

27 October 2020

**Committee** Audit and Governance Committee

**Date** Wednesday, 4 November 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**

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To approve the Minutes of the meeting held on 23 September 2020.



	<b>Item</b>	<b>Page(s)</b>
<b>5.</b>	<b>AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME</b>  To consider the Audit and Governance Committee Work Programme.	10 - 17
<b>6.</b>	<b>EXTERNAL AUDITOR'S PROGRESS REPORT</b>  To consider the external auditor's report on progress against planned outputs.	18 - 48
<b>7.</b>	<b>LETTER OF REPRESENTATION</b>  To approve the S151 Officer's Letter of Representation on the closure of the accounts for the year ended 31 March 2020.	49 - 55
<b>8.</b>	<b>STATEMENT OF ACCOUNTS 2019/20</b>  To approve the Statement of Accounts 2019/20.  <b>NB: The Statement of Accounts (Appendix A to the report) will follow separately.</b>	56 - 61
<b>9.</b>	<b>INTERNAL AUDIT ANNUAL REPORT 2019/20</b>  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.	62 - 68
<b>10.</b>	<b>ANNUAL GOVERNANCE STATEMENT 2019/20</b>  To approve the Annual Governance Statement 2019/20.	69 - 84

**DATE OF NEXT MEETING**  
**WEDNESDAY, 16 DECEMBER 2020**  
**COUNCILLORS CONSTITUTING COMMITTEE**  
Councillors: C M Cody, L A Gerrard, P A Godwin, D W Gray, H C McLain (Vice-Chair),  
P D McLain, H S Munro, V D Smith (Chair) and P E Smith

**Substitution Arrangements**

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

**Recording of Meetings**

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

## TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit and Governance Committee held remotely on  
Wednesday, 23 September 2020 commencing at 2:00 pm**

### **Present:**

Chair  
Vice Chair

Councillor V D Smith  
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.12 ANNOUNCEMENTS**

- 12.1 The Chair advised that the meeting was being held under the emergency provisions of the Coronavirus Act 2020 and, specifically, the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020. The meeting was being broadcast live via the internet, it was not being recorded by the Council but, under the usual transparency rules, it may be being recorded by others.

### **A&G.13 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

- 13.1 Apologies for absence were received from Councillor L A Gerrard. There were no substitutions for the meeting.

### **A&G.14 DECLARATIONS OF INTEREST**

- 14.1 The Committee's attention was drawn to the Tewkesbury Borough Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.
- 14.2 There were no declarations made on this occasion.

### **A&G.15 MINUTES**

- 15.1 The Minutes of the meeting held on 29 July 2020, copies of which had been circulated, were approved as a correct record.

**A&G.16 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME**

- 16.1 Attention was drawn to the Audit and Governance Committee Work Programme, circulated at Pages No. 10-20, which Members were asked to consider.
- 16.2 The Head of Corporate Services, advised that the meeting in November was an additional meeting, the main purpose of which was to approve the Statement of Accounts and associated documents; this was usually done in July but had been extended to November due to the COVID-19 pandemic. It was also noted that the annual update on the Council's safeguarding arrangements and the food standards agency audit had both been moved to the December meeting due to the availability of resources in the team. A Member indicated that safeguarding was extremely important and asked for some assurance that the item would not be moved back further. In response, the Head of Corporate Services indicated that this was an annual update and so did not affect the actual operation of the safeguarding arrangements; however, he would do what he could to ensure it was considered at the meeting in December.
- 16.3 In response to a Member's assumption that there would probably be some change in work programmes across the Council in the next three months due to the ever changing response to the pandemic, the Head of Corporate Services agreed that this may be the case. All work programmes were kept under review and some actions could change, for example, Internal Audit resources were likely to be redeployed in the event of a second national, or local, lockdown and, if that happened, the Internal Audit annual report and monitoring report would have to be delayed.
- 16.4 The Committee understood that Officers were doing all they could in these exceptional and unprecedented times. Accordingly, it was

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

**A&G.17 EXTERNAL AUDITOR'S PROGRESS REPORT**

- 17.1 Attention was drawn to Grant Thornton's report, circulated at Pages No. 21-43, which set out the audit findings for 2019/20. Members were asked to consider the report.
- 17.2 The representative from Grant Thornton explained that the report highlighted the progress in delivering its responsibilities as the Council's external auditors. The report also included a summary of emerging national issues that may be relevant to Tewkesbury Borough Council and a number of challenge questions in respect of those emerging issues which the Committee may wish to consider. Page No. 24, flagged up a change in that the audit plan, which had been due to be considered by Committee in March, had been shared electronically on 19 March, because the March meeting had been cancelled due to COVID-19. In addition, a paragraph had been included relating to the significant risks posed by COVID-19.
- 17.3 In terms of the completion of the Statement of Accounts, this deadline had been extended from 31 July to 30 November due to COVID-19 and the Council was on track to sign off by that date. The External Auditor's detailed report findings would be submitted to the November Committee meeting. The value for money work had made good progress with most of the work completed; this would be reported in November. External Audit was awaiting an update of the Medium Term Financial Strategy for COVID-19. Referring to Page No. 25, the Grant Thornton representative advised that the National Audit Office consultation on a new Code of Audit Practice had concluded and, with the new Code having completed its

approval process in Parliament, had come into force on 1 April 2020 for the 2020/21 audit year onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report which would contain commentary on arrangements to secure value for money and any associated recommendations; further details would be communicated to the Committee within the next update. This meant that, from 2020/21 onwards, there would be a change in the value for money reporting; currently the main focus was on the conclusion but from next year, rather than a conclusion, there would be a set of recommendations which would form part of the annual report rather than being a separate audit findings report within the accounts work. Page No. 26 provided an update to the timings of the housing benefit audit which was usually completed by the end of November but had been extended to the end of January 2021 due to COVID-19.

- 17.4 In terms of audit fees, the impact of changes in respect of additional and more robust testing in financial reporting; improvements in financial reporting on items such as property, plant and equipment and pensions; and an increase in the complexity of local government financial transactions and reporting, had been reviewed in terms of both the cost and timing of audits. This had been discussed with the Section 151 Officer, including any proposed variations to the scale fee, and had also been communicated through the audit plan. Public Sector Audit Appointments (PSAA) had now approved the fee variation in principle and the final fees position would be reviewed at the conclusion of the audit.
- 17.5 The impact of coronavirus and any subsequent changes to opinions/reporting requirements had been detailed on Page No. 27. One key thing as part of the final report was the significant area of risk in respect of plant equipment where a material uncertainty report would be issued. This was standard practice and something the Council had in its accounts as a material uncertainty; more information would be provided in the report to the November meeting of the Committee.
- 17.6 Pages No. 29-35, set out several COVID-19 related updates which had been put together by Grant Thornton's Public Sector Audit team using its 'insight tool'. The idea was that this would give the sector an insight into what may happen in the future; although, obviously, information changed quickly so it would continue to be monitored and additional 'insights' reported as appropriate. Page No. 36 onwards set out a general local government sector update and included non-COVID related insights which Members could read for information should they so wish. One thing that had not been included in that update was that the Redmond Review on Local Audit had now concluded – this could be shared with the Committee following the meeting – and had set out a number of high level recommendations which included: that a new regulator should be put into place; scope should be available to amend the audit fee structure as currently it was not always possible to deploy adequate resources; that the September deadline for signing off accounts should be reinstated to enable more time for the audit process; accounts should be simplified and templates reviewed; the role of the authority in recognising and reporting findings needed to be acknowledged; and recognised audit account summaries should be introduced to help the user of the accounts. The review recommendations were not law yet, but the Committee would be kept updated as the process moved forward. In response, a Member queried what the impact of the statement of accounts deadline being changed to November this year would be for next year and whether the new timeframe for the signing of the accounts would be implemented for September 2021. In response, the Grant Thornton representative explained that this year's timescale would not have a significant impact on the work for next year. At this stage it was Grant Thornton's intention to complete the statement of accounts work by the end of September 2021; although, there was no confirmation of the deadline yet. The next stage, in terms of the Redmond Review, was for the Ministry for Housing, Communities and Local Government (MHCLG) to consider the recommendations and they would then be formally consulted upon. It

was clear from the context of the report that pace was a necessity and there was a willingness to see what could be implemented urgently but in the first instance a response was awaited from the MHCLG. It was anticipated that the September deadline would come to fruition, but a statutory process had to be followed to enable that. In terms of the changes to the value for money audit, it was confirmed that the scale fee, set initially by PSAA, did not reflect the new requirements for the work and, as such, had to be amended; an update would be provided to Members in due course which would give a flavour of the new approach.

- 17.7 Referring to the property, plant and equipment trigger date, a Member questioned how the external auditors were assessing the impact, and when the Council would book any potential provisions against the value of assets if COVID-19 had a negative impact in terms of recoverability given that lockdown had come into effect two weeks before year-end. In response, the Grant Thornton representative advised that this was why the report included a significant material uncertainty; all available data had been assessed at the time but there was not enough data in terms of the amount that COVID-19 would impact the value of investments, so the assumptions used by the valuers had been assessed and challenged on what had been done and why. The auditor was satisfied that the valuers had taken into account as much as they could. It had certainly been more difficult because of COVID-19 but every year the values were estimates so the process had largely not changed very much for the current year. The accounts template included a section to report 'post balance sheet events' and, depending on their significance, this was where items were disclosed that occurred after the year-end; those inclusions tended to be discussed towards the end of the audit process. Members were advised of the importance of drawing a distinction between a post balance sheet event and things that happened beyond the balance sheet date but had an ongoing impact.
- 17.8 Members thanked Grant Thornton for the clear and easy to understand report. Referring to the sector updates, a Member questioned whether the section on health and wellbeing was sufficiently covered by 'backlog of operations/diagnosis'. In response, the Grant Thornton representative advised that this was summarised information and not an exhaustive list; however, specific observations about the information were welcomed so they could be fed back to the insights team to help with future reporting. In terms of the environment, a Member felt that opportunities had been missed to capitalise on the lower level of car use during lockdown now they had returned to normal and was of the view that the best and worst case scenarios should be shared with the consultants that were working on the Council's climate change Agenda.
- 17.9 Accordingly, it was
- RESOLVED** That the external auditor's progress report be **NOTED**.

#### **A&G.18 FEE SCALE FOR THE AUDIT 2020/21**

- 18.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 44-50, provided the fee scale for the audit in 2020/21 which the Committee was asked to note.
- 18.2 The Committee was advised that, previously, this information had been provided in a letter from Grant Thornton, however, as part of its role, Public Sector Audit Appointments (PSAA) had agreed with the audit firms to inform individual organisations of their forthcoming audit fee rather than requiring the firms to communicate separately. Tewkesbury Borough Council's fee scale for 2020/21 was set at the same level as for 2019/20. Referring to the information provided during the previous Agenda item about the Redmond Review recommendations, the Head of Finance and Asset Management indicated that the review had recommended a

25-30% increase in fees paid by organisations to audit firms; this would be decided by the Ministry for Housing, Communities and Local Government so the Council awaited that outcome as well as information on whether there would be any additional funding for local authorities to cover any increase in fees.

18.3 Accordingly, it was

**RESOLVED** That the fee scale for the 2020/21 audit be **NOTED**.

#### **A&G.19 REGULATION OF INVESTIGATORY POWERS / INVESTIGATORY POWERS ACT POLICIES**

19.1 The report of the Borough Solicitor, circulated at Pages No. 51-101, provided the Committee with a revised Regulation of Investigatory Powers Act 2000 Surveillance and Covert Human Intelligence Source Policy; and a new Investigatory Powers Act 2016 Acquisition of Communications Data Policy. Members were asked to recommend the policies to the Executive Committee for approval and to authorise the Borough Solicitor to approve future minor amendments in consultation with the Counter Fraud Unit Manager and the Lead Member for Corporate Governance.

19.2 The Counter Fraud Unit Manager advised that the local authority was required to have effective policies to enable Officers to gather intelligence and conduct surveillance in line with the law. The policies appended to the report illustrated the authority's consideration of necessity, proportionality and public interest when deciding on surveillance activity and requests for communication data, as well as demonstrating openness and transparency for its customers. The report also provided an update in relation to the authority's existing authorisation arrangements and the outcome of the recent inspection by the Investigatory Powers Commissioner's Office. In future, the Counter Fraud Unit would be responsible for the annual update, any policy refresh, and inspections.

19.3 During the discussion which ensued, a Member questioned how many times the powers had been used. In response, the Counter Fraud Unit Manager explained that the numbers were minimal, but she could email the actual figures to Members following the meeting. In terms of Member oversight, this was not required as it was a criminal investigation process and the integrity of the case had to be preserved; however, once the case was completed, the details would be included in the annual report. Another Member felt that some of the wording in the policies was quite outdated and asked that this be addressed in future. In response, the Counter Fraud Unit Manager indicated that she had simply lifted some of the paragraphs from the legislation, but she would change that in future to ensure the wording was more modern i.e. the use of 'his/her' or 'their' instead of 'his'.

19.4 Accordingly, it was

**RESOLVED** That it be **RECOMMENDED TO EXECUTIVE COMMITTEE**:

1. That the Regulation of Investigatory Powers Act 2000 Surveillance and Covert Human Intelligence Source Policy, as attached to the report at Appendix 1, be **APPROVED**.
2. That the Investigatory Powers Act 2016 Acquisition of Communications Data Policy, as attached to the report at Appendix 2, be **APPROVED**
3. That the Borough Solicitor be authorised to approve future minor amendments in consultation with the Counter Fraud Unit Manager and the Lead Member for Corporate Governance.

