

21 July 2020

Committee Audit and Governance Committee

Date Wednesday, 29 July 2020

Time of Meeting 2:00 pm

This is a remote meeting in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Members of the public will be able to view this meeting whilst it is in session by clicking on the link that will be available on the [Agenda publication](#) page immediately prior to the commencement of the meeting.

Agenda

1. ANNOUNCEMENTS

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.

4. MINUTES

1 - 7

To approve the Minutes of the meeting held on 22 January 2020.



	Item	Page(s)
5.	AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME To consider the Audit and Governance Committee Work Programme.	8 - 15
6.	STATEMENT OF ACCOUNTING POLICIES To approve the accounting policies to be used to prepare the 2019/20 financial statements.	16 - 36
7.	COUNTER FRAUD UNIT REPORT To consider the annual update on the work of the Counter Fraud Team.	37 - 45
8.	LOCAL AUTHORITY SERIOUS AND ORGANISED CRIME CHECKLIST To consider the updated checklist and progress made against the action plan.	46 - 61
9.	INTERNAL AUDIT UPDATE To receive an update on the impact of COVID-19 on the Internal Audit team.	62 - 66
10.	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.	67 - 86
11.	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.	87 - 92

DATE OF NEXT MEETING
WEDNESDAY, 23 SEPTEMBER 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, P E Smith and V D Smith (Chair)

Substitution Arrangements

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

Recording of Meetings

In accordance with the Openness of Local Government Bodies Regulations 2014, please be aware that the proceedings of this meeting may be recorded.

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit and Governance Committee held at the Council
Offices, Gloucester Road, Tewkesbury on Wednesday, 22 January 2020
commencing at 2:00 pm**

Present:

Chair	Councillor V D Smith
Vice Chair	Councillor H C McLain

and Councillors:

C M Cody, P A Godwin, D W Gray, P D McLain, H S Munro and P E Smith

A&G.31 ANNOUNCEMENTS

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

A&G.32 DECLARATIONS OF INTEREST

32.1 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.

32.2 There were no declarations made on this occasion.

A&G.33 MINUTES

33.1 The Minutes of the meeting held on 18 September 2019, copies of which had been circulated, were approved as a correct record and signed by the Chair.

A&G.34 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

34.1 Attention was drawn to the Audit and Governance Committee Work Programme, circulated at Pages No. 10-16, which Members were asked to consider.

34.2 It was noted that a report on the findings of the Food Standards Agency audit would be brought to the next meeting of the Committee on 25 March 2020 and that a new Money Laundering Policy would be coming forward in July 2020 for the Audit and Governance Committee to consider and make a recommendation to the Executive Committee; both items had been included on the Work Programme.

34.3 It was

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

A&G.35 COUNTER FRAUD UNIT UPDATE

- 35.1 Attention was drawn to the report of the Head of Finance and Asset Management, circulated at Pages No. 17-22, which provided assurance over the counter-fraud activities of the Council. Members were asked to consider the six monthly update from the Counter Fraud Unit.
- 35.2 The Counter Fraud Unit Manager advised that, during quarters two and three, the Counter Fraud Unit had been tasked with undertaking the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme. The team had received nine referrals and had closed eight cases; this had resulted in civil and criminal penalties and three prosecutions. In addition, joint working with the Department for Work and Pensions on the investigation of cases involving housing benefit and council tax reduction had continued. Appendix 1 to the report provided an update on the corporate/strategic work plan which included completion of the work on the serious and organised crime checklist with training delivered to staff in November/December 2019 and publication of the fraud transparency data. It was noted that the report on the small supplier payment review would be available at the end of the quarter and work on enforcement was about to commence with Planning which would be included in the next report to the Committee.
- 35.3 It was
RESOLVED That the Counter Fraud Unit six monthly update be **NOTED**.

A&G.36 WHISTLEBLOWING POLICY

- 36.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 23-37, which asked Members to recommend to the Executive Committee that the updated Whistleblowing Policy be approved.
- 36.2 The Counter Fraud Unit Manager advised that the Whistleblowing Policy had been refreshed to make it more applicable to Tewkesbury Borough Council and to ensure that guidance and links were up to date. It was noted that the Counter Fraud Unit had run awareness sessions for staff with almost 100 people attending to date and further mop-up sessions planned so there was assurance that staff were familiar with the policy and able to come forward if necessary. A Member queried how many staff had come forward within the last 12 months and was advised that these statistics would be held by HR but the Counter Fraud Unit had not received any directly, although the training had only been delivered recently and that could sometimes prompt people to come forward. The Head of Corporate Services did not believe that any whistleblowing allegations had been put to HR, or anyone else in the organisation; however, that may be due to a lack of understanding which was why the Counter Fraud Unit had revised the policy and promoted it to staff.
- 36.3 A Member queried the effectiveness of whistleblowing generally across other organisations which the Counter Fraud Unit dealt with and whether Tewkesbury Borough Council was doing enough to make it a natural reaction for people who had suspicions. In response, the Counter Fraud Unit Manager felt that it was increasingly effective and people were being actively encouraged to report incidents; other partner councils were getting positive results and staff felt confident about coming forward with information as a result of action being taken. It was noted that live examples from across the partnership were used in training to make it more relevant. The Chair felt that building confidence among staff to report incidents was key. The Counter Fraud Manager considered it beneficial that the Counter Fraud Unit was slightly removed from the Council as staff may find it easier to report incidents to her team as opposed to HR etc.

36.4 It was

RESOLVED That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that the updated Whistleblowing Policy be **APPROVED**.

A&G.37 EXTERNAL AUDITOR'S PROGRESS REPORT

37.1 Attention was drawn to the external auditor's progress report, circulated at Pages No. 39-52, which set out the progress that had been made in relation to the audit plan, together with any emerging national issues and developments that might be relevant to Tewkesbury Borough Council. Members were asked to consider the report.

37.2 The Engagement Manager from Grant Thornton explained that there were two elements of the audit undertaken: financial statements audit and value for money. In terms of the financial statements audit, it was very early in the cycle with work underway behind the scenes and, in the coming weeks and months, Grant Thornton would be meeting with relevant Officers and carrying out interim testing of individual transactions which would be reported as part of the audit plan update at the next Committee meeting in March, along with an update on the value for money audit. Page No. 43 of the report contained a section on the certification of the housing benefit claim that had been undertaken at the end of last year. The original deadline was the end of November; however, the Council had sought a short extension and she confirmed that the claim had been completed and certified by 13 December 2019 which was the extension agreed by the Department for Work and Pensions. The main reason for the delay was because, as part of the initial tender for the work, Grant Thornton had agreed to do a lot of testing which had not been possible due to unforeseen circumstances meaning Grant Thornton had needed to find additional resources quite late on in the process. She explained that a large number of errors had been identified due to the prescribed method of testing which meant that, for each error, another additional 40 cases were tested. As such, it had been quite an achievement to meet the 13 December deadline. The Engagement Lead and previous Engagement Manager had met with Tewkesbury Borough Council Officers earlier in the month to put a plan in place for next year to resolve some of the issues that had been identified as part of this audit in order to mitigate errors.

37.3 The Engagement Manager went on to advise that the base level audit fee was set by Public Sector Audit Appointments (PSSA) Ltd. but, due to the changing scope of audit and the increasing pressure for external auditors to undertake more detailed work, there would be additional fees for 2019/20. At the moment it was unclear exactly what those would be but Grant Thornton would write to the Section 151 Officer to alert him to the additional fees. It was noted that some other authorities had seen a small increase on the 2018/19 fee but it was still less than the 2017/18 fee and therefore not significant. Page No. 44 of the report listed all of the audit deliverables, some of which had already been completed, and when they would be reported to Committee. The remainder of the report contained sector updates on what was happening in the world of audit for Members' information.

37.4 It was

RESOLVED That the external auditor's progress report be **NOTED**.

A&G.38 INTERNAL AUDIT PLAN MONITORING REPORT

- 38.1 The report of the Head of Corporate Services, circulated at Pages No. 53-77, 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.
- 38.2 The Head of Corporate Services advised that the full details of the audits undertaken were attached at Appendix 1 to the report. A list of audit recommendations that were due to be followed-up could be found at Appendix 2 to the report; of the 20 recommendations, 12 had been implemented, five partially implemented and three were yet to be implemented.
- 38.3 Members were advised that an audit of procurement cards had been requested by the Head of Finance and Asset Management to give assurance that the framework was working as it should be. During 2018/19, a total of £86,485 had been spent using procurement cards across all services within the Council; there were around 40 Officers with procurement cards which were used for low-level online purchases etc. so there was potential for abuse without careful monitoring. The audit had found a satisfactory level of control with all card expenditure published on the Council's website in accordance with the Local Government Transparency Code 2015. Each cardholder had verified receipt of their cards and signed a declaration to agree to adhere to the guidelines for use and audit testing had concluded that purchases made using procurement cards were genuine with costs incurred 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 with the exception of one which had been authorised by the cardholder. Procurement card statements were received on a monthly basis and adequate supporting documentation was provided in the majority of cases, although sometimes the appropriate invoice was not received which meant that VAT could not be reclaimed. The Finance Team had already taken steps to address this issue and corporate business accounts had been set-up with a number of suppliers to ensure that VAT could be reclaimed on all future purchases. The main recommendation arising from the audit was in relation to a reminder being sent to cardholders alerting them of their responsibility to retain invoices. A Member questioned whether there was a set limit on the cards and was advised that the average was around £1,000.
- 38.4 Members were advised that an additional £55m funding had been allocated to local authorities in England for the provision of Disabled Facilities Grants (DFGs) or social care projects, of which £141,363 was allocated to Tewkesbury Borough Council to be spent by the end of the current financial year. The grant required the Chief Audit Executive to confirm by December 2019 that monies had been spent in accordance with the conditions of the grant and an audit had subsequently been carried out to provide that assurance. The audit confirmed that money had been spent on the insulation of 15 park homes which met condition 2 of the additional grant funding criteria allowing monies to be allocated to a social care project. The expenditure had totalled £101,344 but verbal assurance had been given by the Environmental Health Manager that the remaining balance would be spent before the end of the financial year and a future follow-up audit would confirm that was the case. In terms of internal controls, the Council had an obligation to ensure that monies had been allocated to eligible residents and that works were completed to a satisfactory standard to properties within the borough. It was noted that the Severn Wye Energy Agency facilitated the park homes scheme and there was an expectation it would be monitored to ensure it met these conditions; whilst, such checks were not necessarily in place, information about how the money had been spent was passed on and there was an expectation that the service area would do

checks around customer satisfaction. As such, it was recommended that a formal process be established and documented in relation to the type of checks that should be carried out by the Council in relation to additional DFG funding. A Member recalled that not all of the DFG money had been spent during the previous year and the Head of Finance and Asset Management confirmed that the total funding allocation was in the region of £1.1m, of which around £400,000 had been spent - this was in line with the usual spend for the last 10-15 years and was the original level of the government grant. He explained that the government grant went to Gloucestershire County Council and the balance could be used for social service needs on capital projects so no money was lost. The Member understood that part of the reason for the underspend was the prescriptive nature of the grant criteria, for instance, the need for referral by an Occupational Therapist, and he questioned whether the core criteria could be changed for important projects. The Head of Finance and Asset Management confirmed that had been the case to an extent as the money could be spent on related capital expenditure across the county. He provided reassurance that the money was not going back to central government and was being spent locally at district or county level. A Member expressed the view that, if the criteria was less prescriptive, the money could be helping more disabled people in the borough and the Head of Finance and Asset Management undertook to discuss the criteria with the relevant Officers following the meeting.

