



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE COUNCIL

WEDNESDAY 16TH JULY 2014, AT 6.00 P.M.

THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

SUPPLEMENTARY DOCUMENTATION

The attached papers accompany the Agenda relating to the above mentioned meeting.

10. Overview and Scrutiny Annual Report 2013/14 (Pages 1 - 26)
11. Audit Board Annual Report 2013/14 (Pages 27 - 56)

K. DICKS
Chief Executive

The Council House
Burcot Lane
BROMSGROVE
Worcestershire
B60 1AA

8th July 2014

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Overview and Scrutiny **Annual Report**

2013-2014



**Bromsgrove
District Council**

www.bromsgrove.gov.uk

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OVERVIEW AND SCRUTINY ANNUAL REPORT 2013-14

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FOREWORD FROM THE CHAIRMAN

Many claim the work of the Overview and Scrutiny Board is one of the District Council's most important functions. Its role is that of a "critical friend" and its decisions can have a vital impact on the safety, prosperity and well being of the whole Bromsgrove community. Holding the Council's decision makers to account is also one of its prime functions.

The last 12 months have seen the Board examining a wide range of activities – car parking, flooding, CCTV and air quality are some of the topics scrutinised.

In November the newly formed North Worcestershire Community Safety Partnership outlined its terms of reference to members and the likely impact of budget cuts might have on its work.

Bromsgrove's ambitious regeneration and improvement scheme is a major undertaking at a time when many high streets are declining. In September the Board were updated on the work's progress and a call for a review of car parking was put on hold until the work is completed.

A report in February by the North Worcestershire Water Management team was topical and interesting and it agreed to invite the representative back next year for a further update on the work being undertaken.

Air Quality in the District was the subject of a Task Group as was Youth Provision (which extended to 18 meetings). Both were felt to have been worthwhile and produced some interesting data.

A look at the work of Worcestershire Regulatory Services was hosted by Bromsgrove and included representatives from all authorities in the County. Its report will be published in the new municipal year.

Finally, my thanks go to fellow Board Members for their help and support as well as to Democratic Services Officers for their advice and hard work throughout the year.

**Councillor Peter Lammas
Chairman**

INTRODUCTION

We are pleased to present the Overview and Scrutiny Annual Report which outlines our work during 2013-14 and provides general information on the overview and scrutiny processes at Bromsgrove District Council.

Overview and Scrutiny is a key part of the democratic decision making process in local councils, where elected councillors outside of the Cabinet can contribute to shaping council policy, community well being and accountability. This is done by reviewing council services and policies, community issues and key decisions and making recommendations for improvement.

The four key principles of Overview and Scrutiny are:

- Provides a 'critical friend' challenge to executive policy makers and decision-makers.
- Enables the voice and concerns of the public to be heard.
- Is carried out by 'independent minded members' who lead and own the scrutiny role.
- Drives improvement in public services

The Members of the Board consider these principles when selecting topics to investigate whether it is holding the executive to account, reviewing policies, policy development or scrutiny of external bodies.

MEMBERSHIP (The Board is made up of 13 Members)



Cllr. Peter Lammas - Chairman



Cllr. Rod Laight (Vice Chairman)



Cllr. Chris Bloore



**Cllr Brian Cooper
(17th June 2013 to 4th April 2014)**



Cllr Rita Dent

Agenda Item 10



Cllr. Keith Grant- Pearce



Cllr. June Griffiths



Cllr. Helen Jones

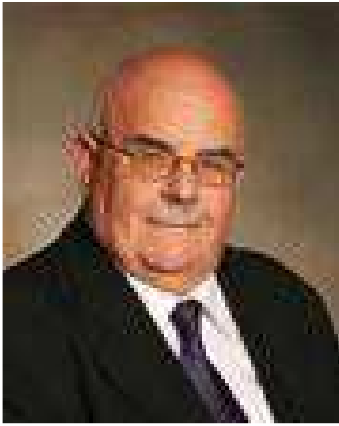


Cllr. Luke Mallett



Cllr Rory Shannon
(from 4th April 2014)

Agenda Item 10



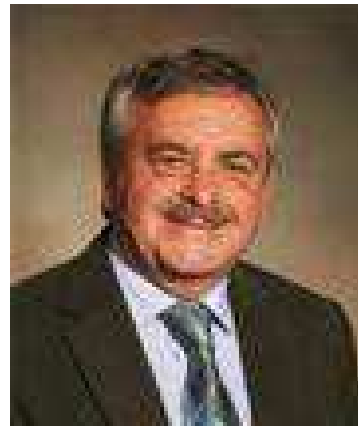
Cllr. Sean Shannon



Cllr. Caroline Spencer



Cllr. John Tidmarsh



Cllr. Les Turner

THE ROLE OF THE OVERVIEW AND SCRUTINY BOARD

Overview and Scrutiny is a key part of the Council's political structure and it plays a vital role in improving the services that people of the District use, whether a resident, employed here or just visiting. It does not just look at the way the Council does things, it can look at anything which affects the lives of people within the District and it allows citizens to have a greater say in Council matters.

Overview and Scrutiny allows Councillors to review and scrutinise decisions, look at existing practices and make recommendations to help ensure the residents of Bromsgrove District receive excellent services. The aim is to ensure overview and scrutiny adds value to the Council's decision-making process and makes a positive contribution towards policy development.

The detailed terms of reference and procedure rules for the Overview and Scrutiny Board can be found at Part 3 (Part C) and Part 8 of the Council Constitution. The Council Constitution can be accessed by using the following link.

<http://www.bromsgrove.gov.uk/cms/council-and-democracy/councillors-and-committees/decision-making/council-constitution.aspx>

Number of Meetings

The Overview and Scrutiny Board met on a monthly basis during 2013-14 and there were a total of 9 meetings throughout the year. The meeting arranged for 17th June 2013 was cancelled.

THE OVERVIEW AND SCRUTINY PROCESS

Topic Proposals

Any Councillor, member of the public or officer can submit an overview and scrutiny proposal. The Board will then make a decision whether or not the suggested topic will be included on the work programme. In making that decision, the Board considers points such as:

- Reasons given and supporting evidence as to why the subject needs to be considered
- Links to Council strategic purposes
- Possible key outcomes that the proposer anticipates could be achieved.

Other relevant points that are taken into account are whether it is of key interest to the public, if it is a poorly performing service, an area of concern identified by internal or external audit, a review that could render significant savings or value for money.

Approach to Investigations

Overview and Scrutiny investigations can take a variety of different approaches. The Board can decide to undertake a “short, sharp inquiry” through meetings of the Board or by setting up a Task Group, which meets outside of the formal committee process and which may involve other non-Executive Members of the Council.

Task Groups can be more flexible in their timing and approach to an investigation and can take a longer or shorter time, depending on the issue. Task Groups are often able to consider an issue in more detail and take the investigation outside of the formal committee process to look at what is happening on the ground, by undertake research and interviewing key stakeholders in a more informal setting.

Receiving Evidence

Overview and Scrutiny investigations receive evidence from which their conclusions and recommendations may be drawn. Evidence may be received during a formal Board meeting, in writing to Members of the Board or during a Task Group investigation. Evidence may include written reports from Council officers, written testimonials from interested parties, background papers, oral evidence from witnesses and site visits to look at particular places and events on the ground.

