



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY 17TH SEPTEMBER 2015 AT 6.00 P.M.

THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

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

Parish Councillors: Mr C. Surrell and Mr J Ellis

AGENDA

1. Apologies for Absence and Named Substitutes
2. Declarations of interest and Whipping Arrangements
3. To confirm the accuracy of the minutes of the Audit, Standards and Governance Committee meeting held on 16th July 2015 (Pages 1 - 12)
4. To confirm the accuracy of the minutes of the Standards Committee meeting held on 15th January 2015 (Pages 13 - 18)
5. Standards Regime - Monitoring Officers' Report (Pages 19 - 22)
6. Standards - Parish Councils' Representatives' Reports (Oral Updates)
7. Audit, Standards and Governance Committee Work Programme (Pages 23 - 24)
8. Grant Thornton Progress Report (Pages 25 - 36)
9. Risk Management Monitoring Group Update - Environmental Services - presentation (Pages 37 - 44)
10. Risk Champion Verbal Update Report - Councillor Michael Thompson
11. Single Fraud Investigation Service - Presentation

12. Benefits Fraud Monitoring Report - Quarter 1 (Pages 45 - 58)
13. Financial Monitoring Report (Pages 59 - 62)
14. Internal Audit Monitoring Report (Pages 63 - 86)

This item includes an overview of the Worcestershire Regulatory Services internal audit report.

K. DICKS
Chief Executive

The Council House
Burcot Lane
BROMSGROVE
Worcestershire
B60 1AA

8th September 2015

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

16TH JULY 2015 AT 6.00 P.M.

PRESENT: Councillors R. D. Smith (Chairman), P.L. Thomas (Vice-Chairman), S. R. Colella, M. Glass, C.A. Hotham, H. J. Jones, P. M. McDonald, M. Thompson and S. A. Webb

Parish Councillors: J. Ellis, (Stoke Parish Council) and C. Scurrall, (Belbroughton Parish Council)

Observers: Councillor G. N. Denaro and M Sherrey

Invitees: Mr P Jones and Ms Z Thomas (Grant Thornton)

Officers: Ms. J. Pickering, Mrs. C. Felton, Mr. A. Bromage and Ms S. Knight

1/15 INTRODUCTION AND WELCOME TO THE NEW AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Officers welcomed Members to the first meeting of the new Audit, Standards and Governance Committee. As the Audit Board and Standards Committee had merged into this Committee after the publication of the calendar of meetings for the year it was necessary to confirm the dates of future meetings of the Committee; which were due to take place on the evenings of 17th September 2015, 10th December 2015 and 24th March 2016.

During consideration of this item the extent to which it was appropriate for the Vice Chairman of the Council to serve as a Member of the Audit, Standards and Governance Committee was discussed. It was suggested that this might compromise the Vice Chairman's position at meetings of Council. However, the Monitoring Officer explained that there were currently no restrictions preventing the Vice Chairman of the Council from serving on the Committee.

2/15 ELECTION OF CHAIRMAN

Nominations for the position of Chairman were received in respect of Councillors R. D. Smith and M. Thompson.

RESOLVED that Councillor R. D. Smith be nominated Chairman of the Committee for the ensuing municipal year.

3/15 **ELECTION OF VICE CHAIRMAN**

Nominations for the position of Vice Chairman were received in respect of Councillors P. L. Thomas and M. Thompson.

RESOLVED that Councillor P. L. Thomas be elected as Vice Chairman of the Committee for the ensuing municipal year.

4/15 **APOLOGIES AND NAMED SUBSTITUTES**

An apology for absence was received on behalf of Councillor S. R. Peters and Councillor C. Hotham was confirmed as attending as his substitute.

5/15 **DECLARATIONS OF INTERESTS**

There were no declarations of interest.

6/15 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT BOARD MEETING HELD ON 19TH MARCH 2015**

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

Members noted that Councillor H. J. Jones had been present at that meeting of the Audit Board and was in a position to comment on the accuracy of the minutes.

RESOLVED that the minutes of the meeting of the Audit Board held on 19th March be approved as a correct record.

7/15 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE STANDARDS COMMITTEE MEETING HELD ON 15TH JANUARY 2015**

The minutes of the meeting of the Standards Committee held on 15th January were submitted.

Officers explained that as there were no district Councillors present who had also attended this meeting the item would need to be deferred. This would provide time for an elected Member who had been present to confirm in writing whether the content of the minutes were accurate.

RESOLVED that confirmation of the accuracy of the minutes of the meeting of the Standards Committee held on 15th January 2015 be deferred until the following meeting for the reasons detailed in the preamble above.

8/15 **STANDARDS REGIME - MONITORING OFFICER'S REPORT**

The Committee was advised that at the beginning of every meeting the Monitoring Officer's report would be presented for Members' consideration. The report would focus on any developments relevant to the Council's standards regime.

During presentation of this report the Monitoring Officer highlighted a number of points for Members' consideration, including:

- A significant number of Member training sessions had been delivered since January 2015. This included 3 standards and code of conduct training sessions in June 2015. Members were advised that if any particular training needs were identified these should be reported to group leaders.
- This legislation had removed the right of Parish Councillors to vote at Standards Committee meetings, however, Parish Council representatives continued to be appointed to the Audit, Standards and Governance Committee in a non-voting capacity due to their interest in the proceedings.
- Parish Councillor J. Ellis had incorrectly been recorded in the report as the Chairman of Belbroughton Parish Council when he was in fact Vice Chairman of Stoke Parish Council.
- There were 2 independent persons under the standards regime with whom the Monitoring Officer was required to consult regarding any complaints about Members.
- The independent persons were not Members of the Committee but could attend meetings to observe proceedings.
- Officers were investigating the potential to reduce the number of independent persons to one, and it was noted that one of the independent persons had struggled to attend meetings.

The Parish Council representatives requested and it was agreed that in future the two Parish Council representatives would be listed as Parish Councillors on both the agenda and in the minutes of the meetings. In response to a question the Monitoring Officer reported that the political affiliation of Parish Council representatives was excluded from the political balance of the Committee.

RESOLVED that subject to the comments detailed in the preamble above the report be noted.

9/15

LOCALISM ACT 2011 - STANDARDS REGIME - DISPENSATIONS

The Monitoring Officer presented a report concerning the granting of dispensations under the standards regime as set out in the Localism Act 2011. Members were advised that this was an exceptional report intended to provide Members with a chance to declare any potential interests and to be granted with dispensations to take part in particular decisions at appropriate Council meetings. An updated copy of Appendix 1 to the report, detailing Individual Member Dispensations, was tabled at the meeting (Also attached at Appendix 1 to these minutes).

During consideration of this report the following matters were among those considered by Members.

- Dispensations for Parish Councillors were handled through a separate mechanism.

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Audit, Standards and Governance Committee
16th July 2015

- Councillor Cooper's contract with the Sandwell and West Birmingham Hospitals NHS Trust and the extent to which this might compromise him in his position as the Council's representative on the Worcestershire Health Overview and Scrutiny Committee (HOSC). Was there any answer to this?
- The extent to which the items listed on Appendix 1 in terms of Individual Member Dispensations matched the content of elected Members' completed disclosable pecuniary interest (DPI) forms.
- The role of the Audit, Standards and Governance Committee in granting individual Member dispensations which was a power that had been delegated to the Committee by Council.
- The delays in respect of uploading completed DPI forms onto the Council's website. The Monitoring Officer confirmed that these would be made available to view shortly; delays had mainly occurred due to the volume of forms that had been received from both District and Parish Councillors.
- The requirement for Members to complete a written request in order for the dispensations to take an effect and whether this process could be more efficient. The Monitoring Officer explained that the dispensation system in relation to the budget setting process had worked effectively in previous years.
- The possible implications of applying the individual Member dispensations requested up until the first meeting of the Audit, Standards and Governance Committee meeting in 2019 after the District Council elections.
- The possibility of reviewing Members' dispensations on an annual basis. The Monitoring Officer explained that updates in respect of any changes to appointments to outside bodies mid-way through a term of office would be identified and reported to the Committee on an on-going basis.

It was noted in the report that provision of dispensations concerning the budget, Council Tax and Members' Allowances was subject to a caveat; that any Member in 2 month's arrears or more with their Council Tax payments could not participate in any Council meeting concerning the budget.

At Members' request the following details of the voting were recorded in respect of the continuing validity of Councillor B. T. Cooper's Individual Member's Dispensation as detailed in Appendix 1 to the report.

For the granting of the dispensation: Councillors M. Glass, H. J. Jones, P. L. Thomas and S. A. Webb.

Against the granting of the dispensation: Councillors S. R. Colella, C. Hotham, P. M. McDonald and M. Thompson.

The Chairman advised that he was satisfied that the dispensation was appropriate and made the casting vote in favour of granting the dispensation to Councillor B. T. Cooper.

Councillor P. M. McDonald requested that it be noted in the minutes that he had abstained from voting on resolutions (e) and (f) detailed below.

RESOLVED that

- (a) subject to the caveat detailed above 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:
 - (i) the Budget;
 - (ii) Council Tax; and
 - (iii) Members' Allowances.
- (b) 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.
- (c) The Audit, Standards and Governance Committee grants the individual dispensations which are being sought by Members, as detailed in Appendix 1, 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.
- (d) 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.
- (e) the dispensations referred to at (a), (b), (c) and (d) 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
- (f) the dispensations referred to at (a), (b), (c) and (d) above be valid until the first meeting of the Audit, Standards and Governance Committee after the District Council Elections in 2019.

10/15 **STANDARDS - PARISH COUNCILS' REPRESENTATIVES' REPORT (ORAL UPDATE)**

The Parish Councillor representatives on the Committee confirmed that they had no updates to provide for the consideration of Members.

11/15 **AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME**

The Audit, Standards and Governance Committee's Work Programme was submitted for noting alongside the terms of reference and procedure rules for the Committee.

