

14 January 2020

Committee	Audit and Governance Committee
Date	Wednesday, 22 January 2020
Time of Meeting	2:00 pm
Venue	Tewkesbury Borough Council Offices, 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.



	Item	Page(s)
4.	MINUTES To approve the Minutes of the meeting held on 18 September 2019.	1 - 9
5.	AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME To consider the Audit and Governance Committee Work Programme.	10 - 16
6.	COUNTER FRAUD UNIT UPDATE To consider the six monthly update from the Counter Fraud Unit.	17 - 22
7.	WHISTLEBLOWING POLICY To recommend to Executive Committee that the updated Whistleblowing Policy be approved.	23 - 38
8.	EXTERNAL AUDITOR'S PROGRESS REPORT To consider the External Auditor's Progress Report.	39 - 52
9.	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.	53 - 77
10.	CORPORATE RISK REGISTER To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	78 - 99
11.	MONITORING OF SIGNIFICANT GOVERNANCE ISSUES 2018/19 To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	100 - 105

DATE OF NEXT MEETING
WEDNESDAY, 25 MARCH 2020
COUNCILLORS CONSTITUTING COMMITTEE

Councillors: C M Cody, L A Gerrard, P A Godwin, D W Gray, 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, 18 September 2019 commencing at 2:00 pm

Present:

Chair

Councillor V D Smith

and Councillors:

C M Cody, L A Gerrard, P A Godwin, D W Gray (Substitute for H C McLain), M L Jordan (Substitute for H S Munro) and P E Smith

A&G.20 ANNOUNCEMENTS

20.1 The evacuation procedure, as noted on the Agenda, was advised to those present.

A&G.21 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

21.1 Apologies for absence were received from Councillors H C McLain (Vice-Chair), P McLain and H S Munro. Councillors D W Gray and M L Jordan would be acting as substitutes for the meeting.

A&G.22 DECLARATIONS OF INTEREST

22.1 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.

22.2 There were no declarations made on this occasion.

A&G.23 MINUTES

23.1 The Minutes of the meeting held on 24 July 2019, copies of which had been circulated, were approved as a correct record and signed by the Chair.

A&G.24 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

24.1 Attention was drawn to the Audit and Governance Committee Work Programme, circulated at Pages No. 11-18, which Members were asked to consider.

24.2 The Head of Corporate Services advised that the revised Whistleblowing Policy would be added to the Agenda for the meeting on 11 December 2019 and the Work Programme would be updated accordingly. The representative from Grant Thornton indicated that the External Auditor's Certification Year End Letter March 2019 currently appeared on the Work Programme for both the December 2019 and March 2020 meetings and she confirmed it would only need to go to the December meeting.

24.3 A Member questioned whether there had been any changes to prior years in terms of the scope of the work and was advised that the items of business were generally the same with a number of standard reports presented on a regular basis, e.g. the Internal Audit Plan Monitoring Report and Six Month Plan; notwithstanding this, additional items did come forward such as the Local Authority Serious and Organised Crime Checklist, which had been added to the Agenda for the meeting in December but had not been included in the Work Programme for 2018/19, and the Anti-Fraud and Corruption Policy which was on the Agenda for the current meeting and was reviewed every three years. The Member queried whether any items had arisen as a result of failings or recommendations and the Head of Corporate Services confirmed that these tended to be picked up in the Internal Audit Monitoring Report which included an appendix on outstanding recommendations arising from internal audits. He clarified that there had been no 'unsatisfactory' audit opinions last year. In response to a query regarding the Local Authority Serious and Organised Crime Checklist, the Head of Corporate Services explained that this had been identified as an improvement when the Corporate Management Team had gone through the process of compliance with the checklist and it would be brought to the Committee in December to give assurance to Members that it was progressing as it should be.

24.4 It was

RESOLVED That the Audit and Governance Committee Work Programme be **NOTED** subject to the following amendments:

- 11 December 2019 – Additional item to consider the revised Whistleblowing Policy; and
- 25 March 2020 – Removal of 'External Auditor's Certification Year End Letter March 2019'.

A&G.25 COUNTER FRAUD AND ANTI-CORRUPTION POLICY

25.1 Attention was drawn to the report of the Head of Finance and Asset Management, circulated at Pages No. 19-36, which highlighted the proposed changes to the Counter Fraud and Anti-Corruption Policy. Members were asked to recommend to the Executive Committee that the updated 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.

25.2 The Counter Fraud Manager advised that the Counter Fraud and Corruption Policy had last been considered by the Audit Committee in September 2016 and had now been amended to reflect changes to data protection legislation following the introduction of the General Data Protection Regulation. The Chair thanked the Counter Fraud Manager on behalf of the Committee for the continued work of the Counter Fraud Unit and it was

RESOLVED That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that the revised Counter Fraud and 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.

A&G.26 ANNUAL AUDIT LETTER 2018/19

- 26.1 Attention was drawn to Grant Thornton's Annual Audit Letter 2018/19, circulated at Pages No. 37-50. Members were asked to consider the report.
- 26.2 The representative from Grant Thornton explained that the Annual Audit Letter summarised the key findings from the audit of the financial statements and the work on the value for money conclusion that had been carried out for the year ending March 2019. All of the matters had been presented to the Committee during the course of the year and the letter was a succinct document which was designed to communicate key messages to stakeholders. In response to a query regarding the valuation of the net pension liability which had been identified as a significant risk, Members were informed that the figures were immaterial in the context of the total amount and it was an evolving picture so this was a best estimate. A Member questioned whether everyone was familiar with the concept of materiality and sought clarification as to how the £750,000 had been arrived at. The representative from Grant Thornton explained that materiality for the audit of the financial statements had been set at £750,000 which was approximately 2% of the Council's gross revenue expenditure; a lower threshold of £37,000 had been set for reporting of errors, i.e. anything above that would be reported to the Committee, as that was material in her view. It was noted that Tewkesbury Borough Council was at the lower end of the risk profile. The Member went on to indicate that it was his understanding that Grant Thornton had a high level of confidence that, if the financial statements were mis-stated by more than £750,000, this would be identified through testing but he pointed out that it could be mis-stated up to that level and that would not necessarily be picked up. In response, the representative from Grant Thornton advised that a statistical sample did not include anything below £750,000 which was why additional sampling was undertaken behind the scenes and it was the cumulative impact of all errors which was assessed against the level of tolerance. In response to a query, the representative from Grant Thornton confirmed that materiality was set at an appropriate level for a local authority of Tewkesbury Borough Council's size; this was generally kept as simple as possible i.e. as a percentage of overall spend.
- 26.3 It was
- RESOLVED** That the Grant Thornton Annual Audit Letter 2018/19 be **NOTED**.

A&G.27 ANNUAL HEALTH AND SAFETY REPORT

- 27.1 The report of the Head of Community Services, circulated at Pages No. 51- 69, provided a summary of the activities carried out to secure health and safety compliance in the financial year 2018/19. Members were asked to consider the report.
- 27.2 The Head of Community Services advised that the health and safety report was presented to the Committee on an annual basis to allow Members to consider health and safety arrangements across the organisation and those of its contractors and partners. Health and safety and wellbeing was managed via the Keep Safe, Stay Healthy Group which was chaired by the Deputy Chief Executive and attended by senior managers as well as the Lead Member for Organisational Development. The report itself, attached at Appendix 1, was both backward and forward looking with key achievements from the last 12 months highlighted at Page No. 59 and a summary of the good work that had been done throughout the year set out at Page No. 60 which included a considerable amount of training. There were a number of policies/procedures related to health and safety and it was noted that these were reviewed on a rolling three year programme. Members were reminded that health and safety was not just about the physical aspects, mental wellbeing was an

important consideration and a significant amount of work had been carried out with HR in relation to that which would continue over the coming year. The Council also had a duty to monitor health and safety of contractors, particularly the larger ones such as the leisure centre and Ubico which were highest risk. Ubico had recently achieved the Occupational Health and Safety standard ISO45001 which provided a framework for organisations to instigate proper and effective management of health and safety in the workplace. It was noted that the Council was also responsible for the management and monitoring of the Materials Recovery Facility contract with Suez Resource and Recovery Ltd. which was based in Avonmouth. The Health and Safety Work Plan for 2019/20 was attached at Pages No. 67-69 of the report.

27.3 A Member noted there had been a spike in the number of personal accidents/incidents relating to waste, street cleansing and grounds maintenance in December 2018 and he asked if this was weather-related and how it compared to previous years. The Head of Community Services explained that, unfortunately, Ubico had not been monitoring health and safety as well as it should have been and had reported only four accidents during 2018/19 which was highly likely to be an under-estimate purely due to the nature of the service; he gave assurance Officers were confident that had now been addressed and accurate figures would be provided for 2019/20. The Chair felt that the majority of information within the report was encouraging and he made particular reference to the positive reactions to the way staff had responded to an incident which had been subject to RIDDOR reporting (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013). Staff health and wellbeing, particularly in terms of mental health, was a very important issue for the Council and he was pleased that awareness was being raised and that staff were engaged.

27.4 Accordingly, it was

RESOLVED That the annual health and safety report be **NOTED**.

A&G.28 CORPORATE RISK REGISTER

28.1 The report of the Head of Corporate Services, circulated at Pages No. 70-90, asked Members to consider the risks contained within the corporate risk register and assurance that the risks were being effectively managed.

28.2 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 score – the proposed risk score by applying future controls if the current risk score was deemed to be too high. The register was used to inform the Internal Audit Plan as risks were followed-up to give the Committee assurance that controls were in place and working effectively. It was presented to the Corporate Management Team on a monthly basis and further reviewed by the Corporate Governance Group. The register was attached at Appendix 1 to the report; it was noted that each risk had a designated owner who was accountable for the risk and a comments box to update Members. The key actions arising since the register was last presented to the Committee in July were set out at Page No. 72, Paragraph 3.1 of the report. With regard to Ref. 3 – Cyber Security, Members were advised that awareness training had been arranged for Members in October, the Executive Committee had recently approved a new two year post within the IT team and a new firewall was being procured. In terms of Ref. 7 – Waste Partnership, it was noted that a Depot Services Working Group had been established by the Overview and Scrutiny Committee with the intention of dealing with all Ubico issues in one place and these meetings would be attended by the Lead Member and the Chair of Audit and Governance Committee. With respect to Ref. 8 – Asset Management, Members were informed that the

refurbishment of the vacant ground floor space at the rear of the west wing was now complete and being occupied by the County Council which had signed a new long term lease for all areas of occupation within the Public Services Centre. It was noted that Ref. 6 – Emergency Planning and Ref. 13 – Fraud and Corruption had both been added to the corporate risk register as part of the work undertaken during the last quarter. The findings of the emergency planning audit were contained within the Internal Audit Monitoring Report which was the next item on the Agenda. In terms of emergency planning, whilst there was confidence that the Council was fulfilling its duties, it was recommended that a training programme be formalised and properly documented and a schedule of test exercises carried out. In addition, it was considered that all members of the response team should be provided with a mobile telephone and the Resilience Direct network should be reviewed to ensure that all documentation was up-to-date. The risk assessment update was presented to the Emergency Planning Team Leader meeting every quarter and it was recommended that each Team Leader should provide feedback to their teams, for example, the Head of Corporate Services advised that he headed up the co-ordination team which set-up the IT room in the event of an emergency and he should be accountable for that as opposed to the District Emergency Planning Liaison Officer (DEPLO). There were also recommendations around updating job descriptions to reflect emergency planning requirements in order to address inconsistencies which had been identified. Overall, it was considered there was a satisfactory level of control within the systems audited.

- 28.3 In response to a query regarding the type of emergencies which may require these arrangements to be put into effect, the Head of Community Services indicated that flooding was an obvious one for the borough and Officers were well versed in how to respond to that particular emergency; however, there were other “rising-tide” events, such as Brexit which the county had been preparing for via the Local Resilience Forum over the past year. The other significant emergency event which had occurred since he had worked at the authority was the water supply outage in December 2017 when 10,000 properties within the borough had been left without water for up to 72 hours; in addition, there had been an incident with a fire in Brockworth which, although not a major emergency, had required a similar reaction from Officers. A Member recognised that Tewkesbury Borough Council had its own plans in place but he questioned what happened if the Council Office building was compromised, how the Council interacted with other partners, such as the Police and Fire Service, and whether someone stepped in to perform a liaison role to ensure there was a co-ordinated response. The Head of Community Services confirmed that Tewkesbury Borough Council had a business continuity plan in the event that the building was inaccessible etc. The Local Resilience Forum met twice a month and there were currently strategic and tactical groups looking at Brexit – in the run up to 31 October, when the United Kingdom was due to leave the European Union, meetings would take place daily. A lot of information was fed up to COBRA, the government’s emergency committee, and in the event of a major incident being declared by a single agency, all other Local Resilience Forum agencies would be notified in accordance with Operation Link and, within hours, the DEPLO would be engaged in a teleconference or face to face meeting to discuss that emergency. In response to a query regarding Brexit, Members were informed that the biggest risk for the Council was a concurrent event, for example, if there was a flood event and the Police had been deployed to another part of the country as they were obliged to provide mutual aid to other authorities. A Member queried where the rest centres were located within the borough as this had been unclear when trying to provide a safe place for the families affected by the recent fire in Brockworth who had ultimately been taken to the community centre. The Head of Community Services explained that there were a variety of rest centres across the borough and he undertook to let Members know their locations following the meeting. In terms of the fire in Brockworth, he provided assurance that everyone had been accommodated very quickly - before anyone from the Council had arrived on the

scene - but it was likely that the community centre was the rest centre location in that area which was why the families had been taken there. He also pointed out that a rolling programme was in place to work with Parishes to ensure they had emergency plans so this would include Brockworth at some point. The Head of Corporate Services confirmed that there was a debrief following every emergency event and there were always lessons to be learnt from each incident. The Chair felt that the audit demonstrated how much emergency planning had progressed since the flooding in 2007 and he was amazed at the work that had been done.

28.4 The Head of Corporate Services went on to draw attention to Page No. 87 of the report which related to the risk around the Council's fraud and corruption framework and he advised that an audit had been undertaken to assess whether this was robust. Audit testing had concluded that there were appropriate mitigating controls on the policy framework and there was an action to regularly review key policies such as the Counter Fraud and Anti-Corruption Policy which had been considered earlier in the meeting. He indicated that Tewkesbury Borough Council was a fairly low risk authority due to the nature of its services, for instance, it did not have its own housing stock, Ubico was responsible for depot services and the leisure centre had transferred to Places for People; nevertheless, it was always important to be alert in terms of potential areas of risk. It was noted that there was an additional risk around the Ashchurch bridge project which was likely to be included in the corporate risk register in the next quarter. Members were advised that all risks would be picked up by the Internal Audit team and audits would be undertaken at appropriate points in order to add value; all key risks were monitored and managed to ensure key milestones were reached and the relevant governance was in place to deliver at the correct time.

28.5 Having considered the information provided, it was

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

A&G.29 INTERNAL AUDIT PLAN MONITORING REPORT

29.1 The report of the Head of Corporate Services, circulated at Pages No. 91-112, 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 internal controls operating in the systems audited.

29.2 The Head of Corporate Services advised that the full details of the audits undertaken were attached at Appendix 1 to the report and two of those - emergency planning and the fraud and corruption framework - had already been discussed under the previous Agenda Item. A list of audit recommendations that were due to be followed-up could be found at Appendix 2 to the report; of the 24 recommendations, 10 had been implemented, 11 partially implemented and three were yet to be implemented. It was noted that revised implementation dates had been agreed for those recommendations which were partially, or yet to be, implemented.

