



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY 16TH JULY 2015 AT 6.00 P.M.

THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

MEMBERS: Councillors S. R. Colella, , M. Glass, H. J. Jones, P. M. McDonald,
S. R. Peters, , R. D. Smith, P.L. Thomas, M. Thompson and
S. A. Webb

PARISH COUNCILS' REPRESENTATIVES:

Mr. J. Ellis
Mr. C. Scurrall

AGENDA

1. Introduction and Welcome to the New Audit, Standards and Governance Committee

To welcome Members to the first meeting of the newly established Audit, Standards and Governance Committee.

Future meetings of the committee for the 2015/16 Municipal Year are scheduled to take place at 6.00 p.m. on:

Thursday 17th September 2015
Thursday 10th December 2015
Thursday 24th March 2016

2. Election of Chairman
3. Election of Vice Chairman
4. Apologies and Named Substitutes
5. Declarations of Interests
6. To confirm the accuracy of the minutes of the Audit Board meeting held on 19th March 2015 (Pages 1 - 10)

7. To confirm the accuracy of the minutes of the Standards Committee meeting held on 15th January 2015 (Pages 11 - 14)
8. Standards Regime - Monitoring Officer's Report (Pages 15 - 20)
9. Standards - Parish Councils' Representatives' Report (Oral update)
10. Localism Act 2011 - Standards Regime - Dispensations (Pages 21 - 26)
11. Audit, Standards and Governance Committee Work Programme (Pages 27 - 42)
12. Grant Thornton Audit Fee Report (Pages 43 - 50)
13. Annual Governance Statement 2014/15 (Pages 51 - 60)
14. Internal Audit Annual Report and DRAFT Audit Opinion 2014/15 (Pages 61 - 74)
15. Benefits Fraud Investigations Quarter 4 Update Report (Pages 75 - 88)
16. Corporate Risk Register (Pages 89 - 100)
17. Audit Board Draft End of Year Report 2014/15 (Pages 101 - 130)

K. DICKS
Chief Executive

The Council House
Burcot Lane
BROMSGROVE
Worcestershire
B60 1AA

8th July 2015

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

THURSDAY, 19TH MARCH 2015 AT 6.05 P.M.

PRESENT: Councillors H. J. Jones (Chairman), M. T. Buxton (Vice-Chairman), B. T. Cooper, S. J. Dudley, R. J. Laight and R. J. Shannon (substituting for P. M. McDonald)

Invitees: Mr. P. Jones, Ms. Z. Thomas and Ms. M. Wren, Grant Thornton

Officers: Mr. A. Bromage, Ms. S. Morgan and Mr. D. Riley and Mr. P. Stephenson

40/14 **APOLOGIES**

Apologies for absence were received from Councillors S. J. Baxter, P. A. Harrison and P. M. McDonald.

41/14 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

42/14 **MINUTES**

The minutes of the meeting of the Audit Board held on 19th March 2015 were submitted.

RESOLVED that the minutes be approved as a correct record.

43/14 **GRANT THORNTON CERTIFICATION WORK REPORT 2013/2014**

The Chairman welcomed Mr. P. Jones (Engagement Lead), Ms. Z. Thomas (Manager) and Ms. M. Wren, Grant Thornton to the meeting.

The Board was asked to consider and note the Grant Thornton Grant Certification Letter for 2013/2014. Members were informed that as detailed in the certification letter the indicative scale fee set by the Audit Commission for the Council for 2013/2014 was £3,872. Grant Thornton considered that there was an error in the indicative fee stated by the Audit Commission as it was out of line with the fees set by the Audit Commission in both 2012/2013 and 2014/2015, as detailed in Appendix B to the report. Grant Thornton had highlighted this with the Audit Commission.

The key messages from the Audits were:

- Benefit subsidy was a relatively complex area and the amount of testing that Grant Thornton was required to undertake was extensive.
- A number of errors were identified and training plans had been put in place.
- Supporting working papers required further improvement.
- The claim was amended by £9,580 and therefore qualified.

RESOLVED that the Grant Thornton Grant certification letter 2013/2014 be noted.

44/14

GRANT THORNTON - INFORMING THE AUDIT RISK ASSESSMENT 2014/2015

The Board was asked to consider a report from Grant Thornton which detailed the Audit Risk Assessment for 2014/2015 and the management responses in relation to the controls that were in place within Bromsgrove District Council.

Members were informed that no specific concerns had been highlighted by Grant Thornton. The purpose of the report was to contribute towards the effective two-way communication between, the Council's external auditors, Grant Thornton and the Council's Audit Board. This two-way communication assisted both the auditor and the Audit Board in understanding matters relating to the audit and develop a constructive working relationship.

As part of their risk assessment procedures they are required to obtain an understanding of management processes of the following areas:-

- Fraud
- Laws and regulations
- Going concern
- Related Parties
- Accounting estimates

A series of questions on each of the above areas and the management responses were detailed in the report. As detailed in the report, the Council's Section 151 officer had agreed that a report would be provided with regard to Bromsgrove District Council being a 'Going Concern'. Further discussion followed on the management responses.

RESOLVED that the Grant Thornton, Informing the Audit Risk Assessment 2014/2015 report be noted.

45/14

GRANT THORNTON AUDIT PLAN 2014/2015

The Board were asked to consider a report that provided details of the Grant Thornton Audit Plan 2014/2015. The Audit Plan sets out the work that Grant Thornton proposed to undertake in relation to the Audit of financial accounts for 2014/2015.

Members were informed that a number of recommendations had been proposed by Grant Thornton and that the recommendations and management responses would be presented to a future meeting of the Board.

Members discussed and raised questions on risks identified with regard to the valuation of the Council House and the payroll manager, as the report highlighted that currently there was no payroll manager in post. Grant Thornton had undertaken an initial assessment to identify areas of risk to their Value for Money (VFM) conclusion. These would be considered further as part of their detailed risk assessment with the findings being report in the Audit Findings Report in September 2015. As detailed on page 54 in the report, the assessment work had identified VFM risks which would be investigated further with a review of the Medium Term Financial Plan (MTFP), discussion with officers and a review of relevant documentation.

Interim audit work was started in January 2015. Grant Thornton planned to complete that interim visit in April 2015. The findings of their first interim audit work, and the impact of their findings on the accounts audit approach were summarised on pages 56 to 58 in the report.

Councillor M. T. Buxton questioned if the staff survey results would be shared with Grant Thornton, as Audit Board Members had expressed some concerns with regard to some of the results in the staff survey.

RESOLVED:

- (a) that the Grant Thornton Audit Plan 2014/2015 be noted;
- (b) that the Audit Opinion Plan 2014/2015 be agreed.

46/14

GRANT THORNTON PROGRESS UPDATE REPORT - MARCH 2015

The Board was asked to note the Grant Thornton Progress Report Update to March 2015.

The report outlined that as of March 2015 the 2014/2015 Accounts Audit Plan would be completed in line with the agreed timetable. The report also included a summary of emerging national issues and developments that may be relevant and a number of challenge questions in respect of these emerging issues that Members may want to consider:-

- Independent Commission into Local Government Finance
- Inspection into the Governance of Rotherham Council Department for Communities and Local Governments (DCLG) Build to rent scheme
- Local Government Governance Review 2015
- Stronger futures: developing of the Local Government Pension Scheme (LGPS)

Members were informed that with regard to the emerging issues, officers would ensure Parish Councils were made aware of the new arrangements due to be in place in 2017.

The report highlighted other activity undertaken by Grant Thornton which included providing Council officers with technical training in conjunction with

Chartered Institute of Public Finance and Accountancy (CIPFA), Finance Advisory Network (FAN) and adhoc technical support to the Council's finance team.

Further discussion followed with regard to the Local Government Review 2015, Governance in working with others, in respect of Worcestershire Regulatory Services (WRS). Councillor R. J. Laight requested that the Board had sight of the accounts for WRS for transparency purposes. Several questions were raised with Members debating if the WRS accounts should be presented to the Overview and Scrutiny Board, as highlighted in Grant Thornton's report; there was an urgent need for scrutiny to exercise good governance over the complex array of partnerships in which local authorities were now involved. Scrutiny committees could bring a new level of transparency and accountability to areas of contracted out activities and joint operations or ventures.

RESOLVED that the Grant Thornton Progress Report Update to March 2015, be noted.

47/14

PRESENTATION FROM THE INVESTIGATION OFFICER

Following on from the meeting held on 11th December 2014 and in response several questions from Members with regards to benefit fraud, the Head of Customer Access and Financial Support had suggested that the Benefits Fraud Manager be invited to a future meeting of the Board. The Benefits Fraud Manager would be able to provide Members with more detailed information in order to help Members gain an understanding of the processes behind prosecution, cautions and administrative penalties and the parameters applied in relation to the timescales allocated to repay overpayments.

The Chairman welcomed Mr. P. Stephenson, Benefits Fraud Manager, to the meeting.

The Benefit Fraud Sanctions presentation was to provide clarity for Members with regard to benefit fraud sanctions and covered:-

- Sanction Cases
- Evidence Test
- Public Interest Test
- Formal Caution
- Administrative Penalty
- Prosecution
- No Sanction

Further discussion followed with Members seeking further clarification on information detailed in the presentation slides. The Board confirmed that the presentation had provided them with the clarification they had required.

The Chairman thanked Mr. Stephenson for his presentation.

48/14 **BENEFITS FRAUD - QUARTER 3 UPDATE**

The Board considered a report on performance information in respect of the Benefits Fraud Investigation Service for the period 1st October 2014 to 31st December 2014, Quarter 3.

The Revenue Services Manager introduced the report and in doing informed Members that during the three month period, total overpayments of £162,315 in Housing Benefit had been identified; and that overpayments on fraud investigations closed during the same period totalled £58,250 in Housing Benefit, £7,870 in Council Tax Benefit and £2,531 in Council Tax Support.

During quarter 3, sixty fraud referrals were received and considered for investigation by the team. This was more than double the number received in quarter 2, and was due largely to a new process that was in place for data matching with HMRC records. Ten investigations were closed during the period with fraud or error established. Four customers were prosecuted. The offences related to undeclared work in two cases, an undeclared private pension in one case and both work and undeclared private pension in the other.

RESOLVED that the Benefits Services Fraud Investigations update for the period 1st October 2014 to 31st December 2014, Quarter 2 be noted.

49/14 **IMPLEMENTATION OF A NEW FINANCIAL MANAGEMENT SYSTEM - UPDATE REPORT**

The Board were asked to note a report that provided Members with an update regarding the implementation of a New Financial Management System for Bromsgrove District Council (BDC).

The Finance Services Manager introduced the report and informed the Board that during August 2014 BDC had agreed to change its current supplier for a Financial Management System and upgrade to a version of software called Efinancials supplied by Advanced Computer Software.

As the project was a joint project with Redditch Borough Council this had enabled savings to be made for both authorities in software costs and staff requirements. The project was split into several sections with the main ledger. The Accounts Payable and Debtors ledger were now live were successfully migrated to the new software and balanced back to the Agresso system.

The next phase of the project had commenced and had involved a stakeholder group of managers designing a budget monitoring system to assist with the financial planning of the authority. This was due to go live at the end of April 2015.

Discussion followed with questions from Members about the potential savings to be realised with regard to staff time and software. The Finance Services Manager confirmed that this was part of the current restructure but savings would not be realised until 2016/2017.

RESOLVED that the update on the current position on the New Financial Management System for Bromsgrove District Council be noted.

50/14

TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2014/2015 TO 2016/2017

The Board was asked to consider a report which detailed the Treasury Management Strategy Statement and Investment Strategy 2014/2015 to 2016/2017 in order to comply with the Local Government Act 2003.

The Finance Services Manager introduced the report and in doing informed Members that the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public services (CIPFA TM Code) and the Prudential Code required local authorities to set the Treasury Management Strategy Statement (TMSS) and Prudential Indicators each financial year.

Discussion followed on borrowing and where sourced. The Finance Services Manager agreed to provide Audit Board Members with more detailed information on borrowing and where sourced.

RESOLVED:

- (a) that the Strategy and Prudential Indicators shown at Appendix 1 to the report;
- (b) that the Authorised Limit for borrowing at £12 million if required;
- (c) that the maximum level of investment to be held within each organisation (i.e. bank or building society) as detailed at £3 million, subject to market conditions;
- (d) that an unlimited level of investment in Debt Management Account Deposit Facility (DMADF); and
- (e) that the updated Treasury Management Policy, as detailed at Appendix 2 to the report, be approved.

51/14

QUARTER 3 - FINANCIAL MONITORING REPORT (APRIL - DECEMBER 2014)

The Board were asked to note a report which detailed the monitoring of projected savings for 2014 / 2015. The report included the delivery of savings and additional income for the period April 2014 to December 2014.

The Finance Services Manager introduced the report and informed the Board that as recommended by the Council's External Auditors, Grant Thornton, the delivery of the savings were being monitored more closely to ensure the Council was meeting savings in the way that was expected when the budget had been set.

Appendix 1 to the report showed that for the period April to December 2014 there were no concerns in the delivery of the savings to budget. A number of the projections were based on reductions in cost following service reviews and due to the timing of the restructures a number of savings had been realised

from vacant posts and other service savings to ensure the level of cost reduction was still achieved.

Members sought clarification on the savings identified for the Town Centre Manager. The Finance Services Manager agreed to provide further detailed information to the next meeting of the Board.

RESOLVED:

- (a) that the Finance Services Manager provides Audit Board Members with further information, as detailed in the preamble above, in respect of the Town Centre Manager; and
- (b) that the current financial position for projected savings for 2014/2015, as presented in the Finance Monitoring Report for April to December 2014, be noted.

52/14

RISK MANAGEMENT MONITORING GROUP - VERBAL UPDATE

The Finance Services Manager provided the Board with a brief verbal update with regards to the Risk Management Monitoring Group. Members were informed that the Risk Management Monitoring Group meeting scheduled for January 2015 had been postposed pending the issue of an Internal Audit report on some routine audit work that had been carried out in respect of risk management. A draft copy of the report was received at the end of January 2015 and the Risk Management Monitoring Group were now considering the report in order to form an action plan.

53/14

INTERNAL AUDIT MONITORING REPORT

The Board was asked to consider the monitoring report of internal audit work and performance for 2014 / 2015.

Mr. A. Bromage, Service Manager, Worcestershire Internal Audit Shared Service introduced the report which provided commentary on Internal Audit's performance for the period 1st April 2014 to 28th February 2015 against the performance indicators agreed for the service.

The report detailed audit reports issued / completed since the last internal audit report. There had been seven delivered audits as detailed on page 122 in the report. Members were asked to consider the 'High' and 'Medium' Priority Recommendations, as detailed on pages 131 to 138 in the report and the follow up audits as reported.

The Chairman suggested that a breakdown of the service areas reported to have 'high' priority recommendations be provided to the next meeting of the Board.

Councillor M.T. Buxton commented on the revised content of the report and expressed her thanks to Mr. Bromage.

RESOLVED that the monitoring report of internal audit work and performance for 2014 / 2015, be noted.

54/14 **INTERNAL AUDIT PLAN 2015/2016**

The Board considered a report which detailed the Internal Audit Operational Plan for 2015/2016 and the key performance indicators for the Worcestershire Internal Audit Shared Service 2015/2016.

Mr. A. Bromage, Service Manager, Worcestershire Internal Audit Shared Service introduced the report and in doing reminded Members that a provisional plan of work was presented to the Board in December 2014. The provisional plan had provided Members with the opportunity to have a positive input to the audit work programme for 2015/2016.

Mr. Bromage highlighted that with the resource allocation of 250 chargeable days for 2015/2016, as agreed with the Council's s151 officer; 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 statement and statement of accounts.

The 250 day allocation was based on transactional type system audits and had been reduced from the 300 days delivered during 2014/2015, providing a saving of 50 days. Due to the changing internal environment, on-going transformation and more linked up and shared service working between Bromsgrove District Council and Redditch Borough Council the plan was organised in a smarter way in order to exploit the efficiencies that this type of working provided.

RESOLVED:

- (a) that the Internal Audit Operational Plan 2015/2016; and
- (b) that the Key Performance indicators for the Worcestershire Internal Audit Shared Service 2015/2016 be noted.

55/14 **AUDIT BOARD - END OF YEAR REPORT 2014/2015 (FOR MEMBER DISCUSSION)**

Audit Board Members were asked to consider if they wanted to follow on from the success of the last municipal year and produce an Audit Board End of Year Report for 2014/2015.

RESOLVED that the Chairman and Vice-Chairman work with the Democratic Services Officer to produce a draft Audit Board End of Year Report 2014/2015, to be presented to the next meeting of the Audit Board.

56/14 **AUDIT BOARD WORK PROGRAMME**

The Board considered the Work Programme for 2014/2015.

Councillor B. T. Cooper raised the point that he felt with such a heavy agenda and the size of the reports it was difficult to devote the time to some of the important issues. He acknowledged that all the papers were important but

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requested that feedback as sought with regard to achieving fewer items on the agenda.

In response the Chairman agreed that she would raise his concerns with the Council's Section 151 officer and the Democratic Services officer.

RESOLVED:

- (a) that the Audit Board Work Programme for 2014/2015 be noted; and
- (b) that as detailed in the preamble above the Chairman liaises with officers to review the Audit Board Work Programme.

The meeting closed at 7.40 p.m.

Chairman

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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE STANDARDS COMMITTEE

THURSDAY, 15TH JANUARY 2015 AT 6.00 P.M.