During consideration of this item the following issues were discussed:

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- The reference to “informed recommendations” in paragraph 1.3, which was not repeated in paragraph 12.3 of the Procedure Rules and the extent to which this different wording was contradictory. Members noted that a few changes to the phraseology would help to clarify the roles outlined in these 2 paragraphs.
- The potential for the Audit, Standards and Governance Committee to request that Internal Audit investigate particular services or projects.
- The budget available for the Committee to make payments to advisers, assessors and witnesses as detailed in paragraph 13 (d) to the Committee’s procedure rules. The Monitoring Officer explained that there was a small budget which covered the expenses of the independent person, though approximately £6k remained available to use for Committee investigations.
- The difficulties that the Committee might encounter with proposing a single minority report alongside a majority report if agreement could not be reached in relation to a particular issue.
The Monitoring Officer suggested that if this proved to be challenging Members could review the process for producing minority reports as part of the review of the operation of the Committee at the end of the municipal year.
- The stipulation in the procedure rules that the party whip should not be applied at meetings of the Committee. Declarations of Party Whip had not formally been incorporated into the agenda for the Committee. However, for future meetings Members requested that declarations of whipping arrangements should be considered on the agenda.
- Members confirmed that they had not been subject to whipping arrangements for any of the items on the agenda for the meeting.

RECOMMENDED to Council that the word “informed” be removed from paragraph 1.3 in the Audit, Standards and Governance Procedure Rules; and

RESOLVED that the Committee’s Work Programme be noted.

12/15

BENEFITS FRAUD INVESTIGATIONS QUARTER 4 UPDATE REPORT

The Assistant Benefits Manager, Shona Knight, presented the Benefits Fraud Quarter 4 Update report for the Committee’s consideration.

During consideration of this report Members discussed the following matters:

- Housing Benefit claims and Council Tax Support claims and the extent to which errors in the system for these claims were due to staff error.
Members were advised that whilst some errors were as a result of staff actions in many cases the errors arose due to inaccurate information provided by the customer. To ensure this was clear it was suggested that references should be made to “claimant errors” where applicable in future versions of the report.
- The types of investigations that might result in a decision to prosecute a customer and the extent to which these decisions needed to be taken early in the process.

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- The value to Members of further information within the report about the total projected spend for the year compared to overpayments during the quarter.
- The potential for similar figures to be provided for other local authorities for benchmarking purposes. Officers explained that in many areas the function had already transferred to the Department for Work and Pensions and this would make the provision of comparable data difficult..

RESOLVED that subject to the comments detailed in the preamble above the report be noted.

13/15 **GRANT THORNTON AUDIT FEE REPORT**

The Chairman welcomed Mr. P.Jones (Engagement Lead) and Ms Z Thomas (Manager) from the Council's external auditors, Grant Thornton, to the meeting. Members were advised that Grant Thornton had been the Council's external auditors for the past 3 years.

The Committee was invited to consider the Grant Thornton Audit Fee Letter 2015/16. The audit fee for 2015/16 had been calculated and set by the Audit Commission before it closed on 31st March 2015. The figure of £48,680 set by the commission was less than the £64,006 that had been set in the previous year. Despite the reduction in the fee the level of work that Grant Thornton would be expected to deliver for that fee would remain the same as in 2014/15. The Council's budget for 2015/16 had assumed the level of fee as set in the letter and therefore the costs of the fee could be covered.

RESOLVED that the audit fee for 2015/16 of £48,680 be agreed.

14/15 **GRANT THORNTON UPDATE REPORT**

The Committee was asked to note the latest Grant Thornton Update report to June 2015.

As Councillor C. Hotham, as a substitute Member, had not had prior sight of the supplementary pack containing a copy of this report Members agreed to hold a brief adjournment at 7.28pm.

The meeting reconvened at 7.30pm.

Members were advised that the report provided updates on progress achieved in relation to a number of areas of external audit work, highlighted areas for Members' attention and provided an opportunity for Members to consider areas of topical interest to local government.

The following matters were highlighted during consideration of this report:

- A new financial ledger had been introduced during the year. This had led to some delays in terms of completing various processes.
- Due to the risks associated with the new ledger there was a need for external auditors to review the system.

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- Additional tests would be required to secure assurance that the new ledger was effective. This testing represented additional work for the external auditors which would be subject to additional fees.
- There had been a restructure of the Council's Finance Team and turnover of key staff.
- The statement of accounts had not been submitted by the deadline set by Government. In part this had been due to the turnover in specialist staff. Due to the timing of this occurrence and difficulties recruiting to posts a decision had been taken to recruit a team of technical accountants to provide support on a temporary basis.
- References within the report to support that had been received by the Finance team from consultants should actually have been referring to these Technical Accountants. Members were assured that no consultants had actually been involved in this process.
- Further information was requested regarding the financial costs involved in recruiting the technical accountants to provide support in these circumstances.
- No penalties at the national level had been identified in terms of failing to submit the statement of accounts by the deadline. However, there was a risk that this could lead to delays in terms of the external auditors completing investigations.
- The Payroll Manager had also left the organisation and had not been immediately replaced. Due to the risks involved it had been determined that this would be suitable for consideration by the external auditors.
- Some issues had been identified in relation to Housing Subsidy in the previous year. However, investigations indicated that improvements had been made in recent months.
- The external auditors would be considering the valuation of the Council House and Dolphin Centre as operational assets due to the changing demand for use of these assets in recent months. Members were advised that this valuation would be separate to the market valuation of the properties.
- There had been some criticisms from external audit regarding the business case for Parkside. Officers had learned from these criticisms and the business case for the Dolphin Centre had been considerably more robust.
- External audit had not been able to complete reviews of the Council's IT controls, in part due to a considerable number of updates to the Council's systems.
- The content of the Devolution White Paper might be of interest to Members in the context of the discussions about a combined authority that were due to take place. The external auditors would be keen to ensure that Members reached well informed decisions on this subject.
- Guidance had been provided by Grant Thornton to assist Members in terms of reviewing Council accounts.

RESOLVED that the Grant Thornton progress reports and updates be noted.

15/15 ANNUAL GOVERNANCE STATEMENT 2014/15

The Executive Director of Finance and Corporate Resources presented the Annual Governance Statement 2014/15.

During consideration of the Annual Governance Statement Members discussed the following points:

- The Service Level Agreement (SLA) with the Bromsgrove and Redditch Network (BARN), the financial costs of this agreement and the outcomes from joint working.
- The potential for copies of the report concerning the future governance of Worcestershire Regulatory Services (WRS) to be made available for the consideration of Members of the Committee.
- The arrangements for meeting borrowing costs for the replacement of the Dolphin Centre. Officers explained that these would partly be covered by balances, though it was also anticipated that revenue generated by future leisure services would also help to address these costs.
- The potential to review the financial costs involved in the capital programme for both the Dolphin Centre and the move to Parkside and the extent to which decisions that had already been made on this subject could be revisited.
- An alternative option to review the stage that had been reached in terms of the funding position for all of the Council's capital schemes. Officers suggested that this might be a more appropriate task for the Overview and Scrutiny Board to consider.

Following further debate it was

RESOLVED that subject to the comments detailed in the preamble above the Annual Governance statement be recommended for inclusion in the Statement of Accounts.

16/15 INTERNAL AUDIT ANNUAL REPORT AND DRAFT AUDIT OPINION 2014/15

The Worcestershire Internal Audit Shared Service Manager presented the 2014/15 Internal Audit Annual Report. Members were advised that the report was presented for Members' consideration on an annual basis and outlined progress that had been achieved during the preceding year in terms of delivering internal audit reviews.

During the presentation of this report the following issues were highlighted:

- The Internal Audit team would be reporting to the Committee in relation to a number of performance indicators during the year.
- In total 5 of the 6 audit reports that had been listed as draft in the agenda pack had since been finalised. There had, however, been no changes to the assurance that had been detailed in the report.

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- There was one outstanding audit report concerning Worcestershire Regulatory Services (WRS). Internal Audit were working with partners in an attempt to finalise the content as soon as possible.
- Internal Audit had assessed there to be limited assurance for WRS, though noted that this was an unusual, joint service.
- Internal Audit had followed up on all recommendations detailed in the Internal Audit Plan 2014/15.
- The Worcestershire Internal Audit Shared Services Manager had responsibility for producing the audit opinion which had been included in the report. This reflected on the work that had been undertaken during the previous 12 month period.
- The majority of internal audits during the year had been awarded a moderate or above rating.

Following the presentation a number of points were discussed in detail:

- The fact that services, including shared services, were assessed on a case by case basis.
- The influence that, as a partner, Bromsgrove District Council had over WRS and the limited assurance rating that the shared service had been awarded. For example each Council set their own licensing fees and partners could not influence each other in this process to ensure moderate or above assurance.
- No other shared services had been rated as having limited assurance by Internal Audit to date.
- The possibility of benchmarking data being provided for other local authorities in future versions of the report for comparative purposes.

RESOLVED that the 2014/15 Internal Audit Annual Report be noted.

17/15

CORPORATE RISK REGISTER

The Executive Director of Finance and Corporate Resources presented the draft Corporate Risk Register.

A number of key issues were brought to Members' attention during the presentation of this report:

- The register was designed to address corporate and strategic risks to the Council.
- The content of the register had been reviewed by the Corporate Management Team (CMT) and fourth tier managers.
- Some risks, included in the register at the start of the year, would be removed during the course of the year as the risks reduced or were removed.
- Operational risks were more likely to be listed in service level risk registers. Action plans focusing on key risks might also be produced for particular projects as and when required.
- A scoring matrix was used to assess the level of risk in particular contexts.

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- The Impact Scoring Criteria was used to classify risks from negligible, where the risk was low, to catastrophic, where the risks entailed reputational damage and expenditure in excess of £1 million.
- Inherent risks were those where there was a significant chance that if the Council did not take action it was likely that the risk would occur. Only 2 cases had been classified as inherent risks.
- There was action that could be taken to mitigate risks arising when poor decisions had previously been made. However, the Council had less flexibility where there was a need to comply with particular legislative requirements.
- At the national level corporate fraud, procurement fraud and HR fraud were becoming topic issues and it was possible that these would need to be added to the Corporate Risk Register in the long-term.

