testing concluded that appropriate mitigating controls are in place as follows:</p> <p><u>Counter Fraud Unit</u></p> <p>The council is part of the well-established Counter Fraud Unit (CFU); which provides investigative and enforcement support. In addition, a 2019/20 work plan has been produced which includes a programme of corporate and strategy related work to be undertaken throughout the year. This plan forms the basis of bi-annual updates to Audit and Governance Committee which take place in July and December each year. The CFU also engage regularly with Corporate Management Team and assurance was obtained that the work of the CFU is adequately monitored.</p> <p><u>Internal Audit</u></p> <p>The team work to a risk-based audit plan and indicators for fraud are considered when developing this plan. The potential for fraud is also considered as a key risk area in all individual audit assignments. Internal Audit and the CFU have a formal reporting protocol in place and meet on a quarterly basis to review the work plan and assess any areas of risk. In accordance with this protocol, there is evidence that reports detailing the findings of any reviews and/or investigations</p> | <p>No recommendations.</p> |

carried out by the CFU are provided to management for further action.

Policy Framework/ review of key policies

Appropriate policies and procedures are in place to minimise the risk of fraud. The Counter Fraud and Anti-Corruption Policy is subject to regular review and is available on the staff intranet. The Council Constitution (including Financial Procedure Rules) and the Employee and Member Codes of Conduct also outline the council's approach to fraud. Assurance was obtained during the audit that key policies such as Whistleblowing, Procurement, Corporate Enforcement, Gifts and Hospitality etc have either been subject to recent review or are in the process of being reviewed. These reviews are included on the 2019/20 work plan which demonstrates that the CFU are consulted with and involved in the review of key policies to ensure fraud risks are considered.

Serious Crime Checklist

The checklist produced by the Home Office, to assist local authorities in assessing their serious and organised crime risks, has been completed and the outcomes were considered by both Corporate Management Team and Audit Committee in December 2018. This concluded that the council is low risk. Nevertheless, an action plan has been produced to strengthen some areas within the checklist, for example, serious and organised crime audits have been included in the Internal Audit plan and tailored training requirements are being identified. Verbal assurance was obtained that the checklist will be reviewed and a formal update against the action plan provided to Audit and Governance Committee on an annual basis.

Officer and Member Training

General fraud awareness training was provided to staff during 2018/19 and 'mop up' sessions for new staff will be provided during 2019/20. Awareness training for Members is scheduled to take place in October 2019 and further officer training, focussing on whistleblowing and serious and organised crime, will be delivered during November/ December 2019. In addition, the serious and organised crime action

plan includes a number of actions which relate to the development of tailored training for enforcement officers and those with purchasing responsibilities. Progress will be monitored through the action plan.

**Audit: Serious & Organised Crime Framework- Licensing**

**Introduction:**

This audit is completed as part of the 2019/20 internal audit plan. Serious and organised crime is a threat to our national security and the Government's Serious and Organised Crime Strategy published in 2013 reported that it costs the UK more than £24 billion a year. Organised crime includes drug trafficking, human trafficking, child sexual exploitation, high value fraud and cyber-crime. Local Authority (LA) procurement is at risk of infiltration from serious and organised crime and organised crime groups could be benefitting from public sector contracts. In 2013 it was estimated that £2.1 billion of fraud was perpetrated against local government (National Fraud Authority Annual Fraud Indicator 2013). Conducting a Serious and Organised Crime Audit into areas most vulnerable / attractive to serious and organised crime can help to identify where LAs are most at risk and to assess where changes and improvements can be implemented to shut down opportunities for serious and organised crime involvement and reduce financial losses. The Home Office have produced a guidance note "framework for Internal Audit and Finance Managers" which looks at reviewing the controls in place in relation to the following risk areas; Strategic, Procurement, HR, Finance, Legislative and Regulatory functions (Licensing), and Housing. In respect of this framework, this audit focussed on the Licensing section of the guidance in connection with the vetting and review processes relating to hackney and private hire licences