**A&G.20 DISCRETIONARY HOUSING PAYMENT POLICY AUDIT PROGRESS UPDATE**

- 20.1 The report of the Head of Corporate Services, circulated at Pages No. 102-109, provided an update on the progress made on implementing audit recommendations following a review of Discretionary Housing Payments and an unsatisfactory audit opinion.
- 20.2 The Committee was advised that Discretionary Housing Payments were awarded when a local authority considered that a claimant required further financial assistance towards housing costs and was entitled to either Housing Benefit or Universal Credit towards rental liability. The payments scheme was funded by the government and the Council could top up the funding up to an additional 150% if it so wished. The allocation for the 2020/21 financial year was £142,189. In February 2020, an audit had been undertaken by the Council's Internal Audit Team at the request of the Revenues and Benefits Manager to ensure that awards were being made consistently and only to those demonstrating a real need for financial support. The audit had resulted in an unsatisfactory audit opinion and that report had been presented to the Committee in July 2020. To reassure Members, it was agreed that a report would be brought back to the next meeting with an update on progress against the recommendations.
- 20.3 The Revenues and Benefits Manager advised that, unfortunately, the COVID-19 pandemic had had a significant impact on the Revenues and Benefits team which meant not as much progress had been made on implementation of the recommendations as would have been the case in normal times. The COVID-19 pandemic had also meant that the team had to work around some of the recommendations due to being unable to see residents face to face or accept paper documents in support of applications. In addition, further work needed to be undertaken in case management between benefits and housing to ensure residents were being moved to more suitable accommodation with reduced reliance on Discretionary Housing Payments as these were meant to provide temporary support. The Revenues and Benefits work plan for quarter 2 included these tasks.
- 20.4 Attention was drawn to Paragraph 2.0 of the report which set out the audit recommendations and the progress made to date against each. In terms of recommendation 1, a checklist had been developed to support the collection and assessment of Discretionary Housing Payment information and had been used to assess every application; this had meant that payments were not being made in as many circumstances as previously. In respect of recommendation 2, the policy had been reviewed and non-essential items of expenditure such as alcohol, cigarettes, newspapers and magazines were no longer taken into consideration when assessing an application. Recommendation 3 was that consideration should be given to introducing performance reporting in consultation with the Lead Member for Finance and Asset Management, however, this had been delayed due to the pandemic but it was intended that a meeting would be set up with the Lead Member in October to agree the performance methodology moving forward. Expenditure against the budget was routinely monitored in line with good practice and, if profiled in twelfths, expenditure was significantly less than the previous year which suggested the recommendations were impacting on the level of award. Referring to recommendation 4, the Revenues and Benefits Manager indicated that the independent verification checks on a sample of applications, including a recalculation of the income and expenditure spreadsheet used by the assessors, had also been delayed to some extent by the pandemic. However, the work had now commenced and had been included in the Revenues and Benefits work plan for quarter 2.



20.5 In response to a query regarding non-essential items of expenditure, the Revenues and Benefits Manager explained that, essentially, the calculation was around determining whether or not there was a shortfall so, by including things which were discretionary, awards were being made and people had been benefiting from their lifestyle choices.

20.6 Accordingly, it was

**RESOLVED** That the Discretionary Housing Payments Audit Progress Report be **NOTED**.

## **A&G.21 BUSINESS GRANTS POST PAYMENT ASSURANCE FRAMEWORK**

21.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 110-113, sought to raise awareness of the significant ongoing work associated with the business grant scheme and the impact that this would have on the internal audit plan as staff resources were redeployed to meet the requirement. The Committee was asked to note the requirements of the business grants post payment assurance framework and acknowledge the impact on the internal audit plan.

21.2 The Head of Finance and Asset Management explained that, over the first five months of the financial year, the Council had been responsible for administering a significant amount of business grants as part of the response measures activated to meet the impact of the coronavirus pandemic. The business grant schemes had now closed to new applications but there remained a significant piece of work to ensure all applicants were compliant with all parameters of the various grant schemes; whilst the Council carried out a number of relevant checks prior to payments of grants, the framework set out by the government required further checks to be made. The resources necessary to undertake those checks had been assessed and significant additional resources would be needed to fulfil the requirement. When discussing the deployment of resources, the Management Team had agreed that the benefits of retaining one full-time equivalent from the Internal Audit team to oversee this important piece of work outweighed the risk to the internal audit plan in the second half of the year.

21.3 The Committee was advised that, in response to lockdown measures, the government had introduced a range of support measures for businesses affected by the lockdown. Of the financial measures introduced, local government was specifically responsible for the administration of two of them; the award of business rates relief for retail premises and the award of a range of grants targeted at specific sectors within the business community. To date, the Council had awarded over £10.3 million of additional business rates relief in the current financial year. A range of business grants schemes had been administered by the Council during the year including: Retail, Hospitality and Leisure Grants; Small Business Grants; and Discretionary Grants. All those schemes closed to new applications on 28 August although there remained a few grants being processed within the scheme - to date £17,010,000 had been paid to 1,461 grant applications and £862,980 paid to 87 discretionary grant applications. Significant resources had been redeployed from a number of services across the Council to meet the demand but, as the schemes had drawn to a close, the majority of those resources had been released with only a few key individuals retained to complete the process of grant payments. The post assurance phase would now have to begin, and this would, again, require significant resources to ensure it was delivered within the scheme requirements. The work undertaken upfront had reduced the post assurance work required; however, there would still be a significant amount of work going forward. Staff from Internal Audit had played a crucial role in the initial payment of grants and the development of

payment assurance plans and, whilst staff were being identified from Corporate Services and Finance and Asset Management to undertake the role of assessors, it was felt that an Internal Auditor would be best placed to act as the senior assessor to oversee the day to day work of the group. In due course, self-isolation payments would be made by local authorities so the payments team would have to be stood up again for those.

21.4 A Member questioned who determined how the discretionary payments were made to businesses; she was concerned that a number of businesses which were run from home had not received any grants even though they had no income but still had costs to pay out. In response, the Head of Finance and Asset Management acknowledged that some businesses had not been eligible for the original grant scheme and, unfortunately, the parameters of the discretionary scheme set by the government had not left very much discretion for local authorities. It had been suggested that there may be further grants from government, but the parameters for those had not yet been provided; he assumed they would likely be directed at the hospitality and leisure sectors.

21.5 Accordingly, it was

**RESOLVED** That the requirements of the business grants post payment assurance framework be **NOTED** and the impact on the internal audit plan acknowledged.

#### **A&G.22 INTERNAL AUDIT SIX MONTH PLAN 2020/21**

22.1 The report of the Head of Corporate Services, circulated at Pages No. 114-118, set out the Internal Audit Six Month Plan 2020/21 which Members were asked to approve.

22.2 The Committee was advised that the Public Sector Internal Audit Standards REF 2010 (Planning), required that the Chief Audit Executive be responsible for developing a risk-based plan, and REF 2030 (Resource Management) required the Chief Audit Executive must ensure that Internal Audit resources were appropriate, sufficient and effectively deployed to achieve the plan. In addition, the Terms of Reference of the Audit and Governance Committee required Members to consider a summary of proposed internal audit activity.

22.3 The Head of Corporate Services explained that, in accordance with the previous Agenda item, moving forward there would only be one full time equivalent Internal Auditor (made up of two part-time Officers) so, the six month plan was caveated that it should be achievable unless there was a second national, or local lockdown meaning those resources needed to be diverted into response mode. The plan included 80 audit days net which allowed for weekends, bank holidays, training, sickness and leave. There were a number of items in the plan which had been included following discussion with Officers: creditors – a back to basics audit to ensure authorisation controls remained in place and expenditure was justified; sundry debtors – to ensure debts were raised in all areas; business rates and the Local Council Tax Housing Allowance Scheme – to check validity of business rates accounts and payments made to those receiving Council Tax Reduction Scheme payments; and S106 Agreements – to ensure there was a robust scheme for administration of S106 Agreements. The Head of Corporate Services indicated that he would ensure the Committee was kept updated of any changes.

22.4 Accordingly, it was

**RESOLVED** That the Internal Audit Six Monthly Plan 2020/21 (October to March), as detailed in Appendix 1 to the report, be **APPROVED**.

**A&G.23 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2019/20**

23.1 The report of the Chief Audit Executive, circulated at Pages No. 119-132, attached the Audit and Governance Committee's Annual Report 2019/20 which Members were asked to approve. The report would then be submitted to Council as required by the Constitution.

23.2 The Committee was advised that the production of an annual report was good practice and helped demonstrate the broad coverage of activities that the Committee had been informed of, reviewed and challenged during the year. The Head of Corporate Services expressed the view that the report captured the activities of the Committee, but the comments of the Committee were welcomed. Any amendments felt necessary would be updated to Members through the Chair's presentation of the report at the Council meeting.

23.3 It was

**RESOLVED** That the Audit and Governance Committee's Annual Report 2019/20 be **APPROVED**.

The meeting closed at 3:15 pm

## AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

<p><b><u>Additions to 4 November 2020</u></b></p> <ul style="list-style-type: none"> <li>•</li> </ul> <p><b><u>Deletions from 4 November 2020</u></b></p> <ul style="list-style-type: none"> <li>• Internal Audit Monitoring Report.</li> </ul>
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<b>Committee Date: 16 December 2020</b>			
<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
External Auditor's Progress Report	<del>To consider the external auditors' report on progress against planned outputs.</del>	<del>External Auditors.</del>	No. Report not necessary as the 2020/21 audit will not have started by this point.
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 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 4 November 2020 due to resource availability (originally scheduled for 29 July 2020).

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Agenda Item 5

NB – Changes from previous work programme highlighted in bold

**Committee Date: 16 December 2020**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Food Standards Agency Audit	To consider the findings of the Food Standards Agency.	Head of Community Services	Yes - Moved from 4 November 2020 due to resource availability (originally schedule for 29 July 2020).
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.
Corporate Risk Register	To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	Head of Corporate Services.	No.
<b>Money Laundering Policy.</b>	<b>To consider the policy and recommend to Executive Committee that it be approved.</b>	<b>Head of Finance and Asset Management / Counter Fraud Manager.</b>	<b>Yes – moved from 4 November 2020. Postponed due to impact of COVID-19 on resource availability.</b>
<b>Internet and Social Media Investigation Policy.</b>	<b>To consider the policy.</b>	<b>Head of Corporate Services.</b>	<b>No.</b>
<b>Corporate Risk Register.</b>	<b>To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.</b>	<b>Head of Corporate Services.</b>	<b>Yes – moved from 4 November 2020 to allow review of the information by Management Team.</b>

<b>Committee Date: 24 March 2021</b>			
<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Local Authority Serious and Organised Crime Checklist	To consider progress made against the action plan.	Head of Finance and Asset Management / Counter Fraud.	No.
<del>External Auditor's Progress Report</del>	<del>To consider the external auditors' report on progress against planned outputs.</del>	<del>External Auditors.</del>	<del>No. – Report not needed as the this will be provided as part of the Audit Plan report.</del>
External Auditor's Audit Plan 2020/21	To consider the external auditor's Audit Plan 2020/21.	External Auditors.	No.
External Auditor's Housing Benefit Certification Report	To consider the external auditor's housing benefit certification report.	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.

<b>Committee Date: 24 March 2021</b>			
<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Internal Audit 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.

<b>Committee Date: July 2021</b>			
<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Counter Fraud Unit Report	To consider the annual update on the work of the Counter Fraud team.	Head of Finance and Asset Management / Counter Fraud Manager.	No.
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.
External Auditor's Findings	To consider the external auditor's findings 2020/21.	External Auditors.	No.
Letter of Representation	To consider the S151 Officer's Letter of Representation on the closure of the accounts for the year ended 31 March 2021.	Head of Finance and Asset Management.	No.
Statement of Accounts 2020/21	To approve the Statement of Accounts 2020/21.	Head of Finance and Asset Management.	No.
Fee Scale for the Audit 2021/22	To consider the audit scale fee for 2021/22.	Head of Finance and Asset Management.	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.



**Committee Date: July 2021**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Internal Audit Annual Report 2020/21	To consider the Internal Audit Annual Report 2020/21 and the assurance from the work undertaken during the year on the level of internal control within the systems audited during the year.	Head of Corporate Services.	No.
Annual Governance Statement 2020/21	To approve the Annual Governance Statement 2020/21.	Borough Solicitor.	No.
Corporate Risk Register	To consider the risk register and the risks contained within it.	Head of Corporate Services.	No.
Audit and Governance Committee Annual Report 2020/21	To approve the Audit and Governance Committee Annual Report 2020/21.	Head of Corporate Services.	No.

**Committee Date: September 2021**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Annual Audit Letter 2020/21	To consider the external auditor's Audit Letter 2020/21.	External Auditors.	No.
External Auditor's Progress Report	To consider the external auditor's report on progress against planned outputs.	External Auditors.	No.
Annual Report on Health and Safety Activities	To consider the adequacy of the Council's health and safety arrangements.	Head of Community Services.	No.
Internal Audit Six Month Plan 2021/22	To approve the Internal Audit Six Month Plan 2021/22 (Oct-Mar).	Head of Corporate Services.	No.
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Borough Solicitor.	No.
Corporate Risk Register	To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	Head of Corporate Services.	No.

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

# The Audit Findings for Tewkesbury Borough Council

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Year ended 31 March 2020

22 October 2020



# Contents



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Headlines

This table summarises the key findings and other matters arising from the statutory audit of Tewkesbury Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2020 for those charged with governance.