Overview and Scrutiny Inquiries and Recommendations

At the end of an investigation, conclusions are drawn up and recommendations made to the Cabinet and any other relevant local decision makers. The conclusions and recommendations, together with the relevant evidence, may be presented in a report or sometimes just recorded in the minutes of the Board meeting. Reports and recommendations are agreed by the Board before referral to Cabinet for consideration.

Recommendations may also be made to the full Council (policy and budgetary decisions) or to external agencies where the council does not have the power to act.

Executive Response

Overview and Scrutiny reports and recommendations are referred to Cabinet to make executive decisions in respect of each Overview and Scrutiny recommendation and to provide an Executive Response to the Board. The Cabinet is asked to agree, reject or amend each recommendation and to provide an indicative implementation date by which time the agreed recommendations are to be carried out.

The relevant Portfolio Holder is expected to attend the Board Meeting to present the Cabinet Response and answer any questions. If a recommendation is made to any other agency they may also be asked to provide an executive decision and response.

Tracking the Outcomes of Recommendations

Ultimately Overview and Scrutiny is about making a difference. The Overview and Scrutiny Board tracks all recommendations made to and agreed by Cabinet through Quarterly Recommendation Tracker reports. In depth investigations and Task Groups are usually reviewed 12 months after their report has been considered by the Cabinet. The purpose of this is to check if the agreed recommendations have been implemented and to see what outcomes have been achieved.

Short, Sharp Inquiries

A “short sharp inquiry” is carried out through a mix of both formal Overview and Scrutiny Board meetings and informal meetings involving all Members of the Board and chaired by the Overview and Scrutiny Board Chairman. This type of inquiry can be used for the investigation of a topic already on the Board’s work programme or a topic on the Forward Plan which the Board felt warranted a more in depth investigation being carried out. However, it can also be used to consider matters of local concern, that have not been scheduled on either the work programme or Forward Plan but which Members feel would merit inclusion and further investigation.

Task Groups

If it is felt that a more in depth and detailed inquiry is required, the Overview and Scrutiny Board can appoint Task Groups which are separate from the Board and can include Members who are not Members of the Board (Members of the Cabinet cannot join a task group) to consider issues outside of the formal committee process or to allow an in depth overview and scrutiny investigation. It is best practice for the Chairman of a Task Group to be a member of the Overview and Scrutiny Board. Task Groups carry out investigations and report back to the Board with their findings and recommendations. Task Groups can use a variety of methods to gather evidence and can invite relevant officers, representatives from external organisations and members of the public who have an interest and would like to put their views forward to act as witnesses.

BOARD INVESTIGATIONS 2013-14

In addition to the regular standing items on the Board's agenda (detailed under the section Future Work of the Overview and Scrutiny Board), it also requested and received reports and commented on the following areas:

- **Scrutiny of Crime and Disorder Partnerships – Introduction to the Work of the North Worcestershire Community Safety Partnership**
Following the merge of the Redditch Borough, Wyre Forest District and Bromsgrove District Council's Community Safety Partnership to form the North Worcestershire Community Safety Partnership and as part of its statutory role, the Board received an update at its meeting on 18th November 2013 which included details of the terms of reference and operating protocols. The main areas of discussion at that meeting were around anticipated reductions in budgets and the impact of those on community safety projects.
- **Town Centre Regeneration and Public Realm Improvements**
At the meeting held on 15th July under the Cabinet Work Programme item Members requested an update of the current position in respect of this. A presentation was subsequently received at the meeting held on 16th September which covered the strategic framework, which had multiple projects each contributing to at least one of the four key strategic aims; a revitalised and attractive town centre, a thriving and diverse economy, new multi-agency public service facilities and an improved transport infrastructure. Further regular updates were requested following this presentation.
- **Car Parking Review**
Car Parking has been a topic which the Board has considered in some detail over recent years and at the September 2013 meeting a topic proposal in respect of Car Parking Charges was considered following its submission by Mr Charles Bateman on behalf of the Older Peoples' Forum. Members were informed that a review of car parking was in fact being carried out and it was agreed that the topic proposal would not be considered until the outcome of that review had been received by the Board. At the December meeting the Board had the opportunity to consider that report in conjunction with a presentation from the Environmental Services Manager. The Board concluded that due to the on-going redevelopment of the Town Centre, on which they had recently received a detailed presentation, it was too early to make any decisions in respect of car parking charges and therefore agreed to take no further action at the present time in respect of the topic proposal.

➤ **Budget Scrutiny**

The Board received an informal budget briefing on 2nd December (to which all Councillors were invited) followed by a formal discussion and presentation at its meeting held on 20th January. The areas covered at that meeting included further savings which needed to be made, the impact of budgetary savings on the delivery of frontline services and borrowing costs in respect of the move to Parkside. A further report was received at the meeting on 24th February in respect of the Medium Term Financial Plan 2014/15 – 2016/17. Further detailed discussions took place and concerns were raised that the Board had not been provided with sufficient time throughout the year to scrutinise the Council's budget effectively. It was confirmed that the budget setting process had been re-assessed at a corporate level and that budgetary matters would be addressed at a much earlier date in future.

➤ **Shared Services Savings**

Following the informal budget briefing on 2nd December Members requested a report in respect of the savings which had been made from the sharing of services with neighbouring local authorities. Members raised a number of points following this presentation including some services which had not yet been shared (below senior manager level) and the opportunity for the Council to explore the sharing of these with other local authorities, which could lead to additional one off costs at a later date. Service transformation, although not included within the report, was also discussed including the costs of some of this work and the savings achieved.

➤ **North Worcestershire Water Management**

At its October meeting, Members were given an opportunity to put forward any suitable topics for future consideration by the Board. It was suggested that an update on the preventative work carried out in respect of flooding in the District would be pertinent in view of the approach of the winter months. A detailed presentation was received at the February meeting which included information on specific projects within the District and the role that North Worcestershire Water Management played in other areas for example providing advice in respect of planning applications and details of the external partners who they worked closely with. Following the presentation Members requested a further update in approximately 12 months time in order to receive a progress report in respect of the implementation of the next round of planned works in the District.

➤ **CCTV Code of Practice and Impact of County Council Cuts**

Back in December 2012 and following the completion of a topic proposal, the Board received a presentation in respect of the CCTV Shared Service and the role of the CCTV Team. Members were informed at that meeting that the Code of Practice would be revised following new legislation and it was requested that the Board be given an opportunity for its comments on this to be fed into the final document. The Board received this document at its April

meeting together with a briefing note in respect of the impact of Worcestershire County Council (WCC) budget cuts on the service. Members raised a number of points in respect of the Code of Practice which would be given consideration in the final document. Members were provided with an over view of the Council's Lifeline service and the Future Lives Scheme and of the removal of funding by WCC and how this was being addressed. Concerns were raised in respect of those vulnerable residents who would potentially no longer receive this important and vital service. The Board were informed that the CCTV and Lifeline team were working closely with Bromsgrove District Housing Trust to ensure that all tenants who needed to were still able to access the service.