| Risk identified:   | Level of Control:   | Overall opinion:   | Recommendations:  |
|--|---------------------|--|---|
| <p><b>Operational</b><br/> <b>O1:</b> The License process is not robust in relation to Serious and Organised Crime Framework leading to the approval of applications which could be detrimental to</p> | <p>Satisfactory</p> | <p>There is a satisfactory level of assurance that hackney/private hire licence processes give consideration to the serious and organised crime framework. Policies are in place and made available to officers and the public via the council's website. There is evidence that these are reviewed regularly and amendments are implemented through a consultation basis.</p> <p>Key elements of the hackney/private hire policy are set out as either statements or required evidence within the driver, vehicle and operator application forms. The validation of both new and renewal licence applications including verification checks (eg identity, vehicle, DBS, driver convictions etc), involves two officers. Licence application records within the Uniform system currently only demonstrate the check by one officer and it was agreed with the SLO that his check of the application would be included within the validation screen of Uniform (<b>R1</b>). A review of licence applications held on Uniform (and</p> | <p><b>R1</b><br/> <u>Recommendation priority: L</u><br/> <u>Implementation date: April 2020</u><br/> <u>Responsible Officer: EHM/SLO</u><br/> <u>Recommendation Agreed: Yes</u><br/> <u>Recommendation Details:</u><br/>           The licensing module within Uniform should demonstrate that two officers are involved in the validation/authorisation of a driver, operator and vehicle licences.</p> <p><b>R2</b></p> |

public safety.

also the scanned support documentation) confirmed that verification checks were undertaken. In relation to DBS checks, these were not consistently demonstrated for operator applications where no driver licence had been evidenced (**R2**). Data fields within Uniform also need to be enhanced to demonstrate that safeguarding training has been completed (**R3**). The review also noted that at times data (such as driver licence details) had not been recorded on Uniform and not all documents submitted to support the licence application had been scanned. A recommendation has been made that regular spot checks are performed to ensure licence records and associated documentation are complete (**R4**).

Within the council's constitution and the hackney/private hire policy the granting of a licence is delegated to the licensing officer and licences are issued using the electronic signature of the Head of Community Services. The policy does provide for any potential licence refusal to be submitted to the hackney/private hire sub-licensing committee for determination – this approach to delegation is appropriate and provides a formal appeal process for applicants through a committee framework. A review of sub-licensing committee minutes confirmed this approach is currently practiced, however, in 2018 two refused applications had not been submitted to the committee – the recommendation made in this report concerning spot checks should ensure a consistent approach in how officer's process applications in the future. With regard to revoking a licence the SLO had indicated that these were rare. Only 3 revocations dating from between 2012 and 2007 were noted on Uniform, however, the reasons for the revocations were not recorded and this would be expected as good practice.

The SLO confirmed that in respect of monitoring of licensing conditions the current arrangements consist of reactive enforcement through the receipt of complaints, and proactive enforcement in relation to performing spot checks mainly at large events. There are records within the environmental health service request module of Uniform that demonstrate that complaints concerning hackney/private hire licensing are processed. However, in respect of the 4 complaints receipted for year 2019, only one of these had been linked to the actual licence

Recommendation priority: L

Implementation date: October 2019

Responsible Officer: EHM/SLO

Recommendation Agreed: Yes

Recommendation Details:

DBS/conviction checks are completed on operators who have no driver licence

**R3**

Recommendation priority: M

Implementation date: January 2020

Responsible Officer: EHM/SLO

Recommendation Agreed: Yes

Recommendation Details:

The fields within the licensing module of Uniform need to demonstrate that the driver safeguarding test has been completed.

**R4**

Recommendation priority: M

Implementation date: January 2020

Responsible Officer: EHM/SLO

Recommendation Agreed: Yes

Recommendation Details:

A regular sample check of Hackney/Private Hire (both driver and vehicle) and also operator licences should be undertaken to ensure that all information has been accurately recorded into Uniform; that all documentation requested within