PRESENT: Councillors B. T. Cooper (Chairman), M. A. Bullivant (Vice-Chairman), S. J. Dudley, C. M. McDonald, C. R. Scurrall, R. J. Shannon and L. J. Turner

Parish Councils' Representatives: Mr. I. A. Hodgetts and Mr. J. Cypher

Officers: Ms. C. Flanagan, Mrs. S. Sellers and Ms. D Parker-Jones

10/14 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors D. W. P. Booth and C. J. Spencer.

It was noted that Mrs. K. May, Deputy Parish Councils' Representative – Observer, had also tendered her apologies for the meeting.

11/14 **DECLARATIONS OF INTEREST**

No declarations of interests were declared.

12/14 **MINUTES**

The minutes of the meeting of the Standards Committee held on 9th October 2014 were submitted.

RESOLVED that the minutes be approved as a correct record.

13/14 **MONITORING OFFICER'S REPORT**

The Deputy Monitoring Officer (DMO) presented the report in the Monitoring Officer's (MO) absence.

Member Complaints

The DMO provided an overview of the Member complaints information set out in the report, which detailed all complaints received by the MO since the introduction of the current standards regime in July 2012.

Initially, the majority of complaints made were between district councillors, with the most common subject matter relating to Member comments made at meetings or in the press. More recently, there had been an increase in

complaints made by members of the public (which totalled 35% of the complaints made since 2012) and in complaints made against parish councillors.

The positive input of the Independent Persons and Group Leaders in assisting in the resolution of complaints was noted. All complaints had been resolved locally by the Monitoring Officer without the need for a formal hearing. The new standards regime allowed for far greater flexibility in processing complaints and local resolution was seen to be working well. Members expressed their gratitude for the work of the Independent Persons.

The need for parishes to ensure they had clear processes relating to the conduct of meetings, and that their Members understood the rules surrounding declaration of interests, was noted. Further training on the Code of Conduct for parishes would also be taking place following the 2015 elections.

One of the Parish Councils' Representatives thanked Officers for the report. He felt that the information contained in this would be helpful to the parishes and requested that a copy be forwarded to the parish councils. Officers advised that all parish council clerks automatically received an email confirming when a Standards Committee agenda had been published on the District Council's website and providing a link to the agenda. However, given the significance of the information detailed in the report in relation to the increase in complaints received against parish councillors, Officers agreed to email a further copy of the report to the parish clerks.

A Member queried whether it would be possible for Officers to confirm which complaints had been made by members of the public. Officers responded that this issue had previously been discussed by the Committee and it had been agreed that, at present, such information would not be disclosed. At the last meeting however the MO agreed to consider this matter as part of the wider constitution review work which was currently being undertaken. The only instance in which a complainant's details would be made public were where an Investigating Officer had found in their final report evidence of failure by the subject Member to comply with the Code of Conduct. In response to a further Member query, Officers confirmed that complainants were notified of the outcome of their complaints.

Member training

In relation to the re-arranged chairing skills training which had taken place on 16th December 2014, a Member queried whether all Chairmen and Vice-Chairmen had attended this, including the Chairman of the Council. The DMO responded that she did not have attendance details to hand but that she would check the position and report back to Members separately on this.

Constitution Working Group

It was queried whether the Constitution Working Group would be considering the Standards Committee element of the Constitution review prior to the 2015 elections.

The DMO advised that she was unable to give a specific timetable in this regard, but that this was on the list of matters to be considered, and that the Constitution Working Group was due to complete its work in time for any changes to be introduced with effect from the new municipal year.

RESOLVED that the report be noted.

14/14

PARISH COUNCILS' REPRESENTATIVES' REPORT

Mr Cypher advised that immediately following the last meeting of the Standards Committee he had written to the Parish Council Clerks regarding emerging complaint trends and the increased number of complaints that had been made against parish councillors, and seeking any views from the parishes on the reporting of Members complaints, as discussed at the October meeting.

Mr Cypher had not received any responses from the parishes for the Monitoring Officer (MO) to feed into the Constitution Working Group, however the issues had at least been brought to the parishes' attention. Unfortunately, the majority of the time at the December meeting of the Bromsgrove Area Committee of the Worcestershire County Association of Local Councils (CALC) had been taken up with planning questions to the District Council's Head of Planning and Regeneration. Mr Cypher confirmed that he would therefore be taking these issues to the next CALC meeting in March.

In relation to the Standards Committee's Terms of Reference which were appended to the Work Programme at Agenda Item 6, Mr Cypher queried whether point i. of these was correct in stating that only points g and h applied to parish councils. Mr Cypher stated his understanding that all categories applied to the parishes and commented that clarification on this might be sought as part of the constitution review. He added that if Code of Conduct training was due to take place for the parishes following the 2015 elections it would be helpful for the Standards Committee's remit to be made clear. Mr Cypher also expressed a view that when the Monitoring Officer was due to write to the parish councils in relation to the Code of Conduct training, it be highlighted that attendance at the training should be more than optional, particularly in view of the increased number of complaints which had been received against parish councillors.

The Deputy Monitoring Officer (DMO) stated that the Terms of Reference were correct and that only sections g and h applied to parish councils in terms of legislative requirements. Whilst the Monitoring Officer and other Officers worked closely with the parish councils on standards-related matters, and to this end had forged good working relationships with the parishes, and whilst a generic Code of Conduct had for the most part been agreed between the district and parish councils, only certain elements of the standards regime were mandatory for parish councils under the Localism Act 2011. Although

the Monitoring Officer aimed to provide support, assistance and training to the parishes, both she and the Standards Committee only had remit for certain statutory functions in relation to the parish councils and could only act within those powers.

Members agreed that it would be helpful to add some general wording to the document incorporating the Standards Committee's Terms of Reference to make clear any statutory role of the Committee in relation to the parish councils, and to distinguish between statutory or other functions carried out by the Monitoring Officer or the Committee in the promotion of good working practices between the District and parish councils.

RESOLVED

- (a) that the report be noted; and
- (b) the Standards Committee Terms of Reference document be updated to make clear any statutory role of the Committee in relation to the parish councils, and to distinguish between statutory or other functions carried out by the Monitoring Officer or the Committee in the promotion of good working practices between the District and parish councils.

15/14

WORK PROGRAMME

Members considered the Committee's Work Programme and agreed that it be determined nearer the time whether there was a need for the meeting scheduled for 17th March 2015 to proceed. Should there either be any standards-related feedback from the Constitution Working Group, or if more Member complaints had been received, then the meeting would take place.

RESOLVED that the Work Programme be approved.

The meeting closed at 6.40 p.m.

Chairman

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16th July 2015

MONITORING OFFICER'S REPORT

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder consulted	Yes
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services and Monitoring Officer
Wards affected	All Wards
Ward Councillor consulted	N/A

1. SUMMARY OF PROPOSALS

- 1.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Standards and Governance Committee since the last meeting of the former Standards Committee took place on 15th January 2015.
- 1.2 It is proposed that a report of this nature be presented to each meeting of the Audit, Standards and Governance Committee to ensure that Members are kept updated as to any relevant standards developments. Any further updates arising after publication of this report will be reported orally by Officers at the meeting.

2. RECOMMENDATIONS

That the Committee note the report and comment on any aspects of this, as appropriate.

3. KEY ISSUES

Financial Implications

- 3.1 There are no financial implications arising out of this report.

Legal Implications

- 3.2 The Localism Act became law on 15th November 2011. Chapter 7 of Part 1 of the Localism Act 2011 introduced a new standards regime effective from 1st July 2012. The Act places a requirement on authorities to promote and maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a district or parish councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such allegations can be made. The Relevant Authorities (Disclosable Pecuniary Interests)

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Regulations 2012 were laid before Parliament on 8th June 2012 and also came into force on 1st July 2012.

Service / Operational Implications

New Audit, Standards & Governance Committee

- 3.3 On 17th June 2015 Council agreed, as part of a report on the Review of the Constitution, that the work of the former Standards Committee and Audit Board be merged and a new Audit, Standards Governance Committee be created.
- 3.4 A copy of the new Committee's Terms of Reference and Procedure Rules are appended to the Committee's Work Programme at agenda item 11.
- 3.5 As set out in the report to Council, as a consequence of the merging of the standards responsibilities into the new single Audit, Governance and Standards Committee, it is proposed that the new Committee reviews the arrangements for standards hearings at an early meeting. This issue has therefore been added to the Committee's Work Programme and is currently listed for the September meeting. The report will also look at the establishment of Standards Hearings Sub-Committees.
- 3.6 The Committee will receive, at each meeting, a general report of the Monitoring Officer detailing any relevant developments in relation to the standards regime.

Member Complaints

- 3.7 Since the last meeting of the former Standards Committee in January a total of 5 complaints have been received, all of which relate to District Councillors. Three of the complaints were made by members of the public and two of the five complaints were Member/Member complaints.
- 3.8 The complaints received from members of the public were as follows:

Nature of complaint	Complaint outcome
Councillor made a misleading statement	Resolved locally by the Monitoring Officer with the Independent Person
Councillor was insulting	“ “ “ “ !
Councillor was misleading	Monitoring Officer and Independent Person agreed that the complaint was not Code of Conduct related

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- 3.9 Of the two Member/Member complaints, one related to a Member on a planning site visit and the other concerned conduct in the Council Chamber. Member/Member complaints are dealt with by the Group Leaders.

Member training

- 3.10 Since the May 2015 elections various training events have taken place introducing Members to the work of their committees. Further sessions to assist Members in their roles as councillors will take place later in the municipal year and Safeguarding and equal opportunities training is scheduled for 8th July.
- 3.11 Planning Committee training was hosted by Bromsgrove District Council following the elections. Trevor Roberts Associates delivered two evenings of training, which included setting out the policy background to planning and the role that councillors have in development control generally and the Planning Committee specifically. Quasi-judicial training has also been held prior to the first meeting of the Licensing Sub-Committees to support Members in their role.
- 3.12 Three repeat Standards and Code of Conduct training sessions were held at Redditch Borough Council and Bromsgrove District Council in June. Two of the sessions took place in Bromsgrove and Borough and District Councillors were offered the opportunity to attend the training session aimed at parish councillors if the other dates specified were not convenient for them.
- 3.13 General (non-mandatory) training on the Audit, Standards and Governance Committee will take place immediately prior to this evening's meeting. The training is aimed to support members of the Committee and any Members who may wish to sit as substitutes on the Committee. The training will outline the role of the Committee and what types of reports the Committee will consider from a Standards, Finance (s151 Officer) and Internal Audit perspective. Separate quasi-judicial training is required for the conduct of any Standards Hearing, which will be arranged as and when required.

Parish Representatives on the Committee and Independent Persons

- 3.14 The membership of the Audit, Standards and Governance Committee (and the former Standards Committee) includes two non-voting co-opted Bromsgrove Parish Councils' Representatives (who may not also be a district councillor). A Deputy Parish Representative is also requested from the Parish Councils in the event they need to substitute for a Parish Representative.

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AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

16th July 2015

- 3.15 At the meeting of the Bromsgrove Area Committee of the Worcestershire County Association of Local Councils (CALC) on 10th June Chris Scurrall, Vice-Chairman of Belbroughton Parish Council, and John Ellis, Chairman of Belbroughton Parish Council, were appointed the Parish Representatives on the Committee. No Deputy Parish Representative was appointed and this will carry over to the agenda for the next CALC meeting in September. As the Parish Representatives on the Committee are now non-voting (following changes made to the Standards Committee structure under the Localism Act 2011), no separate formal appointments process is required and the appointments made are for noting only. The appointments have been made for the year ahead and nominations for the positions are automatically included on the agenda for the CALC Annual Meeting in June of each year.
- 3.16 An item will be included on each Audit, Standards and Governance Committee agenda allowing the Parish Representatives to raise/report back (orally) of any standards issues which are of relevance to the Monitoring Officer and the Committee.
- 3.17 The Council's two Independent Persons under the Standards regime (again introduced under the Localism Act 2011), who do not form part of the membership of the Committee but who the Monitoring Officer is required to consult with on any non-Member/Member complaints, are sent a copy of the agenda for the meeting and invited to observe the proceedings, on an informal basis, should they so wish.

Customer / Equalities and Diversity Implications

- 3.18 There are no direct implications arising out of this report. Full details of the Councils process for complaining about members are available from the Monitoring Officer on request.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are:

- Risk of challenge to Council decisions; and
- Risk of complaints about elected Members.

5. APPENDICES

None.

6. BACKGROUND PAPERS

Chapter 7 of the Localism Act 2011.
Complaint papers (confidential).

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

16th July 2015

Various reports to, and minutes of, meetings of the former Standards Committee and Council, as detailed in the report.

AUTHOR OF REPORT

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LOCALISM ACT 2011 – STANDARDS REGIME – DISPENSATIONS

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services and Monitoring Officer
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	N/A

1. SUMMARY OF PROPOSALS

To consider the re-granting of both dispensations previously granted by the former Standards Committee and the granting of new dispensations.

2. RECOMMENDATIONS

The Committee is asked to **RESOLVE** that

- 1) **subject to the caveat set out in paragraph 3.15 of this report in relation to setting the Budget, the Audit, Standards and Governance Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and vote at Council and committee meetings when considering the setting of:**
 - a) **the Budget;**
 - b) **Council Tax; and**
 - c) **Members' Allowances.**

- 2) **the Audit, Standards and Governance Committee grant a dispensation under Section 33 (2) of the Localism Act 2011 to allow Members to address Council and committees in circumstances where a member of the public may elect to speak;**

- 3) **subject to Officer confirmation at the meeting as to the continuing validity of the individual Member dispensations detailed in the table at Appendix 1 to the report, together with confirmation of any further individual dispensations which are being sought by Members, the Audit, Standards and Governance Committee grants dispensations under section 33 (2) of the Localism Act 2011 to allow those Members to participate in and vote at Council and committee meetings in the individual circumstances detailed;**

- 4) **the Audit, Standards and Governance Committee grant a dispensation under Section 33 (2) of the Localism Act 2011 to allow Members to participate and vote at Council and committee meetings when considering the adoption of any new or updated Non-Domestic**

Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the District;

- 5) **the dispensations referred to at 1), 2), 3) and 4) above take effect on receipt of a written request from Members for a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; and**
- 6) **the dispensations referred to at 1), 2), 3) and 4) above be valid until the first meeting of the Audit, Standards and Governance Committee after the District Council Elections in 2019.**

3. KEY ISSUES

Financial Implications

- 3.1 None.

Legal Implications

- 3.2 Section 33 of the Localism Act 2011 provides that Dispensations can be granted in respect of Disclosable Pecuniary Interests (“DPs”).
- 3.3 Section 33 (1) requires that a Member must make a written request for a dispensation.
- 3.4 Section 33 (3) provides that a dispensation must specify the period for which it has effect and that period may not exceed 4 years.

Service / Operational Implications

- 3.5 Under s31 (4) of the Localism Act 2011 a Member who has a DPI in a matter under consideration is not permitted to participate in the discussion or vote on the matter unless s/he has first obtained a dispensation under s33.
- 3.6 Section 33 (2) includes a number of situations where a dispensation can be considered, but should be granted “only if, after having regard to all relevant circumstances” the Committee considers that one of those situations applies.
- 3.7 The statutory grounds under s33 (2) for the granting of a dispensation are where the authority –
 - “(a) considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business,

- (b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business,
 - (c) considers that granting the dispensation is in the interests of persons living in the authority's area,
 - (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without them dispensation each member of the authority's executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority's executive, or
 - (e) considers that it is otherwise appropriate to grant a dispensation.”
- 3.8 The consideration of whether to grant a dispensation under s33 was previously delegated to the former Standards Committee. This function has now transferred to the newly established (by Council on 17th June 2015) Audit, Standards and Governance Committee.
- 3.9 On 28th November 2012 the Standards Committee resolved to grant, subject to receipt of the required written request from Members, general dispensations for the setting of the Council Tax and Members' Allowances, and also for Members' speaking rights (i.e. to those Members with a DPI who would otherwise be prevented from addressing Council and committees in circumstances where a Member of the public may elect to speak).
- 3.10 On 10th October 2013 the Standards Committee granted an additional general dispensation for when Members considered setting the Budget.
- 3.11 On 9th January 2014 and 9th October 2014 the Standards Committee granted a number of general dispensations to individual Members based on their memberships of certain outside bodies (The Artrix Holding Trust and Artrix Operating Trust) and/or either their or their spouse's/partner's employment. Details of those dispensations, which at the time of this report going to print the relevant Members were being consulted on to ascertain whether any changes were required to these, are attached at Appendix 1 to the report. As part of the same exercise, all Members have been asked to consider whether they wish to apply for any additional individual dispensations based on outside body memberships and/or employment. Officers will update Members at the meeting should any additional requests for dispensations be sought or any changes to Appendix 1 be necessary.
- 3.12 An additional dispensation is being sought to allow Members to participate and vote at Council and committee meetings when considering the adoption of any new or updated Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the District.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

16th July 2015

- 3.13 All of the dispensations referred to at paragraphs 3.9 to 3.12 are subject to receipt of the required written request from Members and remain valid until the first meeting of the new Audit, Standards and Governance Committee after the District Council Elections which took place on 7th May 2015.
- 3.14 As this is the first meeting of the Committee since the Elections Members are asked to consider re-granting all of the previously approved dispensations for following 4 years ahead; until the first meeting of the Audit, Standards and Governance Committee after the District Council elections in 2019. The dispensation in relation to the Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance is being requested in the event the current Policy and Guidance requires any future consideration by Members, or a new Policy is being introduced.
- 3.15 It should be noted that under Section 106 of the Local Government Finance Act 1992 there is a caveat that any Member who is 2 months (or more) in arrears with their Council Tax payments cannot participate in any Council meeting concerning the budget. In the event that any Members were affected by the provisions of section 106, the statutory rule that they be barred from taking part in the budget decisions would prevail and any dispensation granted under this report would not apply.
- 3.16 In accordance with the general dispensations previously granted by the Standards Committee, and in order to satisfy the requirement for Members to apply for a dispensation in writing, the Monitoring Officer will circulate to all Members a request form seeking a dispensation for Members to sign prior to any relevant considerations at Council and/or committee meetings. The dispensations will then take effect upon receipt of the appropriate signed written requests from Members.