- 38.5 The Head of Corporate Services advised that an audit of debtors had been completed as part of the 2019/20 Internal Audit Plan and looked at how well debt was managed within the Finance Team and how it was dealt with when passed to service areas. There were service-specific areas where improvements could be made, particularly in relation to the timely raising of invoices and appropriate documentation to support the integrity of the invoice, especially with regard to grounds maintenance where there were no supporting documents to verify the amount raised and a charging schedule had not been available at the time of the audit. There was also a need to ensure that outstanding debt was allocated to the right Officer when this was monitored within service areas. The main recommendation arising from the audit was that a corporate collection procedure should be developed to cover standardised recovery procedures for issuing chasing letters and the number of contacts attempted; a requirement for services to retain ample supporting evidence to confirm that the invoice information was adequate and the retention period for that information e.g. six years plus the current year or until the debt had been paid in full; and for responsibility and procedures of managers in relation to debt monitoring, including identification of debts incorrectly allocated and the procedure for handling those instances.
- 38.6 Attention was drawn to Pages No. 63 and 64 of the report which contained a plethora of information in relation to the General Data Protection Regulation (GDPR) audit which had been undertaken on behalf of the Data Protection Officer to give assurance on the arrangements in place. The Head of Corporate Services explained that the Council had come a long way since the introduction of GDPR but it was now time to take stock, review and develop a new action plan for implementation, for instance, data processing activities should be reviewed to ensure all activities were being captured – prior to GDPR, each service had undertaken a data audit and, whilst the range of activities covered was immense, some areas had not been captured at that time e.g. homelessness, animal boarding licences. A recommendation from the project management audit was that all key projects should be supported with a privacy impact statement and that would be in place for all new projects going forward. In terms of data sharing, there were currently seven data sharing agreements in place which needed to be reviewed to ensure there was full coverage of all sharing in the Council. The asset owners were originally the Operational Managers but there were other Officers who dealt with data management, such as the Community Infrastructure Levy Manager and Garden Towns Director, so this needed to be widened. There was a Single Point of

Contact for GDPR which had been helpful in ensuring the Council was broadly compliant; however, that post had been vacant for the past few months and responsibility for the role would now be undertaken by the Internal Audit Team by increasing the hours of one Officer to allow time to take forward recommendations. Members were informed that a limited audit opinion had been issued in respect of data retention; a lot of work had gone into producing a corporate retention schedule setting out the retention period for each activity and that needed to be challenged to ensure all services were adhering to it operationally and only keeping data for as long as necessary. The limited opinion was due to there being no reasonable assurance that arrangements were in place, especially in terms of main processing systems, such as Uniform, and shared data drives. This would form part of the work of the new Single Point of Contact. A Member queried how many complaints were received in relation to GDPR and pointed out that, personally, he had not received any. The Borough Solicitor explained that it was right and proper that the Council took care with personal data and the consequences of getting this wrong were significant. Whilst the current arrangements were satisfactory, there was always room for improvement and all Officers needed to take responsibility for ensuring data was not collected unnecessarily or retained for any longer than absolutely necessary. She did not have exact figures to hand but Members would be surprised by the amount of queries and searches from people wanting to know what personal data the Council held about them. The Head of Corporate Services pointed out that a data breach would have significant consequences for the authority, both reputationally and financially. A Member recognised the importance of the issue and noted that the implementation date was April 2021 so she queried whether this was due to the amount of work involved. The Head of Corporate Services confirmed there was a lot of work to do with individual services; work had already commenced and would continue until April 2021.

38.7 Members were reminded that days were allocated in the Internal Audit Plan for corporate improvement work and Page No. 65 detailed work that had been undertaken in relation to the procurement of a new digital platform and a planning files project. Appendix 2 to the report detailed the recommendations that had been followed-up using a RAG status (red, amber, green). In terms of the three actions yet to be implemented, Members were advised that the recommendation in relation to Community Infrastructure Levy governance across the three charging authorities was well-known and the target date had been changed to September 2020; the recommendation around financials e-ordering related to bank account details being redacted and deleted and a revised implementation date of February 2020 had been agreed; and, the recommendation around pre-employment checks, which had been identified through the Serious and Organised Crime Framework audit, had a new implementation date of March 2020 and the new HR Manager had been tasked with giving this priority - currently, pre-employment checks were standardised across all jobs. In response to a query regarding the CIL audit, confirmation was provided that it covered monitoring, the identification of triggers, raising of invoices and collection of monies. A Member questioned whether there were any implications of this being delayed and the Borough Solicitor explained that CIL was shared between the three charging authorities, it had to be an agreed spend in a particular area and must be used for particular projects. She clarified that CIL monies had started to be collected and this recommendation was about the identification of projects which would be recipients of CIL.

38.8 Having considered the information provided, it was

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

A&G.39 CORPORATE RISK REGISTER

- 39.1 The report of the Head of Corporate Services, circulated at Pages No. 78-99, asked Members to consider the risks contained within the corporate risk register and assurance that the risks were being effectively managed.
- 39.2 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. Days were allocated in the Internal Audit Plan to look at the risks in the register and test the controls to ensure they were effective and that action points were being addressed. The register was attached at Appendix 1 to the report with changes since the last Committee highlighted in bold. The key changes were also outlined at Page No. 80, Paragraph 3.1 of the report and particular reference was made to financial sustainability, which had been reviewed in its totality with the current risk score being increased to reflect the uncertainty around local government financing; emergency planning arrangements, which had been tested in the recent flood event; and safeguarding, which was included on the basis that an updated policy was due to be presented to the Overview and Scrutiny Committee in February 2020. It was proposed to remove the risks around treasury management and fraud and corruption which were consistently reported as low risk but a new risk was proposed around the £8m Ashchurch Bridge project.
- 39.3 It was
RESOLVED That the risks and mitigating controls within the Corporate Risk Register be **NOTED**.

A&G.40 MONITORING OF SIGNIFICANT GOVERNANCE ISSUES 2018/19

- 40.1 The report of the Borough Solicitor, circulated at Pages No. 100-105, set out the Significant Governance Issues and the action to be taken to address them as identified in the Council's Annual Governance Statement. Members were asked to consider the progress made against those issues.
- 40.2 Members were advised that the table set out at Appendix 1 to the report comprised the Significant Governance Issues and the proposed actions and timescale for completion, with a further column indicating the progress as at 30 November 2019. The Borough Solicitor explained that there had been movement on all actions and there was no reason they would not be completed within the prescribed timescales. It was
RESOLVED That progress against the Significant Governance Issues identified in the Council's Annual Governance Statement be **NOTED**.

The meeting closed at 2:55 pm

AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

Committee Date: 23 September 2020			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditors' Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	Yes – moved from 25 March 2020 (meeting cancelled) due to impact of COVID-19.
External Auditors' 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. Head of Finance and Asset Management.	Yes – moved from 29 July 2020. Revised approach now requires Head of Finance and Asset Management to present rather than external auditors.
Regulation of Investigatory Powers / Investigatory Powers Act Policies	To recommend to the Executive Committee that the Regulation of Investigatory Powers Act 2000 Surveillance and Covert Human Intelligence Source Policy and the Investigatory Powers Act 2016 Acquisition of Communications Data Policy be approved and to delegate authority to the Borough Solicitor to approve future minor amendments in consultation with the Counter Fraud Manager and the Lead Member for Corporate Governance.	Counter Fraud Unit / Borough Solicitor	Yes – moved from 23 March 2020 (meeting cancelled) due to impact of COVID-19.
Internal Audit Six Month Plan 2020/21	To approve the Internal Audit Six Month Plan 2020/21 (Oct-Mar).	Head of Corporate Services.	No.

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Agenda Item 5

NB – Changes from previous work programme highlighted in bold

Committee Date: 23 September 2020

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Borough Solicitor.	No.
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 2019/20.	Head of Corporate Services.	Yes – moved from 29 July 2020 due to impact of COVID-19.

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NB – Changes from previous work programme highlighted in bold

Committee Date: 4 November 2020 – ADDITIONAL MEETING			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor’s Audit Findings	To consider the external auditors’ Audit Findings 2019/20.	External Auditors.	Yes – moved from 23 September 2020 due to impact of COVID-19.
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	Yes – moved from 29 July 2020 due to impact of COVID-19.
Statement of Accounts 2019/20	To approve the Statement of Accounts 2019/20.	Head of Finance and Asset Management.	Yes – moved from 29 July 2020 due to impact of COVID-19.
Annual Governance Statement 2019/20	To approve the Annual Governance Statement 2019/20.	Borough Solicitor.	Yes – moved from 29 July 2020 due to impact of COVID-19 (Approved at the same time as the Statement of Accounts).
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.	Yes – moved from 29 July 2020 due to impact of COVID-19 (overall opinion feeds into Annual Governance Statement).
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.	Yes – moved from 23 September 2020 due to impact of COVID-19.

Committee Date: 4 November 2020 – ADDITIONAL MEETING			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Money Laundering Policy	To consider the policy and recommend to Executive Committee that it be approved.	Head of Finance and Asset Management / Counter Fraud Manager.	Yes – moved from 29 July 2020. Postponed due to impact of COVID-19 on resource availability.
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.	Head of Community Services.	Yes – moved from 29 July 2020. Postponed due to impact of COVID-19 on resource availability.
Food Standards Agency Audit	To consider the findings of the Food Standards Agency.	Head of Community Services	Yes – moved from 29 July 2020. Postponed due to impact of COVID-19 on resource availability.

Committee Date: 16 December 2020			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
Annual Audit Letter 2019/20	To consider the external auditors' Audit Letter 2019/20.	External Auditors.	Yes – moved from 23 September 2020 due to impact of COVID-19.
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.
Annual Report on Health and Safety Activities	To consider the adequacy of the Council's health and safety arrangements.	Head of Community Services.	Yes – moved from 23 September 2020 due to impact of COVID-19.

Committee Date: 16 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.

Committee Date: 24 March 2021			
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.
External Auditor's Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
External Auditor's Audit Plan 2020/19	To consider the external auditors' Audit Plan 2020/19.	External Auditors.	No.
Statement of Accounting Policies	To approve the accounting policies to be used during the 2020/21 closedown.	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 2021/22	To approve the Internal Audit Six Month Plan 2021/22 (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.	Head of Community Services.	No – Latest update rescheduled for 4 November 2020. Will need to be reprogrammed for 2021/22.

Committee Date: 24 March 2021			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
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.	Yes – moved from 29 July 2020 meeting as quality assurance and improvement programme but back to March 2021 due to impact of COVID-19.
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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OTHER ITEMS			
Agenda Item	Overview of Agenda Item	Lead Officer	Comments

NB – Changes from previous work programme highlighted in bold

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	29 July 2020
Subject:	Statement of Accounting Policies
Report of:	Head of Finance and Asset Management
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	1

Executive Summary:

This report sets out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. These policies outline the specific principles, bases, conventions, rules and practices applied when preparing and presenting the financial statements.

Recommendation:

To APPROVE the accounting policies to be used to prepare the 2019/20 financial statements.

Reasons for Recommendation:

The accounting policies govern the accounting treatment used to close the final accounts which this Committee is asked to approve after the audit has been completed. The Council must disclose the accounting policies it has applied to all material balances and transactions.

Resource Implications:

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

Legal Implications:

There are no direct legal implications arising from the approval of accounting policies and critical judgements; however, Section 21 of the Local Government Act 2003 enables the Secretary of State to make regulations requiring accounting practices including the Statement of Accounts to be undertaken in accordance with proper accounting practices (i.e. the current Code of Practice). This year accounting practices have been revised due to the COVID- 19 situation.

Risk Management Implications:

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

Performance Management Follow-up:

Grant Thornton will audit this as part of the year end audit and will issue an opinion in November 2020.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The Council is required to produce an annual Statement of Accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

1.2 As part of this statement it has to disclose the accounting policies applied to material transactions and balances (materiality is provisionally set at £750,000). There is little discretion to the Council as the proper accounting practices, that all local authorities follow, are set down in the Code.

2.0 REVIEW OF THE 2019/20 ACCOUNTING POLICIES

2.1 The full list of accounting policies can be found at Appendix A.

2.2 There have been no substantial changes to the 2019/20 CIPFA Code of Practice on Local Authority Accounting which came into effect for the financial year beginning 1 April 2019. The majority of the changes to the code do not apply to the operation of the Council. Therefore, there has been no new or amended accounting requirements that needed to be reflected in the Council's accounting policies.

2.3 We have reviewed the accounting policies against the IFRS standards to ensure consistency with standard practice. The accounting policies are the same as those used in the 2018/19 financial year.

2.4 The Council has clarified its accounting policies for 2019/20 in respect of financial assets. Where the Council has the intention to hold pooled funds over the long-term then they should be classified as a long-term investment, even though shares in the pool can be put up for sale at any time. We have held pooled funds since May 2017 and in previous years have shown them as short-term assets. Reviewing how the Council intends to use this asset over the medium to long term, it is appropriate that we reclassify these financial assets as long-term investments.

2.5 This will also require restatement of the prior year figures, to move the relevant balances shown at the end of last year to the correct line for comparator purposes. It will not require any changes in calculation, it is a reclassification.