|     |  |  |   |
|-----|--|--|---|
| 104 |  | <p>record. In respect of proactive enforcement, a data field is set up within the licence module to record spot checks but this is currently not used. There is therefore a risk that enforcement action is not being taken into account upon receipt of a renewal application (R5). The SLO stated that <i>'the licensing policy is under review and a proposed change is a "three strikes" system whereby complaints and breaches of conditions will result in the imposition of a "strike" by the senior licensing officer, which will accumulate. On reaching three strikes within a given period, the driver will be referred to the licensing committee for a review of their licence and potentially revocation'</i>. This will enhance current enforcement arrangements, however, the necessary fields and records within Uniform will need to be established in order to implement this change to the policy.</p> | <p>the application forms have been imaged and linked to the licence; and where a licence has been refused sub-licensing committee dates have been included within Uniform.</p> <p><b>R5</b></p> <p><u>Recommendation priority: L</u></p> <p><u>Implementation date: January 2020</u></p> <p><u>Responsible Officer: EHM/SLO</u></p> <p><u>Recommendation Agreed: Yes</u></p> <p><u>Recommendation Details:</u></p> <p>Complaints within the service request module of Uniform should be linked to the licensing module. In relation to proactive enforcement, any spot checks should also be recorded against the licence record.</p> |
|-----|--|--|---|

**CORPORATE IMPROVEMENT WORK**

**Disabled Facility Grant Checklist**

Additional funding of £141K was received from the Government in late 2018/19. The funding was provided to either support adaptations for disabled people, or, for any other social care capital project. The money has been allocated to the 'Warm and Well Scheme' for a project to insulate residential park home. Internal Audit has provided a check list to Environmental Health to assist in their verification that monies have been spent in accordance with the terms of the project. The Chief Audit Executive is required to return to a declaration to the Ministry of Housing, Communities and Local Government by 31 December 2019, confirming that monies have been appropriately spent and in this connection an audit will be carried out later this year.

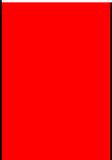
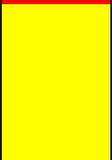
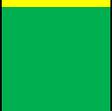
## Recommendations Rating

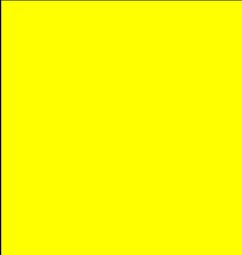
| Priority: |               | Definition:  |
|-----------|---------------|--|
| 1         | <b>High</b>   | A fundamental weakness in the system that puts the Authority at risk. This might include non-compliance with legislation or council policy, or may result in major risk of loss or damage to council 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.   |

## 105 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 - Audit Recommendations - Quarter 2 2019/20 Follow Up**

| <b>KEY</b>   |  | <b>Priority:</b>  |
|--|--|---|
|  | <b>Recommendation status:</b><br>Recommendation reviewed and found not to be implemented | <b>H (high)</b><br>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; ideally 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.              |
|  | Recommendation reviewed and found to be partially implemented                            | <b>M (medium)</b><br>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 ideally be resolved within a 6-9 month timescale. |
|  | Recommendation reviewed and found to be implemented                                      | <b>L (Low)</b><br>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.  |

| <b>Audit</b>               | <b>Recommendation Details</b>  | <b>Priority</b> | <b>Responsible Officer</b> | <b>Expected implementation date for recommendation</b>                          | <b>Date Audit Followed Up</b> | <b>Current Recommendation Status</b>  | <b>Further Audit Comments</b>  | <b>Target Follow Up Date</b> |
|----------------------------|--|-----------------|----------------------------|---|-------------------------------|---|--|------------------------------|
| 106<br>Bulky Waste 2016-17 | A review of the bulky waste service, including charges, should be carried out. | <b>M</b>        | Head of Community Services | <del>Apr-18.</del><br><del>Apr-19.</del><br><b>Feb-20</b>                       | Aug-19                        |   | A full end to end review of the service has been approved by the internal Programme Board. A project team has been established and will look at a pricing policy, collectables, potential recycling and customer experience etc. | <b>20-21 q1</b>              |
| Bulky Waste 2016-17        | Terms of reference for using this service should be established and published. | <b>L</b>        | Head of Community Services | <del>Apr-17.</del><br><del>Apr-18.</del><br><del>Apr-19.</del><br><b>Feb-20</b> | Aug-19                        |  | See above comment. Terms of reference for the service will be developed as part of the approved bulky waste project.   | <b>20-21 q1</b>              |