Members discussed the following areas after the presentation had been delivered:

- The risks associated with the Council entering into a combined authority and the extent to which this had been addressed within the Corporate Risk Register.
- Officers explained that there were sections dedicated to joint working, though this could be expanded to encompass the risks involved in taking part in a combined authority.
- The extent to which Members had been provided with information about combined authorities and the financial risks involved.
- The risks associated with the potential failure of the Council's Development Plan.
- Officers explained that it was likely the Development Plan would already be listed on the Planning Risk Register, though other local authorities had recorded this in their Corporate Risk Register and Bromsgrove District Council could adopt a similar approach.
- The level of monitoring undertaken in relation to the risk register. The Committee was advised that Officers monitored developments in relation to the register on a monthly basis.
- The risks associated with capital expenditure on the Dolphin Centre and the extent to which it would be more suitable to list these risks on the Leisure Services risks register.
- The impact of LOBO loans on local government finances. Officers confirmed that Bromsgrove District Council had not received any LOBO loans.

At the end of the Committee's discussions Members agreed that a number of items should be added to the Corporate Risk Register including:

- Corporate fraud.
- The Statement of Accounts.
- The designation status of Planning Services.
- The Planning Development Plan.

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The Committee discussed the value of appointing a Member to act as Risk Champion. The Risk Champion could meet with relevant Officers and assess risks from an elected Members' perspective. The Risk Champion's findings could then be reported back for the Committee's consideration.

Nominations were received on behalf of Councillors M. Glass and M. Thompson to serve as the Committee's Risk Champion.

RESOLVED that

- (a) Councillor M. Thompson be appointed to serve as the Committee's Risk Champion for the remainder of the municipal years; and
- (b) Subject to the changes detailed in the preamble above, the proposed Corporate Risk Register 2015/16 be approved.

18/15

AUDIT BOARD DRAFT END OF YEAR REPORT 2014/15

The Audit Board Annual Report 2014/15 was submitted for Members' consideration.

RESOLVED that the content of the Audit Board Annual Report 2014/15 be noted.

The meeting closed at 8.55 p.m.

Chairman

Agenda Item 4

Jess Bayley

Subject: RE: Draft 15 Jan 15 BDC Standards Committee minutes for comment

From: Brian Cooper

Sent: 20 July 2015 17:04

To: Jess Bayley

Subject: FW: Draft 15 Jan 15 BDC Standards Committee minutes for comment

Dear Jess,

Further to our conversation this afternoon, the minutes from the Standards Committee in January 2015, look alright to me.

Regards,

Brian Cooper

Councillor Dr Brian Cooper
Marlbrook ward,
Bromsgrove District Council

6, Lord Austin Drive,
Marlbrook,
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B60 1RB

Tel: 07711 014820

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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

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 Committee on 16th July 2015.
- 1.2 It is proposed that a report of this nature be presented to each meeting of the Committee to ensure that Members are kept updated as to any relevant standards matters.
- 1.3 Any further updates arising after publication of this report will be reported on orally by Officers at the meeting.

2. RECOMMENDATION

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 ('the Act') 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) Regulations 2012 were laid before Parliament on 8th June 2012 and also came into force on 1st July 2012.

Service / Operational Implications

Member Complaints

- 3.3 At the time of drafting this report no complaints had been received by the Monitoring Officer since the last meeting of the Committee.

Member training

- 3.4 A session on Chairing Skills was held in July which was attended by councillors new to the role and as a refresher for more experienced Members. The feedback was very positive and a repeat event will be held in October.
- 3.5 Members are being offered planning pre-application training to enable those new to the Council to be involved in this process if they wish, in accordance with the pre-application policy of the Council. All Members are also being offered the opportunity to attend a briefing on finance prior to the start of the budget process, to support their participation in the decisions around this.
- 3.6 Since the last meeting there have been developments in proposals for combined authorities in the West Midlands. A briefing has been arranged for all councillors to set out the background and outline the issues for Bromsgrove, to enable councillors to be informed for the debate on whether/how the Council wishes to take part, due at the Council meeting later in September.
- 3.7 A follow-up session on the Code of Conduct and Standards was held earlier in September, to enable Members who had been unable to attend the events held immediately after the elections to do so this time.

Deputy Parish Councils' Representative on the Committee

- 3.8 Further to the appointment at the Bromsgrove Area Committee of the Worcestershire County Association of Local Councils (CALC) meeting on 10th June of Parish Councillors Chris Scurrell and John Ellis as the two Parish Councils' Representatives on the Committee, the CALC meeting on 9th September will look to appoint a Deputy Parish Councils' Representative who may act as substitute for either of the parish representatives. As the Monitoring Officer's report is being printed prior to the CALC meeting, Officers will provide an oral update on the outcome of this at the meeting.

Review of Arrangements for Standards Hearings

- 3.9 As detailed in the Review of the Constitution report which was considered by full Council on 17th June 2015, as a consequence of the merging of the standards responsibilities into the new Audit, Governance and Standards Committee, the new Committee is due to review the arrangements for standards hearings. A report on this is now anticipated for the 10th December 2015 meeting. This report will also look at the establishment of Standards Hearings Sub-Committees.

Customer / Equalities and Diversity Implications

- 3.10 There are no direct implications arising out of this report. Details of the Council's process for Member complaints 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.

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

AUTHOR OF REPORT

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AUDIT, STANDARDS & GOVERNANCE COMMITTEE

WORK PROGRAMME 2015/16

17th September 2015

- Standards Committee minutes January 2015 – confirming the accuracy
- Monitoring Officers' Report
- Parish Councils' Representatives Report
- Grant Thornton Progress Report
- Quarter 1 (April – June 2015) Financial Monitoring Report
- Benefits Investigations
- Single Fraud Investigations Presentation
- Risk Management Monitoring Group Update – Environmental Services
- Internal Audit Monitoring Report
- Audit, Standards & Governance Work Programme 2015/2016

10th December 2015

- Monitoring Officers' Report
- The Audit, Standards & Governance Committee to review the arrangements for Standards Hearings
- Parish Councils' Representatives Report
- Grant Thornton Annual Audit Letter
- Quarter 2 (April – September 2015) Financial Monitoring Report
- Risk Management Monitoring Group Update – Leisure and Cultural Services
- Corporate Risk Register
- Internal Audit Monitoring Report
- Draft Internal Audit Plan 2016/2017 – (to include Internal Audit 3 year plan)
- 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
- Benefits Investigations
- Grant Thornton Certification Work Report 2014/2015
- Grant Thornton Audit Plan 2015/2016
- Grant Thornton Progress Report
- Quarter 3 (April – December 2015) Financial Monitoring Report
- Risk Management Monitoring Group Update
- Internal Audit Monitoring Report
- Internal Audit Plan 2016/2017
- Audit, Standards & Governance Work Programme 2015/2016

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AUDIT, STANDARDS & GOVERNANCE COMMITTEE

17th September 2015

GRANT THORNTON UPDATE – SEPTEMBER 2015

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	-
Relevant Head of Service	Jayne Pickering – Exec 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 update Members on the progress in relation to the accounts for 2014/15 from Grant Thornton together with a number of general issues and developments that may impact on the Council in the future.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to note the progress and updates as included on Appendix 1.**

3. KEY ISSUES

Financial Implications

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

Legal Implications

- 3.2 The Council has a statutory responsibility to comply with financial regulations.

Service / Operational Implications

- 3.3 The report attached at Appendix 1 presents the current position on progress from Grant Thornton in relation to the audit of the 2014/15 Statement of Accounts. Members are aware that the Statement of Accounts were submitted late to the External Auditors and as can be seen in the detail of the report there have been issues in carrying out the Audit following the receipt of the accounts. It is worth reminding Members as to the circumstances that were identified by the Auditors at the last meeting of this Committee that have led to the issues surrounding the Accounts. These included:

- Implementation of a new financial ledger
- Restructure of the finance team, turnover of staff and difficulties in recruiting to vacant senior posts
- Introduction of a new chart of accounts and changes in coding issues

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

17th September 2015

- 3.4 The accounts were submitted on Monday 6th July with the deadline of Wednesday 30th June. Officers have supported the Audit, however, there are a number of queries outstanding following the Audit that require resolving prior to an opinion on the accounts being presented to Cabinet and Council on 23rd September. It is hoped that with the support from all officers this deadline will be achieved.
- 3.5 The report also presents Members with information on a guide that is available in understanding the accounts and this will be distributed to all Members of the Board.

Customer / Equalities and Diversity Implications

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

4. RISK MANAGEMENT

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. There is to be a "lessons learned" undertaken to ensure that controls are in place to support the production of the final accounts for 2015/16.