29.3 With regard to the debtors audit, Members were informed that the key financial systems were always well managed and resulted in good opinions which was reflected in the external auditors' reports. There was a good level of assurance that invoices raised were correctly coded and that systems were properly reconciled with regular updates to budget holders. An audit had also been carried out in relation to the serious and organised crime framework; whilst Tewkesbury Borough was a low risk area, this was a serious problem which cost the UK more than £24 billion per year. Whilst there was a satisfactory level of assurance that hackney carriage and private hire driver licensing processes gave consideration to the serious and

organised crime framework, there were procedural issues which could be sharpened up, for example, all renewal applications were verified by two Officers and it was recommended that those checks were demonstrated on the software system to show the separation of duties. The second recommendation related to Disclosure and Barring Service (DSB) checks which were not consistently demonstrated for operator applications. In addition, the data filled in on the system needed to be enhanced to demonstrate that safeguarding training had been completed by all licensed drivers in accordance with policy which required this to be undertaken within six months of the licence being granted. It was also recommended that a regular sample check of hackney carriage and private hire driver, vehicle and operator licences should be undertaken to ensure that all information had been accurately recorded into the software system and that all procedures were being followed correctly. It was noted that the Council's Constitution delegated the granting of a licence to the Licensing Officer with any potential refusal to be submitted to the Licensing Sub-Committee for determination; however, in 2018, two refused applications had not been submitted to a Licensing Sub-Committee so the recommendation around spot-checks should ensure a consistent approach in future. With regard to revoking a licence, the Senior Licensing Officer had indicated that this was rare with only three recorded between 2007 and 2012; notwithstanding this, the reasons for the revocations had not been recorded and that was expected as good practice. In terms of enforcement, the licensing policy was currently being reviewed and the Senior Licensing Officer had advised that one of the proposed changes was to introduce a 'three strikes' system whereby complaints and breaches of conditions would result in the imposition of a 'strike' – on reaching three strikes within a given period, the driver would be referred to a Licensing Sub-Committee for a review of their licence. The final recommendation was around demonstrating that complaints around drivers were processed and linked to the licence rather than held centrally. The Head of Corporate Services advised that the Senior Licensing Officer had joined the authority fairly recently and was currently addressing these legacy issues so it was hoped that the follow-up audit would be positive. A Member questioned whether Officers actually met the hackney carriage and private hire drivers to ensure they were who they purported to be and the Head of Community Services confirmed that Officers controlled the application process, which included a DBS check, and tended to see the applicants face to face as part of that to check their paperwork. He gave assurance that, once a licence had been granted, enforcement action could be taken at any time if an incident was brought to Officers' attention.

- 29.4 With regard to Appendix 2, a Member drew attention to Page No. 110 of the report which stated that a risk assessment of licensed premises should be carried out in accordance with the Council's statement of licensing policy and sought clarification as to what that meant. The Head of Community Services explained that, whilst it was not a requirement for licensed premises to be risk-rated, it was considered good practice – there were no high risk premises within the borough, e.g. nightclubs, but public protection was a licensing objective so it was intended to come up with an inspection programme to ensure that all premises were complying with their licences. In response to a query, Members were informed that, historically, there had not been an inspection programme in place but a commitment had been made to the Licensing Committee that this was to be implemented now that the Senior Licensing Officer was in post.
- 29.5 A Member noted that two recommendations arising from the bulky waste audit were still outstanding despite the implementation dates having been changed at least twice and he sought an explanation as to the reasons why. The Head of Community Services advised that the timescales that had originally been agreed for these particular recommendations were very ambitious and, although Officers had tried to move forward as quickly as possible, there had been a number of audits of services within his area over the year which had inevitably impacted on resources.

Pages No. 112 and 113 of the report detailed three recommendations arising from the Ubico audit and he considered the one in relation to budget monitoring of the Ubico contract was the most important so that had taken priority and had now been implemented. Nevertheless, he stressed that all of the work would be done and he would work through the outstanding recommendations accordingly. In terms of bulky waste specifically, he confirmed that the review was progressing well. In response to a query as to who set the implementation dates for the recommendations, the Head of Community Services advised that these were agreed with Internal Audit but he recognised they needed to be more realistic. The Head of Corporate Services explained that the bulky waste service had not been reviewed for a number of years which was the reason for the recommendation. There had been recognition of the fact that there was a lack of capacity within the organisation around project management with only one Officer whose main focus had been garden waste; however, that system was now in place and 'business as usual' so that Officer would now be leading on a full review of the bulky waste service.

- 29.6 A Member drew attention to Page No. 109 of the report and asked for an explanation on the ICT PSN Submission and ICT Environmental Controls. The Head of Corporate Services explained that this was an annual exercise carried out by the IT team; it was noted that Tewkesbury Borough Council was usually compliant at the first time of asking whereas many other Councils were not. The recommendation related to reviewing two key policies but he stressed that this did not mean that the Council was not currently complying but was simply down to resources - he pointed out that a new IT Manager had been appointed during the year and the team had been required to carry out a lot of work such as installation of a new firewall. He clarified that, if actions did slip, the Committee had the right to call-in the responsible officer to gain assurance that they were feasible and it was noted that outstanding actions were also discussed at Management Team. The Senior Internal Auditor advised that recommendations were prioritised into low, medium and high priority and she suggested that Members focus on the medium and high priorities if they intended to call Officers in to a future meeting.
- 29.7 A Member commented that it seemed as if only one thing could be done at a time and he questioned whether there was a programme in place. The Head of Corporate Services explained that the Council had a new commercial strategy which focused on new income areas and improving services within the limited capacity available in the authority and a paper was being compiled with the intention of bringing in additional resources on project management and digital expertise to drive the process forward. He advised that the Garden Waste audit carried out three years earlier had been significant as it had revealed that bins were being collected which had not been paid for and had resulted in the introduction of the new stickering system – this was a significant project and it had taken 18 months to move to a new annual renewal date. He pointed out that bulky waste and trade waste both fitted with the commercial agenda and the latter was a priority in the Council Plan. In addition, there was more work to do on service improvement e.g. digital programme, streamlining services – this was done via Transform Working Group.
- 29.8 Having considered the information provided, it was
RESOLVED That the Internal Audit Monitoring Report be **NOTED**.

A&G.30 INTERNAL AUDIT SIX MONTH PLAN 2019/20

- 30.1 The report of the Head of Corporate Services, circulated at Pages No. 113-118, set out the proposed Internal Audit Plan for October 2019 to March 2020. Members were asked to approve the six month plan as set out at Appendix 1 to the report.
- 30.2 The Head of Corporate Services advised that a six month work plan had been introduced following a recommendation arising from the independent peer review; a six month plan was more flexible than a 12 month plan and allowed the Internal Audit team to progress the organisation. The plan for October 2019 to March 2020 provided a total of 172 productive days and would cover: governance related activity; corporate risk register; corporate improvement; financial systems; and, service area related activity. Days had been specifically allocated to risk management following a recommendation arising from an external assessment; the serious and organised crime framework which had been recommended by the Home Office; complaints which had been discussed at the Overview and Scrutiny Committee meeting the previous week; and, data quality. In terms of finance, as well as service related debt recovery, the Head of Finance and Asset Management had requested that an audit be carried out on commercial credit cards. It was noted that 20 days had been allocated for corporate improvement and 20 days for the corporate risk register. A number of days had also been set aside for ongoing work to implement the team's Quality Assurance and Improvement Programme which included the peer review of individual audit assignments and supporting documentation. Follow-up reviews were an important aspect of internal audit work and 15 days had been allocated for this purpose in the six month period. In addition, the Internal Audit team also provided consultancy and advice and sat on various corporate groups such as the Procurement Group, Keep Safe Stay Healthy Group and Programme Board with days allocated in the plan accordingly.
- 30.3 The Chair suggested it may be beneficial to hold a workshop for the Committee to discuss items that they might like to see included in the six month plan. The Head of Corporate Services advised that the Internal Audit team had run a workshop previously to demonstrate the work that went into an audit and it may be useful to repeat this for new Members. A Member suggested that this could be held prior to the next Committee meeting in December as he had some specific questions and it would be useful to have an opportunity to raise them outside of a meeting environment and to have some general discussions to share ideas. It was subsequently

RESOLVED

1. That the Internal Audit Six Month Plan 2019/20 be **NOTED**.
2. That a workshop be arranged to take place prior to the next meeting of the Audit and Governance Committee in December to gain a better understanding of audit processes and procedures and to allow Members to ask specific questions and share ideas as to what might be included in the internal audit plan in future.

The meeting closed at 3:28 pm

AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

<p><u>Addition to 22 January 2020</u></p> <ul style="list-style-type: none"> Revised Whistleblowing Policy <p><u>Deletion from 22 January 2020</u></p> <ul style="list-style-type: none"> External Auditor's Certification Year End Letter March 2019 – results incorporated into Progress Report so separate report not needed. Local Authority Serious and Organised Crime Checklist – moved to 25 March 2020.

Committee Date: 25 March 2020			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Certification Year End Letter March 2019	To consider the certification year-end letter March 2019.	External Auditors.	No. Included in the Progress Report being taken to the meeting on 22 January 2020.
Food Standards Agency Audit	To consider the findings of the Food Standards Agency.	Head of Community Services	No.
Local Authority Serious and Organised Crime Checklist	To consider progress made against the action plan.	Head of Finance and Asset Management / Counter Fraud.	Yes – due to be taken to the meeting on 22 January 2020.
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.

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Agenda Item 5

NB – Changes from previous work programme highlighted in bold

Committee Date: 25 March 2020

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

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NB – Changes from previous work programme highlighted in bold

Committee Date: July 2020			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
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.

Committee Date: July 2020			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
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.
Internal Audit Quality Assurance and Improvement Programme	To consider the annual update on the Internal Audit Quality Assurance and Improvement Programme.	Head of Corporate Services.	No – as agreed at the Audit and Governance Committee meeting on 24 July 2019.
Money Laundering Policy	To consider the policy and recommend to Executive Committee that it be approved.	Head of Finance and Asset Management	No.

Committee Date: September 2020			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
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.

Committee Date: December 2020			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Local Authority Serious and Organised Crime Checklist	To consider progress made against the action plan.	Head of Finance and Asset Management / Counter Fraud.	No. – check with Graeme if this is annual.
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.
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.

Committee Date: December 2020			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Corporate Risk Register	To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	Head of Corporate Services.	No.

OTHER ITEMS			
Agenda Item	Overview of Agenda Item	Lead Officer	Comments

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	22 January 2020
Subject:	Counter Fraud Unit Report
Report of:	Head of Finance and Asset Management
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	1

Executive Summary:

To provide the Audit and Governance Committee with assurance over the counter fraud activities of the Council.

Work plans are presented to the Audit and Governance Committee detailing progress and results for consideration and comment as the body charged with governance in this area.

The Counter Fraud Unit will continue to provide Audit and Governance Committee with direct updates bi-annually, for Tewkesbury Borough Council this will be at the July and December meetings.

Recommendation:

To CONSIDER the six monthly update from the Counter Fraud Unit.

Reasons for Recommendation:

The Audit and Governance Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.

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:

The report details financial savings generated by the Counter Fraud Unit.

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 Counter Fraud Unit adheres to the appropriate legislation when conducting work on behalf of the Council and other partners.

Risk Management Implications:

The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds. The Counter Fraud Unit provides assurance in this area.

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:

Regular updates are provided by the Counter Fraud Manager to the Head of Finance and Asset Management and the Head of Corporate Services. Bi-annual reports in relation to counter fraud work will be made to the Audit and Governance Committee.

Internal Audit and the Counter Fraud Unit have a formalised protocol and now meet quarterly to review the current work plan and assess any areas of risk.

Policy documentation will be presented when required to the Management Team.

Environmental Implications:

Not applicable.

1.0 INTRODUCTION/BACKGROUND

- 1.1 The Audit and Governance Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
 - 1.2 Work plans for 2019/20 have been agreed with the Chief Finance Officer and Corporate Management and work is underway. The Audit and Governance Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 2.0 WORK PLAN 2019/20**
- 2.1 Attached at Appendix 1 is a copy of the work plan for 2019/20.
 - 2.2 One of the key tasks has been assisting the Revenues and Benefits Team with the National Fraud Initiative Data Matches. A review of incorrectly claimed single person discounts has been completed and account update requests have been issued to the team for action. Where appropriate recommendations for a Civil Penalty have also been issued. Results will be reported within the next Counter Fraud Unit update.

2.3 In addition to Appendix 1, as a dedicated investigatory support service, the Counter Fraud Unit undertakes a wide range of enforcement work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/Member fraud and corruption, or tenancy and housing fraud investigation work. During quarters 2 and 3:

- The Counter Fraud Unit has been tasked with undertaking the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and are the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations. The team received nine referrals and closed eight cases. This has resulted in five Civil Penalty recommendations totalling £290 being made and three Criminal Penalties totalling £2,302 being applied. Additionally three individuals have been prosecuted; all parties pleaded guilty. Two were sentenced to a 12 month community order for 150 hours unpaid work and were ordered to pay £85 costs and the third individual received a £100 fine and was ordered to pay £445 costs. Incorrectly paid Council Tax Support totalling £6,483 and Housing Benefit overpayments totalling £11,079 have been calculated.
- Further to the recommencement of joint working with the DWP to enable a joined-up approach to investigation and sanction of cases involving Housing Benefit and Council Tax Reduction, the team has processed 58 enquiries for the DWP, referred nine cases and has received three requests for joint working from the DWP.

3.0 OTHER OPTIONS CONSIDERED

3.1 None

4.0 CONSULTATION

4.1 Work plans for 2019/20 have been agreed with the Head of Finance and Asset Management and the Head of Corporate Services.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Counter Fraud and Anti-Corruption Policy.
Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None

7.0 RESOURCE IMPLICATIONS (Human/Property)

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

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

8.1 This is a positive example of joint working across the county. The existence of counter fraud activity acts as a deterrent to the abuse of public funds which impacts positively on the economy and local demographic.

- 9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 9.1** The service is shared across the county, as such, overheads and management costs are also shared equally meaning there is increased value for money.
- 10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 10.1** Counter Fraud and Anti-Corruption Policy approved at Executive Committee in October 2019.

Background Papers: Report to Council January 2017; Counter Fraud Unit Business Case.

Contact Officer: Counter Fraud Unit Manager
01285 623356

Appendices: Appendix 1 - Work Plan 2019/20

Department / Contact	Task	Dates / Notes
Corporate / Strategy	Delivery of two reports for Audit and Risk Committee	July and January
Corporate / Strategy	RIPA / IPA Coordinator Role - Review of Policies / annual report to Members / advisory role for staff	One Legal to take forward. Policy continuity to be discussed with Governance Group
Corporate / Strategy	Home Office Serious and Organised Crime Checklist and accompanying work plan	Complete – Training delivered to staff November / December
Corporate / Strategy	Home Office Bribery and Corruption Assessment Template and accompanying work plan	Q4 – To include SOC Audit Rec LPC1 R3
Corporate / Strategy	Staff and Member Fraud Awareness Sessions	Member Session complete October. Q4 for new starters
Corporate / Strategy	Development / Review of Fraud Response Plan	Q4 SOC Consideration
Corporate / Strategy	Review Corporate Risk Register / Identify Service Area Fraud Risks	Q4 – service specific risks to be considered in 20/21 work plan
Corporate / Strategy	Development of fraud awareness literature for staff and members	Draft issued
Corporate / Strategy	Development of Right to Buy / debt recovery process	Q4
Corporate / Strategy	Development of work with Planning / Public Protection Enforcement & Enforcement Officer training	
Corporate / Strategy	Collation and Publication of Fraud Transparency Data	Complete November
Procurement	Review of procurement and contract strategy	To include SOC Audit Detail re Procurement
Procurement	Supplier Payment Review	Testing complete, report to be issued Q4
Internal Audit / HR	Policy and Procedure: Staff Declarations of Interest / Conflicts of Interest	Draft issued to Governance Group (SOC Audit Rec OP2 R8)
Internal Audit / HR	Review of HR Recruitment and Vetting Policy and Procedures	Q4 - To include SOC Audit Rec OP1 R4
Internal Audit / HR	Review of the Gifts and Hospitality Policy and Procedure	Draft issued to Governance Group

Department / Contact	Task	Dates / Notes
Policy	Drafting / consultation / adoption of Corporate Enforcement Policy	Draft reissued to One Legal
Policy	Drafting / consultation / adoption of Money Laundering Policy	Q4
Policy	Revision Whistle Blowing Policy	Consultation and review complete. To be presented to Audit and Governance Committee January 2020 / Executive Committee February 2020 (SOC Audit Rec SPE1 R9)
Revenues and Benefits	Housing Benefit Matching Service Referrals - triage and recommendations	Pending ICT solution
Revenues and Benefits	National Fraud Initiative (NFI) Data Match Review	Commenced / Single Person Discount matches reviewed pending results
Housing	Review of the Housing List and related NFI matches	Q4

SOC = Serious and Organised Crime

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	22 January 2020
Subject:	Whistleblowing Policy
Report of:	Head of Corporate Services
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	1

Executive Summary:

To present Audit and Governance Committee with an updated Whistle-Blowing Policy.