Customer / Equalities and Diversity Implications

- 3.17 None.

4. RISK MANAGEMENT

The granting of general dispensations by the Committee will, subject to receipt of a written request from Members for such a dispensation, clarify, for the avoidance of any doubt, Members' ability to participate in and vote at Council and committee meetings on certain matters as part of the Council's decision-making process.

5. APPENDICES

Appendix 1 - Draft table of individual Member dispensations.

6. BACKGROUND PAPERS

Section 33 of the Localism Act 2011.

Section 106 of the Local Government Finance Act 1992.

Reports to Standards Committee on 28th November 2012, 10th October 2013,
9th January 2014 and 9th October 2014 and Dispensation request to Council on
16th July 2014.

AUTHOR OF REPORT

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APPENDIX 1 – Draft Individual Member Dispensations

(Note: final dispensation details subject to Officer confirmation at the meeting)

Member(s)	Relevant DPI	Reason for dispensation
Cllr S Shannon	Director of BHI (Bromsgrove Housing Initiatives)	To allow participation in debates concerning housing issues; it is considered that it would be in the interests of the public to allow Members with knowledge of housing issues to contribute to any relevant debates.
Cllrs M Buxton, L Mallett and C Bloore	Officer for Unison or spouse/partner to officer for Unison	To allow participation in debates concerning employment / staffing issues in relation to the authority.
Cllrs C Allen-Jones, G Denaro, R Laight, K May, M Sherrey and K Taylor	The Artrix Holding Trust (Bromsgrove Arts Development Trust)	To allow participation in debates concerning the Artrix theatre generally but not in relation to funding issues.
Cllrs M Glass, J Griffiths, H Jones, R Smith and C Spencer	The Artrix Operating Trust (Bromsgrove Arts Centre Trust – charitable company)	To allow participation in debates concerning the Artrix Theatre generally but not in relation to funding issues.
Cllr Luke Mallett	Employee of the British Heart Foundation	To allow participation in debates or decisions regarding health improvement or public health and well-being generally.

WORK PROGRAMME 2015/16

16th July 2015

- General Dispensations Report (to be considered at first meeting of the Committee following local elections)
- Monitor Officer's Report
- Parish Councils' Representatives Report
- Grant Thornton Progress Report
- Grant Thornton Certification Fee letter
- Annual Governance Statement 2014/2015
- Risk Management Monitoring Group Update
- Town Centre Manager – savings identified, (Financial Services Manager to provide this information, as agreed at the meeting held on 19th March 2015)
- Internal Audit Annual Report and DRAFT Audit Opinion 2014/2015
- Benefits Fraud Investigations
- Audit Board Draft End of Year Report 2014/2015
- Audit, Standards & Governance Work Programme 2015/2016

17th September 2015

- The Audit, Standards & Governance Committee to review the arrangements for Standards Hearings
- Monitoring Officers' Report
- Parish Councils' Representatives Report
- Grant Thornton Progress Report
- Statement of Accounting Policies
- Statement of Accounts 2014/2015 (pre-audit)
- Corporate Risk Register
- Financial Monitoring Report
- Risk Management Monitoring Group Update
- Internal Audit Monitoring Report
- Benefits Investigations
- Audit, Standards & Governance Work Programme 2015/2016

10th December 2015

- Monitoring Officers' Report
- Parish Councils' Representatives Report
- Grant Thornton Annual Audit Letter
- Financial Monitoring Report
- Risk Management Monitoring Group Update
- Internal Audit Monitoring Report
- Draft Internal Audit Plan 2015/2016 – (to include Internal Audit 3 year plan)
- Benefits Investigations

- Audit, Standards & Governance Work Programme 2015/2016

24th March 2016

- Annual Review of Operation of the Audit, Standards & Governance Committee
- Monitoring Officer's Report
- Parish Councils' Representatives Reports
- Calendar of meetings for 2016/17
- Grant Thornton Certification Work Report 2013/2014
- Grant Thornton Audit Plan March 2016
- Grant Thornton Progress Report
- Financial Monitoring Report
- Risk Management Monitoring Group Update
- Internal Audit Monitoring Report
- Internal Audit Plan 2015/2016
- Benefits Investigations
- End of Year Report 2015/2016 (For Member discussion)
- Audit, Standards & Governance Work Programme 2015/2016

To Be Allocated To Suitable Dates

Audit, Standards and Governance Committee

Number of Members	9, none of whom may be members of the Cabinet + 2 co-opted non voting Parish Council representatives, who may not also be District Councillors, for the purpose of Standards
Attendance by other Councillors	Portfolio Holder with responsibility for finance expected to attend each meeting
Politically Balanced Y/N	Y
Quorum	5
Procedure applicable	<p>Rules</p> <p>Audit, Standards and Governance Committee Procedure Rules and Council Procedure Rules (with the exception of Council Procedure Rules 2-4, 6, 8-10, 12.2 – 12.3, 14, 17,19, 20 and 21) – if there is any conflict, Audit, Standards and Governance Committee Procedure Rules to take precedence</p>
Terms of Reference	<p><u>Stewardship and Audit</u></p> <p>To provide independent assurance to the Council in relation to:</p> <p>a. The effectiveness of the Council's governance arrangements, risk management framework and internal control environment, including overseeing:</p> <ul style="list-style-type: none"> • Risk management strategies; • Anti-fraud arrangements; • Whistle-blowing strategies; • Internal and external audit activity • Democratic governance <p>b. the effectiveness of the Council's financial and non-financial performance to the extent it affects exposure to risk and poor internal control;</p> <p>c. the annual governance statement.</p>

	<p>d. The review of the annual statement of accounts, confirming the appropriate accounting policies have been followed, including the external auditor's report to those charged with governance on issues arising from the audit of the accounts.</p> <p><u>Appointment of External Auditors</u></p> <p>e. To arrange the recruitment and operation of the Council's Auditor Panel, in accordance with the requirements of the Audit and Accountability Act 2014.</p> <p><u>Standards</u></p> <p>f. Promote and maintain high standards of conduct by Councillors and any co-opted members of Council bodies.</p> <p>g. Assist Councillors and co-opted members to observe the Members' Code of Conduct.</p> <p>h. Advise the Council on the adoption or revision of the Members' Code of Conduct.</p> <p>i. Monitor the operation of the Members' Code of Conduct.</p> <p>j. Advise, train or arrange to train Councillors and co-opted members on matters relating to the Members' Code of Conduct.</p> <p>k. Formulate advice for Members and officers on declarations of gifts and hospitality and monitor and review the arrangements for recording interests, gifts and hospitality.</p> <p>l. Grant dispensations to Councillors and co-opted members from requirements relating to interests set out in the Members' Code of Conduct.</p> <p>m. For both District and Parish Councils, deal with any report from the Monitoring Officer following an investigation into a complaint concerning the Members' Code of Conduct (statutory requirement).</p> <p>n. For both District and Parish Councils, consider and determine allegations that a Councillor or</p>
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Agenda Item 11

	<p>co-opted Councillor may have failed to follow the Code of Conduct and where a breach of the Code is established, impose sanctions as delegated by full Council or make recommendations as to any sanctions to the appropriate person or body (statutory requirement).</p> <p>o. Monitor and review the operation of the Protocol on Member-Officer relations.</p> <p>p. Monitor and review the operation of the Protocol on Member-Member relations.</p>
Special provisions as to the Chairman	None
Whipping arrangements	The party whip must not be applied
Substitutes	<p>Trained substitutes are permitted</p> <p>A nominated trained substitute is permitted for the Co-opted Non-voting Parish Representative (who shall not be a member of the same Parish Council as either of the Parish members).</p>
Officer attendance	S151 Officer, Monitoring Officer and Audit Services Manager or their deputies <i>are</i> expected to attend each meeting
Special provisions as to membership	<p>Only those Councillors who have undertaken appropriate training may sit on the Audit, Standards and Governance Committee.</p> <p>Quasi-judicial meetings training will be required before members sit on hearings.</p>

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AUDIT, STANDARDS AND GOVERNANCE COMMITTEE
PROCEDURE RULES – DRAFT

1. Role of the Audit, Standards and Governance Committee

- 1.1 The Council has established an Audit, Standards and Governance Committee.
- 1.2 The Committee works independently of the Council's Executive and Scrutiny to provide assurance to the Council on the effectiveness of its governance arrangements .
- 1.3 The ultimate responsibility for audit rests with the Portfolio Holder with responsibility for finance and the Section 151 Officer. Therefore the Audit, Standards and Governance Committee can make informed recommendations but it is not the role of the Committee to be a substitute for management of Internal Audit.
- 1.4 The Audit, Standards and Governance Committee does not have the power to make decisions with regard to Internal Audit or to direct officers with regard to Internal Audit.
- 1.5 The Committee shall work in partnership with the Council's Monitoring Officer, Deputy Monitoring Officer, Leaders of the Political Groups and the Portfolio Holder with responsibility for corporate governance to support the promotion and maintenance of high standards of conduct by Councillors and co-opted members of Council bodies.

2. Terms of Reference

- 2.1 The terms of reference of the Audit, Standards and Governance Committee are as follows:

To provide independent assurance to the Council in relation to:

- a. The effectiveness of the Council's governance arrangements, risk management framework and internal control environment, including overseeing:
 - Risk management strategies;
 - Anti-fraud arrangements;
 - Whistle-blowing strategies;
 - Internal and external audit activity
 - Democratic Governance

- b. the effectiveness of the Council's financial and non-financial performance to the extent it affects exposure to risk and poor internal control;
- c. the annual governance statement.
- d. The review of the annual statement of accounts, confirming the appropriate accounting policies have been followed, including the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Appointment of External Auditors

- e. To arrange the recruitment and operation of the Council's Auditor Panel and to recommend the appointment of external auditors in accordance with the requirements of the Audit and Accountability Act 2014.

Standards

- f. Promote and maintain high standards of conduct by Councillors and any co-opted members of Council bodies.
- g. Assist Councillors and co-opted members to observe the Members' Code of Conduct.
- h. Advise the Council on the adoption or revision of the Members' Code of Conduct.
- i. Monitor the operation of the Members' Code of Conduct.
- j. Advise, train or arrange to train Councillors and co-opted members on matters relating to the Members' Code of Conduct.
- k. Formulate advice for Members and officers on declarations of gifts and hospitality and monitor and review the arrangements for recording interests, gifts and hospitality.
- l. Grant dispensations to Councillors and co-opted members from requirements relating to interests set out in the Members' Code of Conduct.
- m. For both District and Parish Councils, deal with any report from the Monitoring Officer following an investigation into a complaint concerning the Members' Code of Conduct.

Agenda Item 11

PART 9

- n. For both District and Parish Councils, consider and determine allegations that a Councillor or co-opted Councillor may have failed to follow the Code of Conduct and where a breach of the Code is established, impose sanctions as delegated by full Council or make recommendations as to any sanctions to the appropriate person or body.
 - o. Monitor and review the operation of the Protocol on Member-Officer relations.
 - p. Monitor and review the operation of the Protocol on Member-Member relations.
- 2.2 Within those terms of reference, the Audit, Standards and Governance Committee will:

Audit

- a. agree the annual and strategic audit plans;
- b. review Internal Audit's progress against the audit plan and consider Internal Audit performance measures;
- c. receive and consider a summary of work undertaken by Internal Audit since the last meeting, plus current status;
- d. receive and consider executive summaries of financial process/procedures;
- e. receive and consider executive summaries of Value For Money reports;
- f. receive and consider executive summaries of contract audit reports;
- g. receive and consider executive summaries of any special investigations undertaken by Internal Audit.
- h. receive and consider a chronological summary of Internal Audit reports awaiting departmental response and address any evident problems.
- i. monitor the proportion of key recommendations actioned since the previous meeting.
- j. consider all external audit reports including the Annual Audit Letter.

Standards

- k. deal with any report from the Monitoring Officer following an investigation into a complaint concerning the Members' Code of Conduct.
- l. through the operation of a Hearings Sub-Committee, consider and determine allegations that a Councillor or co-opted member may have failed to follow the Code of Conduct and where a breach of the Code is established impose sanctions as delegated by Full Council or make recommendations as to any sanctions to the appropriate person or body.
- m. the exercise of k – l above in relation to the Parish Councils in the Council's area and the members of those Parish Councils.

3. Composition

- 3.1 The Audit, Standards and Governance Committee will comprise 9 Councillors. All Councillors except members of the Cabinet may be members of the Audit, Standards and Governance Committee.
- 3.2 The Portfolio Holder with responsibility for finance shall be expected to attend each meeting of the Audit, Standards and Governance Committee. He/she may participate in the meeting but may not vote.

4. Co-optees

- 4.1 The Audit, Standards and Governance Committee shall be entitled to recommend to Council the appointment of a number of people as non-voting co-optees of the Committee.
- 4.2 The Audit, Standards and Governance Committee will include among its membership 2 Parish Representatives, who may not also be District Councillors.

5. Chairman

At its first meeting following the Annual Council Meeting the Audit and Governance Committee will:

- a. appoint one of its members as Chairman; and
- b. appoint one of its members as Vice-Chairman.

6. Meetings of the Audit, Standards and Governance Committee

- 6.1 There shall be at least 4 ordinary meetings of the Audit, Standards and Governance Committee in each year.
- 6.2 Extraordinary meetings may be called from time to time as and when appropriate.
- 6.3 A meeting of the Audit, Standards and Governance Committee may be called by the Chairman of the Committee, by any 4 members of the Audit, Standards and Governance Committee or by the Chief Executive or Monitoring Officer if he/she considers it necessary or appropriate.
- 6.4 Where a Member of the Audit, Standards and Governance Committee is unable to attend a meeting of the Committee a trained substitute may attend in his or her place.

7. Quorum

The quorum for a meeting of the Audit, Standards and Governance Committee shall be 5 voting members.

8. Attendance of officers at meetings

- 8.1 The Section 151 Officer or his/her deputy shall be expected to attend each meeting of the Audit, Standards and Governance Committee.
- 8.2 The Monitoring Officer or his/her deputy shall be expected to attend each meeting of the Audit, Standards and Governance Committee.
- 8.3 The Audit Services Manager or his/her deputy shall be expected to attend each meeting of the Audit, Standards and Governance Committee.

9. Participation in Meetings

No member of the Audit, Standards and Governance Committee may be involved in the consideration of a decision in which he/she has been

directly involved. If any member of the Audit, Standards and Governance Committee finds that a decision in which he/she has been directly involved is to be considered, he/she shall declare the fact to the Committee and take no part in the discussion and voting in the part of the meeting which relates to that decision.

10. Work Programme

- 10.1 The Audit, Standards and Governance Committee will be responsible for setting its own work programme and in doing so shall take into account of:
- a. the views of members of the Audit, Standards and Governance Committee who are not members of the largest political group on the Council;
 - b. suggestions of matters for consideration made by the Cabinet;
 - c. suggestions of matters for consideration made by the Council;
 - d. the views of the Auditor Panel regarding the maintenance of an independent relationship with the local auditor appointed to audit the Council's accounts.

11. Procedure at Audit, Standards and Governance Committee meetings

The Audit, Standards and Governance Committee shall at each meeting consider the following business:

- a. consideration of the accuracy of the minutes of the last meeting;
- b. declarations of interest;
- c. responses of the Cabinet to reports of the Audit, Standards and Governance Committee; and
- d. matters set out on the agenda for the meeting in accordance with paragraph 12 below.

12. Agenda items

- 12.1 Any member of the Audit, Standards and Governance Committee shall be entitled to give notice to the Section 151 Officer or Monitoring Officer that

he/she wishes an item relevant to the functions of the Audit, Standards and Governance Committee to be included on the agenda for the next available meeting of the Committee. On receipt of such a request the Section 151 Officer or Monitoring Officer will ensure that it is included on the next available agenda.

- 12.2 Where a matter is referred to the Audit, Standards and Governance Committee by the Council, it shall be considered at either the first or second ordinary meeting of the Committee following the referral.
- 12.3 The Audit, Standards and Governance Committee shall also respond, as soon as its work programme permits, to requests from the Council or the Cabinet to review particular areas of Council activity. The Audit, Standards and Governance Committee shall report its findings and any recommendations back to Council or Cabinet (as appropriate).

13. Investigations and Enquiries

The Audit, Standards and Governance Committee may

- a. hold enquiries and investigate the available options for the future direction of Internal Audit and may appoint advisers and assessors to assist them in this process;
- b. conduct site visits, conduct public surveys, hold public meetings, commission research and do all other things that it reasonably considers necessary to inform the Audit, Standards and Governance Committee in its deliberations;
- c. invite witnesses to attend to address the Audit, Standards and Governance Committee on any matter under consideration;
- d. pay to any advisers, assessors and witnesses a reasonable fee and expenses for doing so, provided that any budget set by the Council each year for such purposes is not exceeded.

14. Members and officers giving account

- 14.1 The Audit, Standards and Governance Committee may review internal control mechanisms and systems that exist in any Council department. As well as reviewing documentation, in fulfilling its terms of reference, it may require any member of the Cabinet, the Chief Executive and/or any senior officer to attend before it to explain in relation to matters within their remit:
 - a. any particular decision or series of decisions;

- b. the extent to which the actions taken implement Council policy; and/or
- c. his/her performance

and it is the duty of those persons to attend if so required.