➤ **Results of the Staff Survey**

At its October meeting, Members were given an opportunity to put forward any suitable topics for future consideration by the Board. It was suggested that as a staff survey had recently been completed a summary of the feedback from this would be useful. A presentation was received at the April meeting which whilst provided some of the background information around the results together with actions which would be put in place to resolve some issues that had arisen from the survey. Members discussed this in detail and concluded that whilst the presentation was useful it did not provide the detail which they felt was needed to understand how staff were feeling and the problems which they faced. It was therefore agreed that a further more detailed presentation/report would be received early in the new municipal year.

OVERVIEW AND SCRUTINY TASK GROUPS 2013-14

Air Quality Task Group

Membership: Councillors Sean Shannon (Chairman), James Brogan, Margaret Buxton, Steve Colella, Brian Cooper, Pete Lammas, Peter McDonald, Luke Mallett, Chris Scurrell and Les Turner.

Deadline: The review was completed in September 2013.

The Board received a presentation on the work of the Local Strategic Partnership at its meeting held on 22nd October 2012. Following that presentation the Board agreed at its following meeting to set up a Task Group which would investigate the air quality issues in the District, including revisiting the Air Quality Scrutiny Report which was prepared in December 2007.

The key objectives of the Task Group were to promote the understanding of air quality issues within the District, highlight progress being made by the Council and others to address the issue of poor air quality within the district and to make recommendations that would assist in making improvements to the environment and lives of residents.

The Task Group held a total of 13 meetings and interviewed numerous internal and external witnesses. It also considered written evidence from a number of sources and considered information provided by Parish Councils and residents. A total of **12 recommendations** were approved at the Board meeting held on 16th September and went on to be considered by the Cabinet at its meeting on 2nd October 2013. A written response was received by the Board at its meeting on 18th November when Members expressed their disappointment at this response and it was agreed that the Task Group Members, who had the expertise required to assess the subject matter, reconvene and consider the Cabinet response in more detail. A further response was prepared by the Task Group and given consideration by the Cabinet at its meeting on 2nd April 2014.

Following this Cabinet finally approved 6 of the 12 recommendations and some elements of one other. These will now be implemented and monitored through the Overview and Scrutiny Board, with the task group report as a whole being reviewed in 12 months time.

Youth Provision Task Group

Membership: Councillors June Griffiths (Chairman), Sue Baxter, James Brogan, Rod Laight, Pete Lammias and Caroline Spencer

Deadline: The review was completed in July 2013.



The Board received a presentation on the work of the Local Strategic Partnership at its meeting held on 22nd October 2012. Following that presentation the Board agreed at its following meeting to set up a Task Group which would investigate the youth provision within the District. The key objectives of the Task Group were to consider

current arrangements for providing services for young people, to analyse opportunities to participate in youth activities, to scrutinise accessibility of current services provided by the Council and to identify any gaps within the services provided. Members believed that as young people were a significant proportion of the local population an effective review of the subject would potentially enable them to address the needs of young people living in the District and in the long term have a positive impact on their future prospects.

The Task Group held a total of 18 meetings, which included 6 site visits and interviews with numerous internal and external witnesses. The Task Group also considered written evidence from a number of sources and considered information provided by Ward Councillors and Parish Councils. A total of **10 recommendations** were approved by the Board at its meeting held on 15th July, which were later considered by Cabinet at its meeting on 4th September. A written response from Cabinet was considered at the Board meeting on 14th October when Members were informed that all recommendations had been approved by them.

The Task Group will be reviewed in 12 months time and any outstanding recommendations will be included in the Board's quarterly recommendation tracker to ensure that any outstanding recommendations continue to be monitored.

Artrix Outreach Provision Task Group

Membership: Councillors Sean Shannon (Chairman), Richard Deeming, Stuart Dudley, Peter McDonald, Luke Mallett, Elaine Shannon, Chris Scurrall and Peter Whittaker.

Deadline: The review was completed in April 2014.



A topic proposal which was completed by Councillor Peter McDonald was submitted to the Overview and Scrutiny Board meeting held on 15th July 2013. The proposal was keen to ensure that the Outreach Provision was successful and marketed in such a way as to reach those in the community that needed it most and may be excluded. It was also important to ensure that as the Council made a considerable contribution to the funding of the Artrix that it received value for money. Councillor Sean Shannon was also appointed as Chairman at that meeting. At the Board meeting held on 16th September both the Membership and Terms of Reference were agreed with a timescale of completion of the work within 6 months of the first meeting.

The first meeting took place on 13th November and a further 8 meetings took place with evidence being considered from a number of internal and external witnesses. The Task Group also considered written evidence and was provided with detailed information from the Education and Outreach Co-ordinator at the Artrix Centre. A total of **10 recommendations** were considered by the Board at its meeting on 14th April and will go before the Cabinet meeting to be held on 4th June for final consideration and hopefully approval.

OVERVIEW AND SCRUTINY TASK GROUP 12 MONTH REVIEWS

Planning Policy Task Group

Background

An Overview and Scrutiny Topic Proposal Form into the planning process was submitted to the Board meeting held on 13th June 2011 with the request that it be included within the Work Programme of the Board for the coming year. After discussion it was agreed that it would be necessary to break the process down into specific areas of planning and to concentrate on the areas of most concern to both Members and residents in the first instance. It was further agreed that initially, a Board Investigation would be carried out in to Planning Enforcement. An initial, informal meeting of the Board took place in July 2011 to discuss this area. Following a request from full Council, it was later agreed that a Task Group would be established to scrutinise matters relating to planning policy concerns. At the Board meeting held on 21st November it was agreed that Planning Enforcement would be included within the scope of the Planning Policy Task Group

Key Findings and Recommendations

The Task Group's final report, which included **12 recommendations**, was presented to Cabinet on 4th April 2012 and Cabinet provided an interim response which was received at the Overview and Scrutiny Board meeting held on 23rd April 2012. Cabinet had agreed 8 of the recommendations but had asked that the Overview and Scrutiny Board looked again at elements of the remaining 4 recommendations and provided Cabinet with a response before giving them further consideration at its meeting on 4th July 2012. Cabinet's final response was received at the Board meeting held on 10th September 2012, with all recommendations being accepted.

12 Month Review

The Board received an update from the Head of Planning and Regeneration and the Portfolio Holder at the meeting held on 18th November 2013. It was noted that work was on going in respect of 6 recommendations, 5 had been completed and processes put in place to ensure that these continued to happen (in respect of suggested training for example) and 1 recommendation remained outstanding, which would be considered, if necessary when the enforcement process was considered under the transformation programme. The outstanding recommendations continue to be monitored through the Quarterly Recommendation Tracker process.

JOINT OVERVIEW AND SCRUTINY INVESTIGATIONS

Joint Worcestershire Regulatory Services Scrutiny Task Group

Bromsgrove District Council representatives: Councillors Rod Laight (lead) and Pete Lammas (substitute).

Deadline: The review is due to be completed in June 2014.

The Joint WRS Scrutiny Task Group was established in 2013 to review the shared Worcestershire Regulatory Services (WRS). Elected Members from each of the Councils in Worcestershire have been appointed to the review which is being hosted and chaired by the Council as the host authority for the shared service.

The key objectives of the review were for the group: to review the final business case for the shared service; to compare previous service levels at individual local authorities with current service levels in the shared service; to assess the performance of the services compared to previous performance levels; to investigate levels of customer satisfaction; and to review the governance arrangements for the shared service.