The Policy has been updated in accordance with the review period and reflects any legislative changes. The Policy details employer responsibilities to ensure that the Council protects staff who report or whistle-blow about any areas of concern within the Council and to safeguard those against whom allegations are made. 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.

Recommendation:

To RECOMMEND TO EXECUTIVE COMMITTEE that the updated Whistleblowing Policy be APPROVED.

Reasons for Recommendation:

To update and replace the existing Whistleblowing Policy to highlight key legislation and the roles and responsibilities of Members, Officers and other parties.

Resource Implications:

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

The support of the Whistleblowing 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:

The policy is set out to ensure the Council complies with and adheres to the legislation governing whistleblowing in the workplace meaning it is less susceptible to legal challenge.

Any breach of the policy or the revealing of the identity of someone that has made an anonymous disclosure could result in litigation action against the Council and a significant fine.

Risk Management Implications:

If the Council does not have effective Whistleblowing Policy and procedures it puts staff and its reputation at risk. The Council must fulfil its legal obligations in relation to whistleblowing arrangements.

Without an appropriate policy in place, the Council is unable to take effective and efficient measures to ensure staff are protected when making allegations of wrongdoing and that staff are protected from vexatious allegations.

Performance Management Follow-up:

None directly arising from this report. The Counter Fraud Unit will review and amend the Policy as necessary in consultation with Human Resources and the Head of Corporate Services.

Environmental Implications:

None directly arising from this report.

1.0 INTRODUCTION/BACKGROUND

1.1 The Council's existing Whistleblowing Policy was developed to reflect:

- i. latest legislation; and
- ii. the changes following the creation of the Counter Fraud Unit Partnership.

The policy is attached at Appendix 1.

1.2 It is recommended good practice that the policy is updated at least every few years and, in line with this, it has been reviewed.

1.3 The Policy was reviewed by Officers in One Legal, Human Resources and the Counter Fraud Unit.

1.4 All referrals received by the Counter Fraud Unit must be dealt with in the correct manner adhering to regulations, legislation and guidance. This includes internal alerts of wrongdoing which must adhere to whistle-blowing legislation.

1.5 In advance of the policy being approved, the Counter Fraud Unit has run awareness sessions for staff; to date, nearly 100 staff have attended with 'mop up' sessions to follow. Whistleblowing was also included within a session for Members.

2.0 UPDATED POLICY

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

2.2 If an individual is considering raising a concern, the policy will enable them to understand the type of issues which can be raised, how the person raising a concern will be protected from victimisation and harassment, how to raise a concern and what the Council will do as a consequence of the report.

2.3 In administering its responsibilities this Council has a duty to protect staff members who choose to alert the authority to wrong doing and to protect employees against whom vexatious allegations are made.

- 2.4** The Council has a responsibility to prevent wrong doing within the authority by promoting high ethical standards and encouraging the exposure of any abuse, thus supporting corporate and community plans. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.
- 2.5** The Audit Committee last considered the policy in September 2016 when it replaced the existing policy.
- 3.0 OTHER OPTIONS CONSIDERED**
- 3.1** None
- 4.0 CONSULTATION**
- 4.1** The policy has been reviewed and agreed by the Head of Corporate Services, Human Resources and One Legal.
- 5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**
- 5.1** Whistleblowing Policy September 2016.
Counter Fraud and Anti-Corruption Policy August 2019
Anti-Bullying and Harrassment Policy
Disciplinary and Grievance Procedures
Financial and Contract Rules
Codes of Conduct
Constitution
- 6.0 RELEVANT GOVERNMENT POLICIES**
- 6.1** Whistleblowing is embedded in the Employment Rights Act 1966 (as amended by the Public Interest Disclosure Act 1998). This legislates that an employee has the right to take a case to an employment tribunal if they have been victimised at work or lost their job as a consequence of 'blowing the whistle'.
- 7.0 RESOURCE IMPLICATIONS (Human/Property)**
- 7.1** Council staff are in the process of being made aware of the updated policy including a programme to ensure this awareness is maintained.
- 7.2** Council staff including the Counter Fraud Unit will work closely with Human Resources on any issues relating to staff investigations.
- 8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 8.1** None
- 9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 9.1** The policy reflects appropriate ethical considerations and human rights.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

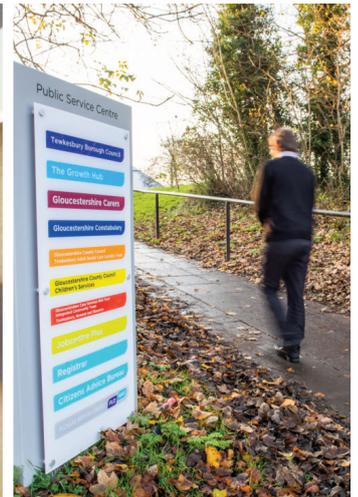
10.1 Whistleblowing Policy approved at Executive Committee in October 2016.

Background Papers: Whistle-Blowing Policy September 2016

Contact Officer: Counter Fraud Manager
01285 623356

Appendices: Appendix 1 – Whistleblowing Policy January 2020

Whistleblowing Policy



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1. INTRODUCTION AND PURPOSE OF THE POLICY

1.1. Staff are often the first to realise that there may be something of concern occurring within the council. Usually any issues can be resolved swiftly and satisfactorily. However, when these concerns relate to more serious matters, staff may be discouraged from expressing their concerns or whistleblowing.

1.2. Whistleblowing is the term used when an employee passes on information concerning wrongdoing. This can also be called 'making a disclosure' or 'blowing the whistle'. Typically (although, not always) the wrongdoing will be something that the employee has witnessed at work.

1.3. Staff may feel disloyal and may fear victimisation or harassment. In such circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. However, any person raising a concern is protected in law.

1.4. Whistleblowing law is embedded in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998). This legislates that an employee has the right to take a case to an employment tribunal if they have been victimised at work or lost their job as a consequence of blowing the whistle.

1.5. To be covered by this law, an employee who makes a disclosure must reasonably believe two things:

- That they are acting in the public interest - therefore personal grievances and complaints are not ordinarily covered by whistleblowing law.
- That the disclosure of information indicates past, present or future wrongdoing within the following categories:
 - (a) criminal offences which may include financial impropriety such as fraud.
 - (b) failure to comply with legal obligations.
 - (c) miscarriages of justice.
 - (d) endangering another person's health and safety.
 - (e) damage to the environment.
 - (f) covering up any wrongdoing in any of the above.

1.6. Staff are not prevented from making disclosures in the public interest by 'gagging clauses' in settlement or compromise agreements.

1.7. The council is now part of various shared service arrangements and it is important that there is clear guidance for anyone wishing to raise an issue. This policy applies to all staff of the council, and to individuals working within the organisation who are not staff (e.g. contractors, agency staff, volunteers, councillors, staff of associated employers etc.)

1.8. The council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we wish to encourage staff and others with serious concerns about any aspect of the council's work to come forward and voice them without fear of reprisal.

1.9. This policy is intended to encourage and enable staff to make disclosures at an early stage, rather than waiting. Staff are also encouraged to raise any issues internally with the council first rather than raising it outside of the organisation. If issues are raised externally in the first instance you may weaken the protection given to you under the Public Interest Disclosure Act 1998.

1.10. This policy also seeks to ensure concerns are raised in the right way and seeks to protect those staff members, against whom complaints are made, from malicious allegations. The council has a duty to investigate all reports of irregularity. This does not mean that the organisation supports the allegation.

1.11. This policy should be read if you are considering raising a concern to provide clarification in relation to the following:

- The type of issues which can be raised.
- How the person raising a concern will be protected from victimisation and harassment.
- How to raise a concern.
- What the council will do as a consequence of the report.

1.12. This policy has been agreed with any relevant trade unions or non-union representatives.

2. AIMS AND SCOPE OF THE POLICY

2.1. This policy aims to:

- Encourage staff to raise serious concerns at the earliest opportunity and to question and act upon concerns about practice.
- Encourage staff to be watchful for illegal or unethical conduct and report anything of that nature that they become aware of. Everyone should be aware of the importance of preventing and eliminating wrongdoing at work.
- Ensure all reported allegations are treated in absolute confidence, with every effort made by the council not to reveal a whistle-blower's identity if they so wish. However, it may be necessary for the whistle-blower to become an identified witness at an appropriate time, particularly if it has not been possible to substantiate the allegation by other means. The implications of this and the appropriate support/protection arrangements will be discussed with the whistle-blower. This is detailed at Part 3; Employee Safeguards and Assurances.
- Ensure all reported allegations are treated fairly, ethically and consistently.
- Provide a robust procedure and ensure any matter raised under this procedure will be investigated thoroughly, promptly and confidentially, and the outcome of the investigation reported back to the employee who raised the issue, as appropriate.
- Provide reassurance for those acting in good faith that they will be protected from possible reprisals or victimisation. This means that the continued employment and opportunities for future promotion or training of the employee will not be prejudiced because he or she has raised a legitimate concern. Victimisation of an employee for raising a qualified disclosure is a disciplinary offence.

- If misconduct is discovered as a result of any investigation under this procedure, the council's disciplinary procedure will be used, in addition to any other appropriate measures. This could include internal criminal investigation and appropriate further action.
- Allow whistle-blowers to raise concerns and proceed further if they are dissatisfied with the council's response. It should be recognised that certain cases will have to proceed on a confidential basis and that feedback will be limited due to legal constraints.

2.2. This policy is not a substitute for the council's other policies and procedures on such matters as personal grievances, bullying and harassment, health and safety, safeguarding issues (children and/or adults) or complaints. It should also not be used to raise matters relating to an employee's own terms and conditions of service.

2.3. There are existing procedures in place to enable staff to lodge a grievance relating to their own employment. This process does not form part of this policy. For further guidance on whistleblowing and grievances, staff can contact the Advisory, Conciliation and Arbitration Service (ACAS) at www.acas.org.uk/grievances.

2.4. If a member of the public has a concern about any service they have been provided by the council then this should be raised as a complaint. There are existing procedures in place which relate to this. However, if that concern relates to malpractice by a member of staff, then they should be directed to the Human Resources Manager at the earliest

opportunity.

2.5. If a member of the public has concerns relating to malpractice by a councillor, then they should be directed to Democratic Services or the Monitoring Officer at the earliest opportunity.

2.6. Making malicious, vexatious or false allegations will not be tolerated and is a disciplinary offence. If a person makes an allegation in good faith and reasonably believes it to be true, but it is not confirmed by the investigation, the council will recognise your concern. However, if a person makes an allegation frivolously, maliciously or for personal gain, appropriate action, which could include disciplinary proceedings, may be taken.

2.7. An instruction to cover up wrongdoing is itself a disciplinary offence. If told not to raise or pursue any concern, even by a person in authority such as a manager, staff should not agree to remain silent and should report the matter at the earliest opportunity.

2.8. This policy and procedure is primarily for issues where the interests of others or of the organisation itself are at risk. That issue may be one of the following (although this list is not exhaustive). The following are examples of concerns that might be raised:

- Financial irregularities including fraud, corruption or unauthorised use of public funds or other assets.
- Conduct which is against the law, a miscarriage of justice or a failure to meet a legal obligation.
- Failure to observe health and safety regulations, or actions which involve risks to

the public or other staff.

- Damage to the environment.
- A criminal offence being committed.
- Claiming benefits and/or expenses to which there is no entitlement.
- The conduct of contractors and/or suppliers to the council.
- Sexual, racial, disability or other discrimination.
- Neglect or abuse; physical or verbal.
- Any other unethical conduct, malpractice, negligent or unprofessional behaviour.
- Discriminatory acts not specifically covered by other procedures.
- Concealment of any of the above.

3. EMPLOYEE SAFEGUARDS AND ASSURANCES

3.1. Harassment or victimisation

3.2. The council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice.

3.3. The council will not tolerate harassment or victimisation in any form of anyone raising a legitimate concern. Any employee who attempts at any stage to apply any retribution or detriment to a whistle-blower will face serious disciplinary charges.

3.4. The council will support and protect whistle-blowers who raise an issue in line with this policy, in accordance with the safeguards contained in the Public Interest Disclosure Act 1998. This legislation protects everyone from victimisation and dismissal when speaking out against corruption or malpractice at work.

3.5. Protection does not mean that if an employee is already the subject of disciplinary action or redundancy procedures that those procedures would cease or be suspended as a result of their whistleblowing.

3.6. It may be that the employee making the report is (or was) directly involved in the action now being raised. In such circumstances it is in the employee's own interest to come forward as soon as possible. The council cannot promise not to act against such an employee but the fact that they came forward may be taken into account.

3.7. Confidentiality and anonymity

3.8. All reports will be treated in the strictest of confidence and every effort will be made to protect, and not disclose, the identity of an informant if that is their wish. However, if disciplinary or other proceedings are an option as a result of the investigation it may not be possible to take any action without further assistance, in which case the informant may be asked to become an identified witness and provide a witness statement. It is possible that the identity of the informant will become obvious during the investigation. In addition there is a risk that some colleagues may speculate about the source of the original complaint.

3.9. The law does not compel an organisation to protect the confidentiality of a whistle-blower. However, it is considered best practice to do so unless required by law to disclose it.

3.10. Any requests for disclosure of information relating to or collected as part of any

whistleblowing complaint or investigation will be considered and determined in accordance with the relevant provisions of the Freedom of Information Act 2000 and Data Protection Regulations/Legislation.

3.11. At all times the informant will receive full support from the council. There will be a limited number of people aware of the investigation at any one time but there will always be a representative from Human Resources involved in the process.

3.12. This policy encourages a whistle-blower to put their name to an allegation. If you do not reveal your identity then you will not receive a response or feedback. It may also make the task of investigating the allegation and protecting the whistle-blower more difficult.

3.13. Concerns can of course be raised anonymously but are much less powerful. They can be considered at the discretion of the council. In exercising this discretion the factors taken into account would include:

- The seriousness of the allegation.
- The credibility of the concern.
- The likelihood of confirming the allegation from other sources.

3.14. Staff who whistle-blow can seek independent support from the charity called Protect. Details can be found here: www.protect-advice.org.uk

4. PROCEDURE

4.1. Raising a concern as an employee

4.2. Issues should normally be raised with the Human Resources Manager or a member of the Human Resources Team. A decision can then be made in relation to how the matter will be dealt with and who should be informed depending on the seriousness and sensitivity of the issues involved and who is suspected of wrongdoing. For all concerns raised, Human Resources will continually update the council's monitoring officer.

4.3. If the Human Resources staff are not available, staff may direct any concerns to Internal Audit or the Counter Fraud Unit.

4.4. Alternatively an employee can speak to their own manager, or someone they feel comfortable talking to. A third party may also attend any meetings for moral support. A whistle-blower may also wish to take advice from, or invite, a trade union or professional association to raise a matter on their behalf. Meetings may be held away from the workplace if necessary.