<p><b>Covid-19</b></p>	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council. Some of the impacts are indicated below:</p> <p><b>Council front-line challenges</b> : administration of grants to businesses, closure of car parks, additional challenges of reopening services under new government guidelines.</p> <p><b>Finance team</b> : capacity of teams through re-deployment</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financial statements to 30 November 2020.</p>	<p>We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 2 May 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 6.</p> <p>Restrictions for non-essential travel has meant both Council and audit staff have had to adapt to ensure we have gained sufficient audit evidence for the entries within the financial statements. This has meant a greater reliance on video calling for many aspects of the audit, particularly in terms of the use of sharing of screens to watch transaction listings being run. Where information is normally provided in a spreadsheet format, we have undertaken additional levels of testing to ensure that the information provided hasn't been manipulated prior to being sent to the audit team. We have utilised a remote information sharing software called Inflo, which has enabled smooth file transfer while team members are working remotely.</p> <p>Draft Accounts were received by the audit team on the 10 August 2020 alongside working papers for the notes and main statements. The quality of these working papers were of a good standard.</p>
<p><b>Financial Statements</b></p>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:</p> <ul style="list-style-type: none"> <li>• give a true and fair view of the financial position of Council's income and expenditure for the year; and</li> <li>• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.</li> </ul> <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We can confirm that we have not identified any material inconsistencies or misstatements.</p>	<p>Our audit work was complete remotely during June-November. At the time of writing this report our work is approximately 85% complete. Our findings are summarised on pages 5 to 14. We have identified one unadjusted misstatement to the financial statements that has resulted in a £173k unadjusted amount impacting the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.</p> <p>Our work is substantially complete and at this stage, there are no matters of which we are aware that would require modification of our audit opinion (Appendix E) or material changes to the financial statements, subject to the following outstanding matters;</p> <ul style="list-style-type: none"> <li>• Completion of our testing of: debtors, creditors, housing benefit expenditure, movement in reserves statement, fees &amp; charges, grants, Officer remuneration, Financial Instruments, collection fund, related parties and cash flow statement;</li> <li>• Receipt of the final investment and borrowing confirmations currently outstanding;</li> <li>• Final review of the covid-19 impact on the audit;</li> <li>• Receipt of our assurance letter from the Gloucestershire Pension Fund auditor;</li> <li>• receipt of management representation letter - see Agenda item 7;</li> <li>• review of the final set of financial statements; and</li> <li>• Final Manager and Key Audit partner reviews</li> </ul>

# Headlines

This table summarises the key findings and other matters arising from the statutory audit of Tewkesbury Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2020 for those charged with governance.

<b>Financial Statements (continued)</b>		<p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.</p> <p>Our anticipated audit report opinion will be unqualified including an Emphasis of Matter paragraph, highlighting the material uncertainty over the valuation of Property, Plant &amp; Equipment, as reported by the council's valuer and the material uncertainty in relation to the Pension Fund property funds, as reported by Gloucestershire Pension Fund.</p>
<b>Value for Money arrangements</b>	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VfM) conclusion').</p>	<p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that Tewkesbury Borough Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.</p> <p>We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix E. Our findings are summarised on pages 16 to 19.</p>
<b>Statutory duties</b>	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> <li>• report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and</li> <li>• To certify the closure of the audit.</li> </ul>	<p>We have not exercised any of our additional statutory powers or duties.</p> <p>We have completed the majority of work under the Code and do not expect to be able to certify the completion of the audit when we give our audit opinion, as we are awaiting the NAO Group auditor instructions to be able to discharge our responsibilities in relation to the Whole of Government Accounts. Should these not be available at the time of signing, we will not be able to issue the certificate at the same time as the opinion.</p>

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## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

# Audit approach

## Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

## Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our audit plan, as communicated to you on 25 March 2020, to reflect our response to the Covid-19 pandemic. These changes were communicated as part of our Audit Plan Addendum, shared with the Audit and Governance Committee on 4 May 2020.

## Audit approach (continued)

### Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit & Governance Committee meeting on 4 November 2020, as detailed in Appendix E. These outstanding items include those detailed on page 3.

### Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan.

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	754,000	We considered materiality from the perspective of the users of the financial statements. The Council prepares an expenditure based budget for the financial year with the primary objective to provide services for the local community and therefore gross expenditure at the Net Cost of Services level was deemed as the most appropriate benchmark. This same benchmark was used in the prior period.
Trivial matters	37,000	5% of materiality was deemed an appropriate level
Materiality for senior officer remuneration disclosure	9,000	A lower level of materiality was determined for the Senior Officer Remuneration salary disclosure note in the financial statements due to the sensitivity surrounding these disclosures.



# Significant audit risks

## Risks identified in our Audit Plan

### Covid- 19

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;

Remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation

Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates

Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and

Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.

### The revenue cycle includes fraudulent transactions

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

## Auditor commentary

We:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 7 August 2020;
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council property valuation expert
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic;
- evaluated whether sufficient audit evidence could be obtained through remote technology;
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations ;
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment;

There has been no change to our assessment reported in the Audit Plan and our audit work has not identified any issues in this area.

As reported in our Audit Plan, we have rebutted this presumed risk, because:

- There is little incentive to manipulate revenue recognition
- Opportunities to manipulate revenue recognition are very limited
- The culture and ethical frameworks of local authorities, including Tewkesbury Borough Council, mean that all forms of fraud are seen as unacceptable.

There has been no change to our assessment reported in the Audit Plan.

# Significant audit risks

## Risks identified in our Audit Plan

### Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

## Auditor commentary

We have:

- gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness;
- obtained a full listing of journal entries and identified and subsequently tested any unusual journal entries for appropriateness; and
- evaluated the rationale for any changes in accounting policies and any significant unusual transactions or estimates; and
- Reviewed significant related party transactions outside the normal course of business.

Our audit work has not identified any issues in respect of management override of controls.

### Valuation of land and buildings and Investment Properties

#### Land & buildings - £23,918,000

#### Investment Properties - £42,020,000

The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value or fair value (for surplus assets) at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers and the sensitivity of this estimate to changes in key assumptions.

We have:

- Confirmed the values reported in the financial statements reconcile to the values provided by management's external valuer
- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work
- evaluate the competence, capabilities and objectivity of the valuation expert
- write to the valuer to confirm the basis on which the valuations were carried out
- challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding.
- test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register. We agreed the valuation inputs to source data, ensured the revaluation reserve impact had been appropriately treated, and corroborated the assumptions used by the valuer to supporting information; and
- We assessed management's disclosure of the material uncertainty in relation to Property, Plant & Equipment and Investment property valuations.

**Our audit work has not identified any issues in respect of valuation of land and buildings and investment properties. As management have disclosed a material uncertainty in relation to the valuation of land and building and investment properties, we have included an Emphasis of Matter paragraph in our draft audit opinion contained in Appendix E.**

# Significant audit risks

## Risks identified in our Audit Plan

### Valuation of pension fund net liability

The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements. We identified the valuation of the pension fund net liability as a risk requiring special audit consideration

## Auditor commentary

We:

- identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement;
- evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuations and gained an understanding of the basis on which the valuations were carried out;
- undertook procedures to confirm the reasonableness of the actuarial assumptions made;
- checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial reports
- gained assurances over the data provided to the actuary to ensure it was robust and consistent with our understanding.
- Reviewed the differences between the amounts reported in the 2019-20 accounts and the actuary's IAS 19 report, and confirmed these differences related to the prior period McCloud Judgement impact not adjusted for. See Appendix C for details; and
- Confirmed that the updated Actuary report provided was not materially different to the draft version used by the council in preparing their accounts.

**Our audit work in this area is still outstanding as we await a receipt of the Pension Fund Auditor assurances.**


**Our audit work has identified that management have appropriately accounted for the valuation of the net pension fund liability and that the assumptions and source data used by the Actuary are appropriate.**

## Significant findings – other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

Issue	Commentary	Auditor view
<p><b>IFRS 16 implementation has been delayed by one year</b></p> <p>Although the implementation of IFRS 16 has been delayed to 1 April 2021, audited bodies still need to include disclosure in their 2019/2020 statements to comply with the requirement of IAS 8 para 31. As a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases</p>	<p>In our view IFRS 16 should be included as a standard issued but not yet adopted. The Council has provided an alternative view to this, and we are seeking further technical consultation.</p> <p>We will update the committee further at the meeting with an outcome.</p>	<p>TBC on conclusion of technical consultation</p> <p><b>Our work in this areas is still in progress at the time of writing.</b></p>
<p><b>Prior period adjustment between short and long term investments</b></p>	<p>During the year, the Council identified that one of its investments previously held as short term, should be more appropriately assessed as long term on reflection of the Council's intention to hold the investment for more than a year after the balance sheet date.</p> <p>The Council has amended for this in the prior period in accordance with IAS 8 and have produced an additional disclosure note, disclosed a prior period adjustments accounting policy and stated a third balance sheet to recognise the impact as at 1 April 2018.</p>	<p>We have reviewed the prior period adjustment disclosures for compliance with IAS 8 and are satisfied that they are appropriate.</p> <p>We have also confirmed that the re-classification is appropriate in line with the CIPFA code of practice.</p> <p>As part of our work, we identified presentational amendments that helped to make the note clearer to the user of the accounts, and management have amended for these as detailed in Appendix C.</p>
<p><b>Prior period adjustment relating to the Cash Flow statement</b></p>	<p>Management has used CIPFA's cashflow tool to support its preparation of the cashflow statement in 2019-20 and in doing so has revisited the presentation of key cash movements in both the current and prior year financial statements. As this has resulted in material changes, a prior period restatement has been required.</p>	<p>We identified that there was no prior period disclosure in relation to this error, and therefore requested that management include this, which they have done.</p> <p>We have confirmed that the restatement is appropriate and that the disclosures included by management comply with IAS 8 requirements.</p> <p><b>Our work in this areas is still in progress at the time of writing.</b></p>


## Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
<b>Provisions for NNDR appeals - £2.884m</b>	<p>The Council is responsible for repaying a proportion of successful rateable value appeals. Management calculates the level of provision required. Tewkesbury's calculation is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates. Due to the withdrawal of a significant appeal in year, the provision has decreased by £3.484m in 2019/20.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>assessed the appropriateness of the underlying information used to determine the estimate;</li> <li>We have reviewed the impact of any changes to valuation method;</li> <li>Reviewed the reasonableness of increase in estimate; and</li> <li>Confirmed the adequacy of disclosure of the estimate in the financial statements.</li> <li>Reviewed the statistics used in the underlying 2010 list calculations, to confirm they are appropriate and up-to-date.</li> </ul>	
27		<p><b>Our work in this area has identified a small difference between management's calculation and our assessment. This is driven by a timing difference in the calculation of statistics by management and by the audit team. See Appendix C for details.</b></p>	

### Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
<p><b>Land and Buildings – Other - £23.918m</b></p> <p><b>Investment Properties - £42.020m</b></p>	<p>Other land and buildings comprises £12.902m of specialised assets such as leisure centres and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£11.050m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The council's investment properties are all valued at fair value. These properties total £42.020m.</p> <p>The Council has engaged Wilkes Head &amp; Eve to complete the valuation of properties as at 31 March 2020 on an annual basis. 100% of total assets were revalued during 2019/20.</p> <p>Management have considered alternative assumptions through challenge of the valuer on receipt of the valuations. Management has reviewed each individual asset valuation and challenged the valuer on items that seemed out of line from their expectations, or that had changed between the current and previous period.</p> <p>In line with RICS guidance, the Council's valuer disclosed a material uncertainty in the valuation of the Council's land and buildings at 31 March 2020 as a result of Covid-19. The Council has included disclosures on this issue in Note 5.</p> <p>The valuation of properties valued by the valuer has resulted in an increase of £1.294m across both Land &amp; buildings and Investment properties.</p> <p>The total year end valuation of Other land and buildings was £23.918m, a net increase of £35k from 2018/19 (£23.883m).</p> <p>The total year end valuation of Investment properties was £42.020m, a net increase of £1.159m from 2018/19 (£40.861m).</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>undertaken a review of the work of management's expert (Wilkes Head and Eve). This assessment includes a review of their experience, capabilities and independence to the council. We have not identified any issues in these areas.</li> <li>considered the assumptions adopted by the expert. This includes a review of the consistency of the estimates with those provided to by Gerald Eve.</li> <li>confirmed the completeness of the data provided to the actuary by agreeing the amounts submitted for valuation back to the fixed asset register. No issues have been identified in this work.</li> <li>tested individual asset revaluations to confirm that the treatment of these assets within the financial statements has been correct, and that the source data used in these valuations agrees to underlying data. We have reviewed amounts to ensure the asset register and the valuation reports agree as well as reviewing the treatment in the council's reserves.</li> <li>reviewed the adequacy of fair value disclosures in the statement of account; and</li> <li>Reviewed the adequacy of management's disclosure of the material uncertainty reported by their valuer, Wilkes Head &amp; Eve.</li> </ul> <p><b>Our work in this area has not identified any issues with management's estimate calculations. We have identified that the valuer has reported a material uncertainty in relation to Land and Building and Investment Property valuations. Management have disclosed details of this uncertainty in their accounts, and we have referred to it in an emphasis of matter paragraph, included in our audit opinion. See Appendix E for details.</b></p>	

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## Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# Significant findings – key estimates and judgements

Accounting area	Summary of management’s policy	Auditor commentary	Assessment
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**Net pension liability – £28.8m**

The Council’s net pension liability at 31 March 2020 is £28.8m (PY £34.1m) comprising the Gloucestershire Pension Fund Local Government pension scheme obligations. The Council uses Hymans Robertson to provide actuarial valuations of the Council’s assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.

The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £5.998m net actuarial gain during 2019/20.

We have:

- reviewed the estimate, undertaking tests on the asset and liability elements of the net liability. Using analytical procedures we have compared actual results with expectations and have concluded that the results are reasonable;
- We have reviewed the work of Hymans Robertson, through the use of an auditor’s expert, PWC;
- We have undertaken an assessment of the actuary’s roll forward approach, including completing detail work to confirm reasonableness of their valuation approach.