5. APPENDICES

Appendix 1 – September 2015 Grant Thornton Report

AUTHOR OF REPORT

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Bromsgrove District Council Audit Committee Update

Year ended 31 March 2015

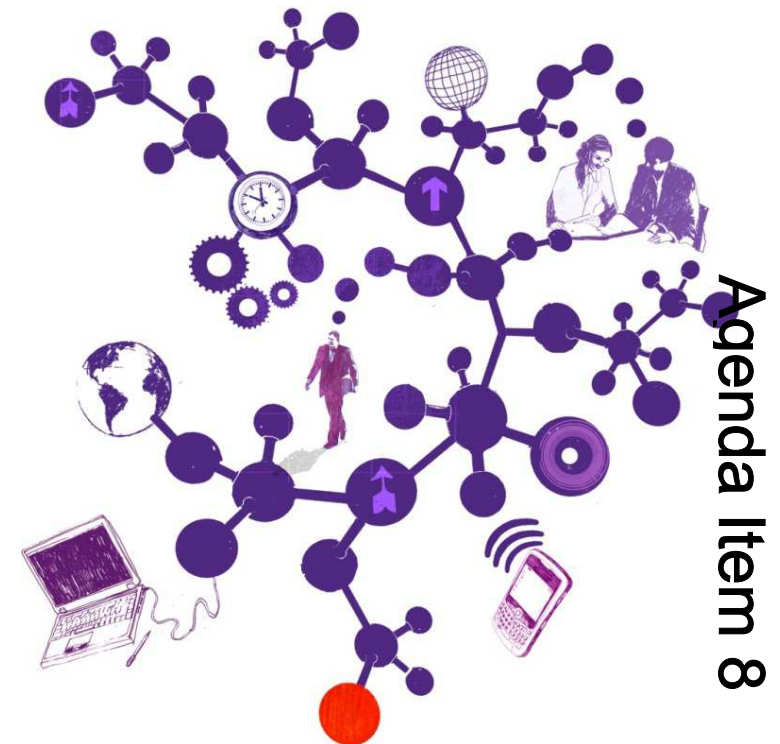
September 2015

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Agenda Item 8

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Grant Thornton	11
Local government issues	13
Accounting and audit issues	14

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Introduction

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

The next report to the committee will provide a more detailed update on reports and emerging issues and up to date information is available on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>).

Accounts production and audit

At the last committee we highlighted the issues that had led to a delay in production of the accounts. The audit started on 27 July as planned.

Our audit is currently not as advanced as was planned and thus it will be a challenge to complete the audit, to the required professional standards, and on time. Our audit will need to be given a priority by your staff if the deadline is to be met. Some members of your team have been very supportive of the audit, and we are still hopeful that the audit will be complete by the 30 September deadline.

As reported in our last update, the accounts were presented after the 30 June statutory deadline. The certified version was received on 6 July, followed by a revised version on 23 July and a restated set of accounts on 4 September. These revisions have resulted in material changes to gross income and expenditure and has impacted on the overall net expenditure and several other figures in the accounts and the supporting notes.

The reasons for the delay and the restatements include:

- Investigation of significant variances between prior year accounts and this year – this highlighted a number of issues. We are not yet fully sighted on the reasons for this, but it will be due to a combination of issues associated with the coding of income and expenditure in the new ledger, different personnel preparing the accounts leading to a lack of consistency of approach and errors being made. Accounting for internal recharges appears to be a particular issue. We understand that the accounts have now been restated on a consistent basis with the prior year as far as possible and our testing will consider whether the accounts are prepared in line with the CIPFA code.
- The working papers request document that we provided earlier in the year had not been considered and a set of working papers was not produced that met that standard. This no doubt related to the haste in which the accounts were prepared and the pressure that the team were under. Working papers were provided, however many were provided or prepared on request which clearly takes time, particularly when staff are not available. Time could have been better utilised between the accounts being certified and the audit starting to improve the working papers.

Accounts production and audit (cont)

- The new ledger provided some challenges for your team as they are having to work out how to produce some of the reports to support the audit trail to enable our testing to be undertaken. This again is taking additional time, particularly around our journals testing and agreement of the accounts to the ledger. Additional procedures will now need to be undertaken in both these areas due to the restatement.
- Material expenditure on town centre improvements treated as capital expenditure and included in the balance sheet. As the improvement work does not result in an asset belonging to the Council, this should not be treated as capital expenditure. This has now been restated.
- An appeal on business rates for GP premises was received after the year end. This is an agreed post balance sheet event. The adjustment has impacted on the collection fund, and to a lesser extent on the general fund as the council only bears 40% of the costs.

Your team are keen to learn from the difficulties experienced this year and we will have a full debrief once the audit is completed.

We have completed most of our work on the Value for Money conclusion. One of the areas considers financial governance. Due to the late production of the accounts and difficulties in the audit this impacts on the assessment criteria for this theme. Limited progress on performance management is also a consideration. As a result we will need to put our findings before the panel on 8 September and their recommendations this may impact on our overall value for money conclusion.

Progress at July 2015

Work	Planned date	Complete ?	Comments
2014-15 final accounts audit Including: <ul style="list-style-type: none"> • audit of the 2014-15 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July- September 2015	N	Our Audit Findings report will be presented to the 23 September Audit Committee.
• audit of housing subsidy claim	October/ November 2015	N	The initial testing on the housing subsidy claim has been completed. Much of this testing is completed by your benefits team and is reviewed. As a result of errors identified in this testing and issues reported in the prior year, additional 40+ testing is currently being undertaken. this will be reviewed by us when we have completed the opinion audit.
• Annual Audit letter	December 2015	N	This will be reported to the Audit Governance and Standards Committee on 10 December.

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Understanding your accounts – Member guidance

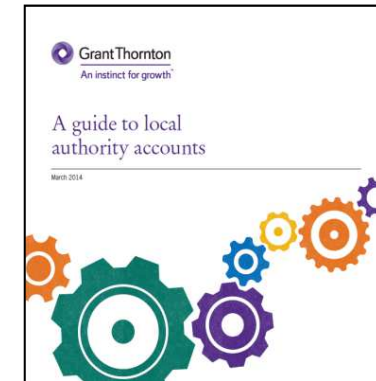
Accounting and audit issues

Local authority Audit Committee members are not expected to be financial experts, but they are responsible for approving and issuing the authority's financial statements. However, local authority financial statements are complex and can be difficult to understand.

In 2014 we prepared a guide for Members to use as part of their review of the financial statements. It explains the key features of the primary statements and notes that make up a set of financial statements. It also includes key challenge questions to help Members assess whether the financial statements show a true and fair view of their authority's financial performance and financial position. Any new members to the Audit Committee may find this guide helpful.

The guide considers the :

- explanatory foreword – which should include an explanation of key events and their effect on the financial statements
- annual governance statement – providing a clear sense of the risks facing the authority and the controls in place to manage them
- movement in reserves statement – showing the authority's net worth and spending power
- comprehensive income and expenditure statement – reporting on the year's financial performance and whether operations resulted in a surplus or deficit
- balance sheet – a 'snapshot' of the authority's financial position at the year end; and
- other statements and additional disclosures



We have provided copies of the Guide to Local Authority accounts to the Council for distribution to the Audit Committee.



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Environmental Services

Operational Risks

Guy Revans – Head of Environmental Services



Bromsgrove
District Council

www.bromsgrove.gov.uk

Environmental Services

- 'Core' Waste Services
- 'Place' Services
- 'Core' Environmental Services
- Bereavement Services
- Workshop and Fleet Management
- Supplies Unit and Stores
- Engineering and Design
- Car Parking
- Land Drainage

Risk Management

- Good management requires an understanding of risk – Operational, Project or Health & Safety
- By acknowledging the risk we are able to provide positive and practical ways to treat or reduce the risk or threat to the organisation and those who work in or use that service.
- Risk management is a continuously developing process within Environmental Services
- The following are our identified operational risks:

Operational Risks

- Effectively manage the Environmental Services transformation programme including embedding the new structure and cultural change (Med)
- Maximise efficiencies and service improvements from waste collection route optimisation (Low)
- Manage land drainage across the District (Low)

Operational Risks

- ⦿ Adequately maintain and manage car parking and on street enforcement (Med)
- ⦿ Actively seek to reduce accidental damage to fleet vehicles (Low)
- ⦿ Ensure adequate Health & Safety across the service (Med)
- ⦿ Engage with the WCC regarding land associated with highway maintenance (Low)

Operational Risks

- Have an adequate out of hours service (Low)
- Cost effectiveness of the Trade Waste Service (Low)

—

Any questions?

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BENEFITS FRAUD – QUARTER 1 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 team. This report gives performance information for the team from 1 April 2015 to 30 June 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 in Housing Benefit for the period from 1 April 2015 until 30 June 2015 was £3,759,482. Council Tax Support is awarded and paid directly onto the Council Tax account for existing claims at the start of each financial year for the whole year's entitlement. Council Tax Support for any new claim awarded throughout the year is paid onto the account at the time the claim is decided, therefore expenditure on a 1/4ly basis is not meaningful. Direct expenditure in Council Tax for the year ending 31 March 2015 was just under £4.5 million.

3.2 During this quarter total overpayments of £151,355 in Housing Benefit were identified. These were made up as follows:

Customer error/fraud	£137,558
Local Authority error	£1,945
Overpayments caused by administration delay	£11,851

Overpayments can only be classified as fraud after a customer is prosecuted, accepts an administrative penalty or formal caution or has made an admission of fraud during an interview under caution.

Any overpayments that the customer has contributed to, for example by not reporting a change in their circumstances on time, is recorded as customer error. Overpayments caused through mistakes made by

Audit, Standards and Governance Committee 17th September 2015

staff are recorded as Local Authority error and administration delay overpayments arise when changes that have been reported cannot be processed immediately.

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

Payments received	£121,639
Overpayments written off	£21,558

- 3.4 Overpayments on fraud investigations closed during the period of this report totalled £65,338 in Housing Benefit, £6,137 in Council Tax Benefit and £18,607 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 April 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 30 June 2015 there were 5,421 live Housing Benefit claims and 4,834 Council Tax Reduction claims in payment. Approximately half of the caseload is made up of customers of working age which results in a large number of changes on claims when people move into or out of work and claiming various benefits and tax credits.
- 3.8 Measures have now been in place for some time to make these changes easier for both the customer to manage and the authority to process, but it remains an area of risk of fraud and error entering the system. As both Housing Benefit and Council Tax Reduction are means tested benefits there can be potential financial incentives for customers to under declare income and savings or not to report a partner or other adult living in the property with them.
- 3.9 During this quarter 102 fraud referrals were received and considered for investigation by the team. This is a significant increase on the

Audit, Standards and Governance Committee 17th September 2015

number received in the previous quarter because all data matches received from the Housing Benefit Matching Service (HBMS) since 1 April 2015 are now processed through the fraud management system which is now used by the shared investigation team, whereas previously only the matches where a fraud investigation was appropriate were included.