4.5. Raising a concern as an elected Member

4.6. If an elected Member has any concerns about the council's work, they should raise the matter directly with Democratic Services, the Chief Executive or the Monitoring Officer. In the case of financial irregularity, disclosure may be made to the Chief Finance Officer.

4.7. Raising a concern as a third party contractor, agency staff etc.

4.8. Concerns should be raised with the Human Resources Manager, the Chief Executive or the Monitoring Officer. In the case of financial

irregularity, disclosure may be made to the Chief Finance Officer.

4.9. Alternative reporting routes

4.10. There are a number of prescribed bodies and organisations who may be contacted if there is a reason not to raise the matter internally. Staff can find guidance using the link below which provides a comprehensive list with contact details.

www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies

4.11. The council would not ordinarily expect a whistle-blower to make disclosures to the media prior to raising the matter internally. If a person does approach the media with their concerns, the informant should expect in most cases to lose their whistleblowing law rights.

4.12. Process

4.13. Concerns may be raised by telephone, in person or in writing. The earlier the matter is raised, the easier it is to take action. A whistle-blower is asked to provide the nature of the concern and why they believe it to be true, background details giving names, dates and places where possible. An informant may be asked if they have any personal interest in the matter.

4.14. When raising an issue or making an allegation it is important that it is made clear that an informant is doing so as a whistle-blower to ensure they are dealt with correctly.

4.15. Although it is not expected that a person prove beyond doubt that the allegation is correct, it will need to be demonstrated that the allegation has been made in good faith and there are reasonable grounds for concern.

4.16. An informant should:

- Remain calm and not be flustered where possible.
- Make a note of the facts as soon as it is feasible to do so.
- Be specific with dates, times, locations, names etc.
- Deal with the matter promptly.
- Contact someone with the appropriate authority to deal with the matter.

4.17. An informant should not:

- Be reticent because they fear they are wrong.
- Approach, alert or confront the person they suspect of wrongdoing, directly themselves.
- Investigate personally – there are important rules of evidence which must be adhered to.
- Consult or discuss the matter with anyone other than those with the correct authority.
- Do nothing or leave it to someone else to report.

4.18. If approached by someone wishing to whistle-blow, a person should take full details and contact the Human Resources Manager or a member of the Human Resources Team to discuss the matter. It is imperative that staff do not undertake any kind of investigation or intelligence gathering exercise which could compromise the evidence.

4.19. It may be necessary for the Human Resources Manager (or other appropriate officer) to take a preliminary statement to gather more information to entirely understand the situation and nature of the allegation.

5. HOW THE COUNCIL WILL RESPOND

5.1. The action taken by the council will depend on the nature of the issue. The council will respond to your concerns as quickly as possible; please note that testing the concerns is not the same as accepting or rejecting them.

5.2. The overriding principle for the council will be the public interest. In order to be fair to all staff, including those who may be wrongly or mistakenly accused, initial independent enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. This decision will be made by the Human Resources Manager, the Chief Executive, the Monitoring Officer or the Chief Finance Officer. The matters raised may be:

- Investigated internally, either in accordance with internal policy and procedure or in line with criminal investigative regulations where appropriate. Whilst not all allegations will result in criminal action, this is an option open to the council and it is thus critical that the investigation is conducted in the appropriate manner. Evidence gathered as part of that investigation could form part of the disciplinary process whether or not criminal proceedings commence.
- Referred to the Police or other external enforcement agency such as the Health and Safety Executive, Environment Agency etc.

- Referred to the External Auditor.
- Form the subject of an independent enquiry.

5.3. Concerns or allegations which fall within the scope of existing procedures will normally be referred for consideration under those procedures. In some situations the matter may be resolved without the need for an investigation. Urgent and immediate action may be necessary where the security of relevant information is at risk or to protect the safety of staff.

5.4 If an investigation is appropriate, it may be necessary for this to be carried out under terms of strict confidentiality, i.e. by not informing the subject of the complaint until (or if) it becomes necessary to do so. However, in certain cases, such as allegations of ill treatment of others, suspension from work may have to be considered immediately. Protection of others is paramount in all cases.

5.5. Within ten working days of a concern being raised, the whistle-blower will receive the following in writing:

- Acknowledgement that the concern has been received.
- Confirmation of how the council proposes to deal with the matter.
- If an investigation is to take place, who will be conducting the investigation.
- If further investigation is not appropriate, the reasons why.
- Process information and staff support mechanisms.

5.6. Contact between the whistle-blower and the Officers considering the issues and/or conducting an investigation will depend on the

nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If the matter is on-going then feedback may be limited; if the matter is dealt with promptly then the whistle-blower will be advised on the outcome.

5.7. You need to be assured that your disclosure has been properly addressed. Unless there are any legal reasons why this cannot be done, you will be kept informed of the progress and outcome of any investigation.

5.8. Coordination of any investigation will be undertaken by a member of Human Resources with the authority to do so.

5.9. The investigation process is independent and will seek to determine whether an irregularity has been committed, and if so, by whom. The investigator will have the authority to access all necessary data and other resources pertinent to a full, fair and properly conducted investigation.

5.10. Once an investigation has been completed there are a number of potential outcomes including the following:

- No case to answer; case closed.
- Informal action.
- Formal action; disciplinary action and/or prosecution by the council. Suspension may also be appropriate.
- External referral to the Police and/or other body.

5.11. The council will do what it can to minimise any difficulties that you may experience as a result of raising a concern. For instance, if you are asked to give evidence in criminal or

disciplinary proceedings, the council will arrange for you to receive appropriate advice and support.

5.12. If a member of staff is dissatisfied with the conduct of an investigation, whether as the person under investigation, as the informant, or in any other involved capacity, a complaint may be raised with Human Resources who will ensure this is reviewed by a member of staff who is independent and who has not previously been involved in the investigation.

5.13. This policy does not prevent any person from taking external legal advice.

6. RESPONSIBILITIES

6.1. Managers should ensure all staff, including agency staff, consultants and contractors etc. are aware of and follow council policies and procedures. Managers should register any whistleblowing cases brought to their attention immediately with the Human Resources Manager and provide support to any employee making such a complaint.

6.2. Staff should be vigilant and raise any serious concerns about aspects of work or practices which affect the integrity of the council or safety of staff and/or the public.

6.3. Senior and Statutory Officers - Human Resources Manager, Chief Executive, Monitoring Officer, Head of Democratic Services and Chief Finance Officer will respond to whistleblowing submissions positively and within the timescales set out. The Chief Executive has overall responsibility for ensuring that the council adheres to this policy.

6.4. Human Resources will record and deal with any whistleblowing issues including the provision of any support and advice as required to include attendance at meetings as necessary.

8.2. Human Resources, the Counter Fraud Unit and the Head of Corporate Services will monitor the effectiveness of the policy and provide the necessary awareness sessions to staff.

7. FURTHER INFORMATION

7.1. Further information on council policy can be found in the following documents (or equivalent documentation codes) :

- The constitution.
- Code of conduct for staff and the councillors Code of conduct which include information in relation to gifts and hospitality and declaring and registering interests.
- Counter fraud and anti-corruption policy.
- Prosecution policy.
- Anti-money laundering and proceeds of crime policy.
- Recruitment and selection policy.
- RIPA procedure and guidance.
- Counter fraud and anti-corruption investigation procedures and guidelines.
- Financial rules.
- Contract rules or equivalent.
- Fair processing statement.
- Disciplinary and grievance procedures.

8. STRATEGY AND POLICY REVIEW

8.1. The Counter Fraud Unit and Human Resources 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. This will be undertaken annually, supported with a formal review every three years.



**Tewkesbury
Borough Council**

Mike Dawson

Chief Executive

Tewkesbury Borough Council

Audit Progress Report and Sector Update

Tewkesbury Borough Council
Year ending 31 March 2020

10 January 2019



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Introduction



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

The paper also includes:

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

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

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at December 2019

Financial Statements Audit

We issued our opinion on your 2018/19 Statement of Accounts on 30 July 2019.

We will begin our planning for the 2019/20 audit in January 2020 and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2019/20 financial statements.

We will begin our interim audit in early 2020. Our interim fieldwork includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by 31 July 2020.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

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

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

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion.

The NAO is consulting on a new Code of Audit Practice from 2020 which proposes to make significant changes to Value for Money work. Please see page 9 for more details.

Progress at December 2019 (Cont.)

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 claim was completed on 13 December 2019, due to an extension to the original deadline of 30 November being granted by the DWP.

We issued our report to management and the DWP which outlined the following issues identified from our work:

- The Authority did not comply with the requirements to complete the Subsidy Reconciliation Spreadsheet in accordance with module 5.
- Initial testing identified one case which included prior year overpayments that were incorrectly classified as eligible overpayments (cell 121). This should have been classified as LA error and administrative delay (cell 120). Testing of an additional sample of 40 cases identified 1 further case where the overpayment had been incorrectly classified. This resulted in an extrapolated error of £71.
- In the prior year it was identified that the Authority had incorrectly calculated earned income resulting in an overpayment of benefit. During our initial testing no errors were identified. However, given the errors found in the previous year's claim an additional sample of 40 cases were tested. 4 cases included earned income errors which resulted in an extrapolated error of £63,841.
- In the prior year it was identified that the Authority had included overpayments that were incorrectly classified as eligible overpayments (cell 114). This should have been classified as LA error and administrative delay (cell 113). Initial testing identified 1 case where an overpayment was incorrectly classified. Testing of an additional sample of 40 cases identified 5 further cases where the overpayment had been incorrectly classified. This resulted in an extrapolated error of £3,176.
- Testing of 100% of cell 11 cases was undertaken due to the number of claims within the population being below 100. The following errors were identified from the testing performed:
 - Misclassification of eligible overpayments within cell 28.
 - Misclassification of backdated expenditure within cell 38.
 - Incorrect fuel rate deduction used cell 11.
 - Incorrect BRMA rate used causing misclassification between cells 12 & 13
 - Double weekly payments being incorrectly included in cell 11.

These resulted in amendments to cells 11, 12, 13, 26, 27, 28 and 38.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are currently reviewing the impact of these changes on both the cost and timing of audits. We will discuss this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, before communicating fully with the Audit Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Other areas

Meetings

We continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers have been invited to our Financial Reporting Workshop in February, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

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

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Audit Findings Report The Audit Findings Report was reported to the July Audit Committee.	July 2019	Complete
Auditors Report This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2019	Complete
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Complete
2019/20 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2019/20.	April 2019	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.	March 2020	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2020	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audit Committee.	July 2020	Not yet due
Auditors Report This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2020	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2020	Not yet due

Sector Update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

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

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

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:



Public Sector



Local
government

MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”



In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded” but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.

The terms of reference focus on whether there is an “expectation gap” between the purpose of external audit and what it is currently delivering. It will examine the performance of local authority audit, judged according to the criteria of economy, effectiveness and efficiency.

Other key areas of the review include whether:

- 1) audit recommendations are effective in helping councils to improve financial management
- 2) auditors are using their reporting powers appropriately
- 3) councils are responding to auditors appropriately
- 4) Financial savings from local audit reforms have been realised
- 5) There has been an increase in audit providers
- 6) Auditors are properly responding to questions or objections by local taxpayers
- 7) Council accounts report financial performance in a way that is transparent and open to local press scrutiny

National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

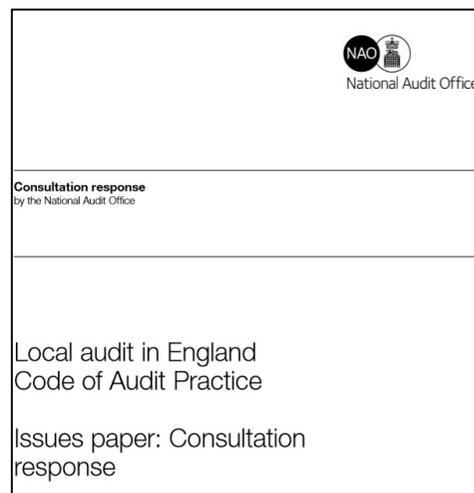
Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation closed on 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>



Financial Reporting Council – Summary of key developments for 2019/20 annual reports

On 30 October the Financial Reporting Council (FRC) wrote an Open Letter to Company Audit Committee Chairs. Some of the points are relevant to local authorities.

The reporting environment

The FRC notes that, “In times of uncertainty, whether created by political events, general economic conditions or operational challenges, investors look for greater transparency in corporate reports to inform their decision-making. We expect companies to consider carefully the detail provided in those areas of their reports which are exposed to heightened levels of risk; for example, descriptions of how they have approached going concern considerations, the impact of Brexit and all areas of material estimation uncertainty.” These issues equally affect local authorities, and the Statement of Accounts or Annual Report should provide readers with sufficient appropriate information on these topics.

Critical judgements and estimates

The FRC wrote “More companies this year made a clear distinction between the critical judgements they make in preparing their accounts from those that involve the making of estimates and which lead to different disclosure requirements. However, some provided insufficient disclosures to explain this area of their reporting where a particular judgement had significant impact on their reporting; for example, whether a specific investment was a joint venture or a subsidiary requiring consolidation. We will continue to have a key focus on the adequacy of disclosures supporting transparent reporting of estimation uncertainties. An understanding of their sensitivity to changing assumptions is of critical value to investors, giving them clearer insight into the possible future changes in balance sheet values and which can inform their investment decisions.” Critical judgements and estimates also form a crucial part of local authority statements of account, with the distinction often blurred.



IFRS 16 Leases

The FRC letter notes “IFRS 16 is effective for periods beginning on or after 1 January 2019. We recently conducted a thematic review looking at how companies reported on their adoption of the new standard in their June 2019 interim accounts. In advance of our detailed findings which will be published shortly, I set out what we expect to see by way of disclosures in the forthcoming accounts, drawing on the results of our work.

- Clear explanation of the key judgements made in response to the new reporting requirements;
- Effective communication of the impact on profit and loss, addressing any lack of comparability with the prior year;
- Clear identification of practical expedients used on transition and accounting policy choices; and
- Well explained reconciliation, where necessary, of operating lease commitments under IAS 17, ‘Leases’, the previous standard and lease liabilities under IFRS 16.”

The implementation of IFRS is delayed until 1 April 2020 in the public sector when it will replace IAS 17 Leases and the three interpretations that supported its application. Authorities will need information and processes in place to enable them to comply with the requirements. They will need to make disclosures in the 2019/20 accounts about the impact of IFRS 16 in accordance with IAS 8/ Code 3.3.4.3 requirements for disclosure about standards which are issued but are not yet effective.

Financial Reporting



Challenge question:

Will you have the opportunity to review and comment on your authority’s statement of accounts before they are published at the end of May?

What is the future for local audit?

Paul Dossett, Head of local government at Grant Thornton, has written in the Municipal Journal “Audit has been a hot topic of debate this year and local audit is no exception. With a review into the quality of local audit now ongoing, it’s critical that part of this work looks at the overarching governance and management of the audit regime. We believe there is a strong need for new oversight arrangements if the local audit regime is to remain sustainable and effective in the future.”

Paul goes on to write “Local (local authority and NHS) audit has been a key part of the oversight regime for public services for more than a century. The National Audit Office (NAO) has exercised this role in central government for several generations and their reporting to Parliament via the Public Accounts Committee is a key part of the public spending accountability framework.

Local audit got a significant boost with the creation of the Audit Commission in 1983 which provided a coordinated, high profile focus on local government and (from 1990) NHS spending and performance at a local level. Through undertaking value for money reviews and maintaining a tight focus on the generational governance challenges, such as rate capping in the 1980s and service governance failings in the 1990s, the Commission provided a robust market management function for the local audit regime. Local audit fees, appointments, scope, quality and relevant support for auditors all fell within their ambit.