- 14.2 If any Councillor or officer is required to attend meetings of the Audit, Standards and Governance Committee under this provision, the Councillor or officer will be given reasonable notice in writing of the meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend to give account and whether any papers are required to be produced for the Audit, Standards and Governance Committee. Where the account to be given to the Audit, Standards and Governance Committee will require the production of a report, then the Councillor or officer concerned will be given sufficient notice to allow for preparation of that documentation
- 14.3 If the Councillor or officer is unable to attend on the required date, the Audit, Standards and Governance Committee shall in consultation with the Councillor or officer arrange an alternative date for attendance.

15. Attendance by others

- 15.1 The Audit, Standards and Governance Committee may invite people other than those people referred to in paragraph 14 above to address it, discuss issues of local concern and/or answer questions. It may for example wish to hear from residents, stakeholders and members and officers in other parts of the public sector and shall invite such people to attend. The person invited will be given reasonable notice and the notice will state the nature of the item on which he/she is invited to attend and whether any papers are requested.
- 15.2 If the Audit, Standards and Governance Committee is to consider a motion referred to it by the Council meeting, the proposer and seconder of the motion shall (if they are not members of the Audit, Standards and Governance Committee) have the right to attend the relevant meeting and to explain the reasons for their motion, although they may not propose, second or vote on recommendations by the Committee which arise from that motion.
- 15.3 If the Audit, Standards and Governance Committee invites a person to address a meeting or to give evidence, the following principles will be observed:

- a. the investigation will be conducted fairly and all members of the Audit, Standards and Governance Committee will be given the opportunity to ask questions of attendees, and to contribute and speak;
- b. those assisting the Audit, Standards and Governance Committee by giving evidence will be treated with respect and courtesy; and
- c. the investigation will be conducted so as to maximise the efficiency of the investigation or analysis.

16. Reports from Audit, Standards and Governance Committee

- 16.1 Once it has formed recommendations on proposals for development, the Audit, Standards and Governance Committee will make its findings public and will report to the Cabinet.
- 16.2 The Audit, Standards and Governance Committee may report directly to full Council where the Section 151 Officer, the Monitoring Officer and/or Internal Audit Shared Services Manager advises the Audit, Standards and Governance Committee that it is appropriate to do so.
- 16.3 If the Audit, Standards and Governance Committee cannot agree on one single final report to the Council or Cabinet as appropriate, then no more than one minority report may be prepared and submitted for consideration by the Council or Cabinet with the majority report.
- 16.4 The Council or the Cabinet shall consider the report of the Audit, Standards and Governance Committee within two months of it being submitted.

17. Consideration of Audit, Standards and Governance Committee Reports by the Cabinet

The agenda for Cabinet meetings shall include an item at which minutes and/or reports of the Audit, Standards and Governance Committee will be considered. The minutes and/or reports of the Audit, Standards and Governance Committee referred to the Cabinet shall be included at this point in the agenda (unless they have been considered in the context of the Cabinet's deliberations on a substantive item on the agenda).

18. The party whip

The party whip must not be applied at Audit, Standards and Governance Committee meetings.

19. Finance.

The Audit, Standards and Governance Committee may exercise overall responsibility for any finances made available to it.

AUDIT BOARD

16TH JULY 2015

GRANT THORNTON – AUDIT FEE LETTER 2015/16

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	No
Relevant Head of Service	Jayne Pickering – Executive Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non-Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 To present Members with the Audit Fee letter for 2015/16 from the Councils External Auditors Grant Thornton and to approve the level of fee.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to RESOLVE that the fee be agreed.**

3. KEY ISSUES

Financial Implications

- 3.1 The 2015/16 budget assumes the level of fee as set in the attached letter. This is a reduction of £16k on the fee for 2014/15 as a result of procurement exercises run by the Commission across both the Local Government and Health sectors.

Legal Implications

- 3.2 None as a direct result of this report. The Council has a legally binding contract with Grant Thornton to provide the External Audit service for at least the next 4 years.

Service / Operational Implications

- 3.3 External Auditors have a duty to carry out all work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice.
- 3.4 The areas of work include
- Audit of Financial Statements
 - Value for Money Conclusion
 - Work on Whole Of Government Accounts

AUDIT BOARD16TH JULY 2015

- 3.5 In addition the fee for the review and validation of the grant claims has been reduced from £13k to £11k.

Customer / Equalities and Diversity Implications

- 3.6 There are no implications arising out of this report.

4. RISK MANAGEMENT

- 4.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

5. APPENDICES

Appendix 1 – Grant Thornton Audit Fee Letter

6. BACKGROUND PAPERS

Individual internal audit reports.

7. KEY

N/a

AUTHOR OF REPORT

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Grant Thornton

An instinct for growth™

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15 April 2015

Dear Jayne

Planned audit fee for 2015/16

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. In this letter we set out details of the audit fee for the Bromsgrove District Council along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The Council's scale fee for 2015/16 has been set by the Audit Commission at £48,680, which compares to the audit fee of £64,006 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission's closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/ and on the Public Sector Audit Appointments PSAA website psaa.co.uk

The audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and provide feedback in our reports.

Certification of grant claims and returns

The Council's indicative grant certification fee has been set by the Audit Commission at £8,760.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2015	12,170
December 2015	12,170
March 2016	12,170
June 2016	12,170
Grant Certification	
December 2016	8,760
Total	57,440

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2015 to February 2016. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in August 2016 and work on the whole of government accounts return in September 2016.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2015- February 2016	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to September 2016	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January to September 2016	Audit Findings (Report to those charged with governance)	As above
Financial resilience	January to September 2016	Financial resilience report	Report summarising the outcome of our work.
Whole of government accounts	September 2016	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2016	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2016	Grant certification report	A report summarising the findings of our grant certification work

Our team

The key members of the audit team for 2015/16 are:

	Name	Phone Number	E-mail
Engagement Lead	Phil Jones	0121 232 5232	p.w.jones@uk.gt.com
Engagement Manager	Zoe Thomas	0121 232 5277	z.thomas@uk.gt.com
In Charge Auditor	Mary Wren	0121 232 5254	m.wren@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts our Public Sector Assurance regional lead partner, jon.roberts@uk.gt.com

Yours sincerely



Phil Jones
Engagement Lead
For Grant Thornton UK LLP

BROMSGROVE DISTRICT COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE 18th July 2015

ANNUAL GOVERNANCE STATEMENT – 2014/15

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Resources
Wards Affected	None.

1. SUMMARY OF PROPOSALS

To seek Members' approval of the draft Annual Governance Statement (AGS) for signature by the Leader of the Council and the Chief Executive, for inclusion in the Statement of Accounts 2014/15.

2. RECOMMENDATIONS

2.1 The Committee is asked to RESOLVE that

Subject to any member comments the Annual Governance Statement be recommended for inclusion in the Statement of Accounts.

3. KEY ISSUES

3.1 Authorities are expected to publish the Annual Governance Statement (AGS) for 2014/15 with their Statement of Accounts.

3.2 The CIPFA/SOLACE framework for the Annual Governance Statement requires the AGS to be signed by the most senior Officer (Chief Executive or equivalent) and the most senior member (Leader or equivalent).

3.3 There is an expectation in the guidance that the Head of Internal Audit, or equivalent, will provide a written annual report to those charged with governance timed to support the Annual Governance Statement. The report prepared by the Internal Audit Manager has been included in a separate report within the Agenda.

3.4 The AGS should be as up to date as practicable at the time of publication which will follow the completion of the final accounts audit in August.

Financial Implications

3.5 There are no specific financial implications.

BROMSGROVE DISTRICT COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE 18th July 2015

Legal Implications

- 3.6 The preparation and publication of an annual governance statement is necessary to meet the statutory requirement set out in Regulation 4(2) of the Accounts and Audit (Amendment)(England) Regulations 2006 to prepare a Statement on Internal Control (SIC) in accordance with 'proper practices'.

Service/Operational Implications

- 3.7 The Annual Governance Statement (AGS) is a statutory document, which provides an overview of the governance arrangements within the Council.
- 3.8. The purpose of the annual governance statement is not just to be 'compliant' but also to provide an accurate representation of the arrangements in place during the year and to highlight those areas where improvement is required.

Customer / Equalities and Diversity Implications

- 3.9 There are no customer/equalities and diversity implications.

4. RISK MANAGEMENT

- 4.1 The Council will not meet the requirements of Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006 if it fails to produce an Annual Governance Statement for publication with the Statement of Accounts.

5. APPENDICES

Appendix 1 - Annual Governance Statement, 2014/15

6. BACKGROUND PAPERS

- 6.1 'Delivering Good Governance in Local Government' – CIPFA/SOLACE (Framework and Guidance Note)
- 6.2. The Annual Governance Statement – Rough Guide for Practitioners – The CIPFA Finance Advisory Network

AUTHOR OF REPORT

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Bromsgrove District Council

Draft Annual Governance Statement 2014/15

1. Scope and responsibility

Bromsgrove District Council is responsible for ensuring that:

- its business is conducted in accordance with legal requirements and proper standards
- public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Bromsgrove District Council is also responsible for maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including arrangements for the management of risk.

The Council's Executive Director of Finance and Resources is the officer with statutory responsibility for the administration of the Council's financial affairs as set out in section 151 of the Local Government Act 1972.

2. The purpose of the Governance Framework

The governance framework comprises the cultural values, systems and processes used by the Council to direct and control its activities, enabling it to engage, lead and account to the community. The framework allows the Council to monitor the achievement of its strategic objectives and to consider whether appropriate, cost-effective services have been delivered.

A significant part of the framework is the Council's system of internal control which is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bromsgrove District Council for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

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 have responsibility for the development and maintenance of the Governance environment, and the Internal Audit Manager's annual report, and by the external auditors and other review agencies and inspectorates.

3. The Governance Framework

The Chartered Institute of Public Finance and Accountancy (CIPFA) has identified six principles of corporate governance that underpin the effective governance of all local authorities. Bromsgrove District Council has used these principles when assessing the adequacy of its governance arrangements. The main elements that contribute to these arrangements are listed below:

Core Principle 1: focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area

- As part of the Transformation work undertaken clear Strategic Purposes have been developed and agreed by the Corporate Management Team and Members. The budgets are also considered by Members across the Strategic Purposes.
- The residents magazine "Together Bromsgrove" has been sent to all households 3 times in 2014/15
- Regular staff forums are held by Senior Management Team to communicate key issues and aims and purposes of the Council
- The Bromsgrove Partnership Board provides a partnership review forum
- The Council works with Bromsgrove District Housing Trust through their Sunrise project in supporting tenants
- Officers attend the Balanced Community meetings to input into stakeholder community issues
- Use of Worcestershire Viewpoint to support the measurement of resident satisfaction
- Consultation informs our Community Strategy which is available to the public
- The Council's budget monitoring statements show financial plans at a detailed level for the financial year
- Effective budgetary monitoring takes place monthly and is reported on a quarterly basis to Cabinet, Overview and Scrutiny and Full Council
- Savings have exceeded expectations

- Service standards have been published and are available to the public
- Scrutiny task groups are supported by Officers and have delivered tangible outcomes
- Services are being delivered in new and innovative ways eg – focusing on a particular locality in the delivery of cleansing and grounds maintenance

Core Principle 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles

- The Council's Constitution clearly sets out the roles and responsibilities of Councillors, and the procedural rules for Full Council, Cabinet and the other Boards operated by the Council
- Terms of reference for member working groups (e.g. Scrutiny Task Groups) are clearly defined
- Officers are appointed with clear job descriptions
- Adoption of statutory and professional standards
- Compliance with Financial Regulations and Contract Procedure Rules that are reviewed and approved by the Council
- Financial administration procedures are agreed by the Executive Director of Finance and Resources
- Appropriate segregation of duties and management supervision.
- A clear scheme of Councillor/Officer delegation exists to provide clarity on the powers entrusted to those appointed to make decisions on behalf of the Council.
- The roles and responsibilities of Councillors are underpinned by an extensive Member Development Programme to include both mandatory and discretionary training.
- Overarching legal agreement between Bromsgrove District Council and Redditch Borough Council clearly defines the roles and responsibilities and the support from officers to deliver the joint services

Core Principle 3: promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- The Council's priorities and aims clearly demonstrate its vision and values
- A Member/ Officer protocol is set out within the Constitution
- The behaviour of Councillors is regulated by the Member Code of Conduct and is supported by a number of protocols.
- There is an established and effective Standards Committee

Core Principle 4: taking informed and transparent decisions which are subject to effective scrutiny and management of risk

- There is an established and effective Overview and Scrutiny Board

Agenda Item 13

- There is an established and effective Audit Board to advise Council on the effectiveness of Internal Control arrangements
- Shared Service Board receives regular progress and benefit realisation updates
- A review of the constitution is undertaken on a regular basis to ensure it enables members to make informed and transparent decisions
- A formal Service Level Agreement is in place with Worcester City Council to ensure Internal Control arrangements are reviewed in a consistent and professional way
- Decisions taken are formally minuted
- An amended standard report template is in place which is subject to regular review by Officers to ensure appropriate information is available to members in making informed decisions.
- The Cabinet forward plan is rolled forward and reviewed weekly at Corporate Management Team.
- Overview and Scrutiny have an annual workplan supported by any considerations from the forward plan and have the authority to pre-scrutinise any Cabinet decisions.
- Regular Task Groups are established to review service areas and to make recommendations for their improvement. These have included during 2014/15:
 - Artrix Outreach Work
 - Youth provision
 - Air quality
 - Joint Scrutiny of WRS
- Formal governance arrangements are in place for the shared services. The Shared Service Board meets on a regular basis to consider the impact of shared services and the benefits realised from the transformational activities being undertaken by the Council.
- Consideration of risk implications in committee reports and the decision making process
- Audit Board have a workplan that is reviewed at each meeting for completeness
- Full risk register for corporate and shared service risks. In addition the risk management of departmental risks was undertaken for 2014/15 by a web based on-line system to ensure managers control and mitigate risks in a timely manner.
- Active health and safety arrangements, including a robust policy, Member champion, regular consideration of issues at SMT and Health and Safety Committee
- Regular Trade Union liaison meetings with Senior Management Team
- Financial management arrangements, where managers are responsible for managing their services within available resources and in accordance with agreed policies and procedures. Elements include:

- monthly review of budgetary control information by Officers and the appropriate Portfolio Holder, to compare expected and actual performance
- formal quarterly budgetary monitoring reports to the Cabinet and Overview and Scrutiny Board
- A revised and effective complaints/ compliments procedure is in place and is widely publicised.
- A whistle blowing policy is in place and available on the Council's web site
- Freedom of Information requests are dealt with in accordance with established protocols
- All committee reports include reference where relevant to the potential impact on the Council's services

Core Principle 5: developing the capacity and capability of Members and officers to be effective

- The Council operates a Member Development Programme, overseen by a cross party Member Development Steering Group. The Programme is extensive and includes: induction, chairmanship training, performance training, portfolio holder training and mock Full Councils.
- Portfolio Holders meet on a monthly basis with Directors and Heads of Service to ensure they are aware of all issues within their service and to enable them to present reports at Cabinet in relation to their portfolio area
- The shared services have continued to develop across Bromsgrove District Council and Redditch Borough Council to improve resilience and capacity to deliver services
- There have been numerous opportunities for staff to take part in transformation sessions to include an understanding of systems thinking methods and to review current systems to enable an awareness of how improvements could be made.
- All staff have the opportunity to attend training courses, as approved by their Managers, provided through the staff training directory. Each member of staff receives a monthly one to one with their manager, at which training is also discussed.
- An induction programme is in place for Members
- Deputy s151 and Monitoring Officers are in place
- Staff Leadership Training is currently being developed
- Development of roles and responsibilities for staff managing the transformation of services

Core Principle 6: engaging with local people and other stakeholders to ensure robust public accountability

- The Sustainable Community Strategy is positively used and developed in conjunction with the Bromsgrove Partnership.

- The Council has an Equalities Policy which is currently under review, convenes an Equality and Diversity Forum and supports community events that are funded via the Forum's annual community bids process.
- The District Council has a service level agreement with the voluntary sector infrastructure organisation, Bromsgrove and Redditch Network (BARN) to support the Compact and enable BARN to attend Bromsgrove Partnership Board meetings.
- The Council has service agreements with Artrix and Community transport service delivery (WRS) to ensure joint decisions are made on service provision.
- Surveys are conducted on the Council's website, at the Customer Service Centre and resident feedback is obtained at Council events (e.g. Street Theatre) if required as determined by Heads of Service.
- Board, Cabinet and Council meetings are open to the public, with papers available on the internet.
- Clear and colourful publications e.g. Annual Report, residents' magazine "Together Bromsgrove"
- Customer complaints are tracked and monitored and actions reported to residents via the website.

4. Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This responsibility is in practice carried out by Senior and 4th tier Managers, with the S151 officer informing the Cabinet of any significant matters warranting their attention.

The review of effectiveness of the system of internal control is informed by three main sources: the work of Internal Audit; by Managers who have responsibility for the development and maintenance of the internal control environment; and also by comments made by external auditors and other review agencies/inspectorates.

Internal Audit

Bromsgrove's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2003. This responsibility is delegated to the Executive Director Finance and Resources.

The Worcester City Internal Audit 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

achievement of the Council's objectives and contributes to the proper, economic, 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 internal audit activity and have input and final approval of the annual audit plan for the forthcoming year.