- 3.10 13 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 7 referrals 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 14 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 further referral was received from another local authority.
- 3.13 3 further referrals came from official sources, 1 of these from the police and 2 from landlords.
- 3.14 65 referrals were received as a result of data matching. 48 of these through the HBMS, 11 through DWP Real Time Information programme (RTI), 5 through the National Fraud Initiative (NFI) and 1 through Locta. Appendix 4 gives further detail on these referral sources for further information.
- 3.15 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 .
- 3.16 24 investigations were closed during the period with fraud or error established.
- 3.17 Cautions were accepted by 8 customers, all of these were for offences relating to under-declared earnings, mainly identified through data matching.
- 3.18 An administrative penalty was accepted by 1 customer for offences relating to non-residency.

Audit, Standards and Governance Committee 17th September 2015

- 3.19 3 customers were prosecuted, 1 of these for undeclared earnings and the other 2 for undeclared partners.
- 3.20 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.
- 3.21 When deciding whether investigation is appropriate initially, the potential loss to public funds is the primary consideration which is then 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.
- 3.22 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 Authorities ability to have possibly identified the offences sooner are also considered.
- 3.23 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.
- 3.24 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.
- 3.25 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.
- 3.26 Fraud investigations often identify large overpayments which can distort the apparent recovery rate of overpayments. For example, 9 of

Audit, Standards and Governance Committee 17th September 2015

the Housing Benefit overpayments on cases closed during this period were each over £3,500 and are therefore likely to take a considerable time to recover.

- 3.27 The overpayments identified on Council Tax Support continue to increase, as the period of this report is the start of the scheme's third year of operation. The total in 3.4 for this quarter is higher than the total identified during the whole of the previous year.
- 3.28 The investigation of Housing Benefit transfers to the DWP under the Single Fraud Investigation Service in February 2016. Responsibility for the investigation of Council Tax Support will remain within Bromsgrove District Council as will the processing data matches received from HBMS and NFI which are currently carried out within the team. Research has been carried out and options considered for the future provision of a fraud service within the Council to meet these and other needs. Retaining staff with knowledge and experience for appropriate fraud investigation and subsidy maximisation will be vital.
- 3.29 Although this authority will have no control over fraud investigations into Housing Benefit claims from February 2016, we will retain the responsibility for recovering any overpayments identified. Prevention and deterrence of fraud is the only area where there will be any influence. The agreement for risk based verification of claims has recently been given and is planned to be introduced before February 2016. This will add assurance at the onset of new claims and a robust review programme is now in place to add security during existing claims.
- 3.30 The formation of SFIS has made any meaningful benchmarking on fraud investigation performance virtually impossible on a wider scale, however some investigation data for Redditch Borough Council has been included in Appendix 3 for comparison.
- 3.31 The difference in the way HBMS referrals have previously been processed between the 2 sites, as referred to in 3.9 is one reason for the historic variation in cases closed without sanction. It is also important to note the significant difference in working age claimants between the two authorities. The number of claims is historically between 40% – 45% lower in Bromsgrove than in Redditch.

Customer / Equalities and Diversity Implications

- 3.32 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 keep overpayment of benefits to a minimum.

Audit, Standards and Governance Committee 17th September 2015

4. RISK MANAGEMENT

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

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Example Cases

Case 1

A 23 year old woman accepted a caution after admitting offences relating to failing to declare her partner's employment.

This investigation began after overpayments of £2,037.96 Housing Benefit and £304.95 Council Tax Support for the period November 2013 to November 2014 were calculated following receipt of RTI information.

No wages had been declared for the partner prior to the RTI referral which showed that he had worked for 4 employers during this period.

The overpayment is being recovered through deductions from current Housing Benefit entitlement.

Case 2

A 75 year old woman accepted an administrative penalty for offences relating to failing to declare that she had moved out of her own property to live with her husband in his.

Overpayments of £564.56 Council Tax Benefit and £1,631.60 Council Tax Support were identified covering the period August 2012 to February 2015.

The overpayments have been returned to the Council Tax account for recovery.

Case 3

A 45 year old man was sentenced to a 12 month community supervision order, to include 130 hours unpaid work after being prosecuted for offences failing to declare that his partner had moved into his household.

This investigation was started by the DWP who invited joint working in order to uncover the full offending. A Housing Benefit of £6,301.15 was identified for the period March 2013 to June 2014 in addition to an overpayment of £4,965.24 Jobseeker's Allowance.

This Housing Benefit overpayment is also being recovered through current entitlement.

Case 4

The investigation into the claim of a 38 year old woman was closed as fraud proven with no effect on the claim.

This case was raised as a result of a referral from HBMS indicating that the customer may have undeclared capital that could affect her entitlement to Housing Benefit.

The customer was interviewed and although it was established that she had failed to declare capital, it was not enough to have made an impact on her claim.

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APPENDIX 2

DEMOGRAPHIC PROFILE

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
f	single	0	H/A	Charford	work/earnings	caution
m	partnered	3	Private	Catshill	work/earnings	caution
m	partnered	0	H/A	Charford	work/earnings	caution
f	partnered	1	H/A	Rock Hill	work/earnings	caution
f	partnered	3	H/A	Perryfields North	work/earnings	caution
f	partnered	2	Private	Rubery	work/earnings	caution
f	partnered	0	ha	Perryfields North	work/earnings	caution
f	single	2	Private	Rubery	work/earnings	caution
f	single	0	Owner	Central	Non-resident	Admin penalty
m	partnered	0	Private	Sidemoor	Undec. partner	prosecuted
f	partnered	2	Private	Barnsley Hall	Undec. partner	prosecuted
m	partnered	0	owner	Rock Hill	Work/earnings	prosecuted

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APPENDIX 3

Fraud Trends 2011 to 30 June 2015

Referrals

Fraud Type	2011/12	2012/13	2013/14	2014/15	2015/16
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	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	
<u>undeclared capital</u>	11	6	8	2	
Total referrals	227	163	165	146	102

Referral source	2011/12	2012/13	2013/14	2014/15	2015/16
Members of public	54	32	65	64	13
Data matching	114	66	52	47	65
<u>Official source</u>	<u>59</u>	<u>65</u>	<u>48</u>	<u>35</u>	24
Total referrals	227	163	165	146	102

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

The increase in data matching referrals for this ¼ is due to the way in which HBMS matches are now processed as explained at 3.9 of this report. Prior to this, a significant reduction in the number of referrals matches resulting in a fraud referral was 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.

Agenda Item 12

Closure by fraud type	2014/15	2015/16
undeclared income	10	2
working and drawing	29	16
contrived tenancy		
employer fraud		
HBMS Data Match*		
landlord fraud		
living together	5	3
non-commercial tenancy		
non-dependants	2	1
non-residency	1	1
other	1	
property owner		
student award	4	
<u>undeclared capital</u>		1
Total closures	52	24

Closure by referral source	2014/15	2015/16
Members of public	2	
Data matching	34	16
<u>Official source</u>	16	8
Total referrals	52	24

Outcomes Bromsgrove	2011/12	2012/13	2013/14	2014/15	2015/16
Administrative Penalty	7	6	1	1	1
Caution	45	32	21	5	8
Prosecution	3	9	10	10	3
No sanction	Not available	26	17	15	12
Total	Not available	73	49	31	24

Outcomes Redditch	2011/12	2012/13	2013/14	2014/15	2015/16
Administrative Penalty	3	0	2	0	0
Caution	43	47	35	15	5
Prosecution	17	10	17	7	0
No sanction	263	26	173	163	12
Total	326	237	227	185	35

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 is no longer exists as an organisation. The 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.

APRIL - MARCH FINANCE MONITORING REPORT 2013 /14

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	-
Relevant Head of Service	Jayne Pickering – Exec 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

To report to the Committee the monitoring of the savings for 2014/15. This report includes the delivery of savings and additional income for the period April 2014 – March 2015.

2. RECOMMENDATIONS

- 2.1 The Board is asked to note the final financial position for savings as presented in the report for the financial year 2014/15.

3. KEY ISSUES

- 3.1 This report provides a statement to show the savings for 2014/15 for each strategic purpose and the delivery of the saving for the financial year. This report is separate to the main financial monitoring report that is presented to Cabinet as it focuses on the delivery of savings rather than the overall financial position of the Council.
- 3.2 The External Auditors, Grant Thornton, have recommended that the delivery of savings be monitored more closely to ensure that the Council is meeting savings in the way that was expected when the budget was set. This monitoring is recommended to be undertaken by this Committee and the statement attached at Appendix 1 was agreed at the meeting in March 2014 to be used for monitoring purposes.
- 3.3 As Members may be aware during the budget setting process, Heads of Service propose savings that are to be delivered during future financial years. The budget allocation is then reduced to reflect the proposed saving and officers meet on a monthly basis to ensure that all estimated reductions to budget are being delivered.
- 3.4 Appendix 1 shows that for 2014/15 savings to budgets were delivered. 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 have been realised from vacant posts and other service savings to ensure the level of cost reduction is still achieved. It is proposed that for 2015/16 the additional savings /income to that identified as part of the Medium Term Financial Plan are also reported as part of this statement.

3.5 **Legal Implications**

None as a direct result of this report.

3.6 **Service/Operational Implications**

Timely and accurate financial monitoring ensures that services can be delivered as agreed within the financial budgets of the Council.

3.7 **Customer / Equalities and Diversity Implications**

None, as a direct result of this report.

4. **RISK MANAGEMENT**

Effective financial management is included in the Corporate Risk Register.