However, the Commission was ultimately deemed, among other things, to be too expensive and was abolished in 2010, as part of the Coalition Government’s austerity saving plans. While the regime was not perfect, and the sector had acknowledged that reform of the Commission was needed, complete abolition was not the answer.

Since then, there has been no body with complete oversight of the local audit regime and how it interacts with local public services. The Ministry of Housing, Communities and Local Government; Department of Health; NHS; NAO; Local Government Association (LGA); Public Sector Audit Appointments Ltd (PSAA); the Financial Reporting Council (FRC); the Chartered Institute of Public Finance & Accountancy (CIPFA), audit firms and the audited bodies themselves all have an important role to play but, sometimes, the pursuit of individual organisational objectives has resulted in sub-optimal and even conflicting outcomes for the regime overall.

These various bodies have pursued separate objectives in areas such as audit fee reduction, scope of work, compliance with commercial practice, earlier reporting deadlines and mirroring commercial accounting conventions – to name just a few.

This has resulted in a regime that no stakeholder is wholly satisfied with and one that does not ensure local audit is providing a sufficiently robust and holistic oversight of public spending.

To help provide a more cohesive and co-ordinated approach within the sector, we believe that new oversight arrangements should be introduced. These would have ultimate responsibility for ensuring the sustainability of the local audit regime and that its component parts – including the Audit Code, regulation, market management and fees – interact in an optimal way. While these arrangements do not need to be another Audit Commission, we need to have a strategic approach to addressing the financial sustainability challenges facing local government and the NHS, the benchmarking of performance and the investigation of governance failings.

There are a number of possible solutions including:

- 1) The creation of a new arm’s length agency with a specific remit for overseeing and joining up local audit. It would provide a framework to ensure the sustainability of the regime, covering fees, appointments, and audit quality. The body would also help to create a consistent voice to government and relevant public sector stakeholders on key issues arising from the regime. Such a body would need its own governance structure drawn from the public sector and wider business community; and
- 2) Extending the current remit of the NAO. Give it total oversight of the local audit regime and, in effect, establish a local audit version of the NAO, with all the attendant powers exercised in respect of local audit. In this context, there would be a need to create appropriate governance for the various sectors, similar to the Public Accounts Committee.

While the detail of the new arrangements would be up for debate, it’s clear that a new type of oversight body, with ultimate responsibility for the key elements of local audit, is needed. It would help to provide much-needed cohesion across the sector and between its core stakeholders.

The online article is available here:

<https://www.themj.co.uk/What-is-the-future-for-audit/214769>

Grant Thornton's Sustainable Growth Index Report

Grant Thornton has launched the Sustainable Growth Index (formerly the Vibrant Economy Index) – now in its third year. The Sustainable Growth Index seeks to define and measure the components that create successful places. Our aim in establishing the Index was to create a tool to help frame future discussions between all interested parties, stimulate action and drive change locally. We have undergone a process of updating the data for English Local Authorities on our online, interactive tool, and have produced an updated report on what the data means. All information is available on our online hub, where you can read the new report and our regional analyses.

The Sustainable Growth Index provides an independent, data-led scorecard for each local area that provides:

- businesses with a framework to understand their local economy and the issues that will affect investment decisions both within the business and externally, a tool to support their work with local enterprise partnerships, as well as help inform their strategic purpose and CSR plans in light of their impact on the local social and economic environment
- policy-makers and place-shapers with an overview of the strengths, opportunities and challenges of individual places as well as the dynamic between different areas
- Citizens with an accessible insight into how their place is doing, so that they can contribute to shaping local discussions about what is important to them

The Index shows the 'tip of the iceberg' of data sets and analysis our public services advisory team can provide our private sector clients who are considering future locations in the UK, or wanting to understand the external drivers behind why some locations perform better than others.

Our study looks at over 50 indicators to evaluate all the facets of a place and where they excel or need to improve.

Our index is divided into six baskets. These are:

- 1 Prosperity
- 2 Dynamism and opportunity
- 3 Inclusion and equality
- 4 Health, wellbeing and happiness
- 5 Resilience and sustainability
- 6 Community trust and belonging

This year's index confirms that cities have a consistent imbalance between high scores related to prosperity, dynamism and opportunity, and low scores for health, wellbeing, happiness inclusion and equality. Disparity between the richest and poorest in these areas represents a considerable challenge for those places.

Inclusion and equality remains a challenge for both highly urban and highly rural places and coastal areas, particularly along the east coast from the North East to Essex and Kent, face the most significant challenges in relation to these measures and generally rank below average.

Creating sustainable growth matters and to achieve this national policy makers and local authorities need to do seven things:

- 1 Ensure that decisions are made on the basis of robust local evidence.
- 2 Focus on the transformational trends as well as the local enablers
- 3 Align investment decisions to support the creation of sustainable growth
- 4 Align new funding to support the creation of sustainable growth
- 5 Provide space for innovation and new approaches
- 6 Focus on place over organisation
- 7 Take a longer-term view

The online report is available here:

<https://www.granthornton.co.uk/en/insights/sustainable-growth-index-how-does-your-place-score/>



Institute for Fiscal Studies – English local government funding: trends and challenges in 2019 and beyond

The Institute for Fiscal Studies (IFS) has found “The 2010s have been a decade of major financial change for English local government. Not only have funding levels – and hence what councils can spend on local services – fallen significantly; major reforms to the funding system have seen an increasing emphasis on using funding to provide financial incentives for development via initiatives such as the Business Rates Retention Scheme (BRRS) and the New Homes Bonus (NHB).”

The IFS goes on to report “Looking ahead, increases in council tax and additional grant funding from central government mean a boost to funding next year – but what about the longer term, especially given plans for further changes to the funding system, including an expansion of the BRRS in 2021–22?”

This report, the first of what we hope will be an annual series of reports providing an up-to-date analysis of local government, does three things in this context. First, it looks in detail at councils’ revenues and spending, focusing on the trends and choices taken over the last decade. Second, it looks at the outlook for local government funding both in the short and longer term. And third, it looks at the impact of the BRRS and NHB on different councils’ funding so far, to see whether there are lessons to guide reforms to these policies.

The report focuses on those revenue sources and spending areas over which county, district and single-tier councils exercise real control. We therefore exclude spending on police, fire and rescue, national park and education services and the revenues specifically for these services. When looking at trends over time, we also exclude spending on and revenues specifically for public health, and make some adjustments to social care spending to make figures more comparable across years. Public health was only devolved to councils in 2013–14, and the way social care spending is organised has also changed, with councils receiving a growing pot of money from the NHS to help fund services.”

The IFS reports a number of key facts and figures, including

- 1) Cuts to funding from central government have led to a 17% fall in councils’ spending on local public services since 2009–10 – equal to 23% or nearly £300 per person.
- 2) Local government has become increasingly reliant on local taxes for revenues.
- 3) Councils’ spending is increasingly focused on social care services – now 57% of all service budgets.

The IFS report is available on their website below:

<https://www.ifs.org.uk/publications/14563>



TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	22 January 2020
Subject:	Internal Audit Monitoring Report
Report of:	Chief Audit Executive (Head of Corporate Services)
Corporate Lead:	Chief Executive
Lead Member:	Lead Member Corporate Governance
Number of Appendices:	3

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. Appendix 3 is an overview of the status of the Internal Audit Plan.

Recommendation:

To consider the Internal Audit work undertaken 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'. The audit opinions can be found in Appendix 1. There is one 'limited' opinion in relation to adherence to the corporate GDPR retention policy.

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 20 recommendations followed-up during the period, 12 have been implemented, five partially implemented with three yet to be implemented. With regards to those not yet fully implemented, all but one have missed their original implementation date for the first time only. 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 are 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.

Background Papers: None

Contact Officer: Head of Corporate Services
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Appendices: Appendix 1 – Completed audit opinion
Appendix 2 – Audit recommendations followed-up
Appendix 3 – Overview of Internal Audit Plan

Audit: Procurement Cards

Introduction:

Tewkesbury Borough Council has a government procurement card account with Barclaycard. Credit cards have been issued to relevant officers within the authority and their use is subject to the normal procurement guidelines and the council's Financial Procedure Rules. The use of corporate credit cards is administered by the Finance Team with the responsibility for coding of the monthly statements etc being with the authorised card holder. During 2018/19 a total of £86,485 was spent using procurement cards; this is across all services within the council. This audit is carried out as part of the 2019/20 audit plan and will obtain assurance that procurement cards are being used appropriately, by authorised officer and that they are effectively managed to reduce the risk of unauthorised use.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Legislative and Policy Compliance</p> <p>LPC1: Retention of data does not adhere to the council's retention schedule and therefore the service is in breach of GDPR regulations leading to the possibility of prosecution/ fine.</p> <p>LPC2: Data in relation to government procurement card transactions is not published in accordance with the Local Government Transparency Code 2015.</p> <p>LPC3: Non-compliance to the council's Financial Procedure Rules.</p>	<p>Satisfactory</p>	<p>Under the Local Government Transparency Code 2015, Local authorities must publish details of every transaction made on a government procurement card. Assurance was obtained during the audit that expenditure made using the council's procurement cards is published in accordance with this Code and that the information, which is made available on the council's website, is GDPR compliant.</p> <p>Reference is made in the councils corporate retention schedule to procurement card data and information was found to be held largely in accordance with this. A small number of historical documents, held electronically, exceeded the retention periods set and it has therefore been recommended that historical data held in relation to procurement cards be reviewed and destroyed in line with the council's retention schedule [R1].</p> <p>Section 9 of the council's Financial Procedure Rules governs the use of procurement cards; the key requirements of which are clearly set out in a guidance booklet which is up to date and has been issued to all cardholders. Each cardholder has verified receipt of their card and agreed to adhere to the guidelines by way of signing a declaration. Signed copies were found on file for all employees in possession of a card. There is a requirement for individual application forms to be completed for each cardholder and these gather personal information relating to the employee which is then shared with Barclays in order to issue the procurement card. There is currently no privacy notice in relation to the use of this data and it is therefore recommended that this is produced and published [R2].</p> <p>Procurement card statements are received on a monthly basis and in some cases were being sent to the employee's personal home address. This was rectified during the audit and paperless billing has now been requested. Therefore all future statements will be received electronically, directly to the employee's council email address.</p>	<p>R1: <u>Recommendation priority:</u> Medium <u>Implementation date:</u> February 2020 <u>Responsible Officer:</u> Finance Manager <u>Recommendation details:</u> Historical data held in relation to procurement cards on the financial services drive should be reviewed and destroyed in line with the council's retention schedule. <u>Recommendation Accepted or Not Accepted by officer:-</u> Accepted</p> <p>R2: <u>Recommendation priority:</u> Medium <u>Implementation date:</u> February 2020 <u>Responsible Officer:</u> Finance Manager <u>Recommendation details:</u> A privacy notice should be published in relation to the sharing of employee's personal data with Barclays for the purpose of issuing a procurement card. <u>Recommendation Accepted or Not Accepted by officer:-</u> Accepted</p>

<p>Economic and Financial</p> <p>EF1: Payments made using procurement cards are not authorised or accounted for correctly, leading to the potential for fraud.</p> <p>EF2: Procurement card expenditure is not monitored.</p>	<p>Satisfactory</p>	<p>Audit testing concluded that purchases made using procurement cards are genuine and costs incurred are in the course of official council business. All expenditure was made within the cardholder's authorised spending limit and all statements had been appropriately authorised. This is with the exception of one statement sampled which had been authorised by the cardholder, therefore not demonstrating a separation of duties.</p> <p>Procurement card statements are received on a monthly basis and each item must be coded and supported by a valid VAT receipt. Supporting documents were found for the majority of the transactions sampled, however some were not adequate for reclaiming VAT. Steps have already been taken by Financial Services to address this issue and corporate business accounts have been set up with a number of suppliers to ensure that VAT can be reclaimed on all future purchases. In relation to the coding of the statements for payment, some had been coded to the incorrect detail code; however, these related to small amounts and this has no impact on the overall budget.</p> <p>Based on the findings of the audit, there is assurance that the use of procurement cards is monitored and an accurate record of expenditure is maintained. It would however be beneficial for a reminder to be sent to all cardholders, covering the following points:</p> <ul style="list-style-type: none"> - the requirement for statements to be supported by an invoice in all cases - pointers regarding the correct detail codes to be used - the requirement to have a separation of duties when authorising expenditure - notification that monthly statements will now be received via email <p>Information should also be available on the new staff intranet regarding procurement cards [R3].</p>	<p>R3: <u>Recommendation priority:</u> Medium <u>Implementation date:</u> February 2020 <u>Responsible Officer:</u> Finance Manager <u>Recommendation details:</u> A reminder should be sent to all procurement card holders, covering the following points:</p> <ul style="list-style-type: none"> - the requirement for statements to be supported by an invoice in all cases - pointers regarding the correct detail codes to be used - the requirement to have a separation of duties when authorising expenditure - notification that monthly statements will now be received via email. - the timeliness of coding and authorising statements <p>Information should also be available on the new staff intranet regarding corporate credit cards.</p> <p><u>Recommendation Accepted or Not Accepted by officer:</u>- Accepted</p>
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Audit: Disabled Facility Grant- additional funding certification

Introduction:

This audit is completed as part of the 2019/20 Internal Audit Plan. An additional £55 million funding was allocated between Local Authorities in England for the provision of Disabled Facility Grants (DFGs) or social care projects, of which £141,363 was allocated to the council for financial year 2018/19. The grant determination letter requires the Chief Audit Executive to confirm by 31 December 2019 that monies have been spent in accordance with the conditions of the grant and this audit will seek to provide that assurance.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Legislative and Policy Compliance:</p> <p>LPC1: The additional grant funding has not been used on a social care project in accordance with grant condition 2 of the additional DFG funding letter and therefore monies would need to be returned.</p>	<p>Good</p>	<p>Condition 2 of the additional grant funding requires monies to be allocated to a social care project. The audit confirms that this condition has been met as the funding was allocated to the Park Homes 2019/20 scheme which is facilitated by the Severnweye Energy Agency (SEA). The scheme's objectives are to reduce fuel poverty and the health vulnerabilities of individuals living in park homes through insulating those properties. These objectives meet the definition of social care particularly through the Social Value Act 2012.</p>	<p>None.</p>
<p>Operational:</p> <p>O1: The monies have not been spent as capital in accordance with grant condition 1 of the additional DFG funding letter for 2018/19 leading to potential return of monies.</p>	<p>Satisfactory</p>	<p>There is assurance that condition 1 of the additional grant funding has been adhered to, as the monies are being used on a capital project which supports park residents with one-off financial contributions to insulate their homes. The scheme is based on residents meeting an eligibility criteria relating to income and vulnerability. As of 13 November 2019, the scheme had insulated 15 homes and expenditure was £101,344. The Environmental Health Manager (EHM) indicated that it is expected that the remaining balance will be spent by end of the financial year. A future follow up audit in early 2020/21 will confirm that this is the case.</p> <p>Project updates are provided to the EHM in relation to number of installations and expenditure. The council has an obligation to ensure that monies have been allocated to eligible residents and that works have been completed to a satisfactory standard to properties within the Borough. With this in mind, the audit would expect to see in place management controls to verify the integrity of the information received and the work undertaken. The audit found that a formal check process had not been established. Through audit testing of a sample of properties, this subsequently confirmed eligibility criteria was applied correctly, and works were carried out within the Borough.</p>	<p>R1: <u>Recommendation priority:</u> Medium</p> <p><u>Implementation date:</u> Prior to any future grant funding</p> <p><u>Responsible Officer:</u> Environmental Health Manager</p> <p><u>Recommendation Details:</u> A formal process should be established and documented in relation to the types of checks that should be carried by the council in relation to additional DFG funding e.g. client satisfaction surveys and physical verification of works.</p> <p><u>Recommendation Accepted or Not Accepted by officer:</u>- Accepted</p>