| 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 |
|---|--|----------|---|---|------------------------|-------------------------------|---|-----------------------|
| Council Tax Liability, Discounts and Exemptions 2018-19 | A review of disregards should be undertaken.   | <b>L</b> | Revenues and Benefits Manager   | <del>Jun-19.</del><br><b>Jan-20</b>             | Aug-19                 |                               | A timeframe for this review has now been established. This is due to commence in quarter 3 of 2019/20 with a planned completion date of January 2020.   | <b>20-21 q1</b>       |
| Garden Waste 2018-19                                    | A regular reconciliation should be carried out between the payments system and the garden waste customer database to identify and investigate any variances.   | <b>M</b> | Corporate Services Manager  | <del>Apr-19.</del><br><b>Dec-19</b>             | Aug-19                 |                               | Ad hoc checks are undertaken between the garden waste database and payments system and there is evidence that variances are highlighted. The regularity of these checks and investigation into the identified variances cannot currently be demonstrated. Moving forward, reconciliations will be carried out on a monthly basis and recorded to demonstrate they have taken place. | <b>19-20 q4</b>       |
| Garden Waste 2018-19                                    | 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.  | <b>M</b> | Corporate Services Manager  | <b>Apr-19</b>                                   | Aug-19                 |                               | The terms and conditions of the garden waste service have now been updated and state that: <i>'refunds will be made only at the discretion of the council'</i> in respect of missed bins.   | <b>n/a</b>            |
| Garden Waste 2018-19                                    | 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. | <b>M</b> | Corporate Services Manager in conjunction with Operational Managers and ICT Manager | <b>Apr-19</b>                                   | Aug-19                 |                               | 'Phase 2' of the garden waste project has included pro-active marketing of the garden waste club concept. This has had national recognition and was shortlisted for a national recycling award. The garden waste club currently has approximately 17.5k customers; generating an income of £869,899.62 this year to date.   | <b>n/a</b>            |

| 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 |
|---|--|----------|---|--|------------------------|-------------------------------|---|-----------------------|
| Garden Waste 2018-19  | Moving forward, the ownership of the garden waste customer database and responsibility for the administration of the service should be established.  | H        | Corporate Services Manager, Head of Corporate Services, Head of Community Services  | Apr-19   | Aug-19                 |                               | The administration of the garden waste service will remain within the Corporate Services Team for the next 12 months. Moving forward, the intention is to automate as much of the administration process as possible.   | n/a                   |
| General Data Protection Regulation (data retention) 2018/19 | Monitoring of the implementation of data retention schedules should take place by way of regular spot checks.  | M        | Business Admin Manager  | Apr-19   | Aug-19                 |                               | At a meeting of the GDPR Information Group in June 2019, it was agreed that future audits would obtain assurance regarding the implementation of retention schedules within service areas.  | n/a                   |
| General Data Protection Regulation (data retention) 2018/19 | 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. | M        | Corporate Services Manager in conjunction with Operational Managers and ICT Manager | <del>Apr-19.</del><br>Apr-20.  | Aug-19                 |                               | The retention periods required to be set within Firmstep have been identified. Firmstep itself however, is not yet fully GDPR compliant in that retention schedules are currently unable to be set within the system. A CRM 'proof of concept' project is currently in progress with a final business case due in September 2019 which could potentially see a replacement system and GDPR compliance will be considered as part of any tender process. | 20-21 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   | <del>Jun-18.</del><br><del>Oct-18.</del><br><del>Apr-19.</del><br>Dec-19 | Aug-19                 |                               | A process for the recovery of DHP overpayments has been agreed whereby these will be recovered as a sundry debtor. The relevant procedures now require updating to reflect this process.  | 19-20 q4              |