The group has gathered a large amount of evidence about WRS since their first meeting in September 2013 including performance data and customer feedback, in the form of compliments and complaints about the service. Members have interviewed a number of expert witnesses including representatives of the WRS Management Board, representatives of the Worcestershire Shared Services Joint Committee, staff employed in WRS including the Head of Regulatory Services and the Chief Executive, Section 151 Officer and Legal Services Manager from the host authority. The group has also visited Wyatt House in Worcester, the base for WRS, and attended meetings of the Joint Committee to observe the decision making process.

During the review Members have become increasingly concerned about the potential implications of the budget cuts proposed by partners for the future of shared regulatory services. It is likely that financial considerations will therefore feature significantly in the group's final report.

Integrated Waste Collection and Disposal Service Joint Scrutiny

An approach has recently been made by Worcestershire County Council to all Councils within the County in respect of a joint scrutiny exercise looking at an Integrated Waste Collection and Disposal Service. Under the joint protocol set up

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and agreed by all authorities, it would fall to Worcestershire County Council to host the joint scrutiny exercise. The terms of reference have recently been circulated to all Overview and Scrutiny Committees and a decision is currently awaited to see whether this group will go ahead.

FUTURE WORK OF THE OVERVIEW AND SCRUTINY BOARD

Topics already included on the Board's work programme for 2014-15 are as follows:

- Continued Scrutiny of Crime and Disorder

The following are standard items which are considered at regular intervals by the Overview and Scrutiny Board and will again be scheduled into the work programme for 2014-15:

- Cabinet Leader's Work Programme
- Quarterly Finance Monitoring Report
- Write Off of Debts Report
- Making Experiences Count Quarterly Report (*this was following a recommendation from the Planning Policy Task Group*)
- Sickness and Absence Health Monitoring Report
- Worcestershire County Council Health Overview and Scrutiny Committee (*the Council's representative on this Committee must be a Member of the Overview and Scrutiny Board and provide the Board with regular updates on the work being carried out.*)

The following standard items are prepared by the supporting officer and considered by the Board regularly:

- Work Programme
- Action List
- Recommendation Tracker
- Task Groups (*the Board reviews Task Groups 12 months after the recommendations have been considered by the Cabinet*)

FURTHER INFORMATION

Overview and Scrutiny Board Meetings

Overview and Scrutiny Board meetings are open to the public. To find out more visit our website at www.bromsgrove.gov.uk/scrutiny or telephone 01527 881288 and ask to speak to the Democratic Services Officer.

Public Involvement

If you would like to have your say on issues being considered by Overview and Scrutiny or to suggest a topic for consideration you can email scrutiny@bromsgrove.gov.uk or complete the form on the Council's website www.bromsgrove.gov.uk/scrutiny

Giving Evidence

Members of the public or organisations with a special interest or knowledge about a particular topic being considered by Overview and Scrutiny can put forward evidence to a committee or appear as a witness to give evidence for an investigation. If you think you or your organisation might be able to participate in an issue currently under review, please contact us.

If you have a personal issue with a council service you may find it more useful to contact your local ward councillor who can help you decide the best way to take it forward.

Contact Overview and Scrutiny

If you would like to find out more about any aspect of the Overview and Scrutiny Board then you can email scrutiny@bromsgrove.gov.uk or telephone 01527 881288 and ask to speak to the Committee Services Officer.

Further information can also be found on the Council's website. Please go to www.bromsgrove.gov.uk/scrutiny

**Overview and Scrutiny
Legal, Equalities and Democratic Services
Bromsgrove District Council
The Council House
Burcot Lane
Bromsgrove B60 1AA**

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This report can be provided in large print, braille, on audio CD or tape, or on computer disc.



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Bromsgrove District Council



AUDIT BOARD ANNUAL REPORT

2013 / 2014



**Bromsgrove
District Council**

www.bromsgrove.gov.uk

AUDIT BOARD ANNUAL REPORT 2013 / 2014

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FOREWORD BY THE CHAIRMAN

Chairman of the Audit Board



Welcome to this second report produced by Bromsgrove District Council Audit Board.

Once again the Board has been fairly active based on the previously developed work programme, being extremely conscious of the responsibility of the Board.

Members of the Audit Board had raised several queries with officers related to value for money, risk management and corporate fraud; all of which had been answered to the satisfaction of the Board Members.

Members of the Board take very seriously their responsibilities ensuring that any weaknesses are addressed as soon as possible.

My thanks go to all the Members of the Board and the Vice Chairman, Councillor B. Cooper, the officers who have supported the Board so efficiently with special thanks to Pauline Ross and the Democratic Services Team for their excellent support throughout the year.

Councillor Patricia Harrison

INTRODUCTION

Audit Board Members are pleased to introduce the second Audit Board Annual Report. The report provides an overview of the Audit Board's activity during the municipal year 2013/2014.

The Audit Board works in partnership with the Cabinet and officers to ensure good stewardship of the Council's resources and delivery outcomes for the people of the District.

The Audit Board has a responsibility to consider the effectiveness of the Council's internal control environment. The ultimate responsibility for audit rests with the Portfolio Holder with responsibility for finance and the Council's Section 151 Officer.

The Audit Board continuously reviews Internal Audit's progress against the audit plan and considers Internal Audit performance measures.

The Audit Board receives and considers:

- Reports from the External Auditors – Grant Thornton
- A summary of work undertaken by Internal Audit
- Financial process/procedures
- Value For Money reports
- Any special investigations undertaken by Internal Audit
- Risk Management, including Departmental Risk Management Presentations
- Corporate Fraud
- Benefits Investigations

AUDIT BOARD MEMBERS 2013 / 2014



Councillor H. J. Jones



Councillor J. R. Boulter



Councillor P. M. McDonald



Councillor S. J. Dudley



Councillor B. T. Cooper



Councillor M. T. Buxton

THE ROLE OF THE AUDIT BOARD

Scope and Responsibility

Bromsgrove District Council is responsible for ensuring that its business is conducted in accordance with legal requirements and proper standards, and that public money is safeguarded and properly accounted for. Under the Local Government Act 1999 the Council also has a duty to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Council also has a responsibility for ensuring a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

The Audit Board's Terms of Reference are detailed at Appendix 1.

Meetings of the Board

The Council's constitution requires the Audit Board to hold quarterly meetings. During the municipal year 2013/2014 meetings were held in September, December 2013 and March 2014. The meeting scheduled for 20th June 2013 was postponed following discussions with Leading Group Members and rescheduled for 4th July 2013; this meeting was inquorate, so agenda items were included on the agenda for the meeting held on 19th September 2013. The Audit Board Work Programme for 2013/2014 was agreed at this meeting, as detailed at Appendix 2. The work programme continued to be a working document and was reviewed at every meeting with items included as and when considered and agreed by the Board.

Audit Board procedure rules permitted the use of trained substitutes with each Board Member able to appoint a trained substitute to attend on their behalf, limited to no more than two meetings in any municipal year. Trained substitutes were in attendance at the meetings held on 19th September 2013 and 20th March 2014.

MEMBER TRAINING

The Council's external auditors Grant Thornton provided Audit Board Members with training on 2nd September 2013. Mr. P. Jones, Engagement Lead carried out the training session, which focused on 'Improving your Audit Committee effectiveness'.