2.6 We have also clarified that we use the statutory override applicable to financial assets which are held at fair value through profit and loss. The requirement is to recognise any gains or losses in fair value in the Comprehensive Income and Expenditure Statement as soon as it is incurred; however, there is a statutory override which allows councils to then move the gain or loss to reserves, through the movement in reserves statement, so that the gain or loss is not recognised in the revenue account until the asset is derecognised. The Council has been accounting for this correctly, it was just not stated in the accounting policies.

3.0 APPLICATION OF ACCOUNTING POLICIES

3.1 The Council has only included policies that are relevant and material to the operation of the Council and accounting in the financial statements. The policies have been adapted to reflect the specific accounting policies applied by the Council, e.g.

- Valuation basis and Estimated useful life of certain classes of asset
- Deminimus for asset classified as capital
- Recognition of government grants
- Recognition of cash equivalents
- Recognition of overheads and support services
- Heritage assets
- Presentation in the CIES of Business Rates impairment losses

4.0 IMPACT OF COVID-19 ON ACCOUNTING POLICIES

4.1 COVID-19 has had a significant impact on the wider economy and on the Council at the end of the financial year, impacting on the accounts production process; however, it has not changed the accounting policies directly and the Council has continued to apply all policies in the same way.

4.2 The impact of COVID-19 has been to provide more uncertainty in market conditions, particularly on the fair value of assets and liabilities. The Council's accounting policy is to record transactions on the balance sheet at their fair value in line with the CIPFA Code of Practice and accounting standards. This involves the use of estimates, particularly around the value of the property portfolio. We use third party, RICS qualified, valuers to estimate the value of the portfolio. This year they have provided their valuation report on the basis of *'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case'*.

4.3 We have applied the accounting policy to recognise the fair value provided by the valuer; however, we have also updated the disclosure on Major Sources of Estimation Uncertainty to reflect the above statement. We provided a sensitivity analysis in this note of the impact of a 1% change in value; however, the accounting policy reflects the statutory override that changes in fair value of properties is only recognised as an impact on the General Fund when the asset is sold. The Council has no plans to sell any of its property portfolio in the medium term.

5.0 FUTURE CHANGES TO ACCOUNTING POLICIES

5.1 Due to the impact of COVID-19 the decision has been taken by CIPFA/LASAAC Local Authority Accounting Code Board to delay the implementation of IFRS16 – Accounting for leases for a year until 1 April 2021. The Council had prepared for the introduction of this new standard and the accounting policy would be to account for all material leases on the balance sheet, although no material leases had been identified.

5.2 Other standards being introduced into the 2020/21 CIPFA code of practice have been reviewed and we are satisfied that our current accounting policies are consistent with the new standards and that there will be no material impact on the accounts from their introduction.

6.0 OTHER OPTIONS CONSIDERED

6.1 None.

7.0 CONSULTATION

7.1 None.

8.0 RELEVANT COUNCIL POLICIES/STRATEGIES

8.1 None.

9.0 RELEVANT GOVERNMENT POLICIES

9.1 Local Government Act 2003 and Accounts and Audit Regulations 2015.

10.0 RESOURCE IMPLICATIONS (Human/Property)

10.1 None.

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

11.1 None.

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

12.1 None.

13.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

13.1 None.

Background Papers: None

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Appendices: A – Statement of Accounting Policies

Appendix A - Accounting Policies

1.1 General Principles

The financial statements summarises the council's transactions for the 2019/2020 financial year and its position at the year-end of 31 March 2020. The council is required to prepare annual financial statements by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Finance Act 2003.

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

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

1.2 Accruals of Expenditure and Income

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

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

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

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

1.4 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

The Local Government Pension Scheme

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

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

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

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

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

- Service cost comprising

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest on the net defined benefit liability, i.e. net interest expense for the council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Gloucestershire County council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

1.5 Events After the Reporting Period

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

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

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

1.6 Financial Instruments

Financial Liabilities

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

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

Financial Assets

Financial assets are classified based on the business model for holding them and the characteristics of their cashflows. The three main classes of financial assets are measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) - None held by the council

The business model of the authority is to hold investments to collect contractual cash flows for treasury management purposes only. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of interest and principal and interest (i.e. where it isn't a basic debt instrument).

Financial Assets Measured at Amortised Cost

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

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

Financial Assets (which are in pooled funds) where we can instruct to sell shares at any time are recognised on the balance sheet based on the authorities intention to hold the asset. Where the authority intends to hold the asset for several years then it will be classified as a long term asset.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The authority applies the statutory override available on these fair value gains and losses to move them from the CIES to reserves via the Movement in Reserves Statement. The gains and losses are therefore not recognised as a cost to taxpayers, until the financial asset is derecognised

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

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

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

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the council can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

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

1.7 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

The policy of this Council is to recognise all grants straight away in the Comprehensive Income and Expenditure Account unless there are conditions attached to the grant that require repayment and the Council believes this is more than likely to occur based on previous experience.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area in line with our Regulation 123 list that is published on our website.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, 5% of these charges may be used to fund revenue administrative costs of CIL.

1.8 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

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

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

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

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

1.9 Interests in Companies and Other Entities

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

1.10 Inventories and Long Term Contracts

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

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

1.11 Investment Property

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

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

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

1.12 Leases

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

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

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

The council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

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

1.13 Non-Current Assets Held for Sale and Disposals

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

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

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

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

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

Disposals

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

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

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

1.14 Overheads and Support Services

The costs of overheads and support services are not shown within the service segments in the Comprehensive Income and Expenditure Account as we do not report this in our management reports throughout the year. Therefore the full cost principles detailed in the CIPFA *Service Reporting Code of Practice 2019/2020* (SeRCOP) are no longer used within the financial statements.

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

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

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

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

1.16 Property, Plant and Equipment

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

Recognition

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

Measurement

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

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

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

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

Componentisation

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

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

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

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

1.17 Charges to Revenue for Non-Current Assets

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

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

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

1.18 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

1.19 Reserves

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

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

1.20 Revenue Expenditure Funded from Capital under Statute

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

1.21 VAT

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

1.22 Heritage Assets

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

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

The council does not, normally, purchase heritage assets.

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

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

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

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

1.23 Council tax and Non-Domestic rates (NDR)

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

The council tax and NDR income included in the comprehensive income and expenditure statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's general fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the **taxation and non-specific grant income line** in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	29 July 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:	2

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 biannually, for Tewkesbury Borough Council this will be at the July and December meetings.

The report also provides the annual update to Audit and Governance Committee in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing policies and arrangements.

Recommendation:

To CONSIDER the the annual update on the work of the Counter Fraud Team.

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.

The Council is required to ensure that it complies with the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016 and any other relevant/statutory legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be authorised by the appropriate Officer and recorded in the Central Register.

The Council has a statutory obligation for enforcing a wide range of legislation, where it is necessary and proportionate to do so. Human rights implications are a consideration of this type of activity.

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.

The RIPA and IPA Policies demonstrate the Council's consideration of necessity, proportionality and public interest when deciding on surveillance activity or the decision to obtain personal communication data.

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. Biannual 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 2020/21 have been agreed with the Chief Finance Officer and corporate management team 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. The plan is likely to change as a consequence of the work streams created by the COVID-19 pandemic.

1.3 Attached at Appendix 1 is the updated work plan for 2019/20 and at Appendix 2 is the work plan for 2020/21.

2.0 WORK PROGRAMME AND RESULTS

2.1 The Counter Fraud Unit has been supporting work streams created as a consequence of the COVID-19 pandemic by providing advice relating to fraud risk and abuse, most significantly in relation to the business grants.

2.2 The Counter Fraud Unit is currently developing a medium term enforcement proposal to manage the current situation whilst we cannot undertake interviews under caution in person. This proposal follows guidance from the Crown Prosecution Service and others which recommends that written statements under caution are obtained so that enforcement activity may continue.

2.3 The Counter Fraud Unit has procured a case management system and is now able to implement a new process which means that referrals will automatically be uploaded in to the system via a secure link for all five partner Councils, Publica and the 10 third party clients.

2.4 In addition to Appendices 1 and 2, as a dedicated investigatory support service, the Counter Fraud Unit undertakes a wide range of enforcement and investigation 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.

2.5 Summary of work 2019/2020:

- The team received 11 referrals from across the Council and closed six cases.
- Assisting the Revenues Team to investigate referrals relating to incorrectly claimed Council Tax discounts or exemptions. The work resulted in the application of three Civil Penalties totalling £210 and increased Council Tax revenue of £1,012.
- 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 23 referrals and closed 28 cases. 12 Civil Penalties and 10 Criminal Penalties have been applied totalling £5,587 and increased Council Tax revenue of £18,916 has been raised.
 - As previously reported, 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.
 - The team have processed 126 enquiries for DWP and sent / received 18 joint working requests.

- All local authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.
 - The team reviewed 1,279 matches. Of these matches 50 accounts have been amended so far generating £27,581 increased Council Tax revenue and 22 Civil Penalties, totalling £1,540, have been applied. The work stream was interrupted by recent events but will be completed in due course.
- The team undertook 1,114 visits to business premises as part of the ratings list review.

2.6 During quarter one of 2020/21, the team received five referrals from across the Council and the review of the housing waiting list has commenced.

3.0 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) AND THE INVESTIGATORY POWERS ACT 2016 (IPA) UPDATE

3.1 The Council's policies are based on the legislative requirements of these Acts and the Codes of Practice relating to directed surveillance and the acquisition of communications data.

3.2 The policies will be presented to Audit and Governance Committee in September 2020 and will be taken to Executive Committee thereafter.

3.3 The Council must have a Senior Responsible Officer and Authorising Officers to approve the application before the Court is approached. The Senior Responsible Officer is the Chief Executive, and the Authorising Officers are the Head of Finance and Asset Management and the Head of Community Services.

3.4 There have been no RIPA applications and no non-RIPA applications made by the Council during 2019/20. There have been no applications for communications data.

3.5 The Council takes responsibility for ensuring its procedures relating to surveillance and the acquisition of communications data are continuously improved and all activity is recorded.

3.6 The Council is currently undergoing an inspection by the Investigatory Powers Commissioner's Office. An update will be provided to the Audit and Governance Committee in the next Counter Fraud Unit report.

4.0 OTHER OPTIONS CONSIDERED

4.1 None

5.0 CONSULTATION

5.1 Work plans for 2020/21 have been agreed with the Head of Finance and Asset Management and the Head of Corporate Services.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

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

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None

8.0 RESOURCE IMPLICATIONS (Human/Property)

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

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

9.1 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.

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

10.1 The service is a shared one across the county, as such overheads and management costs are also shared equally meaning there is increased value for money.