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.3%	2.3	●
Pension increase rate	1.9%	1.8% - 2%	●
Salary growth	2.2%	1.9% - 2.8%	●
Life expectancy – Males currently aged 45 / 65	22.4 / 21.7	21.6-23.3 / 20.5-22.2	●
Life expectancy – Females currently aged 45 / 65	25.3 / 23.9	24.6-26.3 / 22.9-24.3	●

- We have undertaken checks on the completeness and accuracy of the underlying information used to determine the estimate in order to determine the reasonableness of increase in the estimate. We have also ensured adequacy of the disclosure of the estimate in the financial statements.

**We have concluded that the assumptions used by the Actuary are appropriate, and our final conclusion awaits receipt of the pension fund auditor assurances, which are outstanding at the time of writing.**

**Assessment**

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

# Significant findings – going concern

## Our responsibility

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

## Going concern commentary

### Management's assessment process

The Council's accounts have been prepared on the going concern basis. Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

### Auditor commentary

We have subjected the 2019/20 Budget, MTFS to 2024/25 and cash flow forecast to November 2021 to detailed scrutiny and reviewed the planned savings proposals as part of the Council's MTFS in our consideration of the appropriateness of management's use of the going concern assumption.

In 2020/21, the Council expects to achieve a balanced budget, despite the estimated increase in costs from Covid-19, through funding from reserves. Additional funding from central government for income loss will reduce this overspend but at present it is unclear how much of Covid-19 related costs will be met by central government. If central government does not meet all Covid-19 related costs the Council will, as anticipated in the MTFS, need to meet the costs by utilising its earmarked reserves. However, the Council's reserves position is strong.

We have reviewed the Council's cashflow forecast for 18-month period to November 2021 and identified that the council has comfortable headroom over its cash balances. The Council's lowest cash position at the end of any month during the period under review is estimated to be £3.8m, which leave the Council sufficient head room for unexpected costs.

### Conclusion

At 31 March 2020 the Council's total usable reserves, excluding capital reserves, stood at £17.1m.

The Council has included Events after the Reporting Period disclosure in the Statement of Accounts in relation to the impact of Covid-19.

We have not identified any material uncertainty about the Council's ability to continue as a going concern.



## Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
<b>Matters in relation to fraud</b>	We have previously discussed the risk of fraud with the Audit and Governance Committee and management. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
<b>Matters in relation to related parties</b>	We are not aware of any related parties or related party transactions which have not been disclosed
<b>Matters in relation to laws and regulations</b>	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
<b>Written representations</b>	A letter of representation has been requested from the Council, which is included at agenda item 7 of the Audit and Governance Committee papers for the 4 November meeting.
<b>Disclosures</b>	Our review identified that a Prior Period Adjustment note was not included for the 2018-19 Cashflow restatement. Management have included this in the updated accounts, as reported in Appendix C.
<b>Audit evidence and explanations/significant difficulties</b>	All information and explanations requested from management was provided.

## Other responsibilities under the Code

Issue	Commentary
<b>Other information</b>	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix E</p>
<b>Matters on which we report by exception</b>	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> <li>• If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit</li> <li>• If we have applied any of our statutory powers or duties</li> </ul> <p>We have nothing to report on these matters.</p>
<b>Specified procedures for Whole of Government Accounts</b>	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Our audit procedures in respect of this area are still to be concluded. The NAO has not issued its auditor guidance yet, so we are unable to issue the certificate with our opinion. If this position changes prior to signing your opinion, we will complete the required work, and provide a certificate with the audit opinion.</p>
<b>Certification of the closure of the audit</b>	<p>We are currently unable to certify the closure of the 2019/20 audit of Tewkesbury Borough Council in the audit report, as detailed in Appendix E.</p>

# Value for Money

## Background to our VFM approach

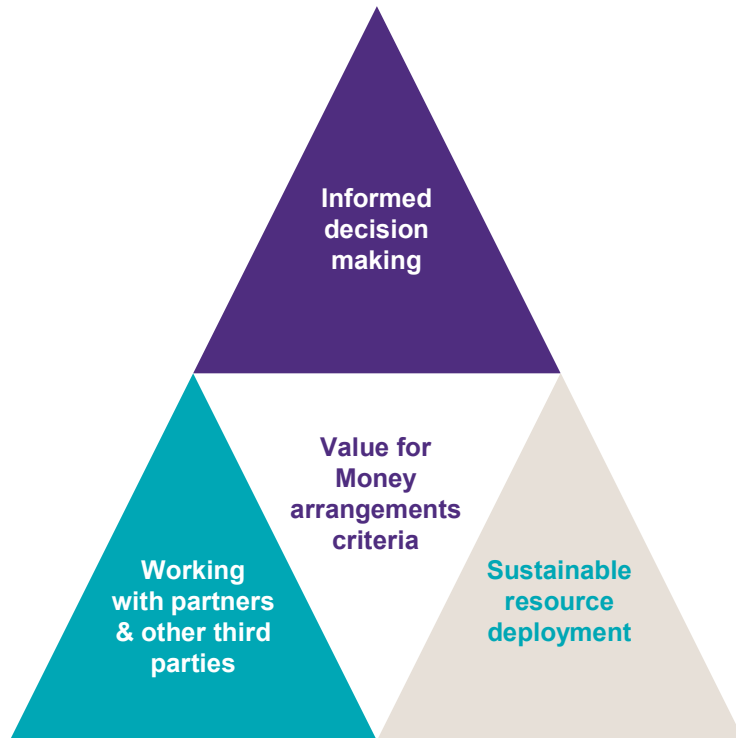
We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

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

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

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## Risk assessment

We carried out an initial risk assessment in February 2020 and identified one significant risk in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated this risk to you in our Audit Plan dated 25 March 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

# Value for Money

## Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risk that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The Council delivered a revenue budget surplus in 2019/20 which was used to fund known commitments and allowed a transfer to reserves;
- Budget Monitoring reports taken to Executive Committee regularly and provide sufficient detail to allow members to effectively scrutinise budgets, and take remedial action should this be required;
- The latest version of the MTFS to be presented to members later this year, identifies a £4.8m revenue budget deficit by the end of 2024-25.
- The assumptions employed in the MTFS appear reasonable
- The uncertainty surrounding future levels of government funding.
- The council's growth agenda included as part of the MTFS approved by council in January 2020.
- The continued engagement of members and planned future increases to council tax income over the medium term is vital to ensuring the Council has a sound financial position.

We have set out more detail on the risk we identified, the results of the work we performed, and the conclusions we drew from this work on pages 18 and 19.

## Overall conclusion

Based on the work we performed to address the significant risk identified, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix E.

## Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

## Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

# Value for Money

## Key findings

We set out below our key findings against the significant risk we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p><b>Ensuring Financial Sustainability for the medium term</b></p> <p>Like many other similar local authorities, the financial outlook remains challenging.</p> <p>Looking forward, the Council's Medium-Term Financial Plan reflects a balanced budget position for 2019/20, followed by annual budget gaps which cumulatively lead to an estimated £4.8 million gap over the period 2020/21 to 2025/26 which reduces to £4 million if maximum council tax increases are approved. The Council's Business Transformation Strategy supports the delivery of additional income streams and service cost reductions in order to balance the budget.</p> <p>There is a risk that financial plans are not sufficiently developed to close the funding gap, which in turn could impact on the council's ability to deliver services.</p>	<p>The Council's MTFS is a key element of the overall strategy of the Council. The document takes a 5 year forward looking view, and is updated annually on a rolling programme to ensure that the budget priorities will be met, whilst having regard to future funding gaps. As a result the MTFS is a key strategic planning document.</p> <p>The latest version approved by members in January 2020, was produced prior to the coronavirus outbreak. Management have therefore updated the MTFS and is scheduled to be considered by Council for approval in December 2020. In the interim, management also reported on the direct impact of coronavirus on the Council in 2020/21. This reporting was taken to the June 2020 Executive committee, and set out the direct costs, and direct funding the Council received as a result of the pandemic.</p> <p>The updated MTFS identifies a funding gap of £4.8m over the 5-year period to 2025/26.</p> <p>To address this deficit, the Council has looked at a mixture of income generation and savings measures. As the savings plans provide minimal impact, the Council's recent focus on addressing its funding gap has been through the use of commercialisation opportunities, to provide greater impact on the budget gap than efficiency savings. This is because there is limited opportunity for the Council to gain savings without impacting on service delivery, as the Council has already undertaken a number of schemes to save costs. In recent years the Council has completed re-configurations, undertaken shared service agreements and reviewed a number of commercialisation opportunities.</p> <p>There is significant uncertainty around the future funding that will be available to the Council. In the updated MTFS, the Council has therefore assumed £nil funding in order to assess the worst-case scenario. This is assumed across all of the following funding areas; Local Government Finance Settlements; any potential New Homes Bonus replacement scheme; Covid-19 grants; and taxation loss funding.</p>	<p>On concluding our review we have identified the following recommendations.</p> <ul style="list-style-type: none"> <li>Given the uncertain nature of future government funding, Management should continue to closely monitor its MTFS, updating the finances on a regular basis. Officers should also report regularly to members, to ensure they are aware of the current position.</li> <li>The Council should also ensure it continues to monitor the additional pressures created as a result of the coronavirus pandemic, ensuring the council's position is reported in regular government returns, and the current position is reported to members on a regular basis.</li> <li>The Council should continue in its efforts to identify commercialisation opportunities to support the reduction of its budget deficit over the life of the MTFS.</li> </ul> <p>In conclusion, although the Council faces a significant challenge to meet its future funding gap, positive steps are being taken to identify further commercialisation streams to support the Council in bridging the budget gap.</p> <p>Management report regularly on budget monitoring, and after the outbreak of covid-19, the Council included new reporting on the direct impact from the pandemic. This additional reporting enabled appropriate oversight of council finances.</p>

## Value for Money (continued)

Significant risk	Findings	Conclusion
<b>Ensuring Financial Sustainability for the medium term (continued)</b>	<p>The Council has also been heavily reliant on the New Homes Bonus scheme in the past, with almost 30% of its income being made up of grants from this scheme. Given the updated government plans for the New Homes Bonus Scheme, the Council has removed all future income streams from the MTFS, only including legacy payments.</p> <p>The final General Fund revenue outturn position for 2019-20 was a surplus position of £516,851. This was an increase against the quarter three forecast position and an improved position compared to prior periods. The budgeted transfer to reserves was £575,000 with an actual outturn transfer totalling £1,091,851. Total revenue reserves now stands at over £17.8m which puts the Council in a sound position moving forward. Per the updated MTFS, the Council intends to use £2.5m of reserves to fund the gap over the next few years, and should no additional funding be provided by government, it estimates an additional £1.9m will be required. Should reserves be called upon to fund this, the Council's useable reserves position in 2025/26 would be estimated at £13.4m which would provide it with sufficient resilience for the medium term.</p>	<p>From our review of the Council's Medium term financial strategy, we are satisfied that the assumptions used are appropriate and prudent.</p> <p>We therefore propose to conclude that management's arrangements for securing economy, efficiency and effectiveness were adequate in use of its resources in 2019/20.</p> <p><b>Management response</b></p> <p>The council faces an enormous financial challenge as we head in to the first part of the decade as we try to balance reductions in funding from austerity, the impact on public finances from coronavirus and the cost of delivering our services and ambitions to a growing Borough. In this environment, the MTFS becomes ever more important and whilst we continue to share updates on a regular basis with the Transform Working Group, we now intend to move the formal reporting to a biannual process to provide heightened awareness and understanding for all members of the council.</p>

# Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

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

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

## Audit and Non-audit services



For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

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	Fees £	Threats identified	Safeguards
<b>Audit related</b>			
Certification of Housing Benefit Claim	16,400	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £16,400 in comparison to the total fee for the audit of £41,589 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

# Action plan

We have identified one recommendation for the Council as a result of issues identified during the course of our audit. We have agreed this recommendation with management and we will report on progress on this recommendation during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
 <b>Medium</b>  	<p><b>The statistics used by management in the 2010 list NDR calculation</b></p> <p>In their calculation of the 2010 list NDR provision, management have used statistics from past settled cases to inform the percentage of the appeals that is provided for. In 2019-20 management updated their calculation, but completed the work based on February data. A small movement in the total data as at 31 March, has meant that an updated calculation indicates the provision is understated by £173k.</p>	<p>We recommend that management looks to review the statistics annually, as close to the year end as possible, to avoid any significant changes. If management undertake the review earlier in the period, we recommend that a sense check is undertaken to identify whether any significant movements have occurred. This will ensure that there are not material differences in the estimated provision.</p> <p><b>Management response</b></p> <p>We will continue to calculate the NDR provision using pre-March data however we will ensure we review this data using the year end information during the closedown process. We will only adjust the provision if the change is material.</p>

## Controls

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



## Follow up of prior year recommendations

We identified the following issues in the audit of Tewkesbury Borough Council's 2018/19 financial statements, which resulted in three recommendations being reported in our 2018/19 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	We identified an error in income testing of £55,872. The income amounts were included in 2018-19 when they related to 2019-20.	Management have addressed the issue by including the few non-invoiced items as at 31 March 2020 in their receipts in advanced review. We have not identified any errors in our income testing for 2019-20.
✓	One item in the cashflow statement, with a value of £25,000 could not be verified to an external source.	Our cashflow testing for 2019-20 did not identify any adjustments that we were unable to verify to a secondary source.
39 ✓	Housing benefit debtors were overstated by £140,000 in the 2018-19 accounts. As the full amount had been provided for, the net impact on the balance sheet was £nil, however, ensuring the gross values are correct ensures that the notes to the accounts are correctly stated.	Management has taken steps to address the error identified in the prior period, and we have not identified the same type of error, however, we have identified a small error in our Housing Benefit debtors. The report used to recognize the debtors in the financial statements included two claimants whose debtor balance was incorrect. Both the actual and extrapolated errors (after extending testing) are trivial but recommend that management reviews their processes for recognizing Housing Benefit Debtors to ensure the risk of future errors is reduced.