Managers

Individual managers are responsible for establishing and maintaining an adequate system of internal control within their own sections and for contributing to the control environment on a corporate basis. There are a number of significant internal control areas which are subject to review by internal audit. All managers acknowledge their responsibilities and confirm annually that they have implemented and continuously monitored various significant controls. This is done on a checklist covering the following areas: Council objectives and service plans, staffing issues, corporate procedure documents, service specific procedures, risk management, performance management and data quality, and action on independent recommendations. This checklist is reviewed by the Executive Director Finance and Resources.

External auditors and other review agencies/inspectors

Our external auditors have not identified any significant weaknesses in our internal control arrangements when working with us throughout the year and in their annual audit letter.

Other external reviews during the year included:

- External Auditor work, for example subsidy claim audits and annual audit

5. Significant governance and internal control issues (*details to follow*)

During 2014/15 a total of 8 complaints made to the Standards Committee of alleged breaches of the Code of Conduct. These complaints related to members.

Outcomes as follows:

The review of Bromsgrove's system of governance and internal control has identified the following:

- Regulatory Services ~ limited assurance.
 - This relates to income recovery and reconciliation across all partners. Treasurers are to discuss the recommendations of the report with the aim to resolve the issues in the medium term.
- Risk management requires further embedding

Agenda Item 13

- Heads of Service are reviewing their risk registers and a corporate register is to be presented to the Audit Board in July 2015
- Key risk identified was the transfer of main ledger and the on going risk of data held on a non supported system
 - Officers are to undertake a review to ensure lessons are learned on the implementation of new systems

External Audit recommended the following for consideration and action:

- More robust projections of outturn forecasts to be undertaken
 - The outturn for 2014/15 saw an improvement in the variance between the 2 quarters and it is anticipated that once the managers have on line access to their financial information this will further improve.
- Performance Management arrangements are limited
 - A corporate dashboard of measures is currently under development and will be presented to members later in the year
- Information for the approval of capital schemes was limited
 - Improvements have already been made in relation to the capital schemes to ensure that they are subject to detailed appraisal and consideration by members.
- Whistle blowing and fraud policies to be updated
 - It is intended to update these policies during 2015/16
- Bank reconciliation is over complicated
 - Following the final accounts delays there is to be a full review of all reconciliations with a clear schedule of the timescale and responsibilities for each.

It is further accepted that the delays in the submission of the Statement of Accounts requires a full review to ensure that detailed plans are in place to mitigate such risk of delay in the future.

2014/15 INTERNAL AUDIT ANNUAL REPORT

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sam Morgan, Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non-Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present:

- The 2014/15 Internal Audit Annual Report for the period 1st April 2014 to 31st March 2015 along with the Audit Opinion and Commentary.

2. RECOMMENDATION

- 2.1 **The Committee is asked to RESOLVE that the 2014/15 Internal Audit Annual Report is noted.**

3. KEY ISSUES

Financial Implications

- 3.1 None as a direct result of this report.

Legal Implications

- 3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2011 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

Service / Operational Implications

- 3.3 As reported in **Appendix 1** during 2014/2015 there were 291 chargeable audit days delivered in regard to the 300 budgeted. This equates to a delivery of 97% against a minimum target for the year of 90%.

- 3.4 **Appendix 2** provides a breakdown of the audits completed including the overall assurance as well as confirmation of follow up audits undertaken during the year
- 3.5 **Appendix 3** provides the 2014-15 audit opinion and commentary.
- 3.6 The Worcestershire Internal Audit Shared Service (WIASS) has achieved and delivered the revised 2014/2015 internal audit plan.
- 3.7 The Internal Audit Plan for 2014/2015 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk, fraud risk, and external risk) using a predefined scoring system and reported to the Audit Board on the 20th March 2014. It included:
- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance and
 - a number of operational systems, for example data security and publications, communications and media and elections were looked at to maintain and improve its control systems and risk management processes or reinforce its oversight of such systems.
- 3.8 In accordance with best practice the plan is subject to review each year to ensure that identified changes, for example, external influences, risk assessment and process re-engineering are taken into consideration within the annual plan.
- 3.9 The purpose of the 2014/15 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:
- Internal Audit assisted the Authority in meeting its corporate purposes 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 are reviewed annually, enabling the Authority's external auditors to inform their opinion using the work completed by Internal Audit,
 - An opinion can be formed on the adequacy of the Authority's system of internal control, which feeds into the Annual Governance Statement which is presented with the statement of accounts.
- 3.10 2014/15 was a demanding year for the Internal Audit team with an Auditor leaving mid way through the year, but, overall there has been more stability in the team. WIASS has carefully managed its resource and worked with partners to deliver the full revised audit programme for Bromsgrove District Council for 2014/15.

Work of interest to the External Auditor

- 3.11 To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan is shared with the external auditors for information. The result of the work that WIASS has performed on eight systems audits was of direct interest to External Audit. Audit reports are passed to the external auditor on request for their information.

External Work

- 3.12 The work to deliver the Hereford and Worcester Fire and Rescue Service (H&WFRS) internal audit contract was predominantly completed during 2014/15 with only management responses awaited in order to finalise two audits. H&WFRS are in the process of joining the shared service as a full partner and negotiations are continuing. A smaller contract for Threadneedle House in Redditch was also delivered during 2014/15.

Follow Up Audits

- 3.13 A summary of audit follow ups for the year is provided as part of Appendix 2. This area of work is undertaken to ensure that potential risks to the authority are mitigated. The outcome of this work is reported on an exceptions basis. There have been no exceptions reported to the Audit Board during 2014/15.

Quality Measures

- 3.14 Managers are asked to provide feedback in regard to systems audits that have taken place by completing a questionnaire. At the conclusion of each audit a feedback questionnaire is sent to the Responsible Manager and an analysis of those returned during the year shows very high satisfaction with the audit product – see Appendix 2.
- 3.15 To further assist the Committee with their assurance of the overall delivery Worcestershire Internal Audit Shared Service conform to the Public Sector Internal Audit Standards.
- 3.16 Worcestershire Internal Audit Shared Service Internal Audit activity is organisationally independent. Internal Audit reports to the s151 Officer but has a direct and unrestricted access to senior management and the Audit, Standards & Governance Committee.

- 3.17 Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. Staff work to a given methodology and have access to the internal audit manual and Charter which has been updated to reflect the requirements of the standards.
- 3.18 The Client Officer Group which is the management board for the Service and is made up of partner s151 Officers meet on a regular basis and consider the performance of the Shared Service including progress against the Service Plan as well as promoting the continuous improvement of the Service.
- 3.19 WIASS has delivered the audit programme in conformance with the UK Public Sector Internal Audit Standards as published by the Institute of Internal Auditors.
- 3.20 Risk Management features as part of the audit programme for the year. Reports are brought before the Committee for consideration along with verbal updates from the Financial Services Manager.
- 3.21 Work is continuing in respect of the NFI exercise. Appropriate action is being taken and work is progressing to identify any potential fraudulent activity for example overpayment for housing benefits, income support, etc. This is a biennial exercise. The last significant data extract was during 2014/15 and is currently being worked on. Identified savings from the previous exercise to date for Bromsgrove District Council was £105,332.55 with a small number of housing benefit cases provided by Bromsgrove matching to, for example, other organisations payrolls, undeclared student loan. A significant part of this balance was made up with very few cases.
- 3.22 We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

Anti-Fraud and Corruption Survey.

- 3.23 The anti fraud and corruption survey was completed by Internal Audit and submitted at the end of April 2015 in respect of financial year 2014/15. The survey examined several key anti fraud measures that exist within the Council.

Customer / Equalities and Diversity Implications

3.24 There are no implications arising out of this report.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are.

- Non-compliance with statutory requirements.

5. APPENDICES

Appendix 1 ~ Delivery against plan 2014/15

Appendix 2 ~ Audits completed with assurance for 2014/15 and audit follow up work

Appendix 3 ~ Audit Opinion and Commentary

6. BACKGROUND PAPERS

None.

7. Key

N/a

AUTHOR OF REPORT

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Delivery against Internal Audit Plan for 2014/15

1st April 2014 to 31st March 2015

Audit Area	2014/15 PLANNED DAYS	DAYS USED TO 31/03/15
Core Financial Systems (see note 1)	87	86
Corporate Audits(see note 2)	58	49
Other Systems Audits	119	119
TOTAL	264	254
Audit Management Meetings	15	16
Corporate Meetings / Reading	5	5
Annual Plans and Reports	8	8
Audit Board support	8	8
Other chargeable(see note 3)	0	0
TOTAL	36	37
TOTAL (see note 4)	300	291

Note:

Days are rounded to the nearest whole.

Note 1: Core Financial Systems were audited predominantly in quarter 3 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts. Main Ledger was delayed as further work was undertaken to provide assurance on the integrity of the base line figures after transferral to new system.

Note 2: Full number of budgeted days not used due to a plan adjustment agreed with the s151 Officer in regard to shared services. A dedicated corporate budget was not required as it was agreed the audit coverage had been included in audit briefs for shared service areas.

Note 3: 'Other chargeable' days equate to times where there has been significant disruption to the ICT provision resulting in lost productivity.

Note 4: A net 9 days unused culminated in no impact on the overall audit coverage.

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Key Performance Indicators (KPIs) for 01st April 2014 to 31st March 2015.

The success or otherwise of the Internal Audit Shared Service can be measured against some of the following key performance indicators for 2014/15 i.e. KPI 3 and 4. Other key performance indicators link to overall governance requirements of Bromsgrove District Council.

	KPI	Trend requirement	2012/13 Year End Position	2013/14 Year End Position	2014/15 Year End Position	Frequency of Reporting
1	No. of 'high' priority recommendations	Downward	8	8	*5	Quarterly
2	No. of moderate or below assurances	Downward	3	8	7	Quarterly
3	No. of customers who assess the service as 'excellent'	Upward	2	4 <small>(5 issued: 4x Excellent & 1x Good)</small>	4 <small>(12 issued; 5 returns 4x Excellent & 1x Good)</small>	Quarterly
4	No. of audits achieved during the year	Per target	Target = 21 Delivered 21	Target = 15 (minimum) Delivered 21	Target = 17 (minimum) Delivered 20 (incl. 7x Draft)	Quarterly

*The high priority recommendations were related to the following service areas:

- Corporate Senior Management Team (Equality and Diversity) x1
- Environmental Services (Waste Management) x1
- Customer Access and Financial Support (Cash Receipting) x1
- Worcestershire Regulatory Services x2

Audit Opinion Summary Analysis ~ Audits completed during financial year 2014/2015:

Audit Report / Title	Final Report issued	Assurance
Elections	27th October 2014	Significant
Communication and Media	16th October 2014	Significant
Disabled Facilities Grants and HRAs	12th November 2014	Significant
Asset Management	20th November 2014	Significant
Treasury Management	28th November 2014	Significant
Debtors	29th January 2015	Significant
Benefits	11th February 2015	Significant
Creditors	15th May 2015	Significant
Equality and Diversity	28th August 2014	Moderate
Data Security and Publication	9th September 2014	Moderate
Waste Management	9th January 2015	Moderate
Cash Receipting	29th January 2015	Moderate
Council Tax	6th February 2015	Moderate
NNDR	6th February 2015	Moderate
Corporate Governance – Appointments to Outside Bodies	20th April 2015 (D)	Significant (D)
Regulatory Services	13th May 2015 (D)	Limited (D)
Risk Management	29th January 2015 (D)	N/A ~ Critical Friend (D)
Budget Setting	13th February 2015 (D)	N/A ~ Critical Friend (D)
ICT	27th March 2015 (D)	N/A ~ Critical Friend (D)
Main Ledger	To be confirmed	To be confirmed
Follow Up Audits		

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Markets 2012-13	December 2014	
Street Scene 2012-13	February 2015	
Building Control 2013-14	July 2014	
Dial a Ride BURT 2013-14	July 2014	
Risk Management 2013-14	February 2015	
Worcestershire Regulatory Services 2012-13 & 2013-14	March 2015	
Depot and Stores 2013-14	February 2015	
ICT 2013-14	February 2015	
Equality and Diversity 2014-15	February 2015	
All core financial audits		

Note: (D) denotes audit is currently in draft but unlikely the assurance level will change.

Summary of 2014/15 Audits Assurance Levels.

Note: The 'limited' assurance audit was a Worcestershire Regulatory shared service audit in which Bromsgrove is a

2014/15	Number of Audits	Assurance	Overall % (rounded)
From 20 audits (incl. those at draft stage)	0	Full	0%
	9	Significant	45%
	6	Moderate	30%
	1	Limited	5%
	0	No	0%
	1	To be confirmed	5%
	3	N/a Critical Friend	15%

partner.

Client Feedback Analysis ~ IA Reporting

Feedback is sought after the issue of the final audit report via a feedback questionnaire. Sometimes this is reported back verbally rather than in the written form. The feedback is used to assess the effectiveness of internal audit and to help improve and enhance the internal audit function. Feedback during the 2014/15 financial year has been received indicating that:

- auditee was more than happy with the process and format of the audits. This continues to be further developed.
- Recommendations made would help to support and give assurance on recently implemented changes.
- There is a high satisfaction rate with the audit product from the data received.

Comments received included:

- "The process was painless, the assessment was fair and the suggested measures were practical and helpful. Particularly helpful that this is now covering the process for both authorities removing duplication".
- "Pre preparation in regards to familiarisation with the grant process and therefore what data and files would be both meaningful and accessible which saved time and disruption".
- "The face to face communications are good and Officers explain things well".
- "Officers were prepared to listen".

Of 12 questionnaires issued 5 were returned; 4 as 'excellent' and 1 as 'good'.

Overall Conclusions:

- The 2014/15 Internal Audit Plan as agreed by the Audit Board on the 20th March 2014 along with any subsequent revisions has been delivered in full.
- 90% of the audits undertaken for 2014/15 which have received an assurance allocated returned an assurance of 'moderate' or above. This figure is inclusive of the critical friend audits i.e. 'N/A'.
- Clients are satisfied with the audit process and service from the data received.

- Independent assurance has been brought before the Audit Board for consideration in respect of the finalised audits throughout 2014/15 and there have been no exceptions to report in regard to follow up audit work.
- To assist the Committee to draw further assurance from the work that Internal Audit undertakes clear reference is contained in the final audit report to identify whether a direct link exists to corporate priorities and the risk register entry in connection with the audited service provision. This information has been, and will continue to be, reported to the Committee as part of the summary reporting.
- On-going dialogue will be maintained with the s151 Officer and the Client Officer Group. The Client Officer Group for the Internal Audit Shared Service comprises all the partners' s151 Officers whom actively encourage the on-going development of the service.

Worcestershire Internal Audit Shared Services Manager's Opinion on the Effectiveness of the System of Internal Control at Bromsgrove District Council (the Council) for the Year Ended 31st March 2015

1. Audit Opinion

- 1.1 The internal audit of Bromsgrove District Council's systems and operations during 2014/15 was conducted in accordance with the Internal Audit Annual plan which was presented to the Audit Board on 20th March 2014 and a small subsequent revision.
- 1.2 The Internal Audit function was set up as a shared service in 2010/11 and hosted by Worcester City, for 5 district councils. The shared service operates in accordance with CIPFA guidance and the Institute of Internal Auditors Public Sector Internal Audit Standards 2013.
- 1.3 The Internal Audit Plan for 2014/2015 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk fraud risk, and external risk) using a predefined scoring system. It included:
 - a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' other corporate systems for example governance and
 - a number of operational systems, for example environmental enforcement, depot and stores and Land Charges were looked at to maintain and improve its control systems and risk management processes or reinforce its oversight of such systems.
- 1.4 The 2014/15 revised internal audit plan was delivered in full providing sufficient coverage for the s151 and Internal Audit Service Manager to form an overall opinion.
- 1.5 In relation to the twenty reviews that have been undertaken, thirteen audits have been finalised and seven are nearing completion at clearance meeting or draft report stage. Risk management was re-launched during 2012/13 with a Corporate Risk Register being formulated and training being provided. However, further work is required to embed this throughout the organisation with the outcomes being monitored by the Risk Management Group. An area which

returned an assurance level of 'limited' was Worcestershire Regulatory Services. All areas where assurance was 'limited' or below will be addressed by management and have a defined action plan in place in order to address the weaknesses and issues identified. Where audits are to be finalised a comprehensive management action plan will be required and agreed by the s151 Officer.

- 1.6 As part of the process of assessing the Council's control environment, senior officers within the Council are required to complete an annual "Internal Control Assurance Statement" to confirm that the controls in the areas for which they are responsible are 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 are responsible and confirming that those controls were operating effectively except where reported otherwise. For all services no areas of significant risk have been identified. Any concerns raised by managers will be assessed and addressed by the Authorities Corporate Management Team.
- 1.7 One key area of risk during the year was the transferral of the main ledger to a new system. This presented its own challenges but has been closely monitored by both internal and external audit. The work that internal audit completed was able to give assurance on the integrity of the key underlying figures and controls associated with the new ledger. The historical breakdown of cost centre figures will remain on the previous system which is acceptable for now but there is an increasing risk associated with this as time passes because the system will be no longer supported and with the natural churn of staff and reduced use the expertise to interpret and extract data effectively will diminish.
- 1.8 The majority of the completed audits have been allocated an audit assurance of either 'moderate' or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified during a time of continuing significant transformation and change. Where a 'limited' assurance has been reported this has been in connection with a shared service in which Bromsgrove is a partner.
- 1.9 WIASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance based on the audits performed in accordance with the approved plan and the scoping therein. Based on the audits performed in accordance with the approved and revised plan, the Worcestershire Internal Audit Shared Service Manager has concluded that the internal

control arrangements during 2014/15 managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council's corporate purposes have been met.