10.2 The application of the RIPA and IPA Policies, to govern surveillance and the obtaining of personal communications data, ensures that there is less risk that an individual's human rights will be breached. Furthermore it protects the Council from allegations of the same.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 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 Manager
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Appendices: Appendix 1 – Work Plan 2019/20
Appendix 2 – Work Plan 2020/21

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	Role transferred to CFU. Policies to be updated – 2020/2021 work plan
Corporate / Strategy	Home Office Serious and Organised Crime Checklist and accompanying work plan	Complete – Training delivered to staff November / December. Ongoing review transferred to 2020/2021 work plan
Corporate / Strategy	Home Office Bribery and Corruption Assessment Template and accompanying work plan	Assessment included in 2020/2021 work plan
Corporate / Strategy	Staff and Member Fraud Awareness Sessions	Member Session complete October. New staff awareness session included in 2020/2021 work plan
Corporate / Strategy	Development / Review of Fraud Response Plan	To be included in 2020/2021 work plan
Corporate / Strategy	Review Corporate Risk Register / Identify Service Area Fraud Risks	Service specific risks to be considered for 2020/2021 work plan
Corporate / Strategy	Development of fraud awareness literature for staff and members	Complete - MT approval pending, to be included in 2020/2021 work plan
Corporate / Strategy	Development of Right to Buy / debt recovery process	To be included in 2020/2021 work plan
Corporate / Strategy	Development of work with Planning / Public Protection Enforcement & Enforcement Officer training	To be included in 2020/2021 work plan
Corporate / Strategy	Collation and Publication of Fraud Transparency Data	Complete November
Procurement	Review of procurement and contract strategy	To be included in 2020/2021 work plan

Department / Contact	Task	Dates / Notes
Procurement	Supplier Payment Review	To be included in 2020/2021 work plan
Internal Audit / HR	Policy and Procedure: Staff Declarations of Interest / Conflicts of Interest	Draft issued to Governance Group for consideration; transferred to 2020/2021 work plan
Internal Audit / HR	Review of HR Recruitment and Vetting Policy and Procedures	Complete – follow up included in 2020/2021 work plan
Internal Audit / HR	Review of the Gifts and Hospitality Policy and Procedure	Draft issued to Governance Group for consideration; transferred to 2020/2021 work plan
Policy	Drafting / consultation / adoption of Corporate Enforcement Policy	Consultation complete. To be presented to O&S Committee / Executive Committee
Policy	Drafting / consultation / adoption of Money Laundering Policy	To be included in 2020/2021 work plan
Policy	Revision Whistle Blowing Policy	Consultation and review complete. Presented to Audit and Governance Committee January 2020 / Executive Committee February 2020
Revenues and Benefits	Housing Benefit Matching Service Referrals - triage and recommendations	To be included in 2020/2021 work plan
Revenues and Benefits	National Fraud Initiative (NFI) Data Match Review	Completed – pending results
Housing	Review of the Housing List and related NFI matches	NFI complete – pending results / Housing List review to be included in 2020/2021 work plan

SOC = Serious and Organised Crime

Department / Contact	Task	Dates / Notes
Corporate / Strategy	Delivery of two reports for Audit and Governance Committee	July and December
Corporate / Strategy	RIPA Coordinator Role - Review of Policies / annual report to Members / advisory role for staff / IPCO liaison	Annual update to be reported July. Surveillance / CHIS Policy and Communication Data Policy redrafted. To be presented to Audit and Governance / Executive Committees for approval. Social Media Policy currently being revised.
Corporate / Strategy	Home Office Serious and Organised Crime Checklist and accompanying work plan	
Corporate / Strategy	Home Office Bribery and Corruption Assessment Template and accompanying work plan	
Corporate / Strategy	Staff and Member Fraud Awareness Sessions	Staff only
Corporate / Strategy	Development / Review of Fraud Response Plan	
Corporate / Strategy	Development of Service Specific Fraud Risk Register	
Corporate / Strategy	Development of fraud awareness literature for staff and members	Complete - MT approval pending
Corporate / Strategy	Development of RTB / debt recovery process	
Corporate / Strategy	RIPA, IPA, CPIA, PACE, Disclosure Training - Enforcement Officers	
Corporate / Strategy	Collation and Publication of Fraud Transparency Data	Complete June
Procurement	Review of procurement and contract strategy	
Procurement	Supplier Payment Review	

Department / Contact	Task	Dates / Notes
Internal Audit / HR	Policy and Procedure: Staff Declarations of Interest / Conflicts of Interest	Draft issued to Governance Group for consideration
Internal Audit / HR	Review of HR Recruitment and Vetting Policy and Procedures	
Internal Audit / HR	Review of the Gifts and Hospitality Policy and Procedure	Draft issued to Governance Group for consideration
Policy	Drafting / consultation / adoption of Corporate Enforcement Policy	Consultation complete. To be presented to O&S Committee / Executive Committee
Policy	Drafting / consultation / adoption of Money Laundering Policy	To be included in 2020/2021 work plan
Revenues and Benefits	HBMS Referrals - triage and recommendations	
Revenues and Benefits	Charity Shop Exemption Review	
Licensing	Proactive SOC Fraud Drive - transient / cash businesses	
Housing	Review of the Housing List (no related NFI matches this year)	Commenced

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SOC = Serious and Organised Crime

RIPA = Regulation of Investigatory Powers Act 2000

IPA = Investigatory Powers Act 2016

CPIA = Criminal Procedure and Investigations Act 1996

PACE = Police and Criminal Evidence Act 1984

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	29 July 2020
Subject:	Local Authority Serious and Organised Crime Checklist
Report of:	Head of Corporate Services
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	2

Executive Summary:

In response to the risk of serious and organised crime upon local authorities, the Home Office produced a Serious and Organised Crime Checklist. This acts as a self-assessment tool to assess the risk from serious and organised crime and corruption, allowing the identification of areas of concern and where action can be taken to strengthen processes. The checklist for the Council was first presented at Audit Committee on 12 December 2018. The checklist was completed by senior officers across various service areas and the Gloucestershire County Fraud Unit. An internally developed action plan was presented alongside the checklist. In terms of the improvements, these are to strengthen current arrangements rather than there being any significant gaps.

The checklist is generic, used across all authorities, and therefore the completion of the checklist was a proportionate response given the size of the Council and the activities it undertakes. There was a collective opinion that the Council is low risk in terms of being susceptible to such crime; however, the authority needs to remain vigilant and the action plan was developed to maintain awareness to any potential threat. The updated checklist is attached at Appendix 1 - updated comments in the checklist are in bold with the previous commentary crossed through. Progress in delivering the actions is also attached at Appendix 2.

Recommendation:

To CONSIDER the updated checklist and the progress made against the action plan.

Reasons for Recommendation:

To give assurance to the Audit and Governance Committee that the Council has satisfactory arrangements in place to manage the risk of serious and organised crime.

Resource Implications:

None arising directly from this report.

Legal Implications:

None arising directly from this report.

Risk Management Implications:

If the Council's internal control environment is not robust there is a risk that it could be susceptible to serious and organised crime leading to a significant financial and reputational impact.

Performance Management Follow-up:

Assurance as to the robustness of the Council's internal control environment will be provided to the Committee through the work of internal audit and the Gloucestershire Counter Fraud Unit.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 In response to the risk of serious and organised crime upon local authorities, the Home Office produced a Serious and Organised Crime checklist. This acts as a self-assessment tool to assess the risk from serious and organised crime and corruption, allowing the identification of areas of concern and where action can be taken to strengthen processes. The checklist for the Council was first presented at Audit Committee on 12 December 2018. The checklist was completed by senior officers across various service areas and the Gloucestershire County Fraud Unit. An internally developed action plan was presented alongside the checklist. In terms of the improvements, these are to strengthen current arrangements rather than there being any significant gaps.

1.2 The checklist is generic, used across all authorities, and therefore the completion of the checklist was a proportionate response given the size of the Council and the activities it undertakes. There was a collective opinion that the council is low risk in terms of being susceptible to such crime; however, the authority needs to remain vigilant and the action plan was developed to maintain awareness to any potential threat. The updated checklist is attached at Appendix 1 - updated comments in the checklist are in bold with the previous commentary crossed through. Progress in delivering the actions is also attached at Appendix 2.

2.0 SERIOUS AND ORGANISED CRIME CHECKLIST

2.1 The checklist is broken down across five themes with each theme underpinned by a number of questions. Each question is assessed as either good; acceptable or needs improvement. The five themes are:

- Awareness, strategy, guidance and training
- Risk management
- Communication and information/intelligence sharing
- Whistleblowing
- Assurance

2.2 Overall, the original assessment was very positive. Due to the work carried out since the initial assessment, this has improved arrangements further particularly in terms of the work of the Counter Fraud Unit around the serious and organised crime policy framework, for example, fraud and corruption and whistleblowing. At the time of the original assessment, only one area was assessed as needing improvement. This related to general awareness training for those staff involved in purchasing. This action has yet to be undertaken and will need to be programmed into future workstreams and taking into consideration as part of the COVID-19 recovery priorities. A further action that needs to be developed further is the role of the Counter Fraud Unit in engaging, where possible, with other crime prevention agencies.

3.0 SERIOUS AND ORGANISED CRIME AUDIT

3.1 Alongside the assessment, a suggested framework provides the methodology that allows internal audit teams to identify potential vulnerabilities in relation to serious and organised crime. The framework provides overarching questions that form the basis of any audit. The questions cover activities such as:

- Strategy and awareness
- Procurement
- Human Resources (HR)
- Gifts and Hospitality
- Whistleblowing
- Licensing

3.2 During the course of 2019/20, the Internal Audit team and the Counter Fraud Unit have started to review these activities. Agreement on the work to be undertaken was reached in advance between the two teams so as to avoid duplication. Some of this work has been completed and has been reported to Audit and Governance Committee. For example, a review of HR and Whistleblowing procedures was undertaken by internal audit and reported to Committee on 28 March 2019. The overall audit opinion was positive and recommendations included a review of the Whistleblowing Policy, review of pre-employment checks and how to identify fraudulent documentation. Internal audit also reviewed the licensing activity with a satisfactory audit opinion given. This was reported to Committee on 18 September 2019. All recommendations made are subject to follow-up work by internal audit to determine implementation and reported to Committee. Work around strategy and awareness, procurement and gifts and hospitality is currently underway and will be reported by the end of the calendar year.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 Completion of the checklist was undertaken by various senior officers and the Counter Fraud Unit and considered by Corporate Management Team.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Anti-Fraud and Corruption Policy.
Whistleblowing Policy.

- 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 value for money through its improvement work.
- 11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 11.1 None.

Background Papers: None

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Appendices: Appendix 1 – Serious and Organised Crime Checklist
Appendix 2 – Action plan update

LOCAL AUTHORITY SERIOUS AND ORGANISED CRIME CHECKLIST

The Threat

Local Authority (LA) procurement is at risk of infiltration from serious and organised crime and organised crime groups could be benefitting from public sector contracts. In 2013 it was estimated that £2.1 billion of fraud was perpetrated against local government ([National Fraud Authority Annual Fraud Indicator 2013](#)).

Serious and organised crime is a threat to our national security and the Government's [Serious and Organised Crime Strategy](#) published in 2013 reported that it costs the UK more than £24 billion a year. Organised crime includes drug trafficking, human trafficking, child sexual exploitation, high value fraud and cyber-crime. Organised crime groups may seek to benefit from public services in different ways, including to raise money through fraudulent activity and to use businesses / services used by LAs to launder criminal proceeds. In this way public money can be lost to LAs and can ultimately fund other illegal activity.

Responding to the Threat

Assessing the risk from serious and organised crime and corruption is essential in allowing you to identify areas of concern within your business, potential vulnerabilities and to take action to strengthen processes and structures that safeguard public money.

How to use this Serious and Organised Crime Checklist

The checklist is intended to be used as an internal, self-assessment tool by the Chief Executive and the senior management team to provide a high level overview of the serious and organised crime risks that relate to your business. It can be carried out quickly with relevant heads of departments to make a high level, but balanced assessment of your exposure to the risks and in response develop an improvement plan for managing that risk, as well as capturing areas of good practice to replicate more widely across the LA and with neighbouring LAs.