		<p>It is therefore recommended that a formal check process should be established prior to the setting up of any future grant schemes (R1). This should include the verification of works undertaken. The audit could not verify the standard of works as client surveys were not supplied during the audit.</p>	
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Audit: Debtors (service related debt recovery)

Introduction:

This audit is completed as part of the 2019/2020 Internal Audit Plan. A review of all invoices raised in the past year found that a value of £9,221,474.81 was raised via 1919 invoices. Of this debt, £1,341,543.36 remains outstanding, meaning a collection rate of 85%. It was noted that a total of £50,135.89 was in credit across 47 invoices.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Legislative and Policy Compliance:</p> <p>LPC1: Retention of data does not adhere to the Council's retention schedule and therefore the service is in breach of GDPR regulations leading to the possibility of prosecution/fine.</p>	Good	<p>Testing confirmed that information is being stored securely. Over three quarters of the invoices sampled had been referenced in the Corporate Retention Schedule and had an appropriate privacy notice; recommendations have been made to update these documents where information was missing. Whilst these recommendations were made as a result of this audit work, these will be included in the wider GDPR audit report (GDPR audit; LPC1: R1 and O1: R3).</p> <p>Debtor information retained in the financial system (Civica) is yet to be deleted for the 2012/13 financial year, and this should be completed to ensure compliance with the department's retention schedule. A recommendation regarding service retention and deletion has been included in the GDPR audit as mentioned above.</p>	None (see GDPR audit).
<p>Operational:</p> <p>O1: Recovery action is not taken leading to potential loss of income.</p>	Satisfactory	<p>A sample of invoices taken from departments across the council were obtained and checked to confirm that the invoice had been raised promptly, for the correct amount and issued to the correct debtor.</p> <p>Testing found:</p> <ul style="list-style-type: none"> • 10 out of the 17 invoices had been raised outside of the recommended time frame of 3 weeks, stated in the Finance Handbook. 1 of the 10 related to costs for a public health funeral and was issued 6 weeks after; this was considered appropriate. • 16 out of the 17 invoices were addressed to the correct debtor. In the 17th case, the address retained on the financial debtors system did not match information held on the Revenues and Benefits system. • 13 out of 17 had been raised for the correct amount. The remaining 4 invoices included 2 overcharges, 1 undercharge and 1 that could not be verified. <p>Recovery procedures varied between each service, with formal documented recovery procedures being identified in only one of the areas sampled. Collection rates varied from 17% to 105% (due to an overpayment being received) and the average age of debt sampled was 413 days; 3 invoices were in excess of 1000 days, although these were large amounts and regular payments were being received. As a result of testing, it is recommended that to ensure a consistent</p>	<p>R1: <i>Recommendation priority:</i> Medium</p> <p><i>Implementation date:</i> July 2020</p> <p><i>Responsible Officer:</i> Head of Corporate Services</p> <p><i>Recommendation Details:</i> A corporate collection procedure should be developed to cover:</p> <ul style="list-style-type: none"> - Standardised recovery procedures, including period for issuing chasing letters and number of contacts attempted. - Requirement for services to retain ample supporting evidence to confirm that the invoice information is adequate and the retention period for this information e.g. for 6 years plus the current, or until the debt has been paid in full.

approach to debt collection, a corporate collection procedure should be developed, with supplementary service procedures in cases where the corporate procedure may not be appropriate, e.g. public health funerals (**R1**). With respect to the invoices raised for the incorrect values, these are as follows:

- Grounds maintenance overcharge- the invoice had been raised based on historical figures and charged for both grass cutting and white line marking, however only white line marking was undertaken. The invoice was therefore reduced by £2050.77. This invoice was for April to December 2018; an invoice for 2017/18 had also been overcharged by £1882.59.
- Council tax reduction penalty overcharge- the penalty had been raised for the full value of the overpayment however should have been raised for 50%. This was an overcharge of £772.23.
- Commercial waste undercharge- information regarding bin sizes supplied to the customer was inaccurate and thus the invoice was undercharged by £198.66. The undercharge for 2019/20 annual bill was £741.00.
- Housing: deposit payment- the accuracy of the value of this invoice could not be verified due to limited supporting evidence

As a result, some service specific recommendations have been issued (**R2 and R3**).

Monitoring of outstanding debtor invoices is the responsibility of service managers. This is done so by the distribution of an aged debt report. The report is divided into 17 different service areas and includes information regarding value and age of debt. Testing confirmed that all responsible officers were receiving the relevant debtor's reports. It was found that 4 of the 17 invoices sampled (24%) had been raised under the incorrect section, and therefore these were not appearing on the relevant managers aged debt report and thus could not be effectively monitored by an appropriate manager (to be covered in the corporate recovery procedure **R1**).

It was identified that all users who have access to the debtors system can cancel or amend invoices; this is monitored by the Debtor and Creditor Officer. Testing of a sample of invoices that had been adjusted or cancelled found that all had been processed appropriately. Where overpayments have been made, a process is in place for identifying these and making arrangements to return these to the debtors.

- Responsibility and procedures of managers in relation to debt monitoring, including identification of debts incorrectly allocated and the procedure for handling these instances.

Recommendation Accepted or Not Accepted by officer:- Accepted

R2:

Recommendation priority: Medium

Implementation date: September 2020

Responsible Officer:

Head of Community Services

Recommendation Details:

Review the process for administration of the commercial waste service to ensure that the processing of customer information is accurate. At a minimum, training should be provided to the Operations Admin at Ubico, to ensure that the correct information is provided to enable the council to issue accurate invoices.

Recommendation Accepted or Not Accepted by officer:- Accepted

R3:

Recommendation priority: Medium

Implementation date: September 2020

Responsible Officer:

Head of Community Services

Recommendation Details:

			<p>A grounds maintenance charging schedule should be developed to ensure that the council applies charges consistently. Agreements between the council and customers should be established based upon the charging schedule and actual service provided.</p> <p><u>Recommendation Accepted or Not Accepted by officer:- Accepted</u></p>
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Audit: GDPR- assurance audit

Introduction:

This audit is completed as part of the 2019/20 Internal Audit Plan. The Data Protection Act (DPA) 2018 sets out the framework for data protection law in the UK. It updates and replaces the Data Protection Act 1998, and came into effect on 25 May 2018. It sits alongside the General Data Protection Regulations (GDPR – EU – 2016/679) and tailors how the GDPR applies in the UK. It sets out the key principles, rights and obligations for most processing of personal data – but it does not apply to processing for law enforcement purposes, or to areas outside EU law such as national security or defense. This audit will focus on the council’s data arrangements in relation to governance and accountability; records management; and subject access/data portability.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Legislative and Policy Compliance:</p> <p>LPC1: Regulatory action for failure to comply with legislative requirements. This could also lead to reputational damage and financial penalties.</p>	<p>Satisfactory</p>	<p>The council must be able to demonstrate that it is compliant with current data protection legislation. In order to achieve this the council has in place a data protection policy and holds the following information:-</p> <p><u>List of processing</u> A list of processing has been established and is retained by the Senior Information Risk Owner (SIRO). This should be reviewed to ensure all processing activities are captured. e.g. homelessness, animal boarding licences etc. A template available from the Information Commissioners Office (ICO) is available to record current processing practices.</p> <p><u>Privacy Impact Assessments</u> The main process for identifying these assessments is through the project management framework and there is evidence that these have been completed for some projects. A recommendation from an audit of the project management framework is to ensure all new projects are supported with a PIA.</p> <p><u>Breach Reports</u> There is a Data Protection Security Policy to support the process of reporting data breaches and an incident log has been established to record this information. To date, 13 reports have been completed and held by the SIRO; the log requires updating to reflect this as details of 5 incidents are not currently included. Further improvements to the incident log are recommended to support the post investigation process i.e. the length of time taken to process a breach, confirmation that corrective work has been completed and the identification of trends. The regular provision of this information to the Information Group would also be beneficial in order to demonstrate a regular review of security measures. The supporting policy also requires a scoring matrix to be developed in order to demonstrate how the overall risk level has been determined.</p> <p><u>Data Sharing and Processing Documents</u> There are currently 7 data sharing agreements held. Processing agreements form part of the council’s contract terms and conditions, currently copies of these have not been forwarded to the SIRO as required by Section 7.18 of the policy. To ensure that data sharing and processing agreements are up to date, it is recommended that a review is</p>	<p>R1: <u>Recommendation priority:</u> Medium</p> <p><u>Implementation date:</u> July 2020</p> <p><u>Recommendation Agreed:</u> Y/N</p> <p><u>Responsible Officer:</u> SPOC in consultation with the Information Group</p> <p><u>Recommendation Details:</u> The information group should establish a new action plan to include the following:-</p> <ol style="list-style-type: none"> 1) Outstanding recommendations from previous plans. 2) Review of the service risk assessment to ensure outstanding recommendations have been completed including a review of privacy statements. 3) The list of processing held by the SIRO should be reviewed using the ICO template. 4) Review of individual services to ensure that: data sharing and processing agreements are up to date. 5) Establishment of a corporate training plan 6) Establishment of a scoring matrix for data breaches and the inclusion of the revised data protection security policy and breach form on the intranet. <p><u>Recommendation Accepted or Not Accepted by officer:-</u> Accepted</p>

		<p>carried out by the Single Point of Contact (SPOC).</p> <p><u>Privacy statements.</u> These statements are available to the public on the council's website. A review of these, through the Information Group action plan, was intended for 2019, but is yet to be performed. This should be picked up through a revised GDPR action plan to ensure all service areas have privacy statements for their activities.</p> <p>The council's data protection policy now includes accountability and in this connection an Information Group, chaired by the SIRO, has been established and meets on a quarterly basis. The aim of the group is to support the SIRO and both an action plan and forward plan are in place. A number of recommendations to be implemented by the SPOC remain outstanding from the plans. The SPOC role has been vacant for a few months but a resource has now been identified to undertake this role. A renewed action plan based on the previous plans and this audit's recommendations should be developed. This should include an ongoing corporate training plan. The data protection policy outlines key roles and responsibilities and contact details of the data protection officer (DPO) are published on the council's website. To assist both staff and the public, it would be beneficial to establish a data protection organisation charts which includes a list of all Information Asset Owners (IAO). Consideration should also be given to ensuring that IAO roles are noted within officer job descriptions.</p>	<p>R2: <u>Recommendation priority:</u> Medium <u>Implementation date:</u> April 2021 <u>Responsible Officer:</u> SPOC in consultation with the Information Group <u>Recommendation Details:</u> Governance arrangements should be enhanced to include the following:- 1) Regular reporting of breaches and data subject access requests to the Information Group. 2) The establishment of an organisational chart relating to data protection including identification of all IAOs. 3) The establishment of an IAO group email to ensure all data is captured in the subject access request process. 4) Job descriptions for officers in IAO roles to be updated to reflect their data protection responsibilities.</p> <p><u>Recommendation Accepted or Not Accepted by officer:-</u> Accepted</p>
<p>Operational:</p> <p>O1: Personal data is not accurate and is being kept after the stated retention period has expired leading to non-compliance with both the accuracy and storage limitation principles of DPA 2018.</p> <p>O2: The council does not have</p>	<p>Limited</p>	<p>The council has established a corporate retention schedule which covers all services areas. The audit established that there is limited assurance that personal data is being kept for the stated retention period, for example the retention of time sheets exceed 2 years. Furthermore, data retained on drives could not be traced to a retention schedule such as salary adjustments. The file structure of folders on most drives does not provide for easy deletion and data on drives can be owned by more than one IAO but there is no clear indication within the file name or within the properties of the file to identify the IAO. Each staff member also has a personal user profile and there is no process currently in place to ensure data is deleted from these profiles on a regular basis or when a member of staff leaves. In respect of retention of data on main processing systems within the council e.g Uniform, Civica these need refinement to ensure the timely deletion of relevant data.</p> <p>The data protection policy provides for the handling of data subject requests and relevant information including contact details and the actual request form are available to the public via the council's website. There is a satisfactory level of assurance that subject requests</p>	<p>R3: <u>Recommendation priority:</u> High <u>Implementation date:</u> April 2021 <u>Responsible Officer:</u> SPOC in consultation with the Information Group <u>Recommendation Details:</u> Service areas should be prioritised based on an assessment of current data retention risks - such as incompleteness of the service retention schedule; regularity of data deletion; adequate file structure in drives to aid deletion and the type of information held.</p>

<p>policy/procedures in place in order to identify and process a data subject request leading to non-compliance with the 'right of access' as stated in the DPA 2018.</p>	<p>are handled through the Corporate Services Team in a secure manner. It is recommended that that procedures for handling requests is documented and includes details on the redaction process, guidance on the charging process and in this connection a subject request hourly fee should be established. In respect of the governance arrangements for subject requests the number of requests is reported to the information group on an adhoc basis. This reporting should be regularised and provide details of any overdue requests and the associated reasons.</p>	<p>The completion of this work should be included on the action plan monitored through the information group.</p> <p><u>Recommendation Accepted or Not Accepted by officer:- Accepted</u></p>
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CORPORATE IMPROVEMENT WORK

Digital Platform

As part of the council's digital strategy, a project is currently underway to procure a new digital platform which will offer online forms, automated communications, improved data analysis and integration into existing systems. Internal Audit corporate improvement days were allocated to support this project and this work has been focussed on the completion of a data protection impact assessment, an equalities impact assessment and a project risk register. An ongoing element of the work is to continue to contribute to the identification and monitoring of risks and data protection issues as the project progresses.

Planning Files Project

The council has approximately 75,000 historical planning files, dating back to 1947, which are currently stored at the depot. To support a project currently underway to digitalise these files; Internal Audit improvement work involved completing a costing exercise based on prices submitted by external companies through a framework. A further exercise was carried out to cost the project based on an in-house option for comparison and consideration by the project team.

Recommendations Rating

Priority:		Definition:
1	High	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	Medium	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	Low	Observations refer to issues that would if corrected, improve internal control in general and ensure good practice, but are not vital to the overall system of internal control. A desirable improvement to the system, to be introduced within a 9-12 month period.

Level of control

Level of control:	Definition:	Guidance:
Good	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.
Satisfactory	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.
Limited	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.
Unsatisfactory	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.

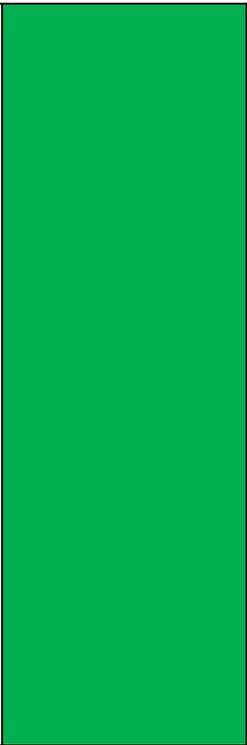
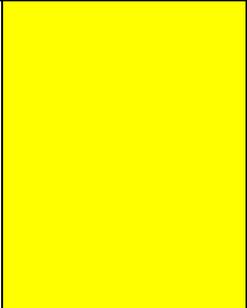
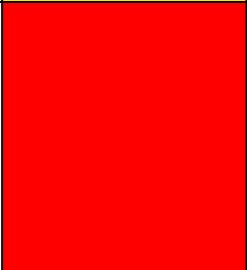
Audit Recommendations - Quarter 2 2019/20 Follow Up

KEY		Priority:	
	Recommendation reviewed and found not to be implemented	H (high)	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	M (medium)	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	L (Low)	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.