Andy Bromage

Worcestershire Internal Audit Shared Services Manager

June 2015

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS & GOVERNANCE COMMITTEE 16th JULY 2015

BENEFITS FRAUD – QUARTER 4 UPDATE

Relevant Portfolio Holder	Cllr G. Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda De Warr, Head of Customer Access and Financial Support
Wards Affected	All Wards
Ward Councillor Consulted	N/A
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To advise Members on the performance of the Benefits Services Fraud Investigation service. This report gives performance information for the team from 1 January 2015 to 31 March 2015.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that subject to any comments, the report be noted.

3. KEY ISSUES

Financial Implications

3.1 Direct expenditure for the year from 1 April 2014 until 31 March 2015 was just under £15.9m in Housing Benefit and just under £4.5m in Council Tax Support.

3.2 During this quarter total overpayments of £176,153 in Housing Benefit were identified. These were made up as follows:

Customer error/fraud	£166,115
Local Authority error	£1,183
Overpayments caused by administration delay	£8,855

3.3 The following table sets out the total overpayments recovered or written off during this quarter.

Payments received	£101,184.00
Overpayments written off	£12,702.00

- 3.4 Overpayments on fraud investigations closed during the period of this report totalled £53,132 in Housing Benefit, £1,076 in Council Tax Benefit and £11,640 in Council Tax Support. Some of these overpayments will be included in the totals identified as shown in 3.2 but because investigations can sometimes continue for a considerable time after the overpayment is calculated, many of these will have been calculated in prior to 1 January 2015.

Legal Implications

- 3.5 There are no specific legal implications.

Service/Operational Implications

- 3.6 The Benefits Service decides entitlement to Housing Benefit and Council Tax Support in the local area. A shared dedicated counter fraud team is in place and their purpose is to prevent and deter fraud in addition to investigating any suspicions of fraudulent activity against the Authority. All members of the team have completed the nationally recognised best practice qualifications in Professionalism in Security (PinS) appropriate to their role.
- 3.7 As at 31 March 2015 there were 5,213 live Housing Benefit claims and 4,999 Council Tax Support claims in payment. Approximately half of the caseload is made up of customers of working age meaning that there are a large number of changes on claims when people move into or out of work and claiming various benefits and tax credits.
- 3.8 Although measures have now been in place for some time, which benefit both the customer and the Authority, to make these changes easier to manage, it remains an area of risk of fraud and error entering the system. As both Housing Benefit and Council Tax Support are means tested benefits there are potential financial incentives to under declare income and savings or not to report a partner who may be working or have other income.
- 3.9 During this quarter 39 fraud referrals were received and considered for investigation by the team. This is a reduction on the number received in the previous quarter which had been distorted by the new process that is in place for data matching with HMRC records, but is a similar level to previous quarters.
- 3.10 20 of the referrals were received from members of the public, continuing to demonstrate the value of maintaining a high level of fraud awareness within the local community.

- 3.11 2 of these were received from the Department for Work and Pensions (DWP) as joint working invitations or for consideration of investigation into Housing Benefit/Council Tax Support alone if either they have no benefits in payment or if the alleged offence would have no effect on any they are paying.
- 3.12 5 referrals came from employees within Bromsgrove District Council (BDC) Benefit Team, showing the value of maintaining a high level of fraud awareness within the team and a further referral was received from another local authority.
- 3.13 The remaining 11 referrals were received as a result of data matching, either through the Housing Benefit Matching Service (HBMS), DWP Real Time Information programme (RTI) or the National Fraud Initiative (NFI). Appendix 4 gives further information on these referral sources.
- 3.14 Whenever possible where fraud referrals relate to benefits paid by both BDC and the DWP, a joint approach is taken to ensure that the full extent of offending is uncovered and the appropriate action is taken by both bodies. This maximises staffing resources as depending on workloads either body can take the lead and also prevents duplicate investigation work.
- 3.15 22 investigations were closed during the period with fraud or error established.
- 3.16 A caution was accepted by 1 customer for offences relating to under-declared earnings but no administrative penalties were offered and there were no cases closed following prosecution during the quarter.
- 3.17 All aspects of a case are taken into consideration at each stage of an investigation from the referral stage through to the decision on whether prosecution or an alternative sanction is appropriate.
- 3.18 When deciding whether investigation is appropriate initially, the potential loss to public funds is the primary consideration which is balanced against resources available to investigate. This ensures that the cases most likely to result in a large overpayment and therefore most appropriate for prosecution are prioritised. If however it is decided that full investigation is not possible but there is still a risk that benefit is incorrectly in payment, the case will be referred back to the Benefit Team for the matter to be addressed and the claim corrected.
- 3.19 The case is again reviewed completely when deciding whether prosecution or an alternative sanction is appropriate following investigation. In doing this the offence that has been committed will be looked at alongside the amount of benefit obtained. Any mitigation that the customer has given during interview will be taken into consideration along with their co-operation with the investigation and any previous

investigations into their claim. The cases most likely to be recommended for prosecution are those with the longest period of offending. Any opportunities for the customer to have reported the true facts themselves or the Authority's ability to have possibly identified the offences sooner are also considered.

- 3.20 It is appropriate to consider alternative sanctions where the offences do not warrant the costs and consequences involved in prosecution as a first option. In doing this the customer's full circumstances will be considered including their financial situation. The main purpose of a caution or administrative penalty is to ensure that the customer understands the seriousness of their offending and to prevent any further fraud being committed.
- 3.21 The minimum administrative penalty payable is £350 and this is usually only considered when there is a realistic chance of recovering this amount within a reasonable period of time in addition to recovering the overpayment. This practice has been in place for some time and cautions are usually offered when an administrative penalty is not considered appropriate.
- 3.22 Very few repeat investigations are carried out on customers who have accepted either a caution or administrative penalty which demonstrates the value of each as an alternative sanction.
- 3.23 Fraud investigations often identify large overpayments which can distort the apparent recovery rate of overpayments. For example, the Housing Benefit overpayments on 3 of the cases closed during this period totalled £18,476 and are likely to take a considerable time to recover.
- 3.24 The overpayments identified on Council Tax Support are continuing to increase, as the scheme is now at the end of its second year of operation. The total in 3.3 is over 450% higher than the total covered in the previous report. The numbers and amounts involved will continue to be monitored closely in the coming months in order for decisions to be made on ways in which resources for this function and any further fraud investigation within the Authority may continue when Housing Benefit investigation transfers to the Single Investigation Service in February 2016.
- 3.25 The Benefit Investigation Team is now fully staffed following the restructure and indications are that the number of investigations completed is continuing to increase.

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Customer / Equalities and Diversity Implications

- 3.26 A robust mechanism for pursuing Housing Benefit and Council Tax Support Fraud is important to customers who expect to see action taken to reduce fraud and overpayment of benefits.

4. RISK MANAGEMENT

- 4.1 Without adequate performance monitoring arrangements there is a risk that the Benefits Service could lose subsidy and additional costs could be incurred. In addition, without effective counter fraud activity increased numbers of claims where no or reduced entitlement would remain in payment and add to the service cost.

5. APPENDICES

- Appendix 1 - Example cases
Appendix 2 - Demographic information
Appendix 3 - Trends data
Appendix 4 - Data match information

6. BACKGROUND PAPERS

None

7. KEY

AUTHOR OF REPORT

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APPENDIX 1

Example Cases

Case 1

A 44 year old man accepted a caution after admitting offences of failing to report increases in his own and his partner's wages.

This investigation began after the customer came into the Dolphin Centre to report a change in tax credits. This visit prompted the officer to check the wages that were included in the claim and went on to establish that the claim had been incorrectly paid between February 2013 and August 2014.

Overpayments of £5,769.38 Housing Benefit, £43.04 Council Tax Benefit and £1,638.30 Council Tax Support were identified.

The customer was interviewed under caution and admitted that he had failed to report the changes but could not provide a reason for not doing so.

Prosecution would usually be considered as the first sanction option on this level of overpayment but a caution was authorised after taking the full facts of the case into consideration. This decision took account of the effect that a prosecution would have upon the family who no longer receive any Housing Benefit or Council Tax Support. A criminal conviction would almost certainly impact on the customer's employment, which would result in a further benefit dependency. There had also been previous changes to tax credits and had the decision been made to check the wages then, the benefit would have been corrected much sooner and the overpayments much lower.

Recovery of the overpaid benefit is currently being pursued.

Case 2

The investigation into a the claim of a 22 year old woman who continued to claim Housing Benefit after leaving the area was closed without sanction.

This case was identified through a HBMS data match indicating that the customer had 2 claims running, one in Bromsgrove and the other in Stoke on Trent.

A Housing Benefit overpayment of £1,153.80 was established for the period 13.10.14 to 22.12.14 after evidence was obtained showing the date of the move. The customer was issued a letter reminding of her responsibility to report future changes in her circumstances as they take place and recovery of this overpayment is also in pursuit.

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APPENDIX 2

This table gives additional information on the nature and demographic profile of cases of benefit fraud where sanctions were applied during the period covered by this report.

Gender	Status	No. dep children	Tenancy type	Area	Fraud type	Outcome
Male	Partnered	3	Private tenant	Kidderminster Road	Work	Caution

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APPENDIX 3

Fraud Trends 2011 to 31 March 2015

Referrals

Fraud type	2011/12	2012/13	2013/14	2014/15
undeclared income	37	67	46	12
working and drawing	19	10	18	68
contrived tenancy	2			
employer fraud		1		
HBMS Data Match*	88	12	2	n/a
landlord fraud	1	1		
living together	34	36	54	30
non-commercial tenancy	1			1
non-dependants	20	13	10	11
non-residency	4	8	18	17
other	10	9	8	4
property owner			1	
student award				1
undeclared capital	11	6	8	2
Total referrals	227	163	165	146

Referral source	2011/12	2012/13	2013/14	2014/15
Members of public	54	32	65	64
Data matching	114	66	52	47
Official source	59	65	48	35
Total referrals	227	163	165	146

*HBMS data matches are a referral source and historically each should be allocated a referral type, hence the source no longer applicable.

A significant reduction in the number of referrals matches resulting in a fraud referral is a general trend following the automation of information regarding benefits and Tax Credits between local authorities and DWP. This trend has also decreased the number of cases of lower level fraud where a caution or administrative penalty would quite often have previously been offered.

Closures

<u>Closures by fraud type</u>	<u>2014/15</u>
undeclared income	10
working and drawing	29
contrived tenancy	
employer fraud	
HBMS Data Match	
landlord fraud	
living together	5
non-commercial tenancy	
non-dependants	2
non-residency	1
Other	1
property owner	
student award	4
<u>undeclared capital</u>	
Total closures	52

<u>Closures by referral source</u>	<u>2014/15</u>
Members of public	2
Data matching	34
<u>Official source</u>	<u>16</u>
Total closures	52

<u>Outcomes</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
Administrative				
Penalty	7	6	1	1
Caution	45	32	21	5
Prosecution	3	9	10	10
No sanction		<u>26</u>	<u>17</u>	<u>15</u>
		73	49	31

Appendix 4

Data Match information

The Housing Benefit Matching Service (HBMS) is a scheme run nationally for Local Authorities by the DWP. Our live benefit caseload is matched on a monthly basis against records relating nationally paid benefits and tax credits, records relating to private pensions and HMRC records to identify undeclared work or savings.

The number of referrals received varies each month depending on the matching rules that the DWP run against our data. From time to time a new match is trialled, such as cases where there has been no change made to the wages included in our claim for over 12 months, or matching against Credit Reference Agency data in order to identify undeclared partners or other residents. These trials can distort both the numbers of referrals received during some years and the success rate in identifying fraud and error because generally a much higher percentage result in no change to the claim.

The National Fraud Initiative (NFI) is a scheme originally run by the Audit Commission to identify fraud and error within and between Local Authorities across a variety of data sets. The scheme is now run by the Cabinet Office as the Audit Commission no longer exists as an organisation. The Benefits Investigation Team have access only to the matches relating to benefit claims and the remainder are processed by the Shared Internal Audit Team.

The majority of the benefit matches relate to either earnings or pensions in payment to Housing Benefit and Council Tax Support customers. As no filtering can be carried out to identify only the cases where there are no earnings or pensions included in the claim, processing these matches is a very labour intensive exercise. The opportunity is however taken to identify from this cases where increases in income have not previously been declared.

Examples of other matches processed by the Investigation Team include cases where benefit customers are receiving student income, cases where there are 2 benefit claims for the same customer are in payment at different authorities, benefit customers holding taxi licences and cases where Housing Benefit customers have previously purchased a property under the Right to Buy scheme.

Locta is a scheme run by a company called Mag:net Solutions and is endorsed by the DWP. The scheme is mainly aimed at enabling Local Authorities to trace customers when recovering debts such as Housing Benefit overpayments. Our data is shared in order for any cases where there is also another live claim at another authority to be identified at an early stage.

Although the scheme does not generate many data matches the real benefits are found in overpayment recovery, particularly in identifying a customer's employer in order to apply for a Direct Earnings Attachment when there has been no response to invoicing and payment reminders.

Real Time Information (RTI) is the most recent data matching scheme to be introduced and is also administered by the DWP. Housing Benefit data is matched against the real time information that employers and pension providers are now required to submit to HM Revenue and Customs (HMRC), then Local Authority are notified of cases where the claims could be in payment incorrectly.

The scheme was introduced toward the end of 2014, initially as a trial but due to the success in identifying fraud and error, it has recently been announced that it is to be extended and that matches will soon recommence.

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CORPORATE RISK REGISTER

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	No
Relevant Head of Service	Jayne Pickering – Executive Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non-Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present the draft Corporate Risk Register for 2015/16.

2. RECOMMENDATIONS

2.1 **The Board is asked to consider the draft register and subject to any changes approve the proposed register for 2015/16.**

3. KEY ISSUES

Financial Implications

3.1 There are no financial implications in relation to the development of the register.

Legal Implications

3.2 Whilst there are no specific legal implications in the development of the register there will be legislative issues that are addressed within both the corporate and departmental registers.

Service / Operational Implications

3.3 The Corporate Risk Register has been developed by the management team to address issues that are of a strategic nature and are seen as areas that have potential to impact on the delivery of the Strategic Purposes. The draft register attached uses the Red/ Amber / Green Scoring Mechanism to assess the risk associated with the issue and details both the controls and mitigating actions that are in place to reduce the risk to the organisation.

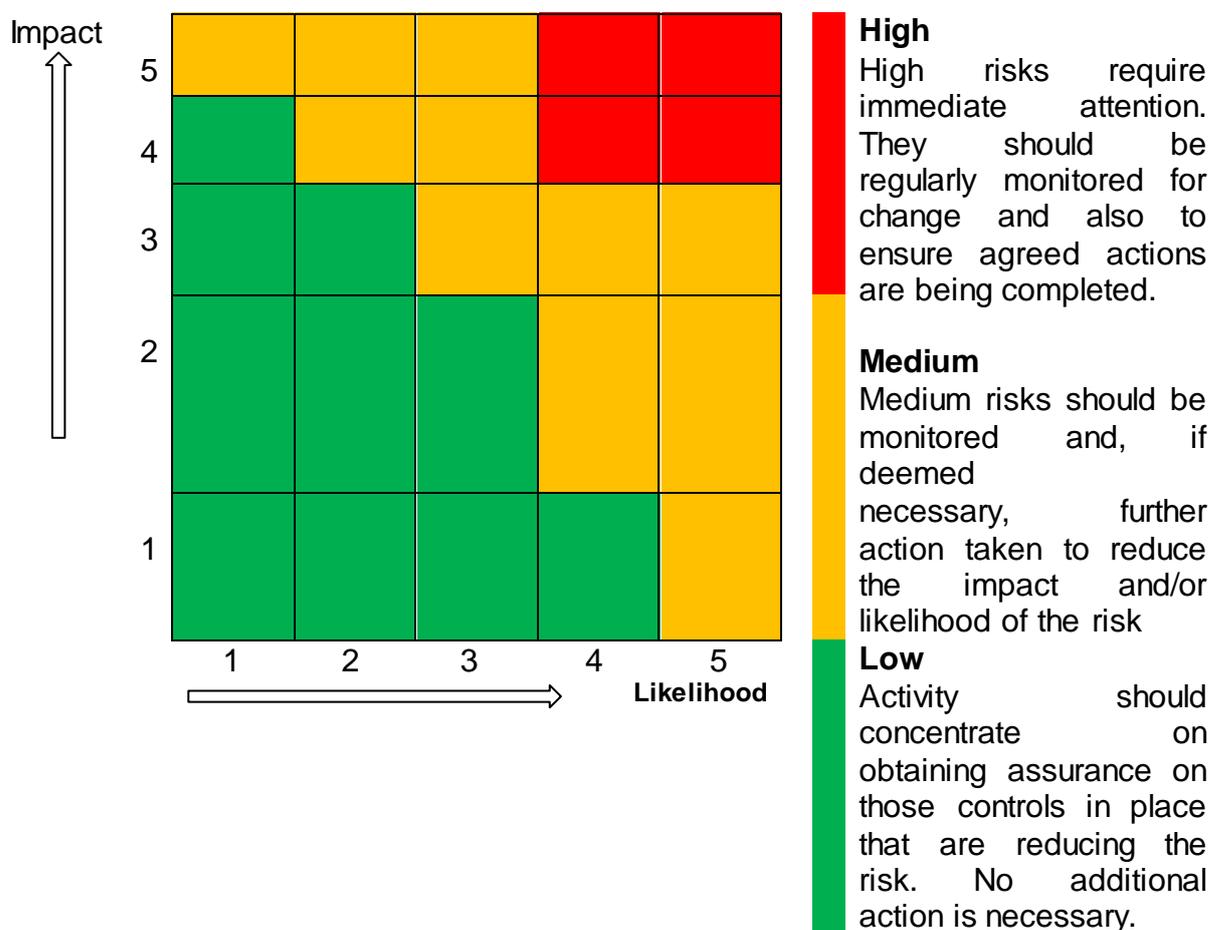
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- 3.4 The scoring mechanism is shown in the table below and the Impact Scoring Criteria is attached at Appendix 1:

Risk scoring matrix

The risk scoring matrix reflects the Councils' current appetite / tolerance to risk. This risk tolerance should be reviewed at least annually as part of the formal refresh of risk management. There are three risk classification (low, medium and high) and these are based on the impact and likelihood values that are given to each risk. The risk matrix below illustrates how risks are classified.