Serious and Organised Crime Checklist

GOVERNANCE AND STRATEGY					
1. Awareness, Strategy, Guidance and Training					
	Question	Response / Action taken	Assessment of current arrangements		
a.	How aware are the senior management team and Elected Members of the Government's 2013 Serious and Organised Crime Strategy , the LGA's guide Tackling Serious and Organised Crime – A Local Response and DCLG's, Fighting Fraud and Corruption Locally Strategy ?	<p>Overview of serious crime provided to corporate management team by CFU manager in August 2018. Member seminar held October 2018 including cyber security presentation from Barclays representative. General fraud awareness training has been provided by the CFU to all staff. Checklist to be presented at Audit Committee.</p> <p>Specific work with Gloucestershire Constabulary which is SOC specific to be included within the 2018/2019 CFU plan and will subsequently be publicised.</p> <p>The CFU Manager attends corporate management team, Executive Committee/CLT and Audit and Governance Committee on a quarterly basis to update on all CFU activity. SOC overview also formed part of member induction. Ongoing work around SOC is included within the CFU work plan.</p>	Good	Acceptable	Needs improvement
b.	Do you have a dedicated serious and organised crime Single Point of Contact in place and are they able to liaise to good effect with local police?	Yes, the CFU Manager attends quarterly SOCSP meetings. Effectiveness of relationship is developing.	Good	Acceptable	Needs improvement
c.	Do you have an Anti-Fraud and Corruption Strategy and how effective is it?	<p>Strategy presented at Audit Committee and then approved by Executive Committee on 12 October 2016. Covered in fraud awareness training mentioned above.</p> <p>Strategy reviewed, updated and approved by Executive Committee on 16 October 2019. This has been supported with refresher training for all staff. Over the last 12 months the profile and role of the CFU has increased within the council.</p>	Good	Acceptable	Needs improvement

d.	Is your Code of Conduct compliant with the seven Nolan principles and how robust are arrangements to investigate all allegations of breaches?	The principles are listed in the Counter Fraud and Anti-Corruption Policy. Every two years all staff are required to sign a code of conduct. This also forms part of induction supported with regular reminders. All breaches investigated in line with policy.	Good	Acceptable	Needs improvement
e.	How effectively do you maintain your public register of Members pecuniary interests?	On the first working day of each month members are reminded via email of the need to ensure that their register of interests is up to date. Additionally a further annual reminder is sent individually to members attaching a copy of their current Register of Interests together with an amendment form to be completed should any changes be necessary.	Good	Acceptable	Needs improvement
f.	How well do you raise awareness of the threat that serious and organised crime poses to LAs and its services	See 1a above. Internal audit and CFU will also undertake a review of the relevant internal control environment which is crucial to mitigating the risk of serious crime e.g recruitment, procurement CFU Attend quarterly SOCSP meetings, onward communications to be improved. Internal audit and the CFU have undertaken work around the areas of audit activity suggested within the framework e.g. licensing, whistleblowing, HR. These have been reported to Audit and Governance Committee.	Good	Acceptable	Needs improvement
2. Risk Management					
a.	How far have the risks posed by serious and organised crime and corruption been reflected within relevant risk registers?	A new corporate risk register is in development. The risks posed by serious and organised crime are deemed to be low. As the register will be a live document this risk can be re-evaluated. The work of internal audit and CFU as identified within 1f. above will provide greater assurance than simply recording a risk within a risk register. A new corporate risk register was implemented in December 2018. This did not reflect the SOC risk as this risk is deemed to be low. This assessment is a far better tool to manage and report the risk.	Good	Acceptable	Needs improvement

b.	How effectively do you mitigate and manage the serious and organised crime risks identified?	<p>Difficult to engage effectiveness at the present time. The outcome of the proposed internal audit/CFU work will provide assurance. As stated, current conclusion is that risk to TBC is low.</p> <p>The work of internal audit and the CFU contributes to mitigating and managing the risk e.g. recommendations relating to vetting procedures, review of policies such as whistleblowing, anti-fraud and corruption.</p>	Good	Acceptable	Needs improvement
c.	How confident are you that you could deal with / recover from a scenario involving loss or reputational harm as a result of serious and organised crime?	May depend upon the nature of the loss e.g. was it an external perpetrator or internal e.g. if it was an employee this may have more of an impact regarding morale and the risk may have been within our control. Either way, proactive communication strategy would aid recovery. Counter Fraud Unit would manage investigation / disciplinary / prosecutions with Police.	Good	Acceptable	Needs improvement
d.	How aware are your staff of the risks of cybercrime and that they know how to respond effectively to those risks.	<p>Cyber security session formed part of recent staff briefings. Facilitated by Barclays Bank, this was very positively received. ICT services over the past 12 months have also undertaken phishing exercises which have raised awareness throughout the council. A cyber security action plan is also being developed to strengthen arrangements.</p> <p>Awareness to cyber security has continued during 19/20 and will continue to do so. A new ICT strategy was approved in February 2020 which includes actions around improving the security of the network, for example, implementation and testing of a new firewall, and to undertake a new program of phishing awareness.</p>	Good	Acceptable	Needs improvement
3. Communication and Information / Intelligence Sharing					
a.	How effective are your arrangements for both internal and external data sharing?	<p>NFI – legislative GDPR programme The Counter Fraud Unit has a number of procedures and data sharing agreements in place.</p>	Good	Acceptable	Needs improvement

b.	Do you and / or your serious and organised crime Single Point of Contact have regular meetings with the local police to discuss the sharing of information / intelligence? How constructive are these meetings?	No but specifics would be easily sought. This could also be raised at the quarterly SOCSP meetings.	Good	Acceptable	Needs improvement
c.	How effective are your arrangements for sharing information and intelligence with your local police force?	Excellent SPOC in Gloucestershire.	Good	Acceptable	Needs improvement
d.	How active a participant are you in the local serious and organised crime multi-agency partnership and do you attend / contribute regularly?	CFU attend quarterly meetings, permanently supporting. Direct work provision to Gloucestershire Constabulary within the 2018/2019 work plan. This work is a permanent feature within the CFU work plan.	Good	Acceptable	Needs improvement
4. Whistleblowing					
a.	How effective are your whistle-blowing arrangements?	There is an approved Whistleblowing Policy. Training undertaken by the CFU included a section on whistleblowing. To date, no whistleblowing allegations have been received though this in itself does not demonstrate effectiveness. More promotion could be done. An updated policy was approved by Executive Committee on 5 February 2020. Awareness sessions for staff have taken place with an additional session programmed. The policy has been communicated internally via the intranet and staff e-newsletter.	Good	Acceptable	Needs improvement
b.	Is guidance on reporting easily accessible for staff and is it straight-forward to follow?	Reporting procedure is clear within the policy.	Good	Acceptable	Needs improvement
5. Assurance					
a.	How confident are you that you are able to provide assurance to your Elected Members that you and your management team are aware of, and are managing, the risks posed by serious and organised crime?	The CMT awareness session together with the member seminar and the completion of this self-assessment is a good starting point. Implementation of any actions arising will enhance	Good	Acceptable	Needs improvement

		this as will the proposed work of IA. This will be supported with reporting to Audit Committee. Assurance given through the work of internal audit and CFU. This completed assessment is also a source of assurance.			
b.	Do your Internal and External Audit teams play an appropriate and useful role in this assurance process?	Both are able to provide assurance but only if their work is targeted at the specific risks posed by serious crime. Quarterly meetings are held between internal audit and CFU.	Good	Acceptable	Needs improvement
Operational Controls					
1. Licensing (alcohol, taxi and other)					
a.	How confident are you that your LA has not granted a licence to an individual or organisation linked to serious and organised crime in the last 12 months? On what basis have you reached this conclusion?	Taxi licenses have Disclosure Barring Service (DBS) checks for existing and previous convictions. All licenses and policies are in keeping national guidance.	Good	Acceptable	Needs improvement
2. Planning / Development management					
a.	How confident are you that no planning or development management decision made by your LA over the last 12 months has been exploited by organisations with links to organised criminals? On what basis have you reached this conclusion?	All planning decisions are made in accordance with statutory regulation guidance. CFU through their intelligence liaise with other agencies have the potential to flag any issues.	Good	Acceptable	Needs improvement
3. Social Housing					
a.	How confident are you that no property used for social housing is being used by, or sub-let to, an individual or organisation with links to serious and organised crime (e.g. drugs, prostitution, sub-letting, people trafficking, counterfeiting)?	n/a	Good	Acceptable	Needs improvement
b.	How confident are you able to be that those providing maintenance and repair services for social housing have no links to serious and organised crime?	n/a	Good	Acceptable	Needs improvement
4. Procurement					
a.	Are all your procurement, contract management and due diligence procedures robust and fully implemented? Are they regularly reviewed?	Procurement strategy and documentation as well as Contract Procedure Rules reviewed regularly and fully updated in 2016. Comprehensive	Good	Acceptable	Needs improvement

		documentation and support in place to ensure compliance. Due diligence includes company checks and request for references on larger procurements.			
b.	Are effective policies or protocols in place to ensure that supplier checks are carried out in higher risk supplier sectors during procurement?	Due diligence checks are consistent throughout the buying sectors. The council also uses a number of frameworks for its purchasing where supplier checks are undertaken by the framework holder.	Good	Acceptable	Needs improvement
c.	How confident are you that your LA is not at risk of purchasing goods or services from organisations with links to serious and organised crime? How have you reached this conclusion?	Limited procurement in areas of high risk and use of frameworks for high value procurement limit the council's potential exposure. Procurement audit currently being undertaken by CFU – outcome to be reported by the end of the calendar year.	Good	Acceptable	Needs improvement
d.	Are your records of supplier details reliably maintained and are they checked and verified sufficiently?	Finance system is central point for supplier records and finance team have robust processes in place for verifying details. Internal audit undertake reviews on a cyclical basis. Opinion is always positive.	Good	Acceptable	Needs improvement
e.	Are you confident that your staff with purchasing responsibilities are aware of the risks of transacting with an organisation linked to serious and organised crime?	Limited. SOC awareness is limited with purchasing officers and further training and awareness is required.	Good	Acceptable	Needs improvement
f.	Are you confident that staff with purchasing responsibilities know how to raise any potential concerns about organisations with which your LA transacts?	Fraud awareness training for all staff included arrangements for referral. Internal web page being developed.	Good	Acceptable	Needs improvement
Insider Threat					
a.	How far do you think your LA could be at risk from employees who have links to serious and organised crime?	Employment checks carried out in accordance with legislation and where appropriate DBS checks undertaken for specific roles	Good	Acceptable	Needs improvement
b.	How confident are you that you have effective and fully publicised processes in place for the following mechanisms aimed at minimising the 'Insider threat'? - Officer / Member vetting (on recruitment and at intervals thereafter)	Members are elected – there are RPA disqualification criteria but they are not vetted. Members external interests are recorded as required by the Localism Act 2011.	Good	Acceptable	Needs improvement

Appendix 1

	<ul style="list-style-type: none"> - Officer / Member external interests register - Gifts and hospitality register 	<p>Updated annually and recorded.</p> <p>Policy in place.</p> <p>Gifts and hospitality policy currently under review by CFU.</p>			
c.	Is there clear and effective accountability for the correct operation of these processes?	Yes.	Good	Acceptable	Needs improvement
d.	How easily can a member of your staff, or another LA stakeholder (e.g. member of the public, supplier, etc.) report suspected or alleged malpractice to you? Are reporting processes clearly set out and publically available?	Can be reported in accordance with Whistleblowing policy, anti fraud & corruption, complaints framework or even through the 'report it' system.	Good	Acceptable	Needs improvement

Serious and Organised Crime Checklist – Action Plan

Checklist Reference	Action	Responsible Officers	Implementation date	Progress to date
Awareness, strategy, guidance and training (1)	Counter Fraud Unit (CFU) to provide further awareness training tailored to relevant officers e.g. enforcement, visiting, frontline officers.	Counter Fraud Unit	March 2019 TBC	<p>In progress</p> <p>Mandatory briefings provided to all staff 21 November 2019 and 5 December 2019. Mop-up sessions were booked for 11 March 2020 until COVID-19 prevented this. The Counter Fraud Unit 2020/21 work programme is to be reviewed and adjusted in light of COVID-19 to determine if, when and how this training is undertaken.</p> <p>Targeted training has also taken place for relevant officers. This has early successes with the Counter Fraud Unit supporting enforcement cases.</p>
Awareness, strategy, guidance and training (1)	Review of Anti-Fraud and Corruption Strategy to ensure it remains relevant and effective.	Internal Audit/Corporate Governance Group	June 2019	<p>Complete</p> <p>The Anti-Fraud and Corruption Policy was reviewed, presented at Audit and Governance Committee on 18 September 2019 and approved by Executive Committee on 16 October 2019. Fraud awareness training was provided to staff by the Counter Fraud Unit during 2019/20.</p>

Checklist Reference	Action	Responsible Officers	Implementation date	Progress to date
Awareness, strategy, guidance and training (1)	Counter Fraud Unit to continue to develop partnership working with related agencies, in particular the Police. Updates on effectiveness of joint working and general serious crime activities to be included in standard six monthly report to Audit Committee.	CFU/Head of Community (TBC lead for new Community Safety Partnership)	June 2019 TBC	<p>Not yet commenced</p> <p>Serious and Organised Crime Partnership Board has been disbanded. The meetings were not utilising time as efficiently as had been hoped due to a lack of resultant operational delivery. The Counter Fraud Unit will look to develop more local contacts.</p>
Risk Management (2)	Review of cyber security arrangements.	Head of Corporate Services/ICT Operations Manager	March 2019	<p>Complete</p> <p>Actions undertaken during 2019/20 include the deployment of a new firewall, the acquirement of cyber security insurance, attendance at all South West Warning, Advice and Reporting Point (WARP) etc.</p> <p>The Local Government Association produced a cyber security self-assessment tool that has been used to assess arrangements. These have been assessed as amber/green and are subject to quarterly review by management team.</p> <p>The new ICT Strategy also has actions to further strengthen the Council's arrangements e.g. cyber essentials plus certification, new phishing awareness campaign for staff and Members.</p> <p>Arrangements are under continual review.</p>