| 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     |
|--|---|----------|--|---|------------------------|-------------------------------|--|---------------------------|
| HR Leave Review<br>(corporate improvement)<br>2018/19  | The annual leave policy should be reviewed in respect of the set notice periods. In addition, the leave request form used by staff should be standardised across the council. The standardised form should include the date on which leave is being authorised. | <b>M</b> | HR Manager   | <b>Apr-19</b>   | Aug-19                 |                               | The annual leave policy has been updated and is available on the staff intranet together with the leave request form which now includes space for the date the leave was authorised to be noted.   | n/a                       |
| HR Leave Review<br>(corporate improvement)<br>2018/19  | A review of the flexi-time scheme should be undertaken in relation to:-<br>-lunch breaks requirement where officers work 6.5-7hrs   | <b>M</b> | HR Manager   | <del>Jun-19.</del><br><b>Jan-20</b>   | Aug-19                 |                               | The flexi-time scheme has been reviewed and options have been provided to the Head of Corporate Services for appraisal.  | <b>20-21</b><br><b>q1</b> |
| ICT PSN Submission & Environmental Controls<br>2016-17 | Key ICT policies and procedures should be reviewed and where appropriate updated. This should include appropriate reference to all physical and environmental information security risks.   | <b>L</b> | ICT Operations Manager/ Head of Corporate Services | <del>Nov-16.</del><br><del>May-18.</del><br><del>Aug-18.</del><br><del>Apr-19.</del><br><b>Apr-20</b> | Aug-19                 |                               | The Acceptable Use of ICT Policy was updated and issued to all council employees and members in March 2019. Two policy reviews remain outstanding as follows:<br>- Information Security Incident Management Policy<br>- Change Management Policy   | <b>20-21</b><br><b>q2</b> |
| Licensing Audit<br>2017-18                             | A review of the animal boarding application process should be undertaken.   | <b>L</b> | Environmental Health Manager                       | <del>Sep-18.</del><br><del>Apr-19.</del><br><b>Apr-20</b>   | Aug-19                 |                               | The application process has now been updated in relation to new legislation and the council website adequately reflects these changes. Data is being collected in order to establish the fees on a cost recovery basis. A new fee structure is due to be in place for the next financial year. | <b>20-21</b><br><b>q2</b> |

| 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 |
|-----------------------------|---|----------|---|---|------------------------|-------------------------------|--|-----------------------|
| Licensing Audit 2017-18     | A review should be undertaken in respect of licence processes regulated by the Licensing Act 2003.                    | <b>M</b> | Environmental Health Manager  | <del>Apr-18.</del><br><del>Apr-19.</del><br><b>Apr-20</b> | Aug-19                 |                               | Licence processes have been reviewed i.e. application references are now recorded within the general ledger and the conviction declaration form required for personal licences now lists all convictions that must be declared. An action remains outstanding in respect of Temporary Event notices whereby the website information requires updating. | <b>20-21 q2</b>       |
| Licensing Audit 2017-18     | A review of taxi/private hire licences should be undertaken in particular the receipt of LOLER certificates.          | <b>L</b> | Environmental Health Manager  | <del>Apr-18.</del><br><b>Apr-19</b>                       | Aug-19                 |                               | A review of taxi/private hire licences, including the requirement to produce LOLER certificates, has been undertaken. Consultation took place in August and outcomes will be presented to Licensing Committee in October 2019.   | <b>n/a</b>            |
| Licensing Audit 2017-18     | A risk assessment of licensed premises should be carried out in accordance with the council's statement of licensing. | <b>M</b> | Environmental Health Manager  | <del>Apr-19.</del><br><b>Apr-20</b>                       | Aug-19                 |                               | A review of the council's statement of licensing is due to be carried out- this will include the completion of a risk assessment. Outcomes of this review are due by April 2020.   | <b>20-21 q2</b>       |
| Members' Allowances 2017-18 | The provision for Councillor's internet should be reviewed and the Members ICT Policy revised as appropriate.         | <b>L</b> | Head of Corporate Services in consultation with the Democratic Services Manager | <del>Aug-17.</del><br><del>May-18.</del><br><b>May-19</b> | Aug-19                 |                               | All members have been issued with new ICT equipment and the appropriate policies have been signed. The new provision does not include a broadband allowance.   | <b>n/a</b>            |