The two main areas of Audit Committee responsibility –

- Financial Reporting
- Risk Management / Internal Control

The training also covered 'making a difference in challenging times' –

- Where joint arrangements or shared services are being introduced
- When major organisational change is being undertaken
- and how Audit Committees can increase their effectiveness

The training concluded with top tips for effectiveness –

During the year:

- pre-meeting (including audit) to organise and prioritise agenda
- obsessive focus on assurance gathering for the Annual Governance Statement and speaking up / call officers in if not getting what is needed
- hard challenge on anything that threatens to soak up committee time that is not key to assurance gathering (interesting distractions / too much detail)
- awareness of tendency to drift into scrutiny / executive / management roles (policing role but assurance that it is being covered in the appropriate place)
- willingness to flex work plan / additional meeting / subgroup to deal with emerging important issues and risks

Year end:

- challenge the effectiveness of the Annual Governance Statement
- ensure explanations on the accounts are clear and satisfactory
- prepare a report on the effectiveness of the committee during the year
- feed improvements into next year's plan

The Service Manager, Worcestershire Internal Audit Shared Service, provided refresher training for Members in September 2013. The Member Development Steering Group agreed that refresher training be made mandatory and that all Audit Board Members and named substitutes attended appropriate training prior to attending Audit Board meetings, to allow them to discharge their responsibilities.

The training highlighted the role of a functional internal audit service, with key findings and progress reported to the Audit Board:

- Service to management.
- Continuous examination of the day to day risks, transactions, systems and methods.
- Provision of independent verification, assurance of risk mitigation, accuracy of records as an indicator of effective management and governance.
- 'Managed audit' agreement: reliance placed by External Audit (EA) on Internal Audit (IA) testing of core financial systems.
- Value Added audits to include economy, efficiency and effectiveness.
- Fraud Prevention and Detection.
- Critical Friend, Consultancy and advice.

ANNUAL GOVERNANCE STATEMENT 2012 / 2013

The Annual Governance Statement is a statutory document, which provides an overview of the governance arrangements within the Council.

Bromsgrove District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Members, Executive Directors, Heads of Service, and other managers of the Council, who are responsible for the development and maintenance of the Governance environment, the Internal Audit Manager's annual report, and the external auditors and other review agencies and inspectorates.

The Annual Governance Statement 2012/2013 was due to be presented to the Board at the meeting on 4th July 2013. The meeting was inquorate so the agenda items were carried forward to the meeting on 19th September 2013.

The Cabinet considered the Annual Governance Statement for inclusion in the Statement of Accounts 2012/2013 on 4th September 2013. Members were asked to note the Internal Audit Opinion for inclusion in the Annual Governance Statement, which would be included as part of the Annual Governance Statement and included in the Statement of Accounts for 2012/2013.

INTERNAL AUDIT

The Worcestershire Internal Audit Shared Services Team has been in place since June 2010 and operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews, on a continuous basis the extent to which the internal control environment supports and promotes the efficient and effective use of resources. All audit reports go to the manager of the service, the appropriate Director and the Chief Executive. The Audit Board receives a quarterly report of the internal audit activity and has input and final approval of the annual audit plan for the forthcoming year.

Internal Audit continuously reviews and reports on risk and the adequacy of systems in place to ensure compliance with Council policies and procedures and assists Service Managers to add value to service areas.

Internal Audit has developed a methodology which sets out how they:

- Risk assesses the organisation in key areas.
- Engage with Senior Management
- Formulate the Audit Plan
- Scope and plan the audit
- Through fieldwork obtain evidence and assurance in a structured way
- Decide what assurance has been attained against a given criteria
- Report to management
- Follow up recommendations
- Report key findings and progress to the Audit Board

There is a clear reporting mechanism which provides assurance to the Manager and the Audit Board. The final report provides:

- The reason for the audit
- Scope and objectives of the audit
- Audit opinion and executive summary
- Detailed findings and recommendations with priority, along with a management action plan

How does Internal Audit provide a service to management?

- Highlight risk considerations
- Review and test internal controls for a particular service/function
- Use preventive controls and detective controls
- Assurance to managers, recommendations to improve
- Quality work - what the manager wants, appropriate and timely, value added, assist with transformation

Internal Audit Monitoring Report

The Service Manager, Worcestershire Internal Audit Shared Service provided the Audit Board with quarterly reports detailing internal audit work and performance. The involvement of Members in progress monitoring was considered to be an important facet of good corporate governance, which contributed to the internal control assurance given in the Council's Annual Governance Statement. Individual reports for completed audits were presented to Audit Board Members.

A considerable amount of audit work is carried out 'behind the scenes' but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate.

During the Audit Board meeting held on 19th September 2013, Members were informed that due to natural turnover Worcestershire Internal Audit Shared Service had three established posts vacant, one was due to be filled at the start of October 2013. Further active recruitment was planned for later in the year with interim cover being organised. Close monitoring of resource was continuing using current management demand for the remainder of the year. Worcestershire Internal Audit Shared Service was committed to delivering all audits as indicated in the 2013/2014 plan for Bromsgrove District Council and would continue to take active steps to achieve this.

Internal Audit Manager's Draft Audit Opinion 2012 / 2013

The Service Manager, Worcestershire Internal Audit Shared Service presented this report to Members on 19th September 2013. The report provided Members with the proposed Worcestershire Internal Audit Services Manager opinion, which would be included as part of the Annual Governance Statement and included with the Statement of Accounts for 2012/2013.

The report highlighted that the Council was responsible for ensuring that its business was conducted in accordance with the law and proper standards and that public money was safeguarded and properly accounted for. Under the Local Government Act 1999 they also had a duty to make arrangements to secure continuous improvement in the way its functions were exercised, having regard to a combination of economy, efficiency and effectiveness. The Council also had a responsibility for ensuring a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

The Internal Audit Plan for 2012/2013 was a risk based plan (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk, fraud risk and external risk) using a predefined scoring system.

The 2012/2013 internal audit plan was delivered in full providing sufficient coverage for the Service Manager to form an overall opinion.

Based on the audits performed in accordance with the approved plan, the Worcestershire Internal Audit Shared Services Manager concluded that the internal control arrangements during 2012/2013 effectively managed the principal risks identified in the audit plan and could be reasonably relied upon to ensure that the Council's corporate objectives had been met.

In relation to the twenty one reviews that had been undertaken, seventeen audits were finalised and four were nearing completion. Risk management had been re-launched during 2012/2013 with a Corporate Risk Register being formulated and training provided. Further work was required to embed this throughout the organisation with the outcomes being monitored by the Risk Management Monitoring Group.

As part of the process of assessing the Council's control environment, senior officers within the Council were required to complete an annual "Internal Control Assurance Statement" to confirm that the controls in the area for which they were responsible were operating effectively. Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they were responsible and confirming that those controls were operating effectively except where reported otherwise. No areas of significant risk were identified. Any concerns raised by managers were assessed and addressed by the Council's Corporate Management Team.

The majority of the completed audits had been allocated an audit assurance of either moderate or above meaning that there was generally a sound system of internal control in place, no significant control issues had been encountered and no material losses had been identified during the time of continuing significant transformation and change.