### Assessment

- ✓ Action completed
- X Not yet addressed

# Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
None			
<b>Overall impact</b>	<b>£Nil</b>	<b>£Nil</b>	<b>£Nil</b>

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission / Misclassification	Detail	Adjusted?
Prior Period Adjustment – note 1	The original disclosure stated movements for 2018/19 and 2019/20 when they should have stated 2017/18 and 2018/19.	✓
IFRS 16	In our view IFRS 16 should be included as a standard issued but not yet adopted. The Council has provided an alternative view to this, and we are seeking further technical consultation. We will update the committee further at the meeting with an outcome.	TBC
Cash flow	As reported on page 9, We identified that there was no prior period disclosure in relation to the restatement of the 2018-19 cashflow statement, and therefore requested that management include this, which they have done.	✓
Pension Property Asset Material Uncertainty	The council had not disclosed a material uncertainty in relation to their share of the pension fund's property portfolio. As the Gloucestershire Pension Fund has reported a material uncertainty in relation to these assets, we requested that management include this disclosure, which has been appropriately included at Note 5.	✓
Note 12 - £606k of Revenue Expenditure Funded from Capital under Statute	In the Adjustments Between Accounting Basis and Funding Basis Under Regulations note, the Revenue Expenditure Funded from Capital under Statute was included in the capital grants line rather than the reversal of entries included in the Surplus or Deficit on the provision of services in relation to capital expenditure line.	✓

# Audit adjustments

## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
<p><b>1. The Council's net pension liability and associated notes are based on the values provided by the actuary using an 11 month actual, and 1 month estimated position. The updated actuary report identifies a few differences between the estimated and actual values reported. The council's normal processes include the use of the estimated report, however, due to anticipated volatility of investments due to covid-19 and the McCloud judgement, the authority obtained an updated Actuary report using Actual data, to confirm that the movements between estimated and actual data were not material.</b></p>				
Past Service Cost	-92			
Return on plan assets	59			
Present value of obligation		-92		
Fair value of plan Assets		59		
	<b>33</b>	<b>33</b>	<b>33</b>	Management have not adjusted as the amounts are not material
<p><b>2. NNDR Provision:</b> Management's calculation used statistics from an earlier date. The audit team's calculation based on the final IPP report for 2019-20 identified a small difference in the statistics, leading to a small difference in estimation between management's calculation and the audit teams.</p>				
	173	173	173	Management have not adjusted as the amounts are not material
<b>Overall impact</b>	<b>£206</b>	<b>£206</b>	<b>£206</b>	

# Audit adjustments

## Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2018/19 financial statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
<p><b>1. As reported in our prior period ISA 260 report, the impact of the McCloud Judgement was not amended in the Council's 2018-19 accounts, as management's view was this was not considered material . The Council has therefore included the unadjusted amounts from the prior period as non-material adjustments in the current period. These transactions mean that the following differences have been identified between the accounts and the 2019-20 actuary report. We are satisfied that management has followed the appropriate accounting treatment and complied with the CIPFA code in relation to this prior period misstatement.</b></p>				
Past Service Cost	-174			
Return on plan assets	-316			
Present value of obligation		-176		
Fair value of plan Assets		-316		
	<b>-492</b>	<b>-492</b>	<b>-492</b>	Management have not adjusted as the amounts are not material
<b>Overall impact</b>	<b>£-492</b>	<b>£-492</b>	<b>£-492</b>	

## Fees

We confirm below our fees charged for the audit and confirm there was one additional fee for the provision of non audit services.

<b>Audit fees</b>	<b>Proposed fee</b>	<b>Final fee</b>
Council Audit	41,589	41,589
Additional Fees as a result of the impact of Covid		TBC
<b>Total audit fees (excluding VAT)</b>	<b>£41,589</b>	<b>£TBC</b>

We set out in our audit plan how the Financial Reporting Council's has set its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. This, coupled with the recent impact of Covid-19 and the time taken in managing the audit in a more remote working environment, has clearly impacted our work and we will need to review the actual audit inputs required at the conclusion of our work, to assess any fee implications arising from this.

4  
3

We have reconciled the fees to the Council's financial statements (Note 32 – Audit Costs) below:

<b>Audit Fees per the financial statements</b>	<b>Fee</b>	<b>Comment</b>
<b>Fees payable with regard to external audit services carried out by the appointed auditor for the year</b>	<b>34,589</b>	<b>PSAA Scale Fee</b>
Fees payable with regard to certification of grant claims and returns for the year:		
Non-Audit Fee agreed upon procedures on the Council's Housing Benefit Subsidy Claim 2019-20	16,400	Per Housing Benefit fee quote
Additional Audit Fees approved by PSAA	7,000	As reported in Audit Plan
<b>Total audit and non- audit fees (excluding VAT)</b>	<b>£57,989</b>	

# Audit opinion

**We anticipate we will provide the Council with an unmodified audit report**

## Independent auditor's report to the members of Tewkesbury Borough Council

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Tewkesbury Borough Council (the 'Authority') for the year ended 31 March 2020 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including Note 2, a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Head of Finance and Asset Management and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Finance and Asset Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance and Asset Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# Audit opinion

In our evaluation of the Head of Finance and Asset Management's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

## Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings and property investments

We draw attention to Note 5 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings, property investments and the Authority's share of the pension fund's property investments as at 31 March 2020. As, disclosed in note 5 to the financial statements, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in both the Authority's property valuer's report and the pension fund's property valuation reports. Our opinion is not modified in respect of this matter.

## Other information

The Head of Finance and Asset Management is responsible for the other information. The other information comprises the information included in the Financial Statements, the Narrative Report, and the Annual Governance Statement and, our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

# Audit opinion continued...

## Responsibilities of the Authority, the Head of Finance and Asset Management and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 1, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance and Asset Management. The Head of Finance and Asset Management is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Head of Finance and Asset Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance and Asset Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Governance Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

### Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

### Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.



# Audit opinion continued...

## Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2020. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

## Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Julie Masci, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol



## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	4 November 2020
<b>Subject:</b>	Letter of Representation 2019-20
<b>Report of:</b>	Head of Finance and Asset Management
<b>Corporate Lead:</b>	Deputy Chief Executive
<b>Lead Member:</b>	Lead Member for Finance and Asset Management
<b>Number of Appendices:</b>	One

<p><b>Executive Summary:</b></p> <p>Each year, on completion of the audit of the Council's financial statements, the Council is required to submit a Letter of Representation to its external Auditor. Without the letter of representation the Auditor cannot issue an opinion on the Council's accounts.</p>
<p><b>Recommendations:</b></p> <p><b>That the Audit and Governance Committee APPROVES the Letter of Representation 2019-20.</b></p>
<p><b>Reasons for Recommendation:</b></p> <p>To present, for consideration and approval, the Council's Letter of Representation for 2019-20.</p>

<p><b>Resource Implications:</b></p> <p>None.</p>
<p><b>Legal Implications:</b></p> <p>None.</p>
<p><b>Risk Management Implications:</b></p> <p>If the Letter of Representation is not submitted to Grant Thornton, the Auditor will not be able to issue an opinion on the Council's Financial Statements and the Council will not be able to publish its Statement of Accounts by the statutory deadline of 30 November 2020.</p>
<p><b>Performance Management Follow-up:</b></p> <p>None.</p>
<p><b>Environmental Implications:</b></p> <p>None.</p>

**1.0 INTRODUCTION AND BACKGROUND**

- 1.1 Each year, on completion of the audit of the Council's Financial Statements, the Chief Finance Officer is required to submit a Letter of Representation to the Council's external auditor. The letter formally and publicly confirms the accuracy and completeness of the presented Statement of Accounts.
- 1.2 The letter sets out assurances from the Council to Grant Thornton that relevant accounting standards have been complied with and gives further assurances that the Council has disclosed information where to withhold it would have undermined the accuracy and reliability of the Statement of Accounts.
- 1.3 A copy of the draft Letter of Representation for 2019/20 is attached at Appendix A. On receipt of the Letter of Representation, the Council's external auditor may formally issue an opinion on the Financial Statements.
- 1.4 The Committee is requested to consider the content of the letter and to approve it for signature by the Chief Finance Officer on behalf of the Council.

**2.0 OTHER OPTIONS CONSIDERED**

- 2.1 None.

**3.0 CONSULTATION**

- 3.1 Consultation undertaken with the Audit and Governance Committee prior to signing of the letter.

**4.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

- 4.1 None.

**5.0 RELEVANT GOVERNMENT POLICIES**

- 5.1 None.

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

- 6.1 None.

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

- 7.1 None.

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

**8.1** None.

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

**9.1** None.

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**Background Papers:** None

**Contact Officer:** Head of Finance and Asset Management Tel: 01684 272005

Email: [simon.dix@tewkesbury.gov.uk](mailto:simon.dix@tewkesbury.gov.uk)

**Appendices:** A – Letter of Representation 2019-20

## Deputy Chief Executive's Unit

Robert Weaver  
Deputy Chief Executive



## Appendix A

Grant Thornton UK LLP  
2 Glass Wharf  
Bristol  
BS2 0EL

Our Contact: Simon Dix  
Telephone: 01684 272005  
Our Ref: SD/Audit 20  
Email: [simon.dix@tewkesbury.gov.uk](mailto:simon.dix@tewkesbury.gov.uk)

4<sup>th</sup> November 2020

Dear Sirs,

### **Tewkesbury Borough Council Financial Statements for the year ended 31 March 2020**

This representation letter is provided in connection with the audit of the financial statements of Tewkesbury Borough Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **Financial Statements**

- i We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.



- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii Except as disclosed in the financial statements:
- a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the Council has been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv The prior period adjustments disclosed in Note 1 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.



xv We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

## Information Provided

xvi We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.

xvii We have communicated to you all deficiencies in internal control of which management is aware.

xviii All transactions have been recorded in the accounting records and are reflected in the financial statements.

xix We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xx We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

xxi We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxii We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxiii We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.





xxiv We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

### **Annual Governance Statement**

xxiv We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

### **Narrative Report**

xxv The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council financial statements.

### **Approval**

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 4<sup>th</sup> November 2020.

Yours faithfully

### **Signed on behalf of the Council**

Simon Dix  
Head of Finance & Asset Management  
4<sup>th</sup> November 2020

Councillor Vernon Smith  
Chair of Audit Committee  
4<sup>th</sup> November 2020



## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	4 November 2020
<b>Subject:</b>	Statement of Accounts 2019-2020
<b>Report of:</b>	Head of Finance and Asset Management
<b>Corporate Lead:</b>	Deputy Chief Executive
<b>Lead Member:</b>	Lead Member for Finance and Asset Management
<b>Number of Appendices:</b>	One

**Executive Summary:**

The Statement of Accounts for 2019-20 shows the financial position of the Council as at 31 March 2020 as well as the performance during the year. This year the statutory deadline for producing the accounts was extended to 30 November as a result of the COVID-19 pandemic. In view of the deadline the external audit may not be complete when the Committee approves the accounts and therefore a delegation is sought to make any amendments based on the advice of the External Auditor.

**Recommendation:**

**The Committee is asked to RESOLVE:**

- 1) That the 2019/2020 Statement of Accounts be **APPROVED**, subject to 2) below; and
- 2) That authority be delegated to the Head of Finance and Asset Management, in consultation with the Chair of the Audit and Governance Committee, to amend the approved 2019/2020 Statement of Accounts upon receipt of advice from the External Auditor.

**Reasons for Recommendation:**

It is a statutory duty for the Council to adopt the Statement of Accounts.

**Resource Implications:**

Revenue and capital balances as detailed within the report.

**Legal Implications:**

The process and schedule for approval of the Statement of Accounts are regulated this year by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015.

<p><b>Risk Management Implications:</b></p> <p>None.</p>
<p><b>Performance Management Follow-up:</b></p> <p>None.</p>
<p><b>Environmental Implications:</b></p> <p>None.</p>

## 1.0 INTRODUCTION/BACKGROUND

1.1 For 2019/20 the requirements and timeline for the approval of a Local Authority's Statement of Accounts as set out in the Accounts and Audit Regulations 2015 have been revised. It was recognised by the government that the COVID-19 pandemic would have an impact on the ability of Councils to comply with the statutory deadlines. Therefore, after consultation with key stakeholders, the Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015. The regulations implementing these measures were laid on 7 April and came into force on 30 April 2020.

1.2 The impact on deadlines and timescales was as follows:

- the publication date for final, audited, accounts moved from 31 July for Category 1 Authorities and 30 September for Category 2 Authorities to 30 November 2020 for all Local Authority bodies (Tewkesbury Borough Council is a Category 1 body).
- to give local authorities more flexibility, the requirement for the public inspection period had to include the first 10 working days of June (for Category 1 Authorities) and July (for Category 2 Authorities) has been removed. Instead Local Authorities must commence the public inspection period on or before the first working day of September 2020.

1.3 The Committee is asked to review the content of the Statement of Accounts, in line with the information contained in the Audit Report and confirm that they approve them for publication, subject to any amendments advised by the External Auditor which will be dealt with by delegation to the Head of Finance and Asset Management in consultation with the Chair of the Audit and Governance Committee.