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| 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 |
|--|--|----------|----------------------------|---|------------------------|-------------------------------|---|-----------------------|
| Serious and Organised Crime Framework (HR) Audit 2018/19 | The HR induction should be expanded to include reference to the council's Whistleblowing and Bullying and Harassment Policies.   | L        | HR Manager                 | Jun-19  | Aug-19                 |                               | The HR induction now includes a section on whistleblowing and bullying and harassment.  | n/a                   |
| Serious and Organised Crime Framework (HR) Audit 2018/19 | Staff awareness of policies should be supported by regular reminders/prompts on the intranet/News4U regarding: <ul style="list-style-type: none"> <li>• Gifts and hospitality</li> <li>• Conflicts of interest</li> </ul>  | L        | HR Manager                 | Jun-19  | Aug-19                 |                               | An article was included in the May 2019 News4U reminding staff of their responsibilities regarding gifts, hospitality and potential conflicts of interest. This has been scheduled to be included every 12 months as a refresher.   | n/a                   |
| Serious and Organised Crime Framework (HR) Audit 2018/19 | The Code of Conduct form should be amended to require staff to sign to demonstrate that they have read, understood and will comply with the Code. This should be issued to all staff and returned to HR once completed   | M        | HR Manager                 | Jun-19  | Aug-19                 |                               | The code of conduct has been updated and staff are now required to sign a declaration. The updated Code is being issued to all new starters and will be issued to all existing staff as part of the annual 'conflicts of interest' declaration.   | 20-21 q2              |
| Ubico client monitoring 2018/19                          | Improvements should be made to the budget monitoring of the Ubico contract as follows: <ul style="list-style-type: none"> <li>- Clear processes should be developed and agreed between the council and Ubico for the timely notification of all overspends.</li> <li>- Selected and agreed areas of overspends should be subject to approval.</li> </ul> | H        | Head of Community Services | Apr-19  | Aug-19                 |                               | Significant improvements have been made to Ubico's budget monitoring. A detailed budget summary is provided to contract monitoring officers each accounting period, supported by a more detailed report explaining any significant variances. Clear processes are now in place for Ubico to notify the council of any variances against the budget in excess of £10k. | n/a                   |

| 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 |
|--------------------------------|---|----------|---------------------|---|------------------------|-------------------------------|--|-----------------------|
| Ubico fleet management 2018/19 | When TBC vehicles are used by other partners/parties, the council should be notified promptly. The partner should be charged a hire fee in line with the agreed daily rate, set by the Head of Community Services. Quarterly reports should be provided to the Council detailing the usage and income received. | <b>M</b> | Ubico               | <del>Jun-19.</del><br>Jan-20                    | Aug-19                 |                               | A cost for the daily hiring of vehicles has been agreed. However, a quarterly report providing details of usage and income is yet to be produced. As at Q1 there has been no income received in relation to hire fees. | <b>20-21 q1</b>       |
| Ubico fleet management 2018/19 | The reporting of RIDDOR accidents to TBC should be undertaken within 24 hours of reporting the incident to the HSE.   | <b>M</b> | Ubico               | <del>Jun-19.</del><br><b>Dec-19</b>             | Aug-19                 |                               | No RIDDOR incidents during the period and therefore unable to demonstrate the timeliness of reporting.   | <b>19-20 q4</b>       |

## TEWKESBURY BOROUGH COUNCIL

|                              |  |
|------------------------------|--|
| <b>Report to:</b>            | Audit and Governance Committee                     |
| <b>Date of Meeting:</b>      | 18 September 2019                                  |
| <b>Subject:</b>              | Internal Audit Six Month Plan 2019/20              |
| <b>Report of:</b>            | Head of Corporate Services (Chief Audit Executive) |
| <b>Corporate Lead:</b>       | Chief Executive                                    |
| <b>Lead Member:</b>          | Lead Member Corporate Governance                   |
| <b>Number of Appendices:</b> | 1  |

**Executive Summary:**

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

**Recommendation:**

**To APPROVE the Internal Audit Six Month Plan 2019/20 (October – March) as detailed in Appendix 1.**

**Reasons for Recommendation:**

1. The Terms of Reference of the Audit and Governance Committee require Members to consider a summary of proposed internal audit activity.
2. The PSIAS requires that the CAE reports functionally to 'the Board' (Audit and Governance Committee), an example of functional reporting is approving the Internal Audit Plan.

**Resource Implications:**

The undertaking of an audit will require the support and engagement of individual services.

**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 and Governance Committee receives at each meeting, 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 implementing internal audit recommendations is reported to each Audit and Governance Committee.

**Environmental Implications:**

None.

**1.0 INTRODUCTION**

- 1.1** Internal Audit sits within Corporate Services and has direct reporting to the Chief Executive. This arrangement demonstrates compliance with PSIAS ref 1110 – organisational independence, as it allows the Head of Corporate Services (delegated as CAE within the Audit Charter) to report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. 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 and Governance Committee) must be considered in the process. The plan has been endorsed by Corporate Management Team.
- 1.3** The setting of a six month plan enables a 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. In terms of auditing the strategic risks facing the Council, the Corporate Risk Register helps inform the work of internal audit.