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
Community Infrastructure Levy (CIL) 2018/19	Governance of CIL administration and spending of CIL income should be agreed as a matter of urgency.	H	Head of Development Services	Sep-19 Sep 20	Nov-19		There is currently a round of briefings being undertaken in relation to CIL governance across the 3 charging authorities. A new implementation date has been agreed for September 2020 .	20-21 Q3

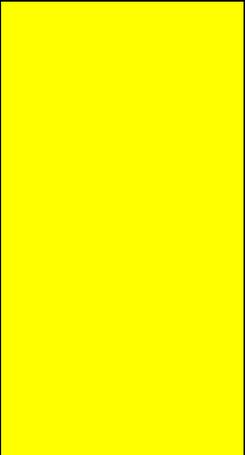
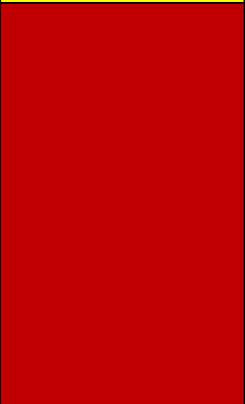
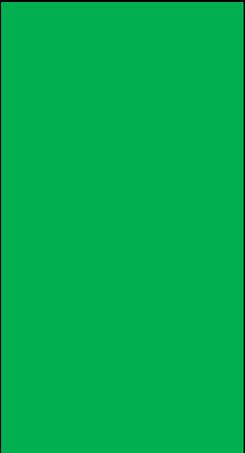
Community Infrastructure Levy (CIL) 2018/19	<p>A CIL Working Group should be established to discuss the operational practices. This should include consideration to both instances (if the Council becomes the administering authority or if the council's operate separately). Procedures for consideration may include:</p> <ul style="list-style-type: none"> - Monitoring processes and reconciliation process. - Challenge and escalation process for non-payment/ incorrect payment from partners. - Reporting processes. - Invoicing processes. - Format of the annual report. - Decision for allocating CIL spending. - Consultation processes with parishes to ensure neighbourhood proportion is not spent on the same infrastructure as Section 106 projects. - Contingency of staffing and ongoing training needs. <p>Once the procedures have been established, these should be agreed formally with the other partners and a Memorandum of Understanding or written agreement should be obtained.</p> <p>The CIL Working Group may also be the appropriate platform to review the Regulation 123 List (see later recommendation).</p>	H	Head of Development Services	Sep-19	Nov-19		An internal CIL working group has been established to bring together all related service teams. This group can collectively take forward the audit recommendations. Once the governance note has been agreed, the details in relation to decision, escalation and reporting procedures will be incorporated in a Terms of Reference/Memorandum of Understanding between the partner authorities.	n/a
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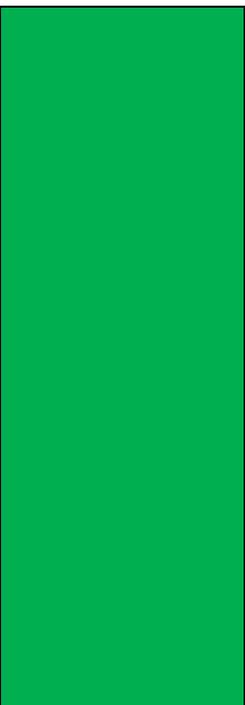
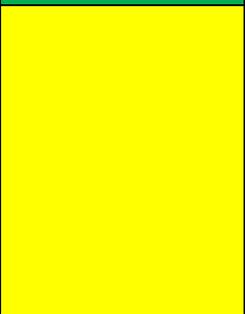
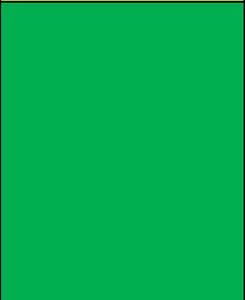
Community Infrastructure Levy (CIL) 2018/19	An exercise should be completed to identify potential income in any applications that may be in progress, to provide some assurance that the recovery of costs is still feasible.	M	Head of Development Services	Sep-19	Jan-20		As part of the CIL governance briefings, the CIL Manager compiled a handout detailing the amount of income received by each charging authority. The basis for the handout are figures interrogated from the CIL management system (Exacom). The handout also details "billed" income which concerns all figures for development which has triggered a CIL demand notice. This income is guaranteed, and will not decrease, but is subject to increase as other development starts.	n/a
Community Infrastructure Levy (CIL) 2018/19	The process for goods receipting of CIL invoices should be reviewed to ensure that this is a one off and not a wider gap in the procedures	L	Head of Development Services	Sep-19	Nov-19		A discussion was held between the Head of Development and the Planning and System Admin Officer to assess whether this was due to a training gap. It was found that this was a one-off issue, and that services are not goods receipted without confirmation.	n/a

<p>Community Infrastructure Levy (CIL) 2018/19</p> <p>70</p>	<p>The method for recording CIL income and allocation to specific infrastructure projects should be identified and agreed, to ensure that the council can clearly demonstrate CIL monies from income to infrastructure.</p>	<p>M</p>	<p>Head of Development Services</p>	<p>Sep-19</p>	<p>Nov-19</p>		<p>Amendments to the CIL legislation in 2019 have removed the pooling restriction to allow funding from multiple streams (including Section 106s) to be spent on the same project, as long as it can be demonstrated that the cost of the scheme met or exceeded the total of the funding. The project module included in the system (Exacom) will be used for this process. The system can be used to allocate monies from specific income against the schemes to demonstrate that the monies are being spent on appropriate schemes. Project details can be added as and when they are identified.</p>	<p>n/a</p>
<p>Financials e-ordering 2018/19</p>	<p>A proactive approach should be taken to identify instances where purchase orders have been raised after the receipt of invoice. Outcomes should be escalated to management where appropriate.</p>	<p>M</p>	<p>Finance Manager</p>	<p>Jul-19. Feb-20</p>	<p>Oct-19</p>		<p>Data is now being produced on a quarterly basis, identifying instances where purchase orders have been raised after the receipt of invoice. A process for reviewing this data and the appropriate escalation of any issues identified now needs to be established.</p>	<p>20-21 Q1</p>
<p>Financials e-ordering 2018/19</p>	<p>In order to comply with the 'pay creditors' privacy statement, all creditors to whom a payment has not been made 1 year after the last payment date should be identified and associated bank details be redacted and deleted. This should be carried out on an annual basis.</p>	<p>M</p>	<p>Finance Manager</p>	<p>Jul-19. Feb-20</p>	<p>Oct-19</p>		<p>This action is yet to be completed and a revised implementation date has therefore been agreed.</p>	<p>20-21 Q1</p>

<p>General Data Protection Regulation (data retention) 2018/19</p>	<p>Data retention schedules should be quality assured and reviewed in line with best practice to ensure they are robust:</p> <ol style="list-style-type: none"> 1) Their format should be standardised to ensure continuity and these be amalgamated into one, corporate document. 2) All schedules should be quality assured to ensure completeness and be inclusive of all functions within services. 3) Schedules should demonstrate authorisation from an appropriate officer i.e. Information Asset Owner, and be subject to periodic review to ensure their ongoing relevance. 	<p>M</p>	<p>Business Admin Manager</p>	<p>Mar-19. Sep-19</p>	<p>Oct-19</p>		<p>A corporate data retention schedule has been produced through Internal Audit's corporate improvement days. This will now be subject to ongoing review.</p>	<p>n/a</p>
<p>General Data Protection Regulation (privacy notices) 2018/19</p>	<p>Details of the data subjects 'right to lodge a complaint with a supervisory authority' (i.e. the ICO), should be published on the council's data protection summary web page.</p>	<p>H</p>	<p>Business Admin Manager</p>	<p>Sep-19</p>	<p>Dec-19</p>		<p>The council's data protection webpage now includes details of how a data subject can lodge a complaint with the Information Commissioners Office.</p>	<p>n/a</p>

Project Management Framework 2018/19	The project management guidance should be reviewed to ensure it is up-to-date and reflects the council's latest risk management strategy and GDPR privacy and retention guidelines. This should include the ability for Equality and Privacy Impact assessments to be captured within SharePoint.	M	Corporate Services Manager	Sep-19	Dec-19		Guidelines have been updated to include the details of the audit recommendation.	n/a
Project Management Framework 2018/19	Risk registers should be completed for all new projects on the framework. These should be reviewed on a regular basis by the board to ensure that key risks in the life of the project have been identified and mitigating controls are in place	M	Corporate Services Manager	Aug-19	Dec-19		Any future new projects will not be accepted by the Programme Board without a completed risk register. The guidelines have been updated to reflect this.	n/a
Project Management Framework 2018/19	On a rolling basis, projects where the overall status is 'green' should be reviewed by Programme Board to ensure all projects are regularly reviewed. Consideration should also be given for a pre-briefing with the Chair of Programme Board to raise any areas of concern.	L	Corporate Services Manager	Sep-19	Dec-19		Projects with a 'green' status were reviewed in October and although none were reviewed in December, there is assurance that this will be reinstated in February. In relation to a pre-briefing, any concerns about projects can be raised outside of Programme Board with the relevant CLT lead.	n/a
Serious and Organised Crime Framework (HR) Audit 2018/19	An investigation should be completed into the availability of providing training to appropriate staff to identify indicators of Officers working under duress or potential corruption.	L	HR Manager/Counter Fraud Unit	Sep-19. Apr-20	Dec-19		As part of the whistle-blowing training sessions provided to staff during November, red flags were highlighted for awareness. The need for further, more specific training will be considered as part of the Bribery and Corruption assessment being undertaken by the CFU.	20-21 Q1

<p>Serious and Organised Crime Framework (HR) Audit 2018/19</p>	<p>Consideration should be given to providing the HR team with training to identify fraudulent IDs and documentation.</p>	<p>L</p>	<p>HR Manager/Coun-ter Fraud Unit</p>	<p>Sep-19. Apr-20</p>	<p>Dec-19</p>		<p>In conjunction with HR and Finance the CFU are undertaking a review of vetting and recruitment procedures. Following this review, staff requiring training in relation to fraudulent ID and documentation will be identified. The new HR Manager has only recently taken up post. Revised implementation date: April 2020</p>	<p>20-21 Q1</p>
<p>Serious and Organised Crime Framework (HR) Audit 2018/19 73</p>	<p>Consideration should be given to the current level of pre-employment checks undertaken to review whether high risk roles require enhanced vetting checks. Appropriate checks might include:</p> <ul style="list-style-type: none"> - Credit checks. - Employment verification. - Identity verification. <p>Any changes to procedures should then be documented within the relevant policy.</p>	<p>L</p>	<p>HR Manager</p>	<p>Sep-19. Mar-20</p>	<p>Dec-19</p>		<p>This action is yet to be completed and a revised implementation date has therefore been agreed</p>	<p>20-21 Q1</p>
<p>Serious and Organised Crime Framework (HR) Audit 2018/19</p>	<p>The DBS policy should be reviewed and updated and ensure that it clearly defines roles requiring DBS checks.</p>	<p>L</p>	<p>HR Manager</p>	<p>Sep-19</p>	<p>Oct-19</p>		<p>The council's DBS policy was updated in July 2019. Appended to this is now a list of all job roles, against which the requirement for a DBS check is clearly stated. These documents are available on the intranet.</p>	<p>n/a</p>

<p>Serious and Organised Crime Framework (HR) Audit 2018/19</p> <p>74</p>	<p>As part of the current review of the whistleblowing policy and its effectiveness, it is recommended that:-</p> <ul style="list-style-type: none"> - The policy is updated to reflect the current organisational structure. - Awareness training should be provided for all staff and members in relation to the types of concerns that should be raised under whistle blowing and the bullying/harassment policy. In addition, the training should seek to provide assurance that perceived barriers to raising concerns will be dealt with. - Management training is provided in respect of the handling of potential whistleblowing issues including the reporting of these to HR 	<p>M</p>	<p>Counter Fraud Unit</p>	<p>Sep-19</p>	<p>Dec-19</p>		<p>The Whistleblowing Policy has been updated (November 2019) and is due to be presented to Audit and Governance Committee in January 2020. Staff awareness/ training sessions were provided on this topic during November 2019.</p>	<p>n/a</p>
<p>Ubico Health & Safety Monitoring 2018/19</p>	<p>In accordance with the contract, Ubico should be instructed to undertake regular health and safety checks on bring sites that are open to the public and details of these checks be provided to monitoring officers</p>	<p>M</p>	<p>Head of Community Services</p>	<p>Sep-19. Mar-20.</p>	<p>Dec-19</p>		<p>Ubico have been instructed to undertake health and safety checks at the bring sites and details of these will be included in future monitoring reports. This will therefore be verified when the next quarterly monitoring report is received.</p>	<p>20-21 Q1</p>
<p>Complaints 2016/17</p>	<p>The council's data sharing protocol with the County Council should be updated to include reference to the JWT and complaints data.</p>	<p>H</p>	<p>Head of Community Services</p>	<p>Sep-17. May-18. Oct-18. Sep-19.</p>	<p>Dec-19</p>		<p>As of 13 December 2019, the Joint Waste Team ceased to exist and therefore data will no longer be shared with the County Council on waste. As a result of these changes, this recommendation is no longer applicable.</p>	<p>n/a</p>

Recycling 2016/17	Further consideration should be given to establishing a recycling data protocol between the JWT, UBICO and TBC to identify expected audit and contract performance monitoring exercises and escalation procedures in the possible event of non-payment of recycling credits.	L	Head of Community Services in collaboration with JWT	Sep-17. Sep-18. Apr-19. Sep-19. Mar-20.	Dec-19		A recycling data protocol has been drafted and this now needs to be updated to reflect the new arrangements post 13 December 2019.	20-21 Q1
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Appendix 3

INTERNAL AUDIT PLAN PROFILE 2019-2020

APRIL - SEPTEMBER

TYPE OF AUDIT	AUDIT	PROGRESS OF AUDIT
Governance	1. General Data Protection Regulation	Complete
Governance	2. Serious Crime Framework - licensing	Complete
Corporate Risk Register	3. Emergency Planning	Complete
Corporate Risk Register	4. Fraud & Corruption Framework	Complete
Financial	5. Debtors	Complete
Service Areas	6. Ubico - tyres	Not required - satisfactory response from Ubico
Service Areas	7. ICT	ICT risk assessment to be undertaken
Service Areas	8. Disabled Facility Grants	Complete

Corporate Improvement Days

- Ref 1 Financial Regs checklist for Heads of Service
- Ref 2 CIL working group
- Ref 3 DFG compliance
- Ref 4 Corporate Business Continuity Plans
- Ref 5 GDPR corporate retention schedule

76

Internal audit quality assurance and improvement

- Performance appraisal sheet for Chair of Audit Committee re CAE - complete
- Update to audit documents and email and web page including privacy statement - complete
- induction training of members and training for audit & gov committee - complete (further training requested)

Follow-up Reviews

- Quarter 1 Follow Ups - all complete

- Quarter 2 Follow Ups - all complete

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	22 January 2020
Subject:	Corporate Risk Register
Report of:	Head of Corporate Services
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	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 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 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 on a monthly basis and further reviewed by the Corporate Governance Group; 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:

Risk identified	Key action arising
Ref 1. Financial sustainability	The risk has been reviewed in its totality and the current risk score increased to reflect the uncertainty around local government financing.
Ref 5. GDPR	An internal audit of GDPR arrangements has been undertaken and reported to this Committee on 22 January. The key recommendation is to develop a new action plan to ensure ongoing broad compliance.
Ref 6. Emergency Planning	Recent incidents such as localised flooding have tested emergency procedures and these have held up well.
Ref 7. Waste Partnership	The Joint Waste Team has disbanded with members of the team moving back to their host organisations. This will lead to the development of a new Waste Team within the Council to manage both strategic and operational issues including monitoring of the Ubico contract.
Ref 9. Safeguarding	An updated Safeguarding Policy is to be presented at Overview and Scrutiny Committee in February.
Ref 10. Council assets	An additional £20m capital investment was approved by Council in October 2019, including additional resource for operational management of the properties and further contribution to sinking fund.
Ref 11. Treasury Management	This risk has been included on the risk register since its inception. Given it has been well controlled and consistently reported as low risk it is proposed to remove it from the register.
Ref 12. Growth Hub	The mitigating controls relating to this risk will be subject to internal audit review during quarter four.
Ref 13. Fraud and corruption	This risk has been included on the risk register since its inception. Given it has been well controlled and consistently reported as low risk it is proposed to remove it from the register.