## 2.0 REVIEW OF THE STATEMENT OF ACCOUNTS

### 2.1 Income and Expenditure

Working balances remained at £800,000 because of the following activity during the year (see table below). The Council managed a surplus of £2.7million against its net budget which can be seen below:

	<b>Full Year Budget £</b>	<b>Outturn Position £</b>	<b>Savings /(deficit) £</b>
Employees	9,864,860	9,728,415	136,445
Premises	640,349	610,438	29,911
Transport	157,779	139,379	18,400
Supplies & Services	1,985,608	2,200,945	-215,337

Payments to Third Parties	5,497,115	6,127,850	-630,735
Transfer Payments	13,611,266	13,823,415	-212,149
Income	-20,478,721	-22,249,078	1,770,357
<b>Service Total</b>	<b>11,278,256</b>	<b>10,381,364</b>	<b>896,892</b>
Treasury activity	255,678	4,811	250,867
Commercial activity	-2,753,605	-2,369,432	-384,173
New Homes Bonus	-3,273,399	-3,273,399	0
Business Rates Income	-2,497,557	-2,166,328	-331,229
Other adjustments	-3,584,373	-3,668,868	84,495
<b>Council Total / Transfer to reserves</b>	<b>-575,000</b>	<b>-1,091,851</b>	<b>516,851</b>

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## 2.2 Variance analysis

### Direct Service Expenditure

The outturn position for direct service expenditure and income shows a positive variance of £896,892 and is mainly attributable to the major items outlined below:

- The employees' full year budget is underspent, largely as a result of staff turnover and vacancies in a number of service groupings;
- Premises is underspent as a result of savings on business rates at the public offices and the release of New Homes Bonus monies to support the asset maintenance programme in future years;
- An overspend on supplies and services is mainly generated through expenditure on holding elections during the year. This expenditure is reimbursed by the government;
- Payments to third parties is showing a significant overspend and is as a result of a number of issues:
  - Disbursement expenditure by One Legal which is recovered directly from Clients;
  - Expenditure in Development Services which is reimbursed by government grant e.g. the Garden Town project;
  - An overspend on the Ubico contract of £320,000 although £148,000 was a known cost relating to depot charges and additional grounds maintenance resources. As reported at Q3, there has also been an overspend on the corporate element of the operation;
  - The increased cost of disposing of recycle collected.
- Council income is showing additional income levels of £1.77million over the budgeted position. The majority of fees and charges budgets, with the exception of planning fees, have been delivered on budget during the year with a few areas, such as garden waste and cemeteries, being beyond expected levels. The large variance is therefore as a result of substantial external grant income being received during the year. The Council has received a number of new burdens grants, particularly with regards to Revenues and Benefits, from the government but has also attracted significant service specific grants such as Garden Towns and housing and homeless activity grants as well as substantial elections expenditure reimbursement.
- Although we made a £1.09million surplus against our budget, the surplus on the provision of services shown in the Expenditure and Funding analysis (Note 6) is £2.5million. This is because it includes income and expenditure against earmarked reserves and planning obligations which we do not budget for.

## Non Service Expenditure

- Treasury performance has again been strong in 2019/20 with both investment and borrowing decisions contributing towards an overall surplus of £250,867. Of the surplus, circa £58,858 has been generated from investments. An underspend on borrowing of £192,035 has occurred during the year as a result of the failure to acquire new commercial properties.
- The Council failed to acquire a further commercial investment property in the year which has resulted in a deficit of rental generation against budget of £384,173. This loss of income is offset by the savings on borrowing highlighted in the previous paragraph and also savings of £91,992 against our expected Minimum Revenue Provision for the year, which is shown under 'Other Adjustments.'
- The overall position on the retained business rates scheme shows a deficit of £331,229 for the full year. The underlying position of both the Council and the Gloucestershire Business Rates Pool is good with a surplus reported on both, of particular note being Tewkesbury's share of the Pool standing at £841,786. However, the accounting impacts of the release of provisions within the scheme mean that the position is reduced to a deficit in 2019/20.
- Tewkesbury has been able to recalculate its requirements for provisions against successful business rates appeals in the year after the withdrawal of several, potentially substantial, appeals. As a result of the release of these provisions, some dating back to 2010, a significant surplus is generated from which the Council will benefit after a levy to the government is paid. The accounting requirements are slightly perverse in requiring the levy payment to be made in-year but the release of the gross surplus happens through the collection fund a year in arrears. This means that at this year-end our business rates position is impacted and therefore there is a negative effect on our reserves but the Council will enjoy the release of circa £3.5million of a collection fund surplus in 2020/21.
- Other adjustments pick up all of the remaining items within the base budget to reconcile back to the budgeted transfer to reserves. This row mainly contains the precepts on the taxpayer for both the Borough Council and Parish Councils but also contains other items such as the Minimum Revenue Provision.
- Overall, the Council is able to transfer to reserves a gross total of £1.09million.

## 2.3 Balance Sheet

The total net worth of the Council, the aggregate value of all the assets and liabilities in the balance sheet, has increased to £24.966million.

The change in net worth is summarised in the Movement in Reserves Statement and there are a number of movements which contribute to this, including:

- an increase of £12million on cash and cash equivalents due to us borrowing just before year-end as uncertainty around liquidity arose once the national COVID-19 lockdown started and we had to repay £6million just after year-end plus the COVID-19 Business Grants had been announced (and no upfront funding mentioned).
- Short and long term investments increased by £12million and correspondingly an increase of £17million in long and short term borrowing needed for our liquidity (seen above in cash and cash equivalents) and planned property purchase.

- The pension deficit has decreased by over £5million due to the formal triennial actuarial valuation carried out as at 31 March 2019. This has meant that substantial remeasurements regarding financial assumptions and demographic assumptions has taken place lowering the present value of funded liabilities.

## **2.4 Collection Fund Balances**

The balance on the Collection Fund for Council Tax at the year-end was a surplus of £1.2million.

Any balance on the Council Tax Fund will be redistributed amongst the precepting bodies of Gloucestershire County Council, Gloucestershire Police and ourselves, based on a proportion of the total precept demand from each body. £790,000 has already been allocated, based on an estimate of the outturn position in January 2020. The remaining balance of £368,000 will be incorporated in to the 2019/20 estimate of outturn in January 2021.

The balance on the Collection Fund for Business Rates at the year-end was a surplus of £8.65million which is a large increase from last year (2018/19 was £951,000).

The main reason for this was a £5million release in a provision for the Virgin Media appeal from the 2010 rating list.

## **2.5 Capital Resources**

The total balance of capital resources at 31 March 2020 is £1.1million including capital grants.

Expenditure on capital projects was £1.08million in 2019/20 and included £108,000 on IT equipment, £152,000 on new grounds maintenance vehicles and £572,000 on Disabled Facilities Grants.

These capital projects were funded using £156,280 of capital reserves, £571,561 of capital grants and £349,481 of revenue contributions.

## **3.0 OTHER OPTIONS CONSIDERED**

- 3.1** The Committee can amend the accounts if required or not approve them (which would contravene the Accounts and Audit (England) Regulations 2015 and the amended Accounts and Audit (Coronavirus) (Amendment) Regulations 2020).

## **4.0 CONSULTATION**

- 4.1** The accounts and supporting documents were available for inspection by any person interested between 10 August 2020 and 21 August 2020 however no one exercised these rights.

Between 10 August 2020 and 21 August 2020, the Auditor has been available to receive questions and objections relating to the accounts from local electors.

Both these opportunities were placed on the Council's website.

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

- 5.1** The control and good management of financial resources is essential in order to effectively deliver the Council's priorities.

**6.0 RELEVANT GOVERNMENT POLICIES**

**6.1** Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

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

**7.1** None.

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

**8.1** None.

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

**9.1** The Statement of Accounts is available in several different formats depending on the users' needs.

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

**10.1** Executive Committee on 8 July 2020 approved the inclusion of Earmarked Reserves and the financing of capital expenditure.

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**Background Papers:** None.

**Contact Officer:** Finance Manager Tel: 01684 272006

Email: [emma.harley@tewkesbury.gov.uk](mailto:emma.harley@tewkesbury.gov.uk)

**Appendices:** Appendix A – Statement of Accounts (circulated separately).

## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	4 November 2020
<b>Subject:</b>	Internal Audit Annual Report 2019/20
<b>Report of:</b>	Chief Audit Executive (Head of Corporate Services)
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Member:</b>	Lead Member for Corporate Governance
<b>Number of Appendices:</b>	None

**Executive Summary:**

The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used to inform the Annual Governance Statement. The opinion must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This report provides Members with a summary of internal audit work undertaken during 2019/20 to support that opinion.

**Recommendation:**

**To CONSIDER the internal audit annual opinion and the assurance from the work undertaken during the year that, overall, the Council's governance, risk management and control environment is generally effective. Where areas of concern have been identified there has been a positive management response to recommendations made. This opinion will inform the Council's Annual Governance Statement.**

**Reasons for Recommendation:**

The Public Sector Internal Audit Standards (PSIAS) require that the Chief Audit Executive (CAE) reports functionally to the board. For the purposes of the Council, the CAE is defined as the Head of Corporate Services and the board is the Audit and Governance Committee. These roles are defined in the approved Internal Audit Charter.

One example of functional reporting is the internal audit annual report. PSIAS also requires that the CAE delivers an annual audit opinion and report that can be used to inform the Annual Governance Statement.

**Resource Implications:**

None.

**Legal Implications:**

None.



**Risk Management Implications:**

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

If the Council does not have in place a framework of sound governance, risk management and control then there is a risk it will not achieve its objectives.

**Performance Management Follow-up:**

All recommendations made from individual audits are followed up during the year to ascertain if they have been implemented or not. Any audit where a limited or unsatisfactory opinion has been concluded requires the relevant manager to report back to the Committee to give assurance that issues identified have been resolved.

**Environmental Implications:**

None.

**1.0 INTRODUCTION**

- 1.1** Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.2** The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Audit Executive (CAE) delivers an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. For Tewkesbury Borough Council, the CAE is defined as the Head of Corporate Services.
- 1.3** Internal audit work is informed by a six-monthly internal audit plan. Each plan is approved by Audit and Governance Committee. These were approved on 28 March 2019 (April-September 2019) and 18 September 2019 (October 2019 – March 2020) respectively. For each individual audit assignment an opinion is given on various elements of the control environment and these opinions are reported to Committee.
- 1.4** From the work undertaken in the year an overall opinion should be concluded on the adequacy and effectiveness of the Council's framework of governance, risk management and control. It should be noted that internal audit is only part of the Council's assurance framework and therefore the annual audit opinion is only reflective and restricted to the areas audited during the year.

**2.0 SUMMARY OF 2019/20 AUDIT WORK**

- 2.1** The audit plan is informed by a number of activities, namely: governance related work, corporate risks, financial related systems, service related work, corporate improvement days, follow up work of previous recommendations and general consultancy and advice. This approach results in a comprehensive range of audits that are undertaken during the course of the year to support the overall opinion on the control environment.

**2.2** In compliance with PSIAS, monitoring reports of internal audit activity are presented at each Audit and Governance Committee. Audit work undertaken in the year consisted of the following:

<ul style="list-style-type: none"> <li>• Emergency Planning.</li> <li>• Debtors (finance recovery).</li> <li>• Fraud and corruption.</li> <li>• Serious and Organised Crime Framework – Licensing.</li> <li>• Procurement Cards.</li> <li>• Disabled Facility Grants.</li> <li>• Website project (corporate improvement).</li> <li>• Health &amp; Safety risk assessment (corporate improvement).</li> </ul>	<ul style="list-style-type: none"> <li>• General Data Protection Regulation.</li> <li>• Risk Management.</li> <li>• Discretionary Housing Payments.</li> <li>• Complaints.</li> <li>• Debtors (service related debt).</li> <li>• Digital platform (corporate improvement).</li> <li>• Planning scanning project (corporate improvement).</li> </ul>
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There is one audit outstanding which relates to a corporate risk around the effectiveness of the Growth Hub. Work commenced on this audit in the latter part of 2019/20 but remains outstanding at the time of writing this report. This is a result of the internal audit team being deployed to the Council’s response to COVID-19.

**2.3** A key area of assurance work and one that is of particular importance to management and Members is the follow up of internal audit recommendations. Days are allocated within the plan for this work and the status of recommendations followed up during each quarter are reported to Committee. Apart from a handful of recommendations, all recommendations that were due to be followed up during the year were followed up and reported upon. The outstanding recommendations were those assigned to the Head of Community which were due to be followed up in the final quarter of 2019/20. Due to the Council’s emergency response to severe flooding it was agreed to follow these up at a later stage.

**2.4** The team was also represented on key corporate groups such as Corporate Governance Group, Keep Healthy - Stay Safe Group, Project Programme Board, Information Board, Community Infrastructure Levy Working Group and the pool car project. This provides the team with the opportunity to provide advice on key governance frameworks, individual projects and keep abreast of emerging issues. The team is also contacted on a regular basis to provide ad-hoc advice on a range of activities, for example compliance with the Council’s contract procedure and financial procedure rules, general policy issues and proposed changes to systems and processes.

**3.0 TEAM STRUCTURE AND INDEPENDENCE**

**3.1** Management of the internal audit team is overseen by the Chief Audit Executive (Head of Corporate Services). Delivery of the audit plan is carried out by two full time employees. The team comprises two part time employees (2 x 18.5 hrs) and one full time employee. One employee undertakes a Senior Auditor role. One member of team is also studying for a Master’s degree in internal auditing. This resource is deemed appropriate, sufficient and is effectively deployed to achieve the plan. Appropriate refers to the mix of knowledge, skills and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan.