Checklist Reference	Action	Responsible Officers	Implementation date	Progress to date
Whistleblowing (4)	Review the whistleblowing policy and effectiveness of whistleblowing arrangements.	Internal Audit/Corporate Governance Group	June 2019	<p>Complete</p> <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 was considered by Audit and Governance Committee and then approved by Executive Committee on 5 February 2020.</p>
Assurance – operational controls (procurement) (5)	Tailored training to be provided to those staff responsible for purchasing responsibilities.	Counter Fraud Unit/Head of Finance and Asset Management	March 2019 TBC	<p>Not yet commenced</p> <p>A joint session focussing on the fraud aspects of procurement, updated contract management processes and the roll out of the new procurement system needs to be planned. The priority of this training will need to be considered alongside competing COVID-19 recovery work.</p>

Checklist Reference	Action	Responsible Officers	Implementation date	Progress to date
Assurance – operational controls (general) (5)	Days to be allocated within 2019/20 Internal Audit Plan and Counter Fraud Unit work programme to review operational internal control environment e.g. HR vetting, procurement, gifts and hospitality.	Internal Audit/Counter Fraud Unit	March 2020 December 2020	<p>In progress</p> <p>Days were allocated in both team’s plans. The outcome of internal audit work on the Human Resources section of the Serious and Organised Crime framework was reported to Audit and Governance Committee on 28 March 2019. This determined a satisfactory level of control – recommendations made are subject to follow-up.</p> <p>Licensing arrangements were reviewed by internal audit and reported to Audit and Governance Committee on 18 September 2019. This determined a satisfactory level of control – recommendations made are subject to follow-up.</p> <p>All remaining work is in progress and the findings will be reported to Audit and Governance Committee by the end of the calendar year.</p>

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	29 July 2020
Subject:	Internal Audit Update
Report of:	Head of Corporate Services (Chief Audit Executive)
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	1

Executive Summary:

The COVID-19 pandemic presents the Council with a significant challenge to respond to the needs of our residents, businesses and communities. This includes working collectively with other key partners to protect, shield and support those in need, distribute grant funding to many of our businesses and implement remote working practices in order to manage the crisis and continue to deliver core services. The Council's response and developing recovery framework involves all service areas.

In the very early stages of the response this meant redeploying resources to priority areas. One key priority area was supporting and advising the business community and this initially involved setting up a dedicated business 'cell' essentially led by the Growth Hub team. Following the government's announcement and subsequent publication on 1 April 2020 of their financial support through the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund this led to the creation of a 'sub-cell' to oversee the administration of these business grants. Led by the Operational Managers from Finance and Revenues and Benefits and supported by officers from both services plus the Internal Audit team, this has seen nearly £17 million of grants awarded to nearly 1,500 businesses. The Internal Audit team is also supporting the Local Discretionary Business Grant Scheme set up to accommodate certain small businesses previously outside the scope of the original business grant funds scheme.

As a result of redeploying the Internal Audit team, all business as usual internal audit work has been suspended. This suspension, effective from April 2020, is likely to remain in force until at least the end of August by which time key elements of the grant schemes will hopefully be concluded.

Recommendation:

To CONSIDER the update on the status of the internal audit team and their re-deployment as a result of COVID-19.

Reasons for Recommendation:

The work of internal audit is a fundamental element of the effectiveness of the Audit and Governance Committee. It is important the Committee is aware of the suspension of internal audit work and the Committee will not receive independent assurance upon the adequacy of the Council's internal control environment for at least the first six months of 2020/21.

Resource Implications:

All three members of the Internal Audit team, equating to two full-time equivalent posts have been redeployed to the administration of business grants.

Legal Implications:

None arising directly from this report.

Risk Management Implications:

If there is no independent assurance from internal audit on the Council's internal control environment then the Committee will need to rely upon management assurance and, where appropriate, any other third party assurance.

Performance Management Follow-up:

An update on the status of internal audit work is a feature on all Audit and Governance Committee Agenda.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** The COVID-19 pandemic presents the Council with a significant challenge to respond to the needs of our residents, businesses and communities. This includes working collectively with other key partners to protect, shield and support those in need, distribute grant funding to many of our businesses and implement remote working practices in order to manage the crisis and continue to deliver core services. The Council's response and developing recovery framework involves all service areas.
- 1.2** In the very early stages of the response this meant redeploying resources to priority areas. One key priority area was supporting and advising the business community and this initially involved setting up a dedicated business 'cell' essentially led by the Growth Hub team. Following the government's announcement and subsequent publication on 1 April 2020 of their financial support through the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund this led to the creation of a 'sub-cell' to oversee the administration of these business grants. Led by the Operational Managers from Finance and Revenues and Benefits and supported by officers from both services plus the Internal Audit team, this has seen nearly £17 million of grants awarded to nearly 1,500 businesses. The Internal Audit team is also supporting the Local Discretionary Business Grant Scheme set up to accommodate certain small businesses previously outside the scope of the original business grant funds scheme.
- 1.3** As a result of redeploying the Internal Audit team, all business as usual internal audit work has been suspended. This suspension, effective from April 2020, is likely to remain in force until at least the end of August by which time the key elements of the grant schemes will hopefully be concluded.

2.0 INTERNAL AUDIT RECOVERY ACTIONS

2.1 As part of the Council's emerging recovery framework each service area has been tasked with documenting their recovery actions. These will be recorded within a service plan template with each service grouping producing a consolidated action plan. Internal audit's recovery actions will therefore be included within the wider Corporate Services recovery plan.

2.2 Four key actions have been identified:

1. In conjunction with responsible officers , review the whole suite of internal audit recommendations – it needs to be determined if implementation dates remain feasible and recommendations remain relevant. (target date – September 2020)
2. Produce a new six monthly internal audit plan (October 2020-March 2021) – the plan needs to be reflective of the 'new' internal control environment. (target date – September 2020)
3. Review actions within the internal audit Quality Assurance and Improvement Programme – (target date – October 2020).
4. Review work programme of Audit and Governance Committee - re-establish meetings and Committee Agenda - (target date – September 2020).

3.0 INTERNAL AUDIT PLAN - October 2020 – March 2021

3.1 An Internal Audit Plan for the period April 2020 – September 2020 was due to be presented at Audit and Governance Committee on 25 March 2020. Audits identified within this plan will need to be reviewed to assess whether they are carried forward into the second half of the year. The key audits identified within this plan were:

- VAT
- Treasury Management (Investments & Borrowing)
- Tewkesbury Tourist Information Centre
- Planning Performance Agreements
- External Grant Funding e.g. flood grants, business rate relief
- Land Charges
- Corporate Risk Register

3.2 Between now and the approval of a new six month plan an assessment will need to be undertaken to determine where it would be most effective to target the internal audit resource. Essentially this will involve discussions with key officers, in particular the Head of Finance and Asset Management, to assess what the 'new' internal control environment looks like and where significant changes have occurred that may present additional risk to the Council. These could include:

- ICT risks e.g. remote access/cyber security
- Financial control e.g. ordering and approval of goods and services
- Payroll controls
- HR related activities e.g. annual leave, absence management reporting
- Business grants and business rate reliefs – validity of payments
- Health and safety – both office and home working
- Governance – e.g. procurement, delegations

3.3 Any new plan also needs to take into consideration a couple of other important factors, one being around the availability of customer (auditee) time - how should internal audit adjust its coverage to take a pragmatic and balanced consideration of risk in times where stakeholders have competing priorities? For example, with Council services being in recovery mode – and some possibly having elements of the service still within response mode - the feasibility of customers being able to respond to internal audit requests and questions will need to be considered. Similarly, with the Internal Audit team and customers likely to still be remote working, the challenges of undertaking such audits will also need to be factored in.

3.4 As part of all previous Internal Audit Plans, a set number of days are allocated for consultancy and advice and for corporate improvement work. The former covers areas of work around representation on various corporate work groups and the provision of ad-hoc advice. The latter is around specific areas of work where internal audit support services help in shaping and making improvements without undertaking a full assurance audit that results in a formal audit opinion. Given the potential re-design of systems as a response to COVID-19 there may be merit in increasing the number of consultancy and corporate improvement days rather than assurance audits. Also, the plan may need to be balanced so as not to be too COVID-19 centric.

4.0 INTERNAL CONTROL ASSURANCE

4.1 Assurance should be given to the Audit and Governance Committee that, although all internal audit work is currently suspended, this does not mean that the internal control environment has lapsed. Whilst new risks or changes to processes or systems have occurred, it is the responsibility of management to ensure controls are in place and working effectively.

4.2 Within what is known as the ‘three lines of defence model’ the first two lines of defence would have been in place and remain in place for both the Council’s response and recovery modes:

The first line of defence:

This is formed by managers and staff who are responsible for identifying and managing risk as part of their accountability for achieving objectives.

The second line of defence:

These are functions that oversee or specialise in compliance or the management of risk.

The third line of defence:

This is provided by internal audit. Sitting outside the risk management processes of the first two lines of defence, its main roles are to ensure that the first two lines are operating effectively and advise how they could be improved.

5.0 OTHER OPTIONS CONSIDERED

5.1 None.

6.0 CONSULTATION

6.1 None.

7.0 RELEVANT COUNCIL POLICIES/STRATEGIES

7.1 None.

8.0 RELEVANT GOVERNMENT POLICIES

8.1 None.

9.0 RESOURCE IMPLICATIONS (Human/Property)

9.1 None.

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

10.1 None.

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

11.1 None.

12.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

12.1 None.

Background Papers: None

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Appendices: None

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	29 July 2020
Subject:	Internal Audit Plan Monitoring Report
Report of:	Chief Audit Executive (Head of Corporate Services)
Corporate Lead:	Chief Executive
Lead Member:	Lead Member Corporate Governance
Number of Appendices:	2

Executive Summary:

The monitoring report provides the Audit and Governance Committee with an overview of the work completed by internal audit since the last report to Committee on 22 January 2020 and up until mid-March 2020. This report was originally an Agenda item for the meeting dated 25 March 2020 but this meeting was cancelled as a result of the COVID-19 lockdown. For each audit assignment undertaken and reported this provides and assurance opinion on how well the internal control environment is managed for that particular activity (see Appendix 1).

The report also provides an overview of the progress in the implementation by management of agreed internal audit recommendations that were due for implementation within the period (see Appendix 2). As a result of COVID-19, the Committee should note that the whole suite of internal audit recommendations are to be reviewed with responsible officers to determine the feasibility of implementation dates and if recommendations remain relevant.

Recommendation:

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

Reasons for Recommendation:

The Public Sector Internal Audit Standards (PSIAS) state that the Chief Audit Executive (CAE) must report functionally to the board. 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 'unsatisfactory' opinion. This relates to the administration of Discretionary Housing Payments within the Revenues and Benefits service. The detail of how and why this conclusion was reached can be found at Appendix 1.

3.0 FOLLOW-UP OF INTERNAL AUDIT RECOMMENDATIONS

3.1 Of 15 recommendations that were due to be followed-up, 11 were actually followed-up. Of the 11, six were confirmed as implemented, two yet to be implemented and three partially implemented. The list of these recommendations and their status can be found in Appendix 2. The red, amber, green (RAG) coding indicates what has or has not been implemented. Four recommendations assigned to services managed by the Head of Community Services were unable to be followed-up at the time. This was a result of resources within this service area being deployed to the flood emergency response. In relation to the recommendations partially implemented or yet to be implemented, revised implementation dates were agreed at the time of the follow-up audit. As reported, these will need to be revised again in light of the impact of COVID-19 upon service delivery.

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 value for money through its improvement work.