Internal Audit Annual Report 2012 / 2013

The Internal Audit Annual Report 2012/2013 was presented to Members on 19th September 2013. To aid compliance with the Regulation, the CIPFA Code of Practice for Internal Audit in Local Governance in the United Kingdom 2006 details that "Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives and ensure the effective and efficient use of audit resources".

The report highlighted that during 2012/2013, 284 chargeable audit days were delivered. This equated to a delivery of 94.7% against a target for the year of 90%.

In accordance with best practice the plan was subject to review each year to ensure that identified changes, for example, external influences, risk assessment and process re-engineering were taken into consideration within the annual plan.

The purpose of the 2013/2013 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:

- Internal Audit assisted the Authority in meeting its objective by reviewing the high risk areas, systems and processes.
- Audit Plan delivery was monitored, appropriate action taken and performance reports issued on a regular basis.
- The key financial systems were reviewed annually, enabling the Authority's external auditors to place reliance on the work completed by Internal Audit.
- An opinion can be formed on the adequacy of the Authority's system on internal control, which feeds into the Annual Governance Statement which was presented with the Statement of Accounts.

2012/2013 was a demanding year for the Internal Audit Team with the loss of a Lead Auditor earlier in the year, the departure of an Auditor in November 2012 who had not been in post long, the uncertainty over the permanent appointment of the Service Manager post and a couple of office moves. There was a need to vacancy manage posts for a significant proportion of the year in order to ensure correct resourcing was available to deliver the risk based internal audit plan. In addition there was 'managed' long term sickness as well as significant unforeseen long term sickness absence within the service which placed further pressure on the service and its ability to deliver the internal audit programme.

Internal Audit had carefully managed its resource and worked with partners to deliver the full audit programme for Bromsgrove District Council for 2012/2013.

Managers were asked to provide feedback on systems audits by completing a questionnaire. At the conclusion of each audit a feedback questionnaire was sent to the responsible Manager and an analysis of those returned during the year showed a very high satisfaction with the audit product.

To further assist the Audit Board with their assurance of the overall delivery the Worcestershire Internal Audit Shared Service conform to the Public Sector Audit Standards and use the CIPFA Self-Assessment questionnaire to self-assess the service on an annual basis. The outcome indicated that there was a sound basis from which the shared service would work and which would be enhanced as certain key developments were implemented, for example the audit software, over the next twelve months and further development of the Shared Service. Any areas of non-compliance with the Standards or Code would be reported as exceptions to the Client Officer Group and Audit Board. There were no known exceptions to report.

The anti-fraud and corruption survey was completed by Internal Audit and submitted on the 17th May 2013 in respect of the financial year 2012/2013. The survey examined several key anti-fraud measures that exist within the Council. There were no significant weaknesses identified by the survey.

Provisional Internal Audit Plan 2014 / 2015

The Internal Audit Plan for 2014/2015 was a risk based plan which took into account the adequacy of the Council's risk management, performance management and other assurance processes. It was based upon the risk priorities and dialogue with the Section 151 (s151) officer and Head of Service as well as an independent risk assessment of the audit universe by Internal Audit. The Internal Audit Plan for 2014/2015 was agreed with the Council's s151 officer.

At the Audit Board meeting on 12th December 2013, Members received a report detailing a provisional plan of work. By bringing a provisional plan of work before the Audit Board it allowed Members to have a positive input into the audit work programme for 2014/2015, and to make suggestions as to where Members felt audit resources may be required under the direction of the s151 officer. As with all plans it would be subject to review and update as the year progressed in consultation with the s151 officer. The report also detailed the key performance indicators for 2014/2015 as agreed with the Council's s151 officer. The success or otherwise of the Internal Audit Shared Service would be determined by the performance against the set of key performance indicators which had been developed for the service.

The operational progress against the Internal Audit Plan for 2014/2015 will be closely monitored by the Service Manager of the Worcestershire Internal Audit Shared Service and reported to the Shared Service's Client Officer Group (which comprises the s151 officers from partner organisations), and to the Audit Board on a quarterly basis.

On the 20th March 2014, Members were presented with and approved the Internal Audit Operational Plan and the key performance indicators for the Worcestershire Internal Audit Shared Service 2014/2015. The Service Manager, Worcestershire Internal Audit Shared Services highlighted that with the resource allocation of 300 chargeable days for 2014/2015, he was confident that he could provide management, external audit and those charged with governance with the assurances and coverage that they required over the system of internal control, annual governance and statement of accounts.

CORPORATE RISK REGISTER / **RISK MANAGEMENT**

The Corporate Risk Register recognises the need to monitor the budget to ensure that the Council are able to deliver services within the budget allocated. A robust risk management framework supports the Council in delivering its services in a compliant way and therefore reducing the opportunity of legal challenge.

A joint shared approach was taken with regard to risk identification, recording and monitoring. The Corporate Level – Risk Register was presented to the Audit Board on 20th March 2014. The Corporate Risk Register was closely monitored by the Corporate Management Team (CMT). The Risk Management Monitoring Group would monitor the operational risks and where appropriate escalate these for discussion and inclusion in the Corporate Risk Register. The Risk Management Monitoring Group would also ensure on-going corporate monitoring and would challenge risks. Councillor H. J. Jones was nominated by the Board to attend meetings of the Risk Management Monitoring Group as a representative of the Audit Board.

On the 12th December 2014, Members were provided with a verbal update from the Executive Director, Finance and Corporate Resources. Members were informed that she was now responsible for developing Risk Management with support from the Financial Services Manager. The Terms of Reference for the Risk Management Monitoring Group were agreed and Insurance Claim statistics were looked at during their meeting on 10th October 2013.

Departmental Risk Registers

During 2013/2014 Members received risk management presentations from:-

- Customer Services Manager
- Head of Planning and Regeneration

The presentations detailed the risk management for their specific service areas. The presentations highlighted that good management required an understanding of risks- health and safety, operational and exceptional (project related). Risk Management should provide a positive and practical way of treating and managing the risks or threats to the organisation, the service and those working in or using the service. Risk Management was a continuous and developing process within each of the service areas with an on-going review of known operational risks.

FRAUD PREVENTION & DETECTION

During the meeting on 12th December 2013, Members received the following two reports from the Council's External Auditors, Grant Thornton: –

The Audit Findings 2012/2013 – Matters in relation to fraud:

Grant Thornton had previously discussed the risk of fraud with the Audit Board and no material frauds had been disclosed. Grant Thornton had not been made aware of any other incidents in the period and no other issues had been identified during the course of their audit procedures.

Audit Board Update 2013/2014 - Potential for procurement fraud:

The Chancellor's Spending Round announcement earlier this summer had forced authorities to make further cuts to their budgets and operate under tighter constraints.

As Chris Clements, Head of Public Sector Forensics at Grant Thornton UK LLP wrote in Local Government News, the National Fraud Authority estimated that in the wider public sector, the cost of fraud reached a staggering £19.9bn this year. Procurement fraud in local government accounted for £876m of this amount and therefore a properly functioning procurement process was key to mitigating much of this risk of loss.

'Helping ensure people are not in a position where they are tempted by an opportunistic gain is vital. Employees feeling undervalued – either financially or on account of other motivating factors – can breed an atmosphere of despondency which allows for procurement fraud. Sometimes all it takes is one exploratory incident by an individual to snowball into a culture wide acceptance of fraud, where employees not only rationalise the activity, but are spurred on by other actions.'