- 3.5 Members are asked to consider the risks identified and to discuss any other Corporate Risks that may require inclusion on the Register

Customer / Equalities and Diversity Implications

- 3.6 There are no implications arising out of this report.

4. RISK MANAGEMENT

- 4.1 The Corporate Risk Register provides a framework for risks to be addressed and mitigated in relation to the delivery of the Councils Strategic Purposes.

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5. **APPENDICES**

Appendix 1 – Impact Scoring Criteria
Appendix 2 - Draft Corporate Risk Register 2015/16

6. **BACKGROUND PAPERS**

Individual internal audit reports.

7. **KEY**

N/a

AUTHOR OF REPORT

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Impact scoring criteria

Appendix 1

Impact value	Impact Areas	Impact Criteria
1. Negligible	Financial	<ul style="list-style-type: none"> Possible financial impact manageable within service budget i.e. less than £50,000 > 1% of monthly budget
	Health & Safety	<ul style="list-style-type: none"> Incident – no lost time
	Service Delivery	<ul style="list-style-type: none"> Brief disruption, less than 1 day Impacts to non-vulnerable groups Affects a project
	Reputational	<ul style="list-style-type: none"> Minor adverse local publicity
2. Slight	Financial	<ul style="list-style-type: none"> Financial impact manageable within existing service budget but requiring service manager approval for virement or additional funds i.e. between £50,000 and £250,000 >2% of monthly budget
	Health & Safety	<ul style="list-style-type: none"> Injury – no lost time
	Service Delivery	<ul style="list-style-type: none"> Loss of Service 1 to 2 days Impacts to non-vulnerable groups Affects 1 or a few services of the council
	Reputational	<ul style="list-style-type: none"> Negative local publicity
3. Moderate	Financial	<ul style="list-style-type: none"> Financial impact manageable within existing Directorate budget but requiring Director and Head of Finance approval for virement or additional funds i.e. between £250,000 and £500,000 >5% of monthly budget
	Health & Safety	<ul style="list-style-type: none"> Injury, lost time, Short term sick absence
	Service Delivery	<ul style="list-style-type: none"> Loss of service 2 to 3 days Impacts to non-vulnerable groups Affects a single directorate
	Reputational	<ul style="list-style-type: none"> Negative sustained local publicity High proportion of negative customer complaints
4. Critical	Financial	<ul style="list-style-type: none"> Financial impact manageable within existing

		<p>Directorate budget but requiring Director and Head of Finance approval for virement or additional funds i.e. between £500,000 and £1,000,000</p> <ul style="list-style-type: none"> • >10% of monthly budget
	Health & Safety	<ul style="list-style-type: none"> • Extensive, permanent/long term injury or long term sick
	Service Delivery	<ul style="list-style-type: none"> • Loss of service 3 to 5 days • Possible impact to small numbers of vulnerable people, definite impacts on property or non-vulnerable groups • Affects most directorates
	Reputational	<ul style="list-style-type: none"> • Negative national publicity
5. Catastrophic	Financial	<ul style="list-style-type: none"> • Financial impact not manageable within existing funds and requiring Member approval for virement or additional funds i.e. in excess of £1,000,000 • >15% of monthly budget
	Health & Safety	<ul style="list-style-type: none"> • Death or life threatening
	Service Delivery	<ul style="list-style-type: none"> • Loss of service for more than 5 days • Impacts on vulnerable groups • Affect the whole council
	Reputational	<ul style="list-style-type: none"> • Negative sustained national publicity, resignation or removal of CE, Director or elected member.

Likelihood scoring criteria

Likelihood value	Likelihood / Probability Criteria
1. Rare	<ul style="list-style-type: none"> • Has not happened in the past 5 years or more; or • Is not expected to happen in the next 5 years or more • Between 1% to 10% probability
2. Possible	<ul style="list-style-type: none"> • Has not happened in the past 1 to 5 years • Is not expected to happen in the next 1 to 5 years

	<ul style="list-style-type: none"> • Between 10% to 40% probability
3. Likely	<ul style="list-style-type: none"> • Has not happened in the past 6 months to 1 year • Is not expected to happen in the next 6 months to 1 year • Between 40% to 75% probability
4. Highly Likely	<ul style="list-style-type: none"> • Has happened in the past 1 month to 6 months • Is expected to happen in the next 1 month to 6 months • Between 75% to 95% probability
5. Almost Certain	<ul style="list-style-type: none"> • Has happened in the past 1 month; or • Is expected to happen in the next 1 month • More than 95% probability

Agenda Item 16

Risk	Cause / Effect	Current Mitigations	Inherent Risk	Actions Needed	Residual Risk	Risk Owner	Links to Strategic Purposes
Fatality within service provision Page 97	<p>Cause:</p> <ul style="list-style-type: none"> Consequence of Council action Negligence by Council Actions beyond Council control <p>Effect:</p> <ul style="list-style-type: none"> Reputation affected Legal action against Council Financial impact 	<ul style="list-style-type: none"> Standard Operating Procedures -SOP (H&S etc) Training for staff Health-checks First Aid / Defibrillation provision Safeguarding Policy and Procedures Risk Assements 	Impact – 4 Likelihood – 3 = 12	<ul style="list-style-type: none"> Review of SOPs, training provision and health-check processes Action plan re H&S Audit and Insurance Audits 	Impact – 4 Likelihood – 2 = 8	Deb Poole	All
Snap / poorly informed decisions made on savings / cuts	<p>Cause:</p> <ul style="list-style-type: none"> Requirement for savings to balance budget Unanticipated cost pressures / demand on services Pressure from other partners <p>Effect:</p> <ul style="list-style-type: none"> Longer term improvement / innovation / efficiency is hindered Impact on 	<ul style="list-style-type: none"> Robust budget-setting process in place Good awareness of Transformation Programme 	Impact – 4 Likelihood – 3 = 12	<ul style="list-style-type: none"> Establish "whole-life" or "end to end" approach to assessment of savings proposals Develop/improve support for Leadership and decision-making roles of Members On line access for managers for budgets and actual spend Performance Dashboard to be developed for members 	Impact – 4 Likelihood -2 = 8	Jayne Pickering	All

DRAFT CORPORATE RISK REGISTER –BROMSGROVE DISTRICT COUNCIL
2015/16

APPENDIX 2

	<p>organisation, staff and residents</p> <ul style="list-style-type: none"> Impact on Transformation Programme 			<ul style="list-style-type: none"> Data to drive and inform decision making based on evidence of community need 			
<p>Financial constraints (from external sources reducing funding) have a negative impact on service delivery and/or quality</p>	<p>Cause:</p> <ul style="list-style-type: none"> Reduced budget for staffing Reduced spend on maintenance Service cessation <p>Effect:</p> <ul style="list-style-type: none"> Reputation affected Quality of life of residents affected Financial impact 	<ul style="list-style-type: none"> Medium Term Financial Plan in place with assumptions on levels of cuts No unidentified savings in the finance plan 	<p>Impact – 4 Likelihood – 4 = 16</p>	<ul style="list-style-type: none"> Reviewing balances and reserves Ensure updated with legislation and financial impact of changes Reporting regularly to members 	<p>Impact – 4 Likelihood – 4 = 16</p>	<p>Jayne Pickering</p>	<p>All</p>
<p>Partners of the Councils fail to deliver on joint-working</p>	<p>Cause:</p> <ul style="list-style-type: none"> Sovereignty issues / fear of losing control Pressures on partner organisation (financial or political) Resources available from partners Lack of understanding / buy in <p>Effect:</p>	<ul style="list-style-type: none"> Robust governance structures in place Funding mechanisms in place and legally enforceable Partnership Boards (LEP etc) 	<p>Impact – 4 Likelihood -4 = 16</p>	<ul style="list-style-type: none"> Ensure that key decision-makers are round the partnership table Undertake Partnership health-check for all partnership initiatives Connecting Families Consideration of Combined Authorities 	<p>Impact – 4 Likelihood -3 = 12</p>		<p>Help me live my life independently Help me run a successful business Help me find somewhere to live in my locality</p>

	<ul style="list-style-type: none"> • Service improvement hindered • Reputation affected • Financial impact 						
<p>Business Continuity Plans fail to operate effectively in a major emergency incident</p> <p>Page 99</p>	<p>Cause:</p> <ul style="list-style-type: none"> • Plans still in draft and not tested • Plans not implemented or promoted (i.e. staff not made aware) <p>Effect:</p> <ul style="list-style-type: none"> • Potential injury / loss of life • Damage to property / equipment • Service delivery affected • Councils' reputation harmed • Financial impact 	<ul style="list-style-type: none"> • Existing Business Continuity Plan is in place 	<p>Impact -5 Likelihood -2 = 10</p>	<ul style="list-style-type: none"> • Refresh Business Continuity Plan • Plan the transition between the old and new plans • Ensure partners are fully aware and informed of their roles • Link Plans across H&S , Emergency Plan, Risk assessments • Work Programmes (testing etc) to be developed 	<p>Impact -5 Likelihood -2 = 10</p>	Sue Hanley	All
<p>IT systems and infrastructure has a major failure</p>	<p>Cause:</p> <ul style="list-style-type: none"> • Systems bugs / errors • Failure in power supply • Storage of data/servers affected <p>Effect:</p>	<ul style="list-style-type: none"> • Business Continuity Plans in place • Discrete and remote data storage in place • Back-up procedures in place and 	<p>Impact -3 Likelihood -3 = 9</p>	<ul style="list-style-type: none"> • Review current IT business continuity procedures • External validation of IT resilience 	<p>Impact -3 Likelihood -2 = 6</p>	Deb Poole	Enabling Services

	<ul style="list-style-type: none">• Loss of key data• Service delivery affected• Councils' reputation harmed• Financial impact	followed					
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Bromsgrove District Council



AUDIT BOARD ANNUAL REPORT

2014 / 2015



AUDIT BOARD ANNUAL REPORT 2014 / 2015

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FOREWORD BY THE CHAIRMAN

Chairman of the Audit Board



Welcome to Bromsgrove District Council's Audit Board report for 2014/2015

Firstly I would like to take the opportunity to thank the Vice-Chairman, Councillor M. T. Buxton and Audit Board Members for their help and support this year.

I hope this report will give you an understanding of the work undertaken by the Audit Board.

Board Members have been extremely focused and probing, as the role of a Member of the Audit Board requires. Members of the Board have concentrated on specific areas, namely, Risk Management, Fraud, Value for Money and Transformation.

At times the agendas have appeared to be somewhat lengthy, but the volume of reports presented had been included at the request of the Board. I would therefore like to thank officers for their support and for presenting specific detailed reports and presentations when requested by Board Members.

Councillor Helen Jones

INTRODUCTION

This Audit Board report provides an overview of the Audit Board's activity during the municipal year 2014/2015, working in partnership with the Cabinet and senior officers to ensure good stewardship of the Council's resources.

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 (s151) officer.

The Audit Board continuously reviews Internal Audit's progress against the internal audit plan and the Key Performance measures.

During the municipal year the Audit Board considered:

- Reports from the Council's External Auditors – Grant Thornton
- Annual Governance Statement 2013/2014
- Internal Audit Monitoring Reports, Internal Audit Plan and Annual Report
- Financial Monitoring Reports
- Treasury Management Strategy Statement and Investment Strategy 2014/2015 to 2016/2017
- Risk Management, including Departmental Risk Management Presentations
- Corporate Risk Register
- Benefits Fraud Updates

AUDIT BOARD MEMBERS 2014 / 2015



Councillor S. J. Baxter



Councillor M. T. Buxton
Vice-Chairman



Councillor B. T. Cooper



Councillor S. J. Dudley



Councillor P. Harrison



Councillor P. M. McDonald

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 2014/2015 meetings were held in June, September, December 2014 and March 2015. The Audit Board work programme was reviewed at each meeting with items included as and when considered and agreed by the Board. The Audit Board Work Programme for 2014/2015 is detailed at Appendix 2.

Trained substitutes are permitted subject to the restriction that each Member of the Board may only nominate a substitute on up to two occasions during each municipal year. Trained substitutes were in attendance at the following meetings: 19th June 2014, 18th September 2014 and 19th March 2015.

MEMBER TRAINING

The Service Manager, Worcestershire Internal Audit Shared Service, provided refresher training for Members in June 2014 and an additional refresher training session in September 2014 for Members unable to attend in June 2014.

The Member Development Steering Group agreed that refresher training was not mandatory, but that all Audit Board Members and named substitutes should be encouraged to attend the training prior to attending Audit Board meetings as good practice.

The training highlighted: -

- What is Internal Audit?
- What does it provide?
- Two views of internal audit:-
 - Old school – tick and bash approach
 - New School – value added
- What is the purpose of internal audit?
- How do we audit to provide an assurance?
- Reporting Process
- Report Findings and Recommendations
- Overall Audit Assurance
- What standards does the Internal Audit Shared Service work to?

ANNUAL GOVERNANCE STATEMENT 2013 / 2014

The preparation and publication of an annual governance statement is necessary to meet the statutory requirements set out in Regulation 4(2) of the Accounts and Audit (Amendment)(England) Regulations 2006 to prepare a Statement on Internal Control (SIC) in accordance with 'proper practices'.

The Annual Governance Statement is a statutory document which provides an overview of the governance arrangements within Bromsgrove District Council. The purpose of the annual governance statement is not just to be 'complaint' but also to provide an accurate representation of the arrangements in place during the year and to highlight those areas where improvement was required.

The draft Annual Governance Statement 2013/2014 was presented to the Board at the meeting held on 19th June 2014 and detailed the purpose of the Government Framework, the Core Principles, Review of effectiveness and significant governance and internal control issues. The Council's external auditors, Grant Thornton, did not identify any significant weaknesses in the Council's internal control arrangements whilst working with officers throughout the year.

INTERNAL AUDIT

The Worcestershire Internal Audit Shared Services Team 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. Internal Audit continuously reviewed and reported on risk and the adequacy of systems in place to ensure compliance with the Council's policies and procedures; and assisted Service Managers to add value to service areas. Worcestershire Internal Audit Shared Service activity is organisationally independent but has a direct and unrestricted access to senior management and the Audit Board.

All audit reports go to the manager of the service, the appropriate Director and the Chief Executive. The Audit Board received a quarterly report of the internal audit activity and had input and final approval of the annual audit plan.

Risk Management featured as part of the audit programme for the year with reports presented to the Audit Board for consideration.

The involvement of Members in progress monitoring was considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

Internal audit work was also carried out 'behind the scenes' but was not always the subject of a formal report. For example:

- Governance – assisting with the Annual Governance Statement
- Risk management
- Transformation review providing support as a critical review
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing Manager's attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice
- Networking with audit colleagues in other authorities on professional points of practice
- National Fraud Initiative
- Investigations

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. Individual reports for completed audits were presented to Audit Board Members.

During the Audit Board meeting held on 19th June 2014 Members were informed that due to natural turnover Worcestershire Internal Audit Shared Service had two established posts vacant with active recruitment taking place to replace a permanent staff member. Close monitoring of resource was continuing using the current management information to assist the delivery of the Partner's plans throughout the year. Worcestershire Internal Audit Shared Service was committed to delivering all audits as indicated in the 2014/2015 plan for Bromsgrove District Council and would ensure that those currently requiring finalisation would take place as soon as practically possible.

Internal Audit Shared Services Manager's Opinion 2013 / 2014

The Service Manager, Worcestershire Internal Audit Shared Service presented this report to Members on 19th June 2014. The report provided Members with the proposed Worcestershire Internal Audit Services Manager opinion, which would be included as part of the Annual Governance Statement 2013/2014.

The Internal Audit Plan for 2013/2014 was a risk based plan (assessing audit and assurance factors, materially risk, impact of failure, system risk, resource risk, fraud risk and external risk) using a predefined scoring system. It included:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' e.g. corporate systems, governance.
- a number of operational systems, e.g. environmental enforcement, depot and stores and land charges were looked at to maintain and improve its control systems and risk management processes or reinforce its oversight of such systems.

The 2013/2014 internal audit plan was delivered in full providing sufficient coverage for the Section 151 (s151) officer and Internal Audit Service Manager to form an overall opinion.

In relation to the twenty one reviews that were undertaken, fourteen audits were finalised and seven were nearing completion at clearance meeting or draft report stage. Risk management was re-launched during 2012/2013 with a Corporate Risk Register being formulated and training provided. However, further embedding was required to move towards a trustworthy system which could be relied on.

An audit in this area returned an assurance level of 'limited' assurance. 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 a time of continuing significant transformation and change.

Worcestershire Internal Audit Shared Service concluded that no system could provide absolute assurance against material misstatement or loss, nor could Internal Audit give that assurance.