Ref 16. Ashchurch Bridge Project	A new risk to the register to recognise that non-delivery of the project would have a financial impact upon the council.
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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.

Background Papers: None

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

Appendices: Appendix 1 – Corporate Risk Register

Corporate Risk Register

Appendix 1

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 Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
1	The uncertainty and volatility of council funding streams, including Business Rates Retention, New Homes Bonus and needs based funding, means that long term business planning is difficult and subject to significant change	<p>The Council received £3.3m from NHB, £0.7m from retained business rates and £1.85m from needs based grant in 2019-20.</p> <p>It has been indicated by central government that NHB will be withdrawn after 20-21 and may or may not be replaced with an alternative scheme for incentivising housing growth.</p> <p>Business rates is a volatile income stream as a result of successful appeals. In addition, a planned move to a 75% retention scheme has been delayed for a year and there is a lack of detail around the new scheme. The General Election also comment being made about the future of business rates as a suitable tax for business.</p> <p>In September 2019, a one year only Spending Review was announced giving no certainty beyond March 21. As with business rates, the Fair</p>	5	5	25 20	<p>Council does not use 100% of NHB to support base budget.</p> <p>Accumulated provisions within existing retained rates scheme</p> <p>Development of other funding streams such as Council Tax and Commercial properties</p> <p>Revised MTFS highlighting size of impact and potential measures to bridge the deficit</p>	Head of Finance & Asset Management	20 15	<p>Further development of alternative income streams to reduce dependence on these funding streams</p> <p>Detailed planning around major cost saving areas identified in the MTFS</p> <p>Government clarification on future of local government finance including:</p> <ul style="list-style-type: none"> • Spending Review • Fair Funding Review • 75% business rates retention • Future of NHB and whether an alternative scheme will be brought forward 	9 6

Corporate Risk Register

Appendix 1

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 Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
		Funding Review was also delayed by a further year leaving councils uncertain as to how funding will be distributed to individual authorities.								
<p>Comments: The risk, impact assessment risk scores, mitigating controls and action points have been rewritten to reflect the ongoing uncertainty and increased levels of risk associated with our major financing streams. These changes reflect the one year spending review, delays to the fair funding review and business rates retention and the comments within the technical consultation paper highlighting the likely withdrawal of the NHB scheme.</p>										

Corporate Risk Register

Appendix 1

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

84

Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
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

Comments:

Growth in the borough remains strong and above national growth levels. Given the one year, standstill local government settlement, the Borough Council will see good levels of new homes bonus and business rates as well as a growth in our Council Tax base for 20-21. The long term benefit will depend on any changes made to local government finance in the forthcoming year. **The strategic allocation are beginning to deliver reserved matters applications, which will see growth in the borough and the delivery of New Homes Bonus (NHB).**

Corporate Risk Register

Appendix 1

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

98

Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
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>	5	5	25	<p>Patch management</p> <p>Penetration testing</p> <p>Internal phishing awareness exercises</p> <p>PSN compliance</p> <p>Firewall management</p>	Head of Corporate Services	12	<p>Review potential of cyber insurance – growth item within 2020/21 budget.</p> <p>Review cyber security arrangements based upon Local Government Association best practice survey</p> <p>Deployment of new firewall.</p>	9

Corporate Risk Register

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Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
		All or combination can lead to; <ul style="list-style-type: none"> Loss of reputation and trust Financial loss – disruption to service delivery, cost of restoring systems Legal implications – personal data breach could lead to a significant fine 								
<p>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 was initially tasked for implementation in November 2019 will now be deployed by the end of January 2020. Cyber security insurance of £15k has been proposed as a growth item within the 2020/21 budget. An assessment of cyber security arrangements based on the LGA toolkit is currently at draft, for consideration by corporate management team.</p>										

Corporate Risk Register

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Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
87	4	<p>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> <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"> • ICT downtime • Major staff absence • Property access • Supply chain failure 	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
<p>Comments: The Business Continuity Plan was due to be tested within quarter three. This exercise was to be facilitated by the Civil Protection Team but unfortunately their resource has been concentrated upon dealing with Brexit and the potential impact this will have on Gloucestershire.</p>										

Corporate Risk Register

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Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
88	5	If the council is not compliant with General Data Protection Requirement then there is a risk of financial penalties and adverse publicity.	4	4	16	Data Protection Policy Governance structure in place eg Information Board, Data Protection Officer appointed, designated Senior Information Risk Owner, Business Administration Officer Breach reporting framework Staff awareness training	Head of Corporate Services	12	Rollout of e-learning module Implementation of related audit recommendations Implementation of GDPR action plan	9

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 now in place. A review of GDPR compliance has recently been undertaken by internal audit and their findings reported to Audit and Governance Committee.**

Corporate Risk Register

Appendix 1

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68

Risk ref	Corporate risk identified	Impact assessment / comment	Impact	Likelihood	Gross risk	Mitigating Controls	Risk Owner	Current risk	Identified risk mgt action points	Target risk
			Score (1-5)	Score (1-5)	score			score		score
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>Sufficient equipment for rest centres</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>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

Comments:

An annual audit on the equipment at the rest centres have been carried out. **A number of recent incidents, namely the water outage and localised flooding have tested out emergency planning processes and whilst no formal emergency was called it appears that the preliminary processes (e.g. setting up the coordination centre and rest centre identification and preparation) held up well. Training opportunities have been circulated and a training register is now in place.**

Corporate Risk Register

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06

Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
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>Comments: 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. The joint Waste Committee arrangement has now ended and moved to a more informal county wide arrangement, it is thought that this new arrangement will be more productive. Members of the Joint Waste Team who worked centrally have now moved back to their host organisations and a new waste team is being developed at Tewkesbury Borough Council.</p>										

Corporate Risk Register

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16

Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
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. Consider where a temporary depot could operate from in an emergency. Ensure that there are robust leasing arrangements in place to ensure that we are not left without a depot at short notice	5
<p>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. There is an officer and Member workshop arranged to consider the depot and other joint working arranged for February 2020.</p>										

Corporate Risk Register

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Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
92	9	Safeguarding arrangements	5	2	10	Staff awareness of safeguarding. Safeguarding policy in place. Feedback from S.11 annual audit. Partnership working though the District Safeguarding Network. Taxi driver DBC checks carried out. 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. Adopt the quality assurance framework for safeguarding. Implement feedback from S.11 Audit. Where necessary ensure pre-employment checks / DBS checks are carried out. The council's safeguarding policy and procedures is currently under review.	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 was due to be reported back to O&S Committee in January 2020. **Due to a heavy agenda the Safeguarding Policy item for O&S Committee has been put back to February, the policy has been drafted and is currently being circulated to the District Safeguarding Network by way of external scrutiny.**

Corporate Risk Register

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Risk ref	Corporate risk identified	Impact assessment / comment	Impact	Likelihood	Gross risk	Mitigating Controls	Risk Owner	Current risk	Identified risk mgt action points	Target risk
			Score (1-5)	Score (1-5)	score			score		score
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 £26.7m is available within the capital programme to support the portfolio.	5	4	20	Recent refurbishment of service related property Establishment of annual contribution to Asset Maintenance Programme Commercial investment reserve Trained and experienced staff Appointment of external investment support Recruitment of additional Property Officer	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. £20m of additional capital investment approved in October 2019 including additional resources for day-to-day management of the properties and further contributions to sinking fund.										

Corporate Risk Register

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94

Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
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 advisers</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
<p>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.</p>										

Corporate Risk Register

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96	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.	3	3	9	<ul style="list-style-type: none"> Performance monitoring through CRM system Partnership working and effective governance with LEP Dedicated staff to manage hub and outputs e.g. manager and navigator Promotion through business networks 	Head of Development	4		4
<p>Comments: Growth Hub has now been operating for 12 months and targets are being met. Output discussions with LEP are taking place and 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. Key outputs are No. of visitors = 1672, active growth pans = 45, completed growth plans = 107, total businesses helped = 152 and events held up to end of November 2019 = 44. The stated controls will be subject to internal audit review during quarter 4 of 2020/21.</p>										

Corporate Risk Register

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Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
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"> ● Financial loss ● Adverse reputation ● Impact on staff morale 	4	4	16	Counter-Fraud Unit Internal Audit Policy framework incl code of conduct	Head of Finance & Asset Mgt	9	Review of key policies eg. whistleblowing, anti fraud and corruption Deliver actions within serious crime checklist programme of officer and member training to be implemented	4
96	<p>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.</p>									

Corporate Risk Register

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Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
14	The uncertainty over Brexit leads to an adverse impact on council services and its communities.	<ul style="list-style-type: none"> • Potential fuel shortages • Data transfer implications • Supply chain delays • Economic impact • Election – impact on resource 	4	4	16	Business continuity and contingency planning Intelligence and networking eg Local Resilience Forum, government agencies Government funding of £52k	Corporate Management Team	16	On-going participation in multi-agency network Potential support to small businesses through Growth Hub Glos LRF undertaking an audit of countywide fuel storage capacity Data storage assessment	12

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.

Corporate Risk Register

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86

Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk score	Identified risk mgt action points	Target risk score
15	Garden town status	Failure to deliver Garden Town project will have an impact on the Council in <ul style="list-style-type: none"> Reputation - Confidence from Government of TBC ability to deliver programme Financial (loss of NHB from assumed delivery of homes) Non Delivery of homes and jobs required for community 	5	5	25	Tewkesbury Borough Council are holding regular meetings with the Project Assurance Group which is attended by a Homes England representative. The project is being managed through the standard HE Project Delivery Plan (PDP). Staff are being recruited to for the project to set up a team. A masterplan to deliver the planning/physical delivery strategy is being commissioned. The Council is in receipt of £750,000	Head of Development Services/Garden Town Programme Director.	12	Ongoing management through the Project Assurance Group Appointment of the Garden Town Team with appropriate skills and experience. Engagement with Senior Officers from Homes England Participation with the Garden Town Induction programme Internal monitoring through using the PDP	9

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					15	funding to add capacity to the programme		15		5
<p>Comments: The Programme Director has recently been appointed who will be responsible for the development of the risk management action points. The PDP has been agreed and signed off by Homes England. The process of structuring and recruiting the Garden Town team has commenced. Fortnightly meetings with the Garden Town Member Panel are held to progress development of the strategy.</p>										
66	16	Non-delivery of the Ashchurch bridge project leading to claims	5	3	15	Agree grant funding agreement with Homes England Submit planning application March 2020 Agree licence/access with landowners Agree BAPA with Network Rail confirming design approval and ability to construct	Programme Director	15	Complete Dec 2019 Complete transport modelling work February 2020 Negotiations underway and to include associated link roads Network Rail part of project board and full support the project	5
<p>Comments: The award of £8,132,465 is now under contract with the delivery (completion of the draw-down of funds) by March 2022. The first phase now underway is 'design' which will facilitate the planning application, Network Rail programme approval and the tendering process for a construction partner.</p>										

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	22 January 2020
Subject:	Monitoring of Significant Governance Issues
Report of:	Borough Solicitor
Corporate Lead:	Borough Solicitor
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	1

Executive Summary:

The report attaches, at Appendix 1, a table incorporating the Significant Governance Issues which were identified in the Council's Annual Governance Statement, approved by the Audit and Governance Committee on 24 July 2019, and the action to be taken to address them. The table indicates the progress on those specified actions by 30 November 2019, to enable the Audit and Governance Committee to monitor progress on these actions as required by the Annual Governance Statement.

Recommendation:

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

Reasons for Recommendation:

To comply with the requirements of the review of effectiveness of the Council's Annual Governance Statement.

Resource Implications:

None arising from this report.

Legal Implications:

None arising from this report.

Risk Management Implications:

Risk management is an integral part of the Corporate Governance Framework and actions taken to mitigate the Significant Governance Issues will also help mitigate related business risks.

Performance Management Follow-up:

Further review by Audit and Governance Committee when approving the 2018/19 Annual Governance Statement will take place in July 2020.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 On the 24 July 2019 the Audit and Governance Committee approved the Council's Annual Governance Statement for 2018/19 which forms part of the Annual Statement of Accounts. The purpose of the Statement is to provide assurance that the Council's Governance Framework is adequate and effective.

1.2 As part of the Annual Governance Statement, the Council is required to identify the Significant Governance Issues faced by the Council and to set out the proposed actions to be taken to address those issues and the timescale within which those actions will be taken. The role of the Audit and Governance Committee is to monitor progress on actions arising from the Significant Governance Issues identified in the statement.

2.0 SIGNIFICANT GOVERNANCE ISSUES

2.1 The table set out at Appendix 1 comprises the Significant Governance Issues identified and the proposed action and timescale, with the addition of a further column which indicates the progress as at 30 November 2019.

3.0 OTHER OPTIONS CONSIDERED

3.1 None.

4.0 CONSULTATION

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

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Code of Corporate Governance.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None arising from this report.

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

8.1 None.

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

9.1 None.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

- 10.1** Audit Committee 24 July 2019 – Approval of Annual Governance Statement 2018/19
Council 24 June 2008 – Approval of Code of Corporate Governance

Background Papers: Annual Governance Statement 2018/19

Contact Officer: Borough Solicitor
01684 272011 sara.freckleton@tewkesbury.gov.uk

Appendices: Appendix 1 - Monitoring of Significant Governance Issues 2018/19

SIGNIFICANT GOVERNANCE ISSUES 2018/19

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 30 November 2019
1.	Community Infrastructure Levy (CIL) – governance arrangements	Deliver key internal audit recommendations; <ul style="list-style-type: none"> • Overall governance arrangements to be formalised. • Operational processes to be agreed e.g. monitoring, reporting and reconciliation. • Greater clarity of S123 list. 	September 2019	CIL Working Group (Head of Development as lead officer)	A Member seminar is being held in January 2020 and a report seeking finalised governance arrangements will be prepared for approval in the spring. In September 2019 the regulations governing CIL changed with the removal of pooling restrictions.
2.	Ubico – financial governance	Implement financial governance improvement plan: <ul style="list-style-type: none"> • Explanation of overspend to be provided. • Final outturn figure to be reported to June Executive Committee (supported by Ubico officer representation). • Internal audit review. • Review of financial controls. 	September 2019	Head of Community/Head of Finance and Asset Management	Explanations for overspends have been received, including the unexpectedly high amount on tyres, have been received and are acceptable. Outturn figures were reported to the Executive Committee and officers of Ubico were in attendance. Financial controls and reporting are much improved for 2019/20 and officers have more trust in the financial management of the Ubico contract.

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 30 November 2019
3.	Serious Crime Framework – key policy review	Review the following policies; <ul style="list-style-type: none"> • Whistleblowing • Bullying and Harassment • Gifts and Hospitality • Code of Conduct • Anti-Fraud and Corruption 	March 2020	Borough Solicitor/Head of Corporate Services/Counter Fraud Unit	<p>Staff awareness sessions were held in November and December 2019 on Whistleblowing and Serious Crime. The sessions were facilitated by the Counter Fraud Unit. An updated Whistleblowing Policy will be presented at Audit and Governance Committee on 22 January 2020.</p> <p>The anti-fraud and corruption policy has been reviewed, presented at Audit and Governance Committee on 18 September 2019 and approved by Executive Committee on 16 October 2019.</p> <p>The bullying and harassment policy has been reviewed by HR with textual amendments only. Training has been provided to contact officers and staff awareness drawn to the policy.</p> <p>The remaining policies are scheduled in the quarter 4 work programme of the Counter Fraud Unit and HR team.</p>

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 30 November 2019
4.	Local Code of Corporate Governance	Develop and approve a new code of governance.	March 2020	Head of Corporate Services	Not yet commenced. Work will commence in quarter 4 though development of the new Council Plan and peer challenge will take priority.