**2.0 PUTTING TOGETHER THE PLAN**

- 2.1** The plan provides a total of 172 productive days and is delivered by two full time equivalent 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 2019/20 QAIP was noted by the Audit and Governance Committee at the meeting held on 24 July 2019. The overall annual number of days is deemed appropriate to ensure there is adequate coverage of the Council's control environment. The plan (Appendix 1) takes into account key areas as follows : -

### **2.2.1 Governance related activity**

Internal audit work supports the completion and integrity of the Council's Annual Governance Statement (AGS). Internal audit review's governance related activity where appropriate but is not the only assurance function within the Council. Previous audits of a governance type nature include General Data Protection Regulation (GDPR), Serious Organised Crime framework and project management framework. Focus on governance related activities such as risk and ethics is included within the audit planning stage of individual audit assignments.

### **2.2.2 Corporate Risk Register**

It is important the Committee gains assurance that risks reported within the register are being managed. Internal audit will on a rolling basis, review individual risks and ascertain that mitigating controls are actually in place, working effectively and there is progress in implementing actions to mitigate the risk further.

### **2.2.3 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 or utilise internal audit to undertake a piece of work where there may not be available resource. Examples of recent work undertaken includes; advising upon risk and compliance in relation to the car pool project, producing an easy to use summary of the Council's Financial Procedure Rules and update of the Corporate Business Continuity Plan.

### **2.2.4 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 and Governance 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 or where an audit has not been undertaken for a while to review the key controls of the system.

### **2.2.5 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. Very often this does not require any sophistication to the assessment as fundamental changes to service related activity tend to be the main identifier. Recent examples include; garden waste (new sticker system), Community Infrastructure Levy (adoption of) and e-ordering (new electronic ordering system).

## **2.2.6 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 such as the recently formed Community Infrastructure Levy Working Group. The days also cover general advice given on an ad hoc basis such as advice on procurement, financial procedure rules, data retention etc.
- An estimated number of days are allocated for follow-up reviews. This is an important element of audit work to provide assurance as to whether audit recommendations have been successfully implemented.
- There is an allocation of days to cover work which is ongoing as at 30 September 2019.
- 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 OTHER OPTIONS CONSIDERED**

3.1 None

## **4.0 CONSULTATION**

4.1 Consultation has taken place with Corporate Management Team.

## **5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

5.1 Internal Audit Charter.

## **6.0 RELEVANT GOVERNMENT POLICIES**

6.1 None.

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

7.1 None.

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

8.1 None.

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

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

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

**10.1** None.

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**Background Papers:** None

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

**Appendices:** Appendix 1 – Six Month Internal Audit Plan 2019/20 (October 2019 – March 2020)

**Appendix 1 - Internal Audit Six Monthly Plan (October 2019 - March 2020)**

|   | <b>Est No of days</b> | <b>Total</b> |
|---|-----------------------|--------------|
| <b>Governance</b>   |                       |              |
| Risk Management (recommendation from external assessment)                                       | 10                    |              |
| serious crime framework (audit programme recommended by Home Office)                            | 10                    |              |
| Complaints (as reported to Overview and Scrutiny Committee)                                     | 10                    |              |
| Data Quality (Key performance indicators)   | 12                    | 42           |
| <b>Corporate Improvement</b>  | 20                    | 20           |
| <b>Corporate Risk Register</b>  | 20                    | 20           |
| <b>Financial</b>  |                       |              |
| Debtors - service related debt recovery (Finance debt recovery audited in first half year plan) | 10                    |              |
| Commerical Credit Cards (requested by Head of Finance and Asset Management)                     | 10                    | 20           |
| <b>Internal Audit Quality Assurance and Improvement</b>   | 10                    | 10           |
| <b>Consultancy &amp; Advice (incl corporate group representation)</b>                           | 20                    | 20           |
| <b>Follow up reviews</b>  | 15                    | 15           |
| <b>Audit work brought forward</b>   | 25                    | 25           |
| <b>Total</b>  |                       | 172          |