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 – Completed audit opinion
Appendix 2 – Audit recommendations followed-up

Completed Audit Opinions

Audit: Risk Management**Introduction:**

The council has a statutory responsibility to have in place arrangements for managing risks (Accounts and Audit Regulations 2015). Risk Management is a key element of the council's governance and assurance framework and the updated risk management strategy was approved in January 2019. This sets out the council's risk management approach, outlines how the strategy will be implemented and identifies the relevant roles and responsibilities across the authority in relation to risk management. This audit is undertaken as part of the 2019/20 audit plan and will obtain assurance that the council's risk management framework is robust, is being implemented effectively and captures all significant risks.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Operational:</p> <p>O1: The council does not have a corporate approach to the identification and evaluation of risk.</p> <p>O2: Key elements of the council's risk management strategy are not being implemented.</p> <p>O3: Significant risks are not identified and therefore not effectively managed.</p>	Satisfactory	<p>The council's risk management strategy was approved by Executive Committee in January 2019 and provides a robust approach to the identification and evaluation of risk, which is proportionate to the size of the council.</p> <p>A corporate risk register is in place; and in line with the strategy, this is monitored by the Corporate Management Team and presented at each Audit and Governance Committee meeting. The risk register gives a comprehensive overview of the strategic risks facing the council. Responsibility for each risk has been assigned to an appropriate senior officer and mitigating controls have been identified. Through this audit, assurance was obtained that any high or medium scoring risks are supported with an action plan and/or are being closely monitored. Following the recent approval of the new council plan for the period 2020-2024, it is recommended that the risk register be reviewed in order to ensure that all risks to achieving the council's corporate priorities have been identified. Particularly in relation to the new council priorities e.g. sustainable environment and the delivery of the climate emergency action plan [R1].</p> <p>At a service level, there is a more informal approach to risk management. This is in-keeping with the tone of the strategy and risk awareness is demonstrated in various ways e.g.</p>	<p>R1</p> <p><u>Recommendation priority:</u></p> <p>Medium</p> <p><u>Implementation date:</u></p> <p>July 2020</p> <p><u>Responsible Officer:</u></p> <p>Corporate Management Team</p> <p><u>Recommendation details:</u></p> <p>The corporate risk register should include all risks to achieving corporate priorities, in line with the new council plan. Particularly in relation to the new priorities for 2020-2024 e.g. sustainable environment and delivery of the climate emergency action plan.</p> <p><u>Recommendation Accepted or Not Accepted by officer:-</u> Accepted</p>

- Heads of Service 1-2-1 meetings with Operational Managers.
 - Corporate Governance Group meetings.
 - Projects requiring a completed risk register prior to acceptance at Programme Board.
 - Appropriate officer involvement in the management and/or sponsorship of key projects and transformation work.
 - Risk based approaches to service delivery.
- Regular team meetings take place across the authority; their formality and level of risk management discussions does vary and in order to ensure a more consistent approach, it is recommended that 'risk management' is included as a standard agenda item for all team meetings to encourage discussion around existing and emerging operational risks **[R2]**.
- Risk management is an area covered by the Serious and Organised Crime checklist; produced by the Home Office. This suggests that the council have in place a fraud risk register. Specific fraud risks, at an operational level, are not currently documented in a risk register and it is therefore recommended that this be developed in order to demonstrate the identification and effective management of fraud risks **[R3]**.

R2**Recommendation priority:**

Low

Implementation date:

December 2020

Responsible Officer:

Head of Corporate Services

Recommendation details:

'Risk Management' should be included as a standard agenda item for all team meetings to encourage discussion around existing and emerging operational risks.

Recommendation Accepted or Not Accepted by officer:- Accepted

R3**Recommendation priority:**

Medium

Implementation date:

October 2020

Responsible Officer:

Counter Fraud Unit

Recommendation details:

An operational fraud risk register should be developed; to include consideration of risks in relation to serious and organised crime.

Recommendation Accepted or Not Accepted by officer:- Accepted

Audit: Discretionary Housing Payments

Introduction:

This audit is completed as part of the 2019/2020 Internal Audit Plan. The Council has the power to award Discretionary Housing Payments (DHPs) to provide additional financial assistance towards housing costs where claimants are in receipt of Housing Benefit or Universal Credit. An annual funding allocation is provided by the Department of Work and Pensions, with £108,061.00 of funding paid for 2019/20. The Council is able to top up this funding from its own resources by up to an additional 150%.

Due to reported increased pressures on the DHP budget, the Executive Committee was asked to consider topping up this funding from its own resources with an additional £40,000.00 of council reserves. As part of the request, the RBM stated that “to ensure that we are making the best use of resources a review will be undertaken by Internal Audit to ensure that awards are being made consistently and only to those demonstrating a real need for financial support”. This audit will constitute ‘the review’.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Operational</p> <p>01: Financial loss due to DHPs being paid to claimants who are ineligible. This would mean that the council would have to top up funding with their own resources and may not be able to help those most in need.</p>	<p>Unsatisfactory</p>	<p>The council's updated Discretionary Housing Payment (DHP) policy was approved by Executive Committee in March 2018 and has been subject to annual review. The policy reflects government guidance and provides financial assistance towards housing costs to claimants who are in receipt of housing benefit or universal credit.</p> <p>Key elements of the policy were reviewed against a sample of applications during the audit in order to ensure that DHPs are awarded in line with policy. Findings are summarised below:</p> <p><u>An application form should be completed.</u></p> <p>A comprehensive application form is available online and had been completed in all cases sampled. To support the application, 3 months of bank statements must be provided by the applicant. In 7 out of the 9 cases sampled, bank statements had not been provided. This information is essential in order to confirm the accuracy of the claimant data and mitigate potential fraud or overpayment of DHP. Of the 2</p>	<p>R1</p> <p><u>Recommendation priority:</u> High</p> <p><u>Recommendation Details:</u></p> <p>A checklist should be developed to support the collection and assessment of DHP information, to include:</p> <ol style="list-style-type: none"> 1) Obtaining 3 months of bank statements. 2) Using bank statements to verify amounts stated on the application form. 3) Obtaining tenancy agreements to

	<p>applications where bank statements had been provided, no further checks had been carried out to verify this information e.g. audit testing identified evidence of other accounts that had not been declared by the claimant on their application [R1].</p> <p><u>Applicants must engage with housing services.</u></p> <p>The audit confirmed that for the sample of DHPs tested, all applicants were in communication with Housing Services, with the majority being on the housing register.</p> <p><u>Applicants must demonstrate financial hardship or personal exceptional circumstances.</u></p> <p>As part of the application, a 'personal budget sheet' must be completed; the audit found that there is limited review and/or challenge of this information. For example; the level of expenditure on non-essential items (i.e. cigarettes, cable/satellite, alcohol, leisure) ranged from £50 to £350 per month. It is therefore recommended that as part of the annual policy review consideration should be given to the inclusion of these items [R2].</p> <p><u>Applicants must demonstrate steps taken to achieve financial independence.</u></p> <p>Personal budgeting support should be provided as part of the application process. Of the applications reviewed, there was no evidence of this having been provided. The provision of this support, whether internally or by partners, should be included within the recommended checklist [R1].</p> <p><u>Applicants must demonstrate attempts to move to more suitable accommodation where appropriate.</u></p> <p>6 of the applications reviewed as part of the audit sample had been approved for DHP. Of these 6 cases, 3 were under-occupying social housing. 2 of which were not actively bidding on more suitable accommodation. One of these applicants had been receiving DHP since 2011 (to date this equates to £15,881) [R1]. It is acknowledged that there are issues with the supply of certain types of housing (particularly one bedroomed properties) but verification should be completed at the</p>	<p>confirm rent liability.</p> <ol style="list-style-type: none"> 4) Obtaining supporting evidence for reported health issues. 5) Obtaining information on claimants housing status. 6) Details of conditions applied to the award (for any renewed application confirmation that conditions have been met). 7) Details of the exceptional circumstances where DHP is awarded in excess of 13 weeks. 8) The provision of personal budgeting support either internally or through partners. <p><u>Implementation date:</u> April 2020</p> <p><u>Responsible Officer:</u> Revenues & Benefits Manager</p> <p><u>Recommendation accepted/ not accepted:</u> Accepted</p> <p><u>Managers response:</u> <i>It is noted that personal budgeting support had not been provided to claimants, despite clear instructions to assessing officers that this should take place.</i></p> <p><u>R2</u></p> <p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u></p> <p>The inclusion of non-essential items should be considered as part of the</p>
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	<p>time of assessment/reassessment to ensure that more suitable accommodation had not been available.</p> <p><u>DHP should be awarded for a minimum period of 13 weeks and maximum period of 26 weeks (in cases of exceptional hardship). It is possible for an award to be renewed, amended or cancelled.</u></p> <p>The initial length of DHP awards approved were in line with council policy. The decision making processes should however demonstrate the exceptional circumstances for an award longer than 13 weeks. The approval process should also include setting conditions (i.e. where there is under-occupancy or clear evidence of the need to reduce expenditure). These conditions should be linked to any future claimant applications for DHP, however it is accepted that decisions must be in accordance with the ordinary principles of good decision making, i.e. administrative law, and each case must be decided on its own merits. [R1].</p> <p><u>The council should issue a decision letter within 14 days.</u></p> <p>All of the applications sampled had been issued with an appropriate decision letter. This should be sent to the applicant within 14 days of the claim and 6 of the 9 applications exceeded this time period; on average by a further 14 days. Consideration should therefore be given to the introduction of performance reporting in respect of the delivery of the scheme [R3].</p> <p>Of the approved applications sampled as part of this audit (6), testing identified that 2 had been overpaid (potentially totalling £3089) due to errors in the assessment process. This was as a result of rent liability having been entered incorrectly and not all income having been taken into account i.e. rent overstated and income understated, creating a larger shortfall. It is acknowledged that there have been resource issues in respect of processing DHPs during 2019/20. The production of procedural notes has been agreed with the Benefits Team Leader but further mitigating controls such as a senior verification check should be introduced [R4].</p>	<p>scheduled review of the DHP policy.</p> <p><u>Implementation date:</u> April 2020</p> <p><u>Responsible Officer:</u> Revenues & Benefits Manager</p> <p><u>Recommendation accepted/ not accepted:</u> Accepted</p> <p>R3</p> <p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u></p> <p>Consideration should be given to introducing performance reporting in respect of DHPs. This should be in consultation with the Lead Member for Finance and Asset Management.].</p> <p><u>Implementation date:</u> April 2020</p> <p><u>Responsible Officer:</u> Revenues & Benefits Manager</p> <p><u>Recommendation accepted/ not accepted:</u> Accepted</p> <p>Manager response: to offer context to the issues identified, the officer responsible for assessing DHPs was absent due to long term sickness and less experienced officers needed to be deployed instead which caused delays in the assessment process</p>
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75		<p>The audit confirmed that there is budget monitoring in place which identifies potential shortfalls in finances for the scheme. In terms of accessibility of information, it is acknowledged that changes following the introduction of Universal Credit has resulted in data relating to tenancy agreements etc no longer being readily available.</p>	<p><u>R4</u> <u>Recommendation priority:</u> High <u>Recommendation Details:</u> An independent verification check should be carried out on a sample of DHP applications (10% of total applications received). This check should include a recalculation of the income and expenditure spreadsheet used by the assessors. <u>Implementation date:</u> April 2020 <u>Responsible Officer:</u> Revenues & Benefits Manager <u>Recommendation accepted/ not accepted:</u> Accepted</p>
<p>OUTSTANDING RECOMMENDATIONS Housing Benefits- DHP 2017-18 Recommendation: In line with the scheduled review of the Council's DHP policy, consideration should be given to the recovery of overpayments, monitoring functions and the establishment of contingency funds.</p>	n/a	<p>Recommendation- Partially Implemented:</p> <p>The Revenues and Benefits Manager explained that whilst discussions have been held with the Finance team as to the process for raising these overpayments (O/Ps) as Sundry Debtor Invoices, this is yet to be actioned. Each Council is able to agree its own policy for Discretionary Housing Payments, however the Department of Work and Pensions issue a Local Authority Good Practice Guide that states "we can only recover a DHP if it is considered that the payment has been made as a result of:</p> <ul style="list-style-type: none"> • a misrepresentation or failure to disclose a material fact by the claimant (either fraudulently or otherwise), or • an error made when the application was determined". <p>Given that the council has exceeded the budget for DHPs for 2019/20, it is important that O/Ps are actively and effectively collected where appropriate to further support additional DHPs, to ensure that those who</p>	

need additional financial support can be helped.
 Revised implementation date: April 2020

Audit: Complaints- lessons learnt

Introduction:

A summary of formal complaints is issued to Overview and Scrutiny Committee on an annual basis. The last report was 10 September 2019. The report provides statistics on the timeliness of handling complaints, how many were justified and what types of action were taken to remedy complaints. The report identified the following number of complaints:-

- Year 2016/17 – 111 (77 justified)
- Year 2017/18 – 157 (106 justified)
- Year 2018/19 – 192 (96 justified)

In quarter 1 & 2 of 2019/20 129 complaints have been received, of which 82 were partial or fully justified. With effect from quarter 1 of 2019/20, data is also being captured in relation of lessons learnt against each service. This audit will review a sample of complaints from services to gain assurance that all necessary leaning outcomes have been identified and implemented. This audit is completed as part of the 2019/2020 Internal Audit Plan.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Operational: O1: Learning outcomes have not been identified or delivered leading to continued service delivery failure and potential escalation of complaint. Additional resources are used and there reputational risk is involved.</p>	<p>Satisfactory</p>	<p>Through a review of Overview and Scrutiny Committee minutes, assurance was obtained that a complaints report is provided on an annual basis. This needs to be reflected in the complaints policy which currently states reporting is on a 'six monthly basis' [R1] The complaints policy is set to be reviewed via an Overview and Scrutiny working group or workshop and is currently in the committee's pending items, likely to be scheduled for June 2020.</p> <p>The current complaints policy makes reference to the following:</p> <ol style="list-style-type: none"> 1) Where a complaint has been received, the council's response should include a decision on the council's agreement/disagreement to the complaint; action taken and remedy (in the form of apology, lessons learnt or financial remedy). 2) Any lessons learned from the complaints should also be reviewed to 	<p>R1 <u>Recommendation priority:</u> Medium <u>Implementation date:</u> end July 2020 <u>Responsible Officer:</u> Corporate Services Manager <u>Recommendation Details:</u> The complaints policy should reflect that the report process is annual. Furthermore, the annual reporting against the policy should demonstrate that the lessons learnt have been implemented.</p>

ensure that they have been implemented.