Corporate Fraud

During the meeting on 12th December 2013, the Executive Director, Finance and Corporate Resources provided Members with a verbal update on the staff survey and the results of the staff survey, in respect of the specific questions asked on the Council's whistleblowing procedure.

The Executive Director, Finance and Corporate Resources provided Members with the following brief update:-

- Over 800 individual comments in addition to the tick box and rating responses had been received.
- Approximately 40% of staff polled responded to the survey.

- 78% felt that they were able to meet the needs of the customers (both internal and external) on a daily basis.
- 76% of the respondents felt that they had the opportunity to do what they do best on a daily basis.
- 50% said that they did not get regular feedback from their manager about how they were doing.
- 45% of respondents said that they did not have regular team meeting.

Following on from the staff survey a steering group, consisting of staff and union representatives was set up to look at the following main themes:

- Communication
- Management
- ICT
- Working Environment

The Executive Director, Finance and Corporate Resources informed Members that there was a framework in place with regard to staff supervision, which included regular team meetings and regular one-to-one staff meetings and that Managers were aware of this framework.

On the 20th March 2014 the Board received a report on the Corporate Fraud – Audit Review. As part of the Worcestershire Internal Audit Shared Service Plan 2013/2014 a review of the Councils policies and practices in relation to Corporate Fraud and Whistleblowing had been requested. This was to look at any revisions to the current policies to ensure that the Council had robust controls in place to prevent corporate fraud and was supporting staff with any concerns they wished to raise. The Council's current whistleblowing policy would be one of the policies reviewed by the Audit Team.

The review would assess whether the following control objectives of Corporate Fraud were being achieved:

- There are up to date policies for example Anti-Fraud and Corruption and Whistle-blowing within the Council and a strategic overview to ensure that the opportunity for fraud and corruption was reduced to a minimum;
- The Council was promoting awareness of fraud to all staff members;
- The Council are keeping all policies up to date and reviewing in line with new legislation to ensure that they are fit for purpose e.g. Bribery Act 2010;
- Declaration of interests and Hospitality Registers are completed by Members and officers with regular monitoring in place.

The areas covered would address current policies and procedures whilst identifying best practice across the audit environment. The results of the audit review would be presented to the June 2014 Audit Board meeting where Members would have the opportunity to consider the action plans in place to improve the controls currently in place to manage this issue.

Benefits Investigations

The Benefits Service decides entitlement to Housing Benefit and Council Tax Benefit. Within the Finance and Resources Service there is a dedicated counter fraud team whose purpose was to prevent and deter fraud as well as investigate any suspicions of fraudulent activity against the Council. The Fraud Team comprises of a manager, two investigation officers and a support officer. All of the team has completed the nationally recognised best practice Qualifications in Professionalism in Security (PinS) appropriate to their role.

Members received reports on the performance of the Benefits Services Fraud Investigation Service for 2013/2014. The reports detailed the number of fraud referrals received by the team and the percentage of referrals from data-matching. The reports also detailed the actions taken: number of cautions accepted, number of administrative penalties accepted and the number of successful prosecutions. Reports also provided details of example cases.

Approximately 45% of the caseload was made up of people of working age which resulted in a large number of claims from customers who moved in and out of work and claimed other out of work benefits.

Although measures had been put in place to make this transition easier for customers, it remained an area of risk of fraud entering the system. As both Housing Benefit and Council Tax Support were means tested benefits, there were potential financial incentives to under declare income and savings or not to report a partner who may be working or have other income.

Many fraud referrals related to benefits paid by both Bromsgrove District Council and the Department for Works and Pensions (DWP). In these cases, a Joint approach is taken to ensure that the full extent of offending was uncovered and that appropriate action was taken by both bodies. This also maximised staffing resources by preventing duplicate investigation work.

Fraud investigation can impact upon other areas of benefit administration. The biggest impact was upon overpaid Housing Benefit and excess payments of Council Tax Benefit. Some of these overpayments can be extremely large and can distort the apparent recovery rate of overpayments.

At the meeting on 20th March 2014, Members raised questions with regard to files being closed without sanction and the new benefit system, Universal Credit, and the potential for increased benefit fraud.

The Head of Customer Access and Financial Support informed Members that in answer to the question regarding closing cases without sanctions. That before closing a case without sanction they would have gone as far as they could with the investigation at that time. But where they think something may come to light later on, they set up a case control on the claim for a follow up visit in three or six month's time. The situation can then be discussed again and referred back for further investigation if considered appropriate

If cases are closed with a positive outcome the full facts of the case are taken into consideration in deciding whether a sanction is appropriate. This will include things such as the period and amount of benefit overpaid, how the error/offences came to light, whether there is anything lacking in our own systems that allowed it to happen, the customer's personal circumstances, particularly any social or medical considerations and anything else identified of any relevance. All evidence would have been gathered at this stage before a decision was taken not to sanction but only to recover the overpayment.

If the case is closed with a negative outcome they would have done all that they could to obtain evidence but would have to accept that they were not going to be able to prove the allegation. They need to remain conscious that some allegations can be malicious or made with genuine intent without full knowledge of the situation. If there was any substance to the allegation it would often re-emerge either through another referral or data-matching.

The Benefits Service would not and will not be responsible for Universal Credit and will not be monitoring fraud in that system. It is the responsibility of the Department for Works and Pensions (DWP).

At the meeting on 20th March 2014, Members were provided with further information with regard to the Single Fraud Investigation Service (SFIS), as part of the Government's Welfare reform plans and announced in the Autumn Statement by the Chancellor of the Exchequer on Thursday 5th December 2013.

EXTERNAL AUDITORS - GRANT THORNTON **REPORTS**

Reports presented by the Council's External Auditors, Engagement Lead and Engagement Manager, Grant Thornton:-

Certification Report 2011 / 2012

This report was considered in March 2013. The report summarised the external auditor's overall assessment of the Council's management arrangements in respect of certification process and drew attention to significant matters in relation to individual claims. The report also detailed the following key messages from the Audits:

- All claims were submitted on time to audit and all claims were certified within the required deadline.
- Overall the Council is performing well and there are no significant matters arising from our certification of claims and returns. There was excellent cooperation over the housing benefits audit and savings on the audit fee accrued as a result.
- Supporting working papers were generally of a good standard, which enabled certification within the deadlines.

Reports received in December 2013:-

Audit Board Update

Members received a report on the progress in delivering their responsibilities as the Council's External Auditors. The report included a summary of emerging national issues and developments that could be relevant as a District Council. The report also highlighted that the Council needed to be vigilant in their processes against fraud.

Auditing Findings 2012/2013

This report highlighted the key matters arising from their audit of the Council's financial statements for the year ended 31st March 2013. The accounts were well prepared with adequate supporting papers and officers were responsive to any questions raised. There was one significant change to the accounts that impacted on several notes. This related to the accounting for a notional capital receipt for the Council's share of receipts from the sale of former council houses. It was agreed with officers that it would be proper to reverse these entries and refer to the transaction in a separate note to the accounts. In addition to the work on the accounts preparation they assess their opinion on value for money. Their conclusion was that they were satisfied that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness during 2012/2013.