5. **APPENDICES**

Appendix 1 – Saving monitoring 2014/15

AUTHOR OF REPORT

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REVENUE SAVINGS 2014/15

APPENDIX 1

Strategic Purpose	2014-15 £'000	Outturn 2014/15 £'000	Variance 2014/15 £'000	Comments General / Service Redesign / Additional Income
Enabling				
Worcestershire Regulatory Services	-50	-98	-48	Savings generated from the service review and efficiencies within WRS
Customer Services	-59	-59	0	Service review following redesign of the service to mitigate impact of WCC cuts to funding
Audit Fees	-15	-15	0	Contract reduction in Audit Fees
Director of Planning	-29	-60	-31	It was estimated that 6 month saving would be realised prior to the post being recruited to - this has been met in full. A full year saving has been made and the post has been deleted for 2015/16
Head of Service Restructure (Finance and Resources)	-42	-42	0	Savings from the redesign of the management team within Financial Resources
Valuation Services (Property)	-37	-37	0	Renegotiation of Contract for Services
Replacement Financial System	-20	-20	0	Review of costs associated with new financial system
Financial Services ; Accountancy / Payments / Payroll	-35	-35	0	The review of accountancy , payroll and payments has now completed. Despite the later than expected implementation of the structure one of the senior posts remains vacant and therefore the full year savings will be achieved.
Legal & Democratic Services redesign	-22	-22	0	Review of vacant posts and redesign of the service provided
Legal Services	-8	-8	0	General Reductions on budgets following review
Transformation	-62	-62	0	Due to contract negotiation and a full review of requirements there is a significant saving within the IT and transformation service.
Keep my Place, Safe and Looking Good				
CCTV Contract	-32	-32	0	There is currently excess income being delivered from the out of hours contract for CCTV and Lifeline
Career break for 3 months	-4	-4	0	General savings from reduction in costs
Environmental Services - Redesign of service delivery	-108	0	108	As members are aware the restructure of support and other services within Environment Services including; bereavement, waste collection has commenced the full year impact will not be achieved until 2015/16. However this is offset in 2014/15 due to savings on general supplies and services and vacant posts which were being held pending the service restructure

REVENUE SAVINGS 2014/15

APPENDIX 1

Strategic Purpose	2014-15 £'000	Outturn 2014/15 £'000	Variance 2014/15 £'000	Comments General / Service Redesign / Additional Income
Planning Services (Building Control)	-14	-14	0	Reduction in hours in some of the vacant posts has delivered an underspend to the budget
Provide Good Things for me to See, Do and Visit				
Leisure Services redesign of provision and structure to deliver service	-151	0	113	The savings are all anticipated to be delivered by the end of the financial year due to further efficiencies within the services delivered.
Additional Market Income	-25	-15	10	Since moving back to the High Street there has been additional interest in the market stalls but it is not anticipated that all additional income will be realised. The savings are offset by further efficiencies in the Planning and Regeneration Department
Help us Run a Successful Business				
Town Centre Manager	-30	-30	0	Income is being recharged to other Councils as a result of the Town Centre Manager work
TOTAL	-743			

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AUDIT, STANDARDS & GOVERNANCE COMMITTEE

Date: 17th September 2015

THE INTERNAL AUDIT MONITORING REPORT OF THE SERVICE MANAGER OF THE WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

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 monitoring report of internal audit work and performance for 2015/16 and report the residual 2014/15 work.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to RESOLVE that the report be noted.**

3. KEY ISSUES

Financial Implications

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

Legal Implications

- 3.2 The Council is required under the Accounts and Audit Regulations 2015 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 The involvement of Members in progress monitoring is considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the Council’s Annual Governance Statement. This section of the report provides commentary on Internal Audit’s performance for the period 1st April 2015 to 31st July 2015 against the performance indicators agreed for the service.

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AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (19th March 2015):

2014/15 AUDITS COMPLETED

Risk Management

- 3.4 The audit was a critical review of the risk management process. The Bromsgrove District Council Risk Management process has been clearly set out and there is a good recording system in place using 4Risk. However, the vision of actively using Risk Management to help manage the strategic and operational risks requires more embedding.
- 3.5 Although management have a clear understanding of the Risk Management process, the process has not been fully embraced, and in its current form is just a recording mechanism for some risks to the organisation.
- 3.6 Current position: Final Report issued 30th June 2015
Assurance: N/A critical review

Budget Setting

- 3.7 This audit was a review of the process in regard to the Bromsgrove District Council budget setting process. It considered whether it had been clearly set out in the form of a timetable and outlined the roles and responsibilities of individual officers. During discussions between audit and the budget holders it was apparent that they were aware of the issues facing the authority corporately and that efforts are made to improve working practices through transformation so that services operate with greater efficiency.
- 3.8 Although this review did not highlight any material weakness that would affect the achievement of the key objective of setting the budget, the review identified areas that would improve the overall performance of the system including reconsideration of the timetable, a training plan, understanding stakeholder requirements in regard to the presentation of the budget report, and, management look to link finances with the strategic purposes of Bromsgrove District Council.
- 3.9 Current position: Final Report issued 30th June 2015
Assurance level: N/A critical review

Corporate Governance – Appointments to Outside Bodies 2014/15

- 3.10 The audit was a risk based limited scope audit of Member appointments to outside bodies as operated by Bromsgrove District Council.

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3.11 Internal Audit confirmed that a review of outside bodies is underway and this will confirm that member appointments are still appropriate. There is a formal appointment process in place and guidance is provided to members via 'The Protocol for Appointment to Outside Bodies'. The audit found, however, there is no requirement for Members to formally report on their appointments which does not provide the opportunity for information to be cascaded to other Members which is particularly important regarding Local Enterprise Partnerships (LEP's) and the potential future development in this area.

3.12 Current position: Final Report issued 16th July 2015
Assurance level: Significant

Main Ledger

3.13 The audit was a risk based systems audit of the Main Ledger system as operated by Bromsgrove District Council.

3.14 The audit found weaknesses which could effect the control environment which included the updating of financial regulations, staff changes, suspense accounts and non-completed reconciliations. However, the Council is aware of these points and no additional recommendations in relation to these areas were made. It should be noted that these areas, to varying degrees, pose a risk to the Council and have been taken into account in the overall assurance level given.

3.15 Current position: Final Report issued 1st July 2015
Assurance level: Moderate

Main ledger (Transfer of System)

3.16 The audit was a critical review and the work was in relation to the transfer of the main ledger from the Agresso system to the Cedar system.

3.17 Overall there were lessons learnt from the exercise and there is still a risk of loss/extraction of historical data that needs to be risk assessed but within the testing undertaken no material errors were identified that had not already been identified by the Accountancy Section themselves.

3.18 Current position: Final Report issued 1st July 2015
Assurance level: N/A critical review

ICT Change Control

3.19 This was a critical review audit. The aim of this audit was to assess and challenge the Council's system of internal control over ICT change management.

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3.20 The review found ICT change control is a reactive process and although risks are assessed they are not recorded as part of proposed changes that have been undertaken. There is no requirement for a back-out plan to account for system change failure, or any indication if the system change was successful in achieving a required goal. This has resulted in the authority recording all changes so a trail exists of what has happened and when each task was completed. This approach has resulted in a lack of a formal process to manage change control leading to management challenge in the areas of policy and procedure and, current system requirements.

3.21 Current position: Final Report 16th July 2015
Assurance level: N/A critical review

Creditors

3.22 The review was a full system audit that concentrated on the Creditors' system from the point where the order was raised to final payment.

3.23 The audit identified some weaknesses in the monitoring of late payments. Testing identified that controls were in place to ensure VAT was accounted for and only authorised invoices were paid and payments were correctly reflected in the financial ledger. Current procedures have been in place for a considerable period of time and were implemented on the basis of "business need"; however, some purchase orders were not always raised in a timely manner.

3.24 Current position: Final Report 15th May 2015
Assurance level: Significant

Regulatory Services

3.25 The review was a full system audit concentrating on the controls in place for licensing. The review did not cover any other service delivered by Worcestershire Regulatory Services other than licensing. Hackney Carriage and Taxi licensing were excluded from the 2014/15 testing other than the follow up of the recommendations made in the 2013/14 audit report.

3.26 The audit identified weaknesses in the design and / or inconsistent application of controls in many of the areas reviewed therefore assurance is limited to the few areas of the system where controls are in place and are operating effectively. A considerable amount of data cleansing has taken place following the migration of all licencing data across to the new system and work is still on going to reconcile licences issued against income received by each district. Following further testing in the 2014/15 audit it was found that there are still a number of issues to be resolved before this can be successful and full assurance can be given that all income due has been processed correctly.

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- 3.27 Under the Shared Service Legal agreement and the Statement of Partner Requirements it was agreed that Worcestershire Regulatory Services are not responsible for handling income. However under current day to day working practices a pragmatic approach has been adopted as some customers continue to send payment direct to Worcestershire Regulatory Services. In order to meet customer needs and statutory licensing timescales these payments are accepted and forwarded to the districts in order to be receipted and banked. Payments are also received direct via districts or by licensing officers whilst undertaking licencing duties and/holding licensing surgeries in partner offices.
- 3.28 Audit testing identified instances where it was difficult to identify payments within financial ledgers in some districts due to insufficient referencing and in a small number of cases incorrect coding. Licences examined were found to be granted in line with legislation and with local policies where relevant, for all types tested. All those reviewed had been renewed when due, however, some were found where a sundry debtor account could not be traced potentially resulting in loss of income. Following the relocation move to Kidderminster Worcestershire Regulatory Services will continue to monitor closely licensing processing times to ensure statutory deadlines continue to be met.
- 3.29 Due to the inconsistencies and weaknesses identified in the receipting of income Worcestershire Regulatory Services management board agreed that partner Section 151 officers would explore options in relation to Worcestershire Regulatory Services receipting / keeping income. A meeting took place on the 17th July 2015 to discuss the options in order to decide the best way forward so that control issues and weaknesses are resolved. This is in progress and being explored further.
- 3.30 For Worcestershire Regulatory Services enforcement action is undertaken on an intelligence led basis as far as allowed by legislation.
- 3.31 Current position: Final report 24th August 2015
Assurance level: Limited

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Summary of Assurance Levels:

Audit	Assurance Level
2014/2015	
Risk Management	N/A critical review
Budget Setting	N/A critical review
Corporate Governance – Appointments to Outside Bodies 2014/15	Significant
Main ledger	Moderate
Main ledger (Transfer of System)	N/A critical review
ICT Change Control	N/A critical review
Creditors	Significant
Regulatory Service	Limited

2015/16 AUDITS ONGOING AS AT 31st July 2015.