Internal Audit Annual Report 2013 / 2014

The Internal Audit Annual Report 2013/2014 was presented to Members on 19th June 2014. The report highlighted that during 2013/2014, 285 chargeable audit days were delivered. This equated to a delivery of 95% against a target for the year of 90%. The Worcestershire Internal Audit Shared Service achieved and delivered the full 2013/2014 internal audit plan.

2013/2014 was a demanding year for the Internal Audit Team with the loss of two auditors early in the year, managing a return to work after long term sickness as well as training and mentoring two new auditors who joined the team. There was a need to vacancy manage posts for a significant proportion of the year in order to offset the interim resource that was used to ensure that Worcestershire Internal Audit Shared Service could deliver the risk based internal audit plan. Internal Audit carefully managed its resource and worked with partners to deliver the full audit programme for Bromsgrove District Council for 2013/2014.

To try to reduce duplication of effort internal audit understood the importance of working with the External Auditors. The audit plan was shared with the external auditors for information. The results of the work that internal audit perform on five systems audits would be of direct interest to External Audit. Audit reports were passed to the external auditor on request for their information.

The purpose of the 2013/2014 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:

- Internal Audit assisted the Authority in meeting its objectives 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 inform their opinion using the work completed by Internal Audit.
- An opinion could be formed on the adequacy of the Authority's system of internal control, which feeds into the Annual Governance Statement.

Risk Management featured as part of the audit programme for the year. With reports presented to the Audit Board for consideration.

Work continued in respect of the National Fraud Initiative exercise. Appropriate action was taken and work progressed to identify any potential fraudulent activity for example overpayment for housing benefits, income support, etc.

Quality Measures - 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 returned questionnaires during the year showed a very high satisfaction with the audit product.

Provisional Internal Audit Plan 2015 / 2016

At the Audit Board meeting on 11th December 2014, 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 2015/2016, and to make suggestions as to where Members felt audit resources may be required under the direction of the s151 officer.

The Internal Audit Plan for 2015/2016 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 service risk priorities and ongoing dialogue and agreement with the Section 151 (s151) officer as well as an independent risk assessment of the audit universe by Internal Audit.

Dialogue with the Heads of Service took place in early 2015 to agree a more detailed plan delivery, the outcome of which was presented to Members on 19th March 2015.

Members approved the Internal Audit Operational Plan and the Key Performance indicators for the Worcestershire Internal Audit Shared Service 2015/2016.

The Service Manager, Worcestershire Internal Audit Shared Services highlighted that Internal Audit Plan for 2015/2016 had been based upon a resource allocation of 250 chargeable days, a resource allocation agreed with the Council's Section 151 officer (S151).

The 250 day allocation was based on transactional type system audits and had been reduced from the 300 days delivered during 2014/2015, a saving of 50 days.

Due to the changing internal environment, ongoing transformation and more linked up and shared service working between Bromsgrove District Council and Redditch Borough Council, the plan was organised in a smarter way in order to exploit the efficiencies that this type of working has provided.

CORPORATE RISK REGISTER / **RISK MANAGEMENT**

A report was presented to the Audit Board on 19th June 2014 detailing the new framework for corporate risk that had been developed following discussions with service teams and managers. Corporate Fraud and Individual Election Registration (IER) were both included as additional corporate risks as suggested by the Audit Board during its meeting on 20th March 2014. The Council's external auditors, Grant Thornton had suggested that the Corporate Risk Register linked to the Council's strategic purposes. The Executive Director, Finance and Corporate Resources agreed to discuss this with the Corporate Management Team. Occasionally risks may be moved from departmental risk registers to the corporate risk register if their effect was seen to be of a wider strategic nature than originally anticipated. The Corporate Risk Register was reported to the Board on a quarterly basis and audited as part of the Annual Audit Plan.

The Risk Management Monitoring Group ensured on-going corporate monitoring and challenged any risks. Councillor H. J. Jones was nominated by the Board as a representative of the Audit Board to attend meetings of the Risk Management Monitoring Group. At the meeting held on 11th December 2014 the Executive Director Finance and Resources provided the Board with a verbal update on the group and informed Members that Internal Audit had included Risk Management within their 'other key audit work'. The key findings were included in the 'high' and 'medium' priority recommendations summary presented to the Board on 19th June 2014:-

"Six medium priority recommendations in relation to Risk Management strategy and training, risk register reviews and entries. Consistency of Risk Management approach and 4Risk systems administration".

Departmental Risk Registers

During 2014/2015 Members received risk management presentations from:-

- Environmental Services
- Business Transformation

The presentations detailed the risk management for their specific service areas.

FRAUD PREVENTION & DETECTION

During the meeting on 19th June 2014, Members received the following report from the Council's External Auditors, Grant Thornton: –

Informing the audit risk assessment for Bromsgrove District Council: Matters in relation to fraud

The report highlighted that the primary responsibility to prevent and detect fraud rests with both the Audit Board and management. Management, with the oversight of the Audit Board, needed to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Board and Standards Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process. As the Council's external auditors, they needed to understand how the Audit Board oversaw the following processes:-

- Assessment that the financial statements could be materially misstated due to fraud.
- Process for identifying and responding to risks of fraud, including any identified specific risks.
- Communication with the Audit Board regarding its processes for identifying and responding to risks of fraud.
- Communication to employees regarding business practices and ethical behaviour.

The above areas were set out in the fraud risk assessment questions together with the responses from the Council's management as detailed in the report presented.

Internal Audit: Transformation ~ Corporate Anti-Fraud 2013/14

The review was a full system audit concentrating on areas for Corporate Anti-Fraud including policies and the strategic overview to reduce opportunity for fraud and corruption, promote awareness of potential fraud to all staff members, how the organisation manages its policies to include new legislation, and, declaration registers were in place and monitored. With additional work in this area, with regard to the initial audit, the review found a more corporately coordinated approach was necessary but there were direct and compensating controls which complemented each other and when taken together provided a comprehensive corporate coverage to reduce the risk exposure overall. It must be remembered that no amount of controls would eliminate the potential risk of fraudulent activity taking place but a comprehensive and wide ranging control environment significantly reduced the risk exposure.

Benefits Fraud Investigations

Members received reports on the performance of the Benefits Services Fraud Investigation Service for 2014/2015.

The reports detailed the number of fraud referrals received by the team and the percentage of referrals from data-matching and official sources.

The reports also detailed the actions taken: number of cautions accepted, number of administrative penalties accepted and the number of successful prosecutions and 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.

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 was 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 the identification of overpaid Housing Benefit and excess payments of Council Tax Benefit / Reduction. Some of these overpayments can be large and can distort the apparent recovery rate of overpayments.

The timescale for the implementation of the Single Fraud Investigation Service, as announced as part of the Government's Welfare reform plans were released and despite the rest of the county joining in November 2014, Bromsgrove District Council would not join the organisation until February 2016.

No further indication of the roll out dates in respect of Universal Credit was received. However, officers were developing an action plan in respect of support of this, based on some of the learning coming out of the pilot areas. The key themes emerging from the pilot areas were:-

- Partnership Working
- Financial Inclusion
- Triage
- Digital Inclusion

The Head of Customer Access and Financial Support informed Members that the Council would not be responsible for monitoring fraud in the Universal Credit system. This would transfer to the Single Fraud Investigation Service.

However the Council would retain responsibility to manage non-welfare fraud, such as the Council Tax Support Scheme. Readiness planning would take place and the team would look at how they help customers, digital by default, there would be a need for support to be in place for those who absolutely needed help. The team would look at on-line offering, voluntary sector groups and budget helping assistance.

At the meeting held on 18th September 2014, Members were informed that a shared Investigation Team working across both Bromsgrove District Council and Redditch Borough Council was in place. A Senior Investigation Officer had been recruited to lead the team to February 2016 when they are due to transfer to the Single Fraud Investigation Service. The team would continue to investigate claims for Council Tax Support in order for decisions to be made on the future of this function which was not transferring to the Single Fraud Investigation Team.

A counter fraud fund had been made available through the Department for Communities and Local Government for local authorities to submit bids to enable the investigation of non-benefit fraud.

EXTERNAL AUDITORS - GRANT THORNTON **REPORTS**

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

Reports received in June 2014:-

Following on from the meeting held in December 2013, where the external auditors identified ICT weaknesses, the Executive Director, Finance and Corporate Resources and the ICT Transformation Manager informed the Board that there was now a formal change control process for the network and any other major changes completed by ICT. There was an annual independent review of the network access and internal reviews were completed by ICT every 3-6 months. An ongoing staff review was being undertaken of access levels and permissions to reduce the number of staff who had this level of security within the system. ICT had reviewed and reduced the domain administrators as part of the annual independent audit completed for Public Sector Network compliance.

Auditing Standards 2013/2014

The purpose of this report was to contribute towards the effective two-way communication between the Authority's external auditors and the Authority's Audit Board. The Cabinet retained the responsibility as "those charged with governance" at Bromsgrove District Council, and the Audit Board supported them in that role.

The report included a series of questions and the responses received from the Authority's management on the following areas:-

- fraud
- laws and regulations
- going concern
- accounting estimates
- related parties

Audit Plan 2013/2014

The Audit Plan sets out the work that Grant Thornton proposed to undertake in relation to the Audit of the financial accounts for 2013/2014 and any risks that required additional review and consideration. In order to plan their audit Grant Thornton needed to understand the challenges and opportunities the Council was facing.

A review of the Financial Resilience would be undertaken as part of their Value For Money (VFM) conclusion and as part of the VFM conclusion they would continue to monitor the Council's path to transformation.

A review of the Council's Medium Term Financial Plan (MTFP) would be included to consider whether improvements had been made in budgetary control to support the successful delivery of the plan. Where savings had been specifically attributed to transformation in the MTFP they would consider how those savings were being identified and reported.

Progress Update (as of May 2014)

The report informed the Board on the progress in delivering their responsibilities as the Council's external auditors, the report also included an update in relation to emerging national issues and developments that may be of interest for Members to refer to when discussing the final accounts in September 2014. There were no issues that were not being addressed by officers to ensure that the Council met its statutory financial obligations.

Reports received in December 2014:-

Progress Update (as of November 2014)

The report informed the Board on the progress in delivering their responsibilities as the Council's external auditors. The report provided a summary of emerging national issues and challenge questions in respect of those emerging issues for the Board to consider. These included:-

- Chartered Institute of Public Finance and Accountancy (CIPFA), Local Authority Accounting Panel (LAAP) updates.
- Managing Council property assets.
- Grant Thornton Vision for 2020.
- Anti-fraud and corruption - the National Fraud Initiative.
- Auditing of Parish Councils – the complexity of the governments new arrangements for parish council audits.

The Executive Director, Finance and Resources informed the Board that with regard to the Auditing of Parish Councils, officers had raised this at the recent Worcestershire County Association of Local Councils (CALC) meeting held on 10th December 2014 to ensure that parishes were made aware of the government's new arrangements for parish council audits with effect from 2017.

The report also outlined that as at November 2014 the 2014/2015 Accounts Audit Plan would be completed in with the agreed timetable. With regards to the interim accounts audit, the detailed timing would be agreed with the Executive Director of Finance and Resources in due course, as would the work for the Value for Money (VFM) conclusion.

There were a number of top issues raised at the June meeting and it was proposed that officers continued to work with Grant Thornton prior to the final accounts process to ensure that Members were updated at the March 2015 Audit Board meeting with an update on the top issues identified.

Annual Audit Letter

The Annual Audit Letter 2013/2014 summarised the key findings that had arisen from the work Grant Thornton had carried out at the Council for the year ended 31st March 2014.

There were 5 recommendations arising from their work as detailed below, along with the officer recommendations: -

- Improvements to Financial Monitoring particularly forecasting and outturn savings being identified.

Further training was being undertaken with budget holders. The new finance system would enable on-line access to budget monitoring.

- Performance Management arrangements to be in place.

The Management Team was currently considering options for development of reporting framework of measures to enable Members to consider the information.

- Financial Ledger implementation needs to be resourced and planned effectively.

Financial Services Manager will lead the project and regular updates would be given to Cabinet and the Audit Board. A Project Group set up with stakeholder and technical input.

- Risk Management Arrangements to be developed further.

Corporate Risk Register to be aligned to the Council's Strategic Purposes and the management team would continue to embed risk management across the organisation.

- Capital Projects to be developed with detailed business cases for Members consideration.

Business Case already developed for Dolphin Centre and decisions on future capital projects to be supported with similar information.

Officers would continue to work with both Internal and External Audit to ensure the recommendations were implemented.

Reports received in March 2015:-

Certification Letter for Certification Work year ended 31st March 2014

Grant Thornton was required to certify certain claims and returns submitted by Bromsgrove District Council. This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement of funding.

Grant Thornton certified one claim, the Housing Benefits subsidy, for the financial year 2013/2014 which related to expenditure of £16 million. The claim was amended by £9,580 and was qualified. Grant Thornton identified an unusually high number of errors (17 cases) in cell 114 extended payments, where expenditure should have been reflected in a lower value subsidy cell. Officers understood the reason for the errors and Grant Thornton were informed that measures were in hand to address the issue for the 2014/2015 subsidy. The Department of Work and Pensions would determine whether the claimed subsidy for 2013/2014 would be adjusted for the extrapolation.

Informing the Audit Risk Assessment

The purpose of this report was to contribute towards the effective two-way communication between the Council's external auditors and the Audit Board. The two way communication assisted both the auditor and the Audit Board in understanding matters relating to the audit and developing a constructive working relationship. As part of their risk assessment procedures they are required to obtain an understanding of management processes of the following areas:-

- Fraud
- Laws and regulations
- Going concern
- Related Parties
- Accounting estimates

There were no specific concerns highlighted by Grant Thornton.

Audit Plan 2014/2015

The Audit Plan sets out the work that Grant Thornton proposed to undertake in relation to the Audit of the financial accounts for 2014/2015 and any risks that required additional review and consideration. In order to plan their audit Grant Thornton needed to understand the challenges and opportunities the Council was facing.

Significant risks identified – significant risk often relate to non-routine transactions and judgmental matters. Non routine transactions are transactions that are unusual, either due to the size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there was significant measurement uncertainty.

The report detailed the significant risks identified and included:

- The revenue cycle includes fraudulent transactions
- Management over-ride of controls
- Valuation of Bromsgrove District Council House
- Payroll Manager
- Parkside Development
- Implementation of new ledger
- Operating expenses
- Employee remuneration
- Welfare Expenditure
- Bromsgrove Arts Development Trust (Artrix)

Progress Update (as of March 2015)

The report informed the Board on the progress in delivering their responsibilities as the Council's external auditors. The report provided a summary of emerging national issues and challenge questions in respect of these emerging issues for the Board to consider. These included:-

- Independent Commission into Local Government Finance
- Inspection into the Governance of Rotherham Council Department for Communities and Local Governments (DCLG) Build to rent scheme
- Local Government Governance Review 2015
- Stronger futures: developing of the Local Government Pension Scheme (LGPS)

The Board was reassured that with regard to the emerging issues, officers would ensure Parish Councils were made aware of the new arrangements due to be in place during 2017.

Member Network Events

Grant Thornton held a series of network events for Audit Committee Members. The Midland Local Government Audit Committee Member Network events provided a network opportunity for fellow Audit Committee Members from across the Midlands. The events were held at the offices of Grant Thornton UK LLP. The Network focused on key themes for Audit Committees and their governance responsibilities, giving Members an opportunity to learn and debate topics with experts and peers. The events covered current issues and challenges relevant to local authorities, and the changing landscape in local government.

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.

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FUTURE WORK OF THE BOARD - to monitor

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

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TERMS OF REFERENCE

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

APPENDIX 2

WORK PROGRAMME 2014/15

19th June 2014

- Grant Thornton Auditing Standards
- Grant Thornton Audit Plan
- Grant Thornton Progress Report 2013/2014
- Annual Governance Statement 2013/2014
- Departmental Risk Register Presentation - Environmental Services
- Corporate Risk Register
- ICT Resilience – verbal update
- Internal Audit Monitoring Report
- Internal Audit Annual Report and DRAFT Audit Opinion 2013/2014
- Benefits Investigations
- Audit Board Draft End of Year Report 2013/2014
- Audit Board Work Programme 2014/2015

18th September 2014

- Statement of Accounting Policies
- Statement of Accounts 2013/2014 (pre-audit)
- Quarter 4 – Finance Monitoring Report
- Quarter 1 – Finance Monitoring Report
- Departmental Risk Register Presentation – Business Transformation
- Internal Audit Monitoring Report
- Benefits Investigations
- Audit Board Work Programme 2014/2015

11th December 2014

- Grant Thornton Audit Opinion Recommendations
- Statement of Accounts 2013/2014
- Quarter 2 – Finance Monitoring Report
- Departmental Risk Register Presentation
- Internal Audit Monitoring Report
- Draft Internal Audit Plan 2015/2016 – (to include Internal Audit 3 year plan)
- Benefits Investigations
- Audit Board Work Programme 2014/2015

19th March 2015

- Grant Thornton Certification Work Report 2013/2014
- Grant Thornton Review of Financial Resilience
- Grant Thornton Auditing Standards
- Grant Thornton Audit Plan March 2015
- Grant Thornton Progress Report
- Statement of Accounting Policies
- Quarter 3 – Finance Monitoring Report
- Departmental Risk Register Presentation
- Internal Audit Monitoring Report
- Internal Audit Plan 2015/2016
- Benefits Investigations
- End of Year Report 2014/2015 (For Member discussion)
- Audit Board Work Programme 2014/2015

To Be Allocated To Suitable Dates

- Risk Management Monitoring Group – update
- 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.

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