Reports received in March 2014:-

Certification Letter 2012/2013 and the Certification Work Plan 2013/2014

The Certification work for the year ended 31st March 2013 detailed the two certified claims for 2012/2013 which related to £45.8 million of expenditure for Housing and Council Tax Benefit Scheme and National Non Domestic Rates. There were no significant issues arising from their certification work which the external auditors highlighted to the Board.

They were satisfied that the Council had appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification and were satisfied that any recommendations raised in previous years had been addressed.

There were a number of errors identified in the housing benefits testing, it was important that officers reviewed the errors to determine whether there were lessons to be learned that should be reflected in training and procedures operated in the department. Members were informed that training plans and checks had been put in place with Benefits Team Leaders.

The key messages from the Audits were:

- Claims were all submitted and certified on time
- Overall the Council is performing well and there are no significant matters arising
- Supporting working papers were generally good
- The use of an agency member of staff results in the analysis work being undertaken on time
- The value of the number of errors was under £20k which is small in relation to the value of the claim – less than 1%.

Review of Financial Resilience

The work undertaken by Grant Thornton in their Value for Money (VfM) conclusion included a review to determine if the Council had proper arrangements in place for securing financial resilience. The review considered the following aspects of financial resilience with a judgement made in relation to each element:

Area	Judgement
Key indicators of financial performance	Arrangements meet or exceed adequate standards
Approach to strategic financial planning	Arrangements meet or exceed adequate standards
Approach to financial governance	Potential risks and/or weaknesses.
Approach to financial control.	Arrangements meet or exceed adequate standards

It was considered that the majority of the financial framework that the Council had in place was robust. The approach to financial governance had been reviewed and there were a number of improvements that have been identified. The report highlighted some areas where arrangements could be improved as detailed below and were being addressed by the Management Team:

Area	Action
Key indicators of financial performance	None Specified
Approach to strategic financial planning	<p>Ensure that the plans for the 14/15 budget make explicit links between the new strategic purposes and decisions over budget allocation and savings. This has been undertaken in 2014/15.</p> <p>Clearer forward plans should be in place around assets and workforce to underpin the MTFP – review as to the best way of providing this during 2014/15.</p>
Approach to financial governance	Improve managers' budget management skills to enable more effective forecasting of the projected financial position – training plans currently being developed.

However the External Auditors overall opinion was that the Council had made considerable changes in recent years, with the aim to focus on delivering Council priorities whilst seeking to minimise underlying costs. In addition it was considered that the Council currently had a relatively good level of general fund balances which had increased year on year, providing a buffer which was important with reducing central government grants.

There were two main concerns within the report that related to the following:-

- Significant variation to budget in the last quarter of the year
- Lack of monitoring of savings identified

The finance team was working with officers and budget holders with the aim to improve financial forecasting to ensure that a more accurate financial position was estimated for 2013/14. In addition the financial monitoring reports were more detailed than in previous years.

STATEMENT OF ACCOUNTING POLICIES

The Cabinet considered the Annual Governance Statement for inclusion in the Statement of Accounts 2012/2013 on 4th September 2013. Members were asked to note the Internal Audit Opinion for inclusion in the Annual Governance Statement, which would be included as part of the Annual Governance Statement and included in the Statement of Accounts for 2012/2013.

CONFIDENTIAL REPORTS

Wherever possible the Audit Board have sought for information to be brought into open session in accordance with the principals of best practice in local government and in accordance with the Local Government Act. As previously agreed in 2012/2013 the Board had considered whether Internal Audit Monitoring Reports should be heard in their entirety within closed session as had been the past practice. In 2013/2014 the Board followed the same principal that only specific exempt information should be considered in closed session.



- Efficiencies and savings identified through shared services delivery
- Transformation
- Delivery of the Internal Audit Plan 2014 / 2015
- Corporate Risk Register
- Fraud
- Benefits Investigations



APPENDIX 1

- a. The Audit Board is charged with monitoring the good stewardship of the Authority's resources through the work of the Internal Audit function.
- b. The Audit Board will support the profile, status and authority of the Internal Audit function and will demonstrate its independence.
- c. The Audit Board will contribute towards making the Authority, its committees and departments more responsive to the Internal Audit function.
- d. The Audit Board is charged with the responsibility for promoting internal control by the systematic appraisal of the Authority's internal control mechanisms, by the development of an anti-fraud culture and by the review of financial procedures.
- e. The Audit Board is charged with the responsibility for focusing audit resources, by agreeing the audit plans and monitoring delivery of the Internal Audit function.
- f. The Audit Board will monitor both internal and external audit performance by ensuring auditor/officer collaboration within the agreed timescales, by securing the timely preparation and response to audit reports, by ensuring the implementation of audit recommendations and by monitoring the finalisation of the annual accounts.
- g. The Audit Board will receive and consider a summary of internal audit work undertaken since the last meeting, plus the current status of this work.
- h. The Audit Board will monitor compliance with the Authority's standards, codes of practice and policies through the work of the Internal Audit function.
- i. The Audit Board will monitor compliance with relevant legislative requirements through the work of the Internal Audit function.
- j. The Audit Board will ensure that it acts within the policies and strategies of the Authority.

June 2012

AUDIT BOARD WORK PROGRAMME 2013/14

APPENDIX 2

19th September 2013

- Audit Commission Annual Governance Report 2011/2012 – quarterly written report in respect of progress made on the actions.
- Grant Thornton Audit Update – responses to the Challenge questions, as detailed in their report and presented to the Audit Board on 14th March 2013.
- Further Information on – Closed Landfill Sites
Reserves
- Internal Audit Monitoring Report
- Internal Audit Annual Report & DRAFT Audit Opinion 2012/2013
- Departmental Risk Registers – Customer Services Presentation
- Risk Management Monitoring Group – Bi-monthly meetings. Nominated Audit Member to attend bi-monthly meetings in Bromsgrove.
- Audit Board Draft End of Year Report 2012/2013
- Benefits Investigations

12th December 2013

- Statement of Accounts 2012/2013
- Financial Reporting – revised quarterly monitoring report, detailing savings.
- Internal Audit Monitoring Report
- Draft Internal Audit Plan 2014/2015
 - Internal Audit 3 year plan 2012/2013 – 2014/2015 (to be included as an appendix to the Draft Internal Audit Plan)
- Benefits Investigations
- Grant Thornton Audit Opinion Recommendations

20th March 2014

- Grant Thornton Certification Report 2012/2013
- Grant Thornton Auditing Standards
- Grant Thornton Audit Plan March 2014
- Grant Thornton Progress Report
- Statement of Accounting Policies
- Internal Audit Monitoring Report
- Internal Audit Plan 2014/2015
- Audit Board End of Year Report 2013/2014 (for discussion)

To Be Allocated To Suitable Dates

- Departmental Risk Registers – High Level Actions, quarterly reports (to include a frontline service and a support service)
- Departmental Risk Registers – Detailed reports to be provided periodically
- Contracts Register – ‘due process’ update to be provided with regard to contracts entered into and that the Legal Services Team sees all contracts entered into.
- Corporate Fraud – staff survey results with regard to the questions asked on the Council’s whistleblowing procedure.
- Best practice – speaker from another authority on operation of their member Audit review and monitoring arrangements.

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Legal, Equalities and Democratic Services

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