- 3.32 Private Sector Housing; Step up Private Tenancy Scheme and Members Allowances are both at draft report stage and will be reported in summary format.
- 3.33 Other audits that were continuing as at the 31st July 2015 include Community Services, Treasury Management, Leisure Services and S106's.
- 3.34 The outcome of the above audits will be reported to the Committee in due course when the audits have been completed and management have confirmed an action plan.

AUDIT DAYS

- 3.35 Appendix 1 shows that progress continues to be made towards delivering the Internal Audit Plan and achieving the targets set for the year. As at 31st July 2015 a total of 59 days had been delivered against a target of 250 days for 2015/16.
- 3.36 Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Audit Board on the 19th March 2015 for 2015/16 and include two additional indicators.
- 3.37 Appendix 3 shows a summary of the 'high' and 'medium' priority recommendations for those audits that have been completed and final reports issued.
- 3.38 Appendix 4 provides the Committee with an analysis of audit report 'Follow Ups' that have been undertaken to monitor audit recommendation implementation progress by management.

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OTHER KEY AUDIT WORK

3.39 Much internal audit work is carried out “behind the scenes” but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a critical review
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers’ 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 for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative.
- Investigations

3.40 There has been on going work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extract and uploading to the Audit Commission to enable matches to be reported. The 2014/15 data extract has been completed and uploaded the results of which have been received and are now being investigated. Worcestershire Internal Audit Shared Service (WIASS) have a coordinating role in regard to the investigative exercise. The single person discount and electoral registration upload are required beginning of October 2015.

3.41 WIASS is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards.

3.42 WIASS 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.

3.43 WIASS confirms it acts independently in its role and provision of internal audit.

Monitoring

3.44 To ensure the delivery of the 2015/16 plan there is close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. The Service Manager remains confident his team will be able to provide the required coverage for the year over the authority’s core

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financial systems, as well as over other systems which have been deemed to be 'high' and 'medium' risk.

Customer / Equalities and Diversity Implications

3.45 There are no implications arising out of this report.

4. RISK MANAGEMENT

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

- failure to complete the planned programme of audit work for the financial year; and,
- the continuous provision of an internal audit service is not maintained.

4.2 These risks are being managed via the 4Risk risk management system within the Finance and Resources risk area.

5. APPENDICES

- Appendix 1 ~ Internal Audit Plan delivery 2015/16
Appendix 2 ~ Key performance indicators 2015/16
Appendix 3 ~ 'High' and 'Medium' priority recommendations summary for finalised reports
Appendix 4 ~ Follow up summary

6. BACKGROUND PAPERS

Individual internal audit reports held by Internal Audit.

AUTHOR OF REPORT

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AUDIT, STANDARDS & GOVERNANCE COMMITTEE

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APPENDIX 1

Delivery against Internal Audit Plan for 2015/16 1st April 2015 to 31st July 2015

Audit Area	DAYS USED TO 31/07/2015	FORECASTED DAYS TO END OF Q2 ~30 th September 2015	2015/16 PLANNED DAYS
Core Financial Systems (see note 1)	0	7	71
Corporate Audits	0	0	5
Other Systems Audits(see note 2)	46	79	138
TOTAL	46	86	214
Audit Management Meetings	8	7	15
Corporate Meetings / Reading	2	3	5
Annual Plans and Reports	1	4	8
Audit Committee support	2	4	8
Other chargeable(see note 3)	0	0	0
TOTAL	13	18	36
TOTAL	59	104	250

Notes:

Note 1: Core Financial Systems are audited predominantly in quarter 3 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts.

Note 2: Full number of budgeted days may not be used due to small 'call off' budgets, e.g. consultancy, investigations, not being fully utilised due to fluctuation in demand.

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

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KEY PERFORMANCE INDICATORS 2015/16

APPENDIX 2

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

The success or otherwise of the Internal Audit Shared Service will 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	2015/16 position as at 31 st July 2015	Frequency of Reporting
1	No. of 'high' priority recommendations	Downward	8	12	7	None to report for 14/15	Quarterly
2	No. of moderate or below assurances	Downward	3	8	7	None to report	Quarterly
3	No. of customers who assess the service as 'excellent'	Upward	2	4 (5 issued: 4x Excellent & 1x Good)	4 (12 issued: 5 returns 4x excellent, 1x good)	None to report	Quarterly
4	No. of audits achieved during the year	Per target	Target = 21 Delivered = 21	Target = 15 (minimum) Delivered = 19	Target = 17 (minimum) Delivered = 20	Target = 15 (minimum) Delivered = 2 draft reports	Quarterly
5	Percentage of plan delivered	100% of the agreed annual plan	N/A	N/A	N/A	23.7%	Quarterly
6	Service Productivity	Positive direction year on year (Annual target 74%)	N/A	N/A	N/A	79%	Quarterly

WIASS operates within and conforms to the Public Sector Internal Audit Standards 2013.

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APPENDIX 3

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation’s objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation’s objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation’s objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation’s objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

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Definition of Priority of Recommendations

Priority	Definition
High	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
Medium	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
Low	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

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APPENDIX 3

‘High’ & ‘Medium’ Priority Recommendations Summary for finalised audits.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Corporate Governance – Appointments to outside bodies 2014/15					
Assurance: Significant					
1	Medium	<p><u>Annual reports</u></p> <p>There are no formal reporting requirements (e.g. annual report) for members to report their service on Outside Bodies.</p>	Members not sufficiently informed and this may lead to poor decision making	It would be good practice for members to report back (e.g. via the members newsletter) in relation to their service on outside bodies. In addition to providing updates to other members, a report/briefing report could also be used as part of the assessment by the Council when it considers the merits of continuing to make appointments to Outside Bodies	<p>Agreed – we will implement a process for enabling reports back to be made.</p> <p>Responsible Manager: Democratic Services Manager</p> <p>Implementation date: 30th November 2015</p>
Audit: Main Ledger					
Assurance: Moderate					
1	Medium	<p><u>Reconciliations</u></p> <p>At the 31st March 2015 some reconciliations were not up to date. This was due to systems issue rather than an issue with the reconciliation team</p>	Inefficient use of resources causing work loads to become unmanageable placing undue stress on	Once the year end has been completed all financial reconciliations carried out to be reviewed and an	Reconciliations for year end 2014/15 are now up to date. A plan to be prepared to enable staff to complete reconciliations