**3.2** As defined in the Internal Audit Charter, the team has remained organisationally independent during 2019/20. Internal audit sits independently within the Council and the Head of Corporate Services reports direct to the Chief Executive so has free and unfettered access. If the need was to arise, it is also stipulated within the Charter that the Head of Corporate Services will also have access to the Chair of the Audit and Governance Committee. To build a more formal relationship, quarterly briefings on internal audit activity were held between the team and the Chair, Vice-Chair and Lead Member for Corporate Governance.

**3.3** With regard to the independence of the Head of Corporate Services, it is not uncommon within a small district Council for the internal audit strategic lead to also have operational responsibility for service areas. The Head of Corporate Services has a wide managerial remit including ICT, Customer Services, Human Resources, Policy and Communications and Revenues and Benefits. In cases where an audit was undertaken in any of these areas, the Head of Corporate Services can give assurance that all audit opinions are exercised objectively and with integrity so that the opinions issued are open, transparent and accurate. Additional processes have been put in place to safeguard this independence, particularly through an independent oversight by the Head of Finance and Asset Management.

#### **4.0 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)**

**4.1** In accordance with standard 1300 of the Public Sector Internal Audit Standards (PSIAS) the Chief Audit Executive (CAE) must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The QAIP was reported to Audit and Governance Committee on 24 July 2019. All audit work undertaken during 2019/20 was in accordance with the QAIP. An update on the QAIP and associated action plan will be provided to Committee in March 2021. The review of the QAIP action plan is an action within the team's operational COVID-19 recovery plan.

#### **5.0 RISK MANAGEMENT**

**5.1** During the previous financial year (2018/19), a new risk management strategy was approved and supported by the implementation of a new corporate risk register. The register was presented at each Committee meeting (except March 2020) and gives Members and management assurance that the key risks facing the Council are being effectively managed. The implementation of the new risk register was a positive outcome for internal audit as it provided the opportunity for a more strategic focus. Days were allocated within the 2019/20 internal audit plan to review the integrity of the register. This includes the testing of mitigating controls to ensure they are actually deployed and that actions to reduce the risk further are progressing.

#### **6.0 OPINION ON THE OVERALL ADEQUACY OF THE CONTROL ENVIRONMENT**

**6.1** The opinion is based upon, and limited to, the activities audited during the year. The opinion does not imply that internal audit has reviewed the whole control environment of the Council during the year. As well as the internal audit opinion, the Council relies upon other aspects of its assurance framework to help inform the completeness of the Annual Governance Statement. For example, the performance management framework, risk management framework, standards and codes of conduct and external audit reports help inform the adequacy of the Council's overall governance arrangements.

6.2 When reporting, internal audit can provide a ‘split’ opinion. This means individual opinions can be given for different parts of a system being audited. This approach enables internal audit to identify to management, specific areas of control that are operating/not operating as intended. It is not unexpected on occasions to conclude a limited or even unsatisfactory level of control given the variety and complexity of systems, procedures and services operated by the Council. From the activities audited during the year the majority of opinions were positive. There was one limited opinion and one unsatisfactory opinion issued during the year. Succinctly, these relate to:

Area of audit	Overview of issue
General Data Protection Regulation (GDPR) – limited opinion	<ul style="list-style-type: none"> <li>Operational compliance with retention periods – <i>updated GDPR action plan has been developed.</i></li> </ul>
Discretionary Housing Payments – unsatisfactory opinion	<ul style="list-style-type: none"> <li>Payments not being paid in accordance with policy – <i>progress reported to Committee on 23 September 2020. All recommendations will be followed up by internal audit when capacity allows.</i></li> </ul>

6.3 With regards to the number of recommendations made during the year, a total of 40 recommendations were accepted by management. It is positive that only three were categorised as ‘high’. In terms of the follow up work, the majority of recommendations that were due to be followed up, were actually followed up. These are reported at each Committee meeting with the progress of implementation reported through a RAG status. New implementation dates are agreed and reported where the original implementation date has not been met. The Committee has the ability to ‘call in’ any recommendations not implemented and seek an explanation from the relevant manager. Over sixty recommendations were followed up during the year and 86% were either implemented or partially implemented.

**7.0 FRAUD/THEFT/CORRUPTION/WHISTLEBLOWING**

7.1 The team continue to have an excellent working relationship with the Counter Fraud Unit and meet on a regular basis, together with the Head of Finance and Asset Management. During 2019/20, governance related policies such as Whistleblowing Policy and Fraud and Corruption Policy have been reviewed and updated and supported by staff training. Further joint work has also taken place on the Serious and Organised Crime framework.

**8.0 CONCLUSION**

8.1 The work of internal audit complies with the Public Sector Internal Audit Standards (PSIAS) and therefore assurance can be given to all relevant parties that the work of internal audit can be relied upon. In terms of the overall internal audit opinion for the year, given the complexities of the Council’s internal control environment there will always be areas identified by internal audit that require improvement. The internal audit opinions issued during the year demonstrate that overall, the Council’s governance, risk management and control environment is generally sound. Where areas of concern have been identified there has been a positive management response. All recommendations are subject to follow up by internal audit and reported to Audit and Governance Committee at the appropriate time. This opinion will inform the Council’s Annual Governance Statement.

## **9.0 LOOKING FORWARD**

**9.1** As reported to Audit and Governance Committee on 29 July 2020 and 23 September 2020, the Council's response to COVID-19 has significantly impacted upon the internal audit team. All internal audit work during 2020/21 has been suspended as the team has been deployed to support the administration of business grants. A six-monthly audit plan (October 2020-March 2021) was approved at the last Committee meeting, albeit with a reduced staff resource. At the time of writing this report, minimal, if any work on the plan has commenced. This is due to new grant schemes emerging and internal audit have been pivotal in getting these in place and there may be a necessity for ongoing support.

**9.2** The lack of internal audit activity to date, and the uncertainty moving forward, will make it difficult to give a meaningful annual opinion for 2020/21. As this opinion informs the Annual Governance Statement (AGS), then management may need to consider other alternative sources of assurance when producing the AGS next year.

**9.3** On a positive note, the internal audit team have reviewed all the suite of recommendations arising from audits. The purpose was to ensure they remain relevant and to look at revised implementation dates as a result of all services being impacted by COVID-19. These will shortly be discussed with officers responsible for their implementation. A piece of work has also just been commissioned jointly with ICT Services, around an external ICT risk assessment. Part of the scope of this work will be to develop an audit plan specifically related to ICT activities. This work is fully funded by means of a successful grant bid to the Local Government Association. The outcome of this work will be reported at a future meeting.

## **10.0 OTHER OPTIONS CONSIDERED**

**10.1** None.

## **11.0 CONSULTATION**

**11.1** None.

## **12.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

**12.1** Internal Audit Charter and Internal Audit Six Monthly Plan.

## **13.0 RELEVANT GOVERNMENT POLICIES**

**13.1** None.

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

**14.1** None.

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

**15.1** None.

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

**16.1** The work of internal audit supports value for money.

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

**17.1** None.

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**Background Papers:** None.

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**Appendices:** None.

## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	4 November 2020
<b>Subject:</b>	Annual Governance Statement 2019/20
<b>Report of:</b>	Corporate Governance Group
<b>Corporate Lead:</b>	Borough Solicitor
<b>Lead Member:</b>	Lead Member for Corporate Governance
<b>Number of Appendices:</b>	One

<p><b>Executive Summary:</b></p> <p>Every Council must ensure that its business is conducted within the law and proper standards, public money is safeguarded and used economically, efficiently and effectively. Governance of the Council is reviewed regularly by the Corporate Governance Group and is formally assessed through an Annual Governance Statement by that Group. The Annual Governance Statement (AGS) is produced in accordance with CIPFA/SOLACE guidance ('Delivering Good Governance in Local Government: Framework 2016').</p>
<p><b>Recommendation:</b></p> <p><b>To APPROVE the Annual Governance Statement 2019/20.</b></p>
<p><b>Reasons for Recommendation:</b></p> <p>Regulation 6 (1) (a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority, the statement is an Annual Governance Statement.</p>

<p><b>Resource Implications:</b></p> <p>None arising directly from the report.</p>
<p><b>Legal Implications:</b></p> <p>Contained in report.</p>
<p><b>Risk Management Implications:</b></p> <p>If the Council does not produce an Annual Governance Statement, then it is not compliant with legislation.</p>
<p><b>Performance Management Follow-up:</b></p> <p>Significant governance issues will be subject to review throughout the year by the Corporate Governance Group and by the Audit and Governance Committee.</p>

**Implications for Biodiversity:**

None.

**1.0 INTRODUCTION/BACKGROUND**

**1.1** Tewkesbury Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

**1.2** Regulation 6(1) (a) of the Accounts and Audit Regulations 2015 (now amended by The Accounts and Audit (Coronavirus) (amendment) Regulations 2020) require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority, the statement is an Annual Governance Statement. The Annual Governance Statement should normally be approved at the same time as, and certainly no later than, the Statement of Accounts. The Annual Governance Statement has been developed in accordance with 'Delivering Good Governance in Local Government: Framework (2016).

**1.3** The Good Governance Framework is based on seven principles of corporate governance which are set out below and which are underpinned by supporting principles and requirements:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing the risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.



## **2.0 REVIEWING THE GOVERNANCE ARRANGEMENTS**

**2.1** The review is undertaken by the Corporate Governance Group and is based on the sources of assurance that are demonstrated in the diagram (page nine of the Annual Governance Statement). The diagram succinctly demonstrates the wide coverage of the Council's governance framework. The significant areas for improvement are reflected in the Annual Governance Statement and the proposed action and timescale for these to be addressed has also been developed.

**2.2** The statement will be subject to review by the Council's external auditors to give assurance that it has been produced in compliance with guidance and is a fair reflection of the Council's governance arrangements. In relation to COVID-19, this only impacted upon the Council's governance framework over the latter few weeks of the financial year. The Annual Governance Statement does however have a thread relating to COVID-19, in particular the need, at an appropriate time, to undertake a lesson learned review.

**2.3** A key source of assurance for the Annual Governance Statement is the work of internal audit. As the team delivered the bulk of its work within the 2019/20 audit plan then the overall opinion of the internal audit team can be relied upon. As at the date of this report, the majority of internal audit work has been suspended since April 2020. This will impact upon the level of assurance that can be given in next year's statement.

## **3.0 TEWKESBURY BOROUGH COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2019/20**

**3.1** The proposed Annual Governance Statement for 2019/20 is attached at Appendix 1 and identifies four areas of governance that require improvement. These are detailed within the table on the last page of the statement. Progress in implementing the actions stated within the table will be reported at each Audit and Governance Committee meeting.

## **4.0 OTHER OPTIONS CONSIDERED**

**4.1** None.

## **5.0 CONSULTATION**

**5.1** Corporate Governance Group and the Corporate Management Team.

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

**6.1** Tewkesbury Borough Council's Local Code of Corporate Governance.

## **7.0 RELEVANT GOVERNMENT POLICIES**

**7.1** None.

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

**8.1** None arising directly from this report.

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

**9.1** None.

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

**10.1** None.

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

**11.1** None.

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**Background Papers:** Delivering Good Governance in Local Government CIPFA / SOLACE 2016.

Tewkesbury Borough Council's Local Code of Corporate Governance.

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**Appendices:** 1 – Draft Annual Governance Statement 2019/20

2019-2020 Annual governance **statement**

Draft



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## Scope of responsibility

Tewkesbury Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the council is responsible for putting in place proper arrangements of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Regulation 6(1) (a) of the Accounts and Audit Regulations 2015 (now amended by The Accounts and Audit (Coronavirus) (amendment) Regulations 2020) require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority, the statement is an Annual Governance Statement.

The preparation and publication of an Annual Governance Statement (AGS) in accordance with Delivering Good Governance in Local Government: Framework 2016 fulfils the statutory requirements for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.

In England, the Accounts and Audit Regulations 2015 stipulate that the AGS must be ‘prepared in accordance with proper practices in relation to accounts’. Therefore, a local authority in England

shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016).

## COVID-19

Towards the end of the 2019/20 reporting period relating to this AGS, the council was required to initiate an emergency response to the COVID-19 pandemic. By necessity this involved significant changes and disruption to the way council services are normally delivered. Some services were suspended, others have been under immense strain due to increased demand, and some new services have been established with pace and urgency to respond to the needs of our citizens, communities and businesses in need.

As a direct result of this, changes to existing strategic and operational governance arrangements, along with some new governance arrangements have been deployed as part of our response. This has included special and robust measures to support proper decision making and continued democratic accountability. A number of aspects of the impact of our response to COVID-19 are therefore reflected in this AGS.

## CIPFA Better Governance Forum briefing note - 7 April 2020

This AGS has been completed in accordance with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This guidance specifically relates to the composition of an AGS in relation to the pressures that councils are facing as a result of the Coronavirus pandemic. Succinctly, the briefing note advises the following:

- Conducting an annual review of effectiveness may not be possible so use existing reports, assessments and knowledge where possible.
- The Chief Audit Executive’s (CAE) annual audit opinion may be delayed but should be completed and considered before the final publication of the AGS.
- Be clear about any limitations of assurance.
- The AGS assesses governance in place for 2019/20 so the majority of the year will be unaffected by COVID-19, the impact commencing mid-March. However, it needs to be ensured that the AGS is current at the time of publication. The impact on governance as a result of COVID-19 therefore needs to be considered up to the date of final publication.
- English authorities should sign off their draft accounts by 31 August, instead of 31 May. The draft AGS should be produced at the same time.
- The date for final publication of the accounts and AGS has been put back to 30 November.
- Lessons learnt may be a significant governance issue particularly if this exercise has not been completed by the date of final publication.

## The purpose of the governance framework

The governance framework defines the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. The framework defines the principles that underpin good governance, providing a structure to help individual authorities with their approach to governance.