Complaints are currently reported through Firmstep, which captures the above information with the exception of demonstrating that lessons learnt have been implemented. Consideration therefore needs to be given to capturing this information for annual reporting purposes [R1].

There are known functionality issues within Firmstep, such as officers cannot review or re-open their closed complaint cases. A new customer records management system is being developed and will include complaints data. It is therefore recommended that these issues, together with learning outcomes data, are captured within this new system [R2].

A total of 15 complaints were reviewed during the audit and the agreement/ disagreement decision made was found to be appropriate in all cases. In one case, additional information requested from the complainant had not been received and this was closed as a disagreement decision. Consideration should be given to including a new decision category to adequately reflect the reporting of such cases [R2].

10 of the complaints reviewed were 'justified' and the noted lessons learnt were found to have been fairly stated. There was documentary and/or verbal evidence to support the implementation of these learning outcomes for the majority of the complaints. There was only 1 case where the audit identified an additional lesson learnt action; this related to using a customer preferred contact list in housing.

During the review of the complaints it was identified that not all of the auto acknowledgements sent out in relation to the online 'Report It' forms contain a response time frame. This is necessary in order to set customer response expectations and potentially limit the receipt of a formal complaint [R3].

Recommendation accepted or not accepted by client: Accepted

R2

Recommendation priority: Low

Implementation date: end September 2020

Responsible Officer: Corporate Services Manager

Recommendation Details:

In respect of the new CRM system, the programme of works in relation to complaints should include:

- 1) End to end collection of complaint data including evidence of lessons learnt.
- 2) Access to closed complaints in order to review and add additional information.
- 3) A new decision category to be set up in relation to complaints that cannot be finalised.

Recommendation accepted or not accepted by client: Accepted

R3

Recommendation priority: Low

Implementation date: end September 2020

Responsible Officer: Corporate Services Manager

			<p><u>Recommendation Details:</u></p> <p>A review of online forms to be undertaken to identify auto acknowledgements that have no response time. Response times to be agreed with managers (giving consideration to customer care standards and legislative requirements) prior to being included within the auto acknowledgement.</p> <p><u>Recommendation accepted or not accepted by client: Accepted</u></p>
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CORPORATE IMPROVEMENT WORK

Xerox Printers

Recharges for One Legal were not proportionate to the invoices being receipted. Key issues identified:

- invoice printer impressions were not verified
- printer impressions used in the recharge were duplicated for duplex prints and the one legal printer was reporting colour print impressions although it was a black and white printer.

Website review

A risk register to support the project initiation form for the website review was completed using internal audits corporate improvement days.

Revenues & Benefits risk assessment

Completion of the health and safety risk assessment for the Revenues and Benefits section.

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 4 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.

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Audit	Recommendation Details	Priority	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
SOCF- Licensing 2019/20	DBS/conviction checks are completed on operators who have no driver licence.	Low	EH Manager/ Senior Licensing Officer	Oct-19.	Feb-20		As of October 2019, all operator licence applications are now DBS checked accordingly. This was verified through a sample check of applications received from October 2019 onwards.	n/a

Appendix 2

Audit	Recommendation Details	Priority	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Garden Waste 2018-19	A regular reconciliation should be carried out between the payments system and the garden waste customer database to identify and investigate any variances.	Medium	Corporate Services Manager	Apr-19. Dec-19.	Feb-20		An annual, year-end reconciliation is currently carried out supported by ad-hoc reconciliations during the year.	n/a
General Data Protection Regulation (privacy notices) 2018/19 82	<p>All aspects of the council's services should be covered by an appropriate privacy notice:</p> <ul style="list-style-type: none"> - Where gaps have been identified these should be included within an action plan and progress against their completion and/or any issues escalated to the GDPR Information Group. - A review of the council's existing privacy notices should be undertaken to ensure they are inclusive of 'the lawful basis for processing' and list all processing activities and organisations with whom the data is shared. - Consideration must be given to where there is a right to withdraw consent requirement. <p>Moving forward, all privacy notices should be subject to an annual review.</p>	High	Business Admin Manager/ Operational Managers	Dec-19.	Jan-20		As reported to Audit and Governance Committee on 22 January a new action plan for GDPR is being developed. This will inform future audit work moving forward.	n/a

Appendix 2

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
General Data Protection Regulation (privacy notices) 2018/19	A review of documentation should be undertaken to ensure that where this involves the processing of personal data the relevant privacy information is published.	High	Business Admin Manager/ Operational Managers	Dec-19.	Jan-20		See above.	n/a
<p>∞</p> <p>HR Leave Review 2018/19 (corporate improvement)</p>	A review of the electronic flexi spreadsheet should be undertaken to ensure that:- -Leave can be booked in hours for part-time workers -spreadsheet formulae is correct prior to its annual release on the staff intranet	Medium	HR Manager/ Finance Manager	Dec-19. Mar-21.	Mar-20		The flexi-sheet is currently being reviewed in relation to the inclusion of Annual Leave in hour format. As the flexi-sheet is excel based, the Finance Manager has been tasked with completing this action. In view of other work priorities a fresh implementation date has been agreed as March 2021.	21-22 q1
HR Leave Review 2018/19 (corporate improvement)	Guidelines in respect of the type of courses and levels of expenditure that could be supported through the training policy should be established. In addition, a schedule of costs should be included within the training agreement in order to identify the full cost of the training provision to be approved.	Medium	HR Manager	Sep-19. Mar-21.	Mar-20		The recently appointed HR Manager has included this within the HR service plan for 2020/21. A comprehensive review of training is to be undertaken with the possible introduction of a training strategy and related protocols on access to training, levels of training, acceptable training courses and associated costs will be developed.	21-22 q1

Appendix 2

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
New Income System 2018/19	<p>The Council should comply with the Payment Card Industry Data Security Standards and in this respect should give consideration to:-</p> <ul style="list-style-type: none"> - the transaction process relating to phone payments - payments taken at the reception desk - the physical environment in which card transactions are handled - undertaking a PCI-DSS compliance certification - staff members taking payments when working from home 	Medium	Head of Corporate Services/Head of Finance and Asset Management	Dec-19. Jan-21.	Feb-20		Chip and pin machines have been implemented at both the Tourist Information Centre and at reception. In relation to ensuring phone security, a firewall update took place beginning of February 2020. Further phone security measures such as voice calls over the internet and a mid-call handling solution are due to be implemented during 2020. Certification of PCI-DSS will be applied for once all measures have been implemented.	21-22 q1
Project Management Framework 2018/19	Training on the project management framework, including risk management, should be provided to all officers involved in project delivery. Formal project management training should also be offered where appropriate.	Medium	Corporate Services Manager	Oct-19. Oct-20.	Mar-20		Annual update training on the PMF has been diarised for 27 April. The Head of Corporate Services confirmed that risk management training will be held within the next six months.	20-21 q4
Ubico fleet management 2018/19	The reporting of RIDDOR accidents to TBC should be undertaken within 24 hours of reporting the incident to the HSE.	Medium	Ubico	Jun-19. Dec-19.	n/a		The follow-up of this recommendation has been postponed until Q1 2020/21. This is due to resources within the Community Services team being prioritised to respond to the latest flooding incident within the Borough.	20-21 q1

Appendix 2

Audit	Recommendation Details	Priority	Responsible Officer	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Ubico Health & Safety Monitoring 2018/19	An overview of all completed risk assessments and safe systems of work against each operational activity should be requested from Ubico, this should include review dates in order for effective monitoring to take place.	Medium	Joint Waste Team Officer & Grounds Maintenance Project Officer	Oct-19.	n/a		The follow-up of this recommendation has been postponed until Q1 2020/21. This is due to resources within the Community Services team being prioritised to respond to the latest flooding incident within the Borough.	20-21 q1
Ubico Health & Safety Monitoring 2018/19	Evidence of the resolutions to risks identified within the service risk register should be requested and target dates agreed in respect of their completion.	Low	Joint Waste Team Officer & Grounds Maintenance Project Officer	Oct-19.	n/a		The follow-up of this recommendation has been postponed until Q1 2020/21. This is due to resources within the Community Services team being prioritised to respond to the latest flooding incident within the Borough.	20-21 q1
Housing Benefits- DHP 2017-18	In line with the scheduled review of the Council's DHP policy, consideration should be given to the recovery of overpayments, monitoring functions and the establishment of contingency funds.	Low	Revenues and Benefits Manager	Jun-18. Oct-18. Apr-19. Dec-19. Apr-20.	Feb-20		A process for the recovery of DHP overpayments has been agreed whereby these will be recovered as a sundry debtor. The recovery of these payments is yet to be actioned.	20-21 q2
Licensing Audit 2017-18	An online facility for the public to report licensable complaints should be provided.	Low	Environmental Health Manager	Jun-18. Nov-19.	Feb-20		Complaints relating to licensing issues can now be reported online through the 'report it' function on the council's website.	n/a

Appendix 2

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
TIC 2016-17	The agreement between TBC and Winchcombe Town Trust should be located and updated to outline the conditions and rental fee for the lease of the room used for Winchcombe TIC.	Low	TIC Manager and Economic and Community Development Manager	Aug-17. Sep-18. Feb-19. Dec-19. Apr-20.	Feb-20		Winchcombe TIC is currently operating from Winchcombe Library. This is on a temporary basis and an appropriate hire agreement is in place. The council are liaising with Winchcombe Town Council (who fund the TIC service) and Winchcombe Town Trust (who own the Town Hall) regarding returning to the Town Hall once the refurbishment is completed. The TIC will not return until a lease has been agreed and signed.	n/a
Commercial Waste Audit 2015-16	Commercial waste debt should be regularly reviewed and appropriate recovery action taken.	High	Head of Community Services	Mar-17. Mar-19. Oct-19	n/a		The follow-up of this recommendation has been postponed until Q1 2020/21. This is due to resources within the Community Services team being prioritised to respond to the latest flooding incident within the Borough.	20-21 q1

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	29 July 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 1 July 2020, 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:

An update on the progress of implementing the significant governance issues is reported to each Audit and Governance Committee meeting.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** On 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 1 July 2020.

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
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Appendices: Appendix 1 - Monitoring of Significant Governance Issues 2019/20

SIGNIFICANT GOVERNANCE ISSUES 2019/20

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 1 July 2020
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)	Due to other commitments, this work has yet to commence. New date: September 2020.
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	All completed where required. Further actions identified during the year and improvements made.

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 1 July 2020
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 December 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 was approved by Executive Committee on 5 February 2020.</p> <p>The Anti-Fraud and Corruption policy has been reviewed 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 were due for review and finalisation by end of March. Due to the response to COVID-19 these are now programmed in for completion by the end of the calendar year.</p>

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 1 July 2020
4.	Code of Corporate Governance	<ul style="list-style-type: none">Develop and approve a new Code of Conduct.	March 2020 March 2021	Head of Corporate Services	Due to other commitments, this work has yet to commence. New date March 2021.