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>resources.</p> <p>However no recent assessment has been undertaken of how often reconciliations need to be undertaken.</p>	<p>officers resulting in long term absences leading to financial loss.</p>	<p>assessment undertaken of how often they need to be completed.</p> <p>For example Integrated system reconciliations may only be required once a year for final accounts. Interfaced reconciliations could be quarterly or half yearly depending on the risk/materiality of the system.</p> <p>Where differences are found then the frequency of reconciliation needs to be increased until the reasons for the differences have been investigated and where required changes to procedures made.</p> <p>This will help to allocate the reconciliation teams resources to those areas that pose the greatest risk to the Council.</p>	<p>on time and when due.</p> <p>Responsible Manager Financial Services Manager</p> <p>Implementation date: End of August 2015</p>
2	Medium	<p><u>Feeder systems</u></p> <p>Although the accountancy section is aware of all the feeder</p>	<p>Lack of resilience/inefficient working which could lead to</p>	<p>To help provide resilience in times of long term absences</p>	<p>Processes and procedures to be mapped on reconciliations</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		systems the council has this is not documented anywhere.	financial loss and reputation damage.	and to provide a basis for the highlighting of potential system efficiency savings when resources allow all feeder systems into the main financial system to be mapped and documented. This will also provide a basis for future system change projects.	from feeder systems to ensure the accounts reflect a true and accurate position. Responsible Manager: Financial Services Manager Implementation date: November 2015
Audit: Creditors					
Assurance: Significant					
1	Medium	<p><u>System notes for late payments</u> A sample of 30 paid invoices were selected and matched to purchase orders. Internal Audit selected a sample of 15 Bromsgrove District Council orders from the reports from Cedar and Agresso systems respectively.</p> <p>Testing identified that 1 out of the 15 invoices had not been paid within 30 days of the invoice being received within the creditor office. No reasoning on the system existed to explain the delay.</p>	<p>Potential reputation damage, financial loss through late payment charges.</p> <p>Possible loss of prompt payment discounts and impaired relations with suppliers.</p>	<p>Bromsgrove District Council to ensure Creditors are paid within 30 days from the date of receipt of the invoice in line with its agreed payment terms.</p> <p>Any known reasons for the delay must be recorded on the system to fully document the reasons for the late payment and to evidence the actions the Council has taken to resolve any disputed invoices. The Finance Section to monitor late payment reports on a quarterly basis and to report any consistent</p>	<p>Responsible Manager: Financial Services Manager</p> <p>Agreed. Where possible this is already done. Reminder to be issued to the Payment's Team to ensure if a known reason for a late payment an explanation is entered on account.</p> <p>Implementation date: Immediate for notes on account. October 2015 for quarterly monitoring</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
				late payment issues with appropriate senior personnel.	
2	Medium	<p><u>Budgetary control</u> A sample of 30 paid invoices were selected and matched to purchase orders. Internal Audit selected a sample of 15 Bromsgrove District Council orders from the reports from the Cedar and Agresso respectively.</p> <p>Testing identified the following exceptions;</p> <p>5 out of the 15 cases the invoice date was prior to the date the order was placed on the system. Therefore the budget could have been overspent and result in a deficit.</p>	The council pays for unapproved and unauthorised orders leading to the possibility of fraud / financial loss.	Where possible fully completed and authorised purchase orders are to be raised in advance of a commitment to purchase being made in all cases.	<p>Responsible Manager: Financial Services Manager A further reminder to be issued to all service areas; the council is also in the process of writing to all suppliers stating invoices will not be accepted without a valid order.</p> <p>In addition the council are part way through introducing “auto-matching” on invoices so therefore this will encourage service areas to ensure valid orders are raised in advance. This exercise will be concluded over the next 3 months.</p> <p>Implementation date:</p> <p>Reminder to be issued immediately re the need to raise an order in advance</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Regulatory Services					
Assurance: Limited					
1	High	<p><u>Reconciliation of Licenses granted to income received under the Licensing Act 2003</u></p> <p>During previous audits of Licensing it was reported that there was no full and successful reconciliation of payments received by districts to Licenses granted. At the time, there were significant issues experienced with the integrity of the data held on the new system (Uniform) following data migration from all former licensing systems.</p> <p>A major data cleansing exercise has since taken place and reports produced and forwarded to districts for the reconciliation to be undertaken. Following a review during the 2014/15 audit it was ascertained that this is not yet complete and there are still issues to be resolved for example income records not agreeing to licensing records.</p>	<p>Failure in systems potentially leading to financial loss to partners and illegal licence operations across the districts.</p>	<p>To be read in conjunction with point 4 below.</p> <p>The process used to be reviewed and a clear agreement sought on expectations of Districts in relation to receipting of all licensing income. An effective reconciliation to be undertaken so that Premises Licence income received under the Licensing Act 2003 can be effectively reconciled.</p>	<p>Responsible Manager:</p> <p>District Finance Officers and WRS Licensing and Support Services Manager.</p> <p>Implementation date:</p> <p>September 2014 onwards. WRS have produced a yearly register of all premises licenses district by district held within their database (September/October 14) and shared each with the relevant district.</p> <p>New sundry debtor template has been added to licensing database to ensure districts are informed of new premises to be invoiced and/or any changes/transfers as necessary.</p> <p>Outstanding queries relating to data not matching are being worked through on a case by</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					case basis.
2	High	<p><u>Payment for Licences granted</u></p> <p>Testing was carried out on the following licences:</p> <ul style="list-style-type: none"> • Alcohol licences (Premise and Personal) • Animal establishments (Pet shop and Boarding) • Temporary events notice. <p>Payments could not be traced for all licences examined due to a number of reasons:</p> <ul style="list-style-type: none"> • Insufficient referencing in financial ledgers to identify individual payments to applications. • Lack of proof of payment for cheques received directly by Regulatory Services (a consistent approach not applied and not all districts forward receipts). • Out of a sample of ten Licencing Act 2003 Premises licences sundry debtor accounts could not be found for 	<p>Failure in systems potentially leading to financial loss to partners and illegal licence operations across the districts.</p>	<p>To be read in conjunction with point number 1 above.</p> <p>Districts in conjunction with Worcestershire Regulatory Services to review and consider systems in place to ensure effective control of all income so that all payments can be traced in the financial ledgers. Testing has identified that the current working arrangements are clearly not working. This should include consideration to:</p> <ul style="list-style-type: none"> • Reviewing who should be responsible for the handling and receipt of payments so that there is a clear and consistent approach. This may mean revisiting the Shared Service legal agreement and Statement of Partner 	<p>Responsible Manager:</p> <p>District Finance Officers in consultation with WRS Licensing and Support Services Manager.</p> <p>Implementation date:</p> <p>To be determined by District Finance Teams and Section 151 Officers in conjunction with Worcestershire Regulatory Services.</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>two of them. Sundry Debtor accounts have since been raised for the two licences identified.</p> <ul style="list-style-type: none"> • Varying standards of payment notification to Regulatory for those payments received direct by districts. • Some incorrect coding of income found. <p>In most cases there was a note on the licencing file to say payment had been received however due to the lack of audit trail and insufficient referencing in the financial ledgers payments could not be systematically and directly traced for several cases.</p>		<p>Requirements.</p> <ul style="list-style-type: none"> • There is sufficient information provided on receipt of payment and this is input to ensure all payments can easily be identified to applications in the financial ledgers. • Where a request is sent by Regulatory Services to a district to raise a Sundry Debtor account whether it is necessary to introduce a process where confirmation of action is provided. <p>This will aid in the process of reconciling income received to the service/licence provided for each authority.</p>	
3	Medium	<p><u>Performance monitoring</u></p> <p>Performance reports were not available from former licensing systems to ensure all licenses</p>	Failure to ensure licences are awarded in accordance with statutory laid down	Performance Monitoring to be tabled at the Worcestershire Shared	<p>Responsible Manager:</p> <p>WRS Licensing and Supports Services Manager.</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>are being processed within agreed/statutory deadlines.</p> <p>It was planned once Uniform was up and running performance monitoring reports would be generated to ensure license delivery times are satisfactory and within agreed/statutory deadlines. Following further discussions as part of the 2014/15 it was found that this is currently possible.</p> <p>Target dates for all licences for which statutory timescales apply are noted on files/Uniform and it is the responsibility of individual Licensing Officers to ensure these are met.</p> <p>Audit testing for 2014/15 showed that all licences examined had been awarded within statutory timescales.</p>	<p>timescales.</p>	<p>Service Joint Management Board to discuss and decide on Partner requirements and how this will be satisfied/reported upon.</p>	<p>Implementation date</p> <p>Quarterly reports will be designed and introduced by October 2015.</p>
end					

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APPENDIX 4

Follow Up

Planned Follow Ups:

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports is logged. The table provides an indication of the action taken against those audits and whether further follow up is planned. Commentary is provided on those audits that have already been followed up and audits in the process of being followed up to the end of July 2015. Exceptions will be reported to the Committee.

For some audits undertaken each year follow-ups may not be necessary as these may be undertaken as part of the full audit. Other audits may not be time critical therefore will be prioritised as part of the overall work load so to minimise resource impact on the service area.

Follow up in connection with the core financials is undertaken as part of the routine audits that are performed during quarter 3.

Follow Up Assurance:

In summary:

- the majority of 2013/14 audit recommendations have been implemented; monitoring of the outstanding ones is continuing;
- 2014/15 recommendations are being monitored and reported for information;
- There are no 2015/16 audit recommendations to follow up at the time of the reporting.

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<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd</u>
					High and Medium Priorities 6mths after final report issued as long as implementation date has passed	High and Medium Priorities still outstanding 3mths after previous follow up as long as implementation date has passed
2013-14 Audits						
Risk Management	30th April 2014	Executive Director (Finance and Resources)	Limited	6 '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.	Follow up undertaken and awaiting final sign off as at 24.2.15	
Depots and Stores	8 th August 2014	Head of Environmental Services and Environmental Services Manager	Significant	1 'medium' priority recommendation in relation to inventory control.	Followed up February 2015, An interim measure has been implemented until business transformation is complete in June 2015 when the recommendation will be fully addressed as part of the transformation.	June 2015 Follow up being done with the stores transformation audit 2015.
ICT	2 nd September 2014	Head of Business Transformation and Organisational Development and ICT Transformation	Limited	1 'high' and 5 'medium' priority recommendations to follow-up in regard to starters, leavers and user accounts, procedures, inventory management, contracts and disposals.	Followed up in March 2015. 3 recommendations have been implemented (authorisation of new users, clearing of inactive accounts, disposal of equipment), 1 recommendation has been superseded by changes to processes (disposal	Jul-15 In the process of reallocation due to change of auditor.

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		Manager			contracts). 2 medium recommendations are part implemented/ on-going (procedure documents, inventory reviews).	
2014-15 Audits						
Equality and Diversity	28 th August 2014	Corporate Senior Management Team	Moderate	1 'high' and 2 'medium' priority recommendations made in relation to training, policy and terms of reference.	Followed up March 15 - Policy Manager have confirmed that all recommendations are currently outstanding and not fully implemented but are in progress. Given the impending completion date it would not be appropriate to follow the recommendations up until July 2015.	Jul-15 In the process of reallocation due to change of auditor.
Data, Security and Publication	9th September 2014	Head of Transformation and Organisation Development/Executive Director (Finance and Resources)	Moderate	1 "medium" priority recommendation re local government transparency code	Mar-15 In the process of reallocation due to change of auditor.	
DFGs and HIAs	12th November 2014	Housing Strategy Manager	Significant	1 "medium" priority recommendations re the need to ensure documents are stored correctly	May-15 In the process of reallocation due to change of auditor.	
Asset Management	20th November 2014	Head of Customer Access and Financial support	Significant	1 "medium" priority re terms of reference for Joint Asset Management Group	May-15 In the process of reallocation due to change of auditor.	
Waste Management	9th January 2015	Head of Environmental Services	Moderate	1 "high" priority recommendations to ensure effective stock control of wheelie bins.	Jul-15 In the process of reallocation due to change of auditor.	

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Cash Recepting	29th January 2015	Head of Customer Access and Financial support	Moderate	1 "high" priority recommendation to ensure the council obtains a PCIDSS certificate.	To be picked up in the Main Ledger audit during 2015/16	
Risk Management	30th June 2015	Executive Director (Finance and Resources)	Critical Review	Action Plans were agreed and progress feedback will be sought in line with agreed implementation dates.	Oct-15	
Budget Setting	30th June 2015	Executive Director (Finance and Resources)	Critical Review	Action Plans were agreed and a progress feedback will be sought in line with agreed implementation dates.	Dec-15	
Main Ledger (transfer of Data)	1st July 2015	Financial Services Manager	Critical review	No recommendations to follow up	N/A	
ICT	16th July 2015	Head of Transformation and Organisational Development , ICT Transformation Manager, ICT Operations Manager	Critical Review	Action Plans were agreed and progress feedback will be sought in line with agreed implementation dates.	Dec-15	
Worcester Regulatory Services	24 th August 2015	WRS Management	Limited	Two high and one medium priority recommendations; reconciliation, payments and performance. Action plan agreed.	Feb-16	

end