Governance structures and partnerships should be tested against the principles contained in the framework by:

- Reviewing existing governance arrangements.
- Developing and maintaining an up to date local code of governance, including arrangements for ensuring ongoing effectiveness.
- Reporting annually on compliance with the local code and how the effectiveness of governance arrangements have been monitored.

*Delivering Good Governance in Local Government 2016* identifies the following core principles (which are supported with a raft of sub principles): -

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.

- Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Examples of key elements of the structures and processes that comprise a council’s governance arrangements include :-

- Codes of conduct that define standards of behaviour for members and staff and policies such as whistleblowing and anti-fraud and corruption and these codes are communicated effectively.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- Documenting a commitment to openness and acting in the public interest.
- Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
- Translating the vision into courses of action for the authority, its partnerships and collaborations.
- Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.
- Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective

communication in respect of the authority and partnership arrangements.

- Management arrangements that conform with the governance arrangements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and the CIPFA Statement on the Role of the Head of Internal Audit (2019).
- Ensuring effective arrangements are in place for the discharge of the monitoring officer function and head of paid service function.
- Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.
- Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained.
- Ensuring an effective scrutiny function is in place.
- Undertaking the core functions of an audit committee.
- Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

## The council’s governance framework

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. A high level review is undertaken by the Corporate Governance Group (CGG) and is based on the sources of assurance that are demonstrated within diagram 1 – the council’s governance framework. The review of

effectiveness is mainly informed by the work of senior management who have responsibility for the development and maintenance of the governance environment, internal and external audit reports plus third party assurance where relevant.

When considering the pre-COVID governance framework, the CGG group recognised improvements made during the year supported with business as usual actions. These include but are not limited to;

- A new council plan (2020-2024) that establishes the strategic priorities for the council including two new priorities (sustainable environment and garden communities)
- The induction of a new council – this process was commented upon as ‘impressive’ by the LGA Peer Challenge Team.
- The LGA Peer Challenge Team commented positively on the council’s overall governance and decision making arrangements.
- Work to increase the effectiveness of the Audit and Governance Committee.
- The approval of new strategies such as ICT, Digital and Communications.
- In partnership with the Gloucestershire Counter Fraud Unit, the review and update of key policies such as Whistleblowing, Anti-Fraud and Corruption, both supported with training for all staff.
- Implementation of a new staff and Member intranet enabling better communication and storage of governance related policies.
- The effectiveness of the Overview and Scrutiny Committee – again, their added value was recognised by the LGA Peer Challenge Team.
- The complaints and Freedom of Information (FOI) frameworks continue to operate well.

The CGG then considered progress on delivery of the significant governance issues reported within the 2018/19 AGS. This is summarised below:

## Community Infrastructure Levy (CIL)

The internal audit findings confirmed that whilst CIL was ‘live’, the proposed governance arrangements between the three partner councils have yet to be approved. With regards to the operational arrangements within the council, processes and procedures need to be addressed, particularly the monitoring and reconciliation of CIL income. **This action remains outstanding and will be carried forward as a significant governance issue.**

## Financial governance - Ubico

In light of concerns over a re-occurring overspend a financial governance improvement plan was developed. This was at the request of the council’s Executive Committee. Improvements made during the year include improved controls to purchasing ordering, overhaul of reporting procedures, financial training for key members of staff and a full review and acceptable explanation of an overspend on tyres. A new Financial Director for the company was also appointed during the year and is being supported by S151 officers of the shareholding Councils. Given the volatile environment in which Ubico operates, it cannot be guaranteed that further overspends will occur but these should be unexpected, flagged at the earliest opportunity and managed. The CGG are satisfied this is no longer a significant governance issue.



## Serious and organised Crime (SoC) policy review

An updated checklist on the council’s SoC arrangements was presented to Audit and Governance Committee on 29 July 2020. This concluded the council remains low risk to the threat from SoC and the committee noted the enhancements to the related policy framework. Internal Audit and Gloucestershire County Fraud Unit reviews of specific activities such as procurement and gifts hospitality are now likely to be complete by the end of the calendar year, as the work of both teams has been affected by COVID-19. The CGG however recognises that key policies such as fraud and corruption and whistleblowing have been reviewed and organisational awareness drawn to them. This significant governance issue is therefore considered implemented.

## Local code of corporate governance

To achieve good governance, the council should be able to demonstrate that its governance structures comply with the core and sub-principles contained within the ‘Delivering good governance framework 2016’. To achieve this, the council’s local code of governance should reflect these principles. The local code therefore needs to be updated to reflect these principles. **This action remains outstanding and will be carried forward as a significant governance issue.**

## Review of existing governance framework

When considering emerging issues, the Corporate Governance Group gives consideration to the

council’s overall governance framework, as identified in the diagram below. As a result of COVID-19, this has seen significant impact on the council’s service delivery and governance framework. When considering the changes made, albeit these are significant, governance and management of the council has remained robust and transparent. It should be noted that in respect of this 2019/20 AGS, the impact of COVID-19 only affected the very latter part of the reporting period i.e. March 2020. Key areas of impact of COVID-19 include:

- The setting up of an internal command and cell structure to deal with the emergency. This included the setting up of specific cells to manage the council’s response on communications, business support and community support as well as providing support to County led cells such as communications, mortality planning, health and wellbeing, community hub and homelessness.
- In relation to the above, the re-deployment of staff to priority areas. These include staffing of the Business Grants administration scheme (£17 million of grants awarded to nearly 1,500 businesses) and staffing of the Community Help Hub (1,640 referrals receiving help).
- The business grants work continues with a small team re-deployed from various services to the post grant assurance work. This work is ongoing until March 2021. More recently, resources have been concentrated on the implementation of the ‘Test and Trace Self Isolation’ grant scheme as well early work on a ‘Local Restrictions Support Grant’ in the event of a local lockdown.
- Increased service demand, for example the Revenues and Benefits team have seen a 50%

increase in Council Tax Reduction Scheme applications, applied nearly £10m of business rate reliefs and has currently processed in excess of £200,000 Local Council Tax Hardship Fund. The Environmental Health Team continue to make hundreds of visits to businesses to ensure they complied with lockdown requirements as well as advising and supporting those same businesses when lockdown restrictions were lifted, particularly around making our high streets a safe place.

- The entire council workforce working in a virtual environment from home. This required significant support in terms of the rollout of technology and related human resources and organisational development policies and procedures to support staff through this change.
- Through technology, the standing up of the council's committees, full council meetings and other Member forums to enable key business decisions to be considered.
- As the lockdown began in the last week of March, the financial impact of this in 2019/20 is relatively minimal with little expenditure committed and a modest impact on income streams. The 2019/20 impact will be picked up through the closure of accounts and the production of the outturn reports. There will be significant impact however on the 2020/21 budget with an estimated cost of £2.5 million as a result of a loss of revenue from the majority of income streams, additional expenditure to support priority services, additional borrowing costs to maintain cashflow etc. It is hoped this cost will be offset by government support.
- A range of emergency decisions taken under urgency powers, in accordance with the Council's constitution. For example, the suspension and re-introduction of car park charging mechanisms, emergency community grant funding, discretionary grant funding etc.

In terms of the above, the CGG were satisfied that although the impact of COVID-19 was significant, in relation to the time period of this AGS, the impact is minimal. This will however need to be considered in more detail when developing the AGS for 2020/21. In line with the CIPFA briefing note, **lessons learned from responding to COVID-19 are important and will be included as a significant governance issue. This was discussed at a recent Overview and Scrutiny Committee where they were reviewing the Covid-19 Recovery Plan. It will be the intention to present a lessons learned report through this committee and it will be added to their work programme as a pending item.**

A key source of assurance for the AGS, is the work of internal audit. Although the team was deployed in the early stages of the COVID-19 response, reliance can be placed on the work of the team for the period of this AGS. Similar to the thread within this AGS, limitations to the work of internal audit as a result of their lengthy redeployment will need to be considered when developing next year's AGS. In terms of the internal audit work completed during 2019/20, the majority of the work completed concluded at least a 'satisfactory' level of assurance.

The one main area of concern was an unsatisfactory opinion issued in relation to the administration of Discretionary Housing Payments. The audit identified a combination of issues to conclude that opinion including; significant non-compliance with the approved policy - for example, not obtaining bank statements to support applications, errors in calculation, significant differentials relating to non-essential items and limited evidence that applicants over-occupying housing were

proactively looking for alternative housing. This was reported to Audit and Governance Committee on 29 July 2020. An update report was brought back to the committee on 23 September 2020 to confirm the recommendations were in the course of being implemented. These will be subject to a follow up review by the internal audit team. **Given the nature of the internal audit findings, this will be included as a significant governance issue.**

In their consideration, the CGG also recognised the importance of maintaining broad compliance with the General Data Protection Regulation (GDPR). A GDPR assurance audit undertaken by internal audit and reported to Audit and Governance Committee on 22 January 2020, concluded a ‘satisfactory’ level of control. It did recommend the council take stock of its GDPR journey since the implementation of the new regulation on 25 May 2018. Significant work had been undertaken prior to this date to ensure the council was compliant and this work is ongoing to maintain compliance. Internal audit recommended a new consolidated GDPR action plan be developed to provide focus moving forward. A number of GDPR incidents have also been reported and investigated recently with the majority determined as low risk. Overall, the CGG recognises the importance of GDPR and momentum needs to be maintained. A new action plan has been developed and endorsed by both the internal Corporate Governance Group and Information Board.

In the overall conclusion of the CGG, there is an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and broadly the framework is sound and arrangements are considered to be fit for purpose. The framework is extensive, complex and given the changing environment, particularly as a result of COVID-19,

there will always be areas where governance can be strengthened. It would be unrealistic to expect all aspects of governance to be operating 100% effectively, 100% of the time. The content of the AGS was signed off by the Corporate Governance Group at their meeting held on 5 October 2020.

## Significant governance issues

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. Progress in delivering the issues identified will be reported to both corporate management team and Audit and Governance Committee. The Lead Member for Corporate Governance will also be updated through portfolio briefings.

Governance issue	Proposed action	Timescale	Responsible officer/group
<b>1</b> Community Infrastructure Levy (CIL) - governance arrangements	Deliver key internal audit recommendations; <ul style="list-style-type: none"> <li>• Overall governance arrangements to be formalised</li> <li>• Operational processes to be agreed e.g. monitoring, reporting and reconciliation</li> <li>• Publication of annual infrastructure funding statement</li> </ul>	September 2021	CIL Working Group (Head of Development as lead officer)
<b>2</b> Local Code of Corporate Governance	Develop and approve a new code of governance.	April 2021	Head of Corporate Services
<b>3</b> COVID-19	In line with the CIPFA briefing note undertake a lessons learnt analysis from responding to COVID-19.	March 2021	Corporate Management Team
<b>4</b> Administration of Discretionary Housing Payments	Implementation of internal audit recommendations including; <ul style="list-style-type: none"> <li>• Collection and assessment of evidence to support the integrity of DHP applications.</li> <li>• Review of the DHP policy including a review of non-essential items.</li> <li>• Independent verification check.</li> </ul>	December 2020	Revenues and Benefits manager

Signed on behalf of Tewkesbury Borough Council

Councillor Rob Bird  
Leader of the Council

Date

Mike Dawson  
Chief Executive

Date

### Governance Framework – key documents/functions

- Council Plan
- Performance Management Framework
- Constitution & scheme of delegation
- Transform Programme
- Communication Strategy
- Constitution including financial procedure rules
- Record of Decisions
- Code of Conduct (Employees and Members)
- Officer and Member Protocols
- Code of Corporate Governance
- Risk Management Framework
- Anti-Fraud and Corruption Policy
- Whistleblowing Policy
- Project management framework
- ICT Governance
- Procurement Strategy
- Contract Procedure Rules
- Medium Term Financial Strategy
- Treasury Management policy
- Annual Statement of Accounts
- Complaints Framework
- Equalities Framework
- Internal and External Audit
- One Legal

### Annual Governance Statement

Signed by the Leader of the Council and Chief Executive and published with the Statement of Accounts

### Review and approval of AGS by Audit and Governance Committee

### Council's assurance framework

### Corporate Governance Group

responsible for drafting AGS after evaluating assurance framework

### Review of the effectiveness of the system of internal control

### Performance management and transformation

- Service plans
- Council plan and performance tracker
- Performance indicators
- Complaints Transform programme

### Risk management

- Risk Management Strategy
- Corporate risk register
- Project management
- Business Continuity Plan
- Insurance

### Legal and regulatory assurance

- Monitoring Officer function
- One Legal
- Whistle blowing
- Health & Safety
- Anti-fraud & corruption policy

### Members' assurance

- Standards Committee
- Overview and Scrutiny Committee
- Audit and Governance Committee
- Declaration of interests
- Lead Member portfolios
- Code of conduct

### Management assurance

- Management Team meetings
- Corporate Governance Group

### Other source of assurance including 3rd party

- Ombudsman reports
- External reports e.g. peer review
- Shared services – client monitoring
- Counter fraud unit

### Financial management

- Medium Term Financial Strategy
- Revenue and Capital monitoring
- Treasury Management Statement of Accounts
- Compliance with Codes of Accounting Practice
- Savings programme

### Internal audit

- PSIAS
- Compliance Reporting to Audit and Governance Committee
- Audit opinion and recommendations
- Corporate improvement work
- Consultancy & advice

### External audit

- Annual Plan
- Reporting to Audit and Governance Committee
- Audit Opinion and VFM conclusion
- Ad hoc reports
- Statement of accounts work

on-going assurance on adequacy and effectiveness of controls over key risks

**Mike Dawson**  
**Chief Executive**  
Tewkesbury Borough Council

