



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY 15TH JUNE 2017 AT 6.00 P.M.

PARKSIDE SUITE - PARKSIDE

MEMBERS: Councillors S. R. Colella, R. L. Dent, J. M. L. A. Griffiths,
P. M. McDonald, S. R. Peters, C. J. Spencer, P.L. Thomas,
M. Thompson and M. J. A. Webb

Parish Councillors: TBC

AGENDA

1. Election of Chairman
2. Election of Vice Chairman
3. Apologies for Absence and Named Substitutes
4. Declarations of interest and Whipping Arrangements
5. To confirm the accuracy of the minutes of the Audit, Standards and Governance Committee meeting held on 30th March 2017 (Pages 1 - 6)
6. Standards Regime - Monitoring Officers' Report (Pages 7 - 10)
7. Dispensation Report (Pages 11 - 18)
8. Gifts and Hospitality: Guidance for Councillors - Update to the Constitution (Pages 19 - 26)
9. Grant Thornton - Progress Report / Action Plan Verbal Update
10. External Audit - Audit Fee Letter 2018/19 (Pages 27 - 32)
11. Benefits and Compliance Annual Update Report - 2016/17 (Pages 33 - 36)

12. Internal Audit - Annual Report and Draft Audit Opinion 2016/17 (Pages 37 - 60)
13. Internal Audit Progress Report (Pages 61 - 104)
14. S11 Action Plan Update Report (Pages 105 - 108)
15. Financial Savings Monitoring Update Report for January to March 2017 (Pages 109 - 112)
16. Corporate Risk Register (Pages 113 - 126)
17. Appointment of Risk Champion for the Committee
18. Audit, Standards and Governance Committee Work Programme (Pages 127 - 128)

K. DICKS
Chief Executive

Parkside
Market Street
BROMSGROVE
Worcestershire
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6th June 2017

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

30TH MARCH 2017 AT 6.00 P.M.

PRESENT: Councillors M. J. A. Webb (Chairman), S. R. Colella (Vice-Chairman), R. L. Dent, M. Glass, S. R. Peters, C. J. Spencer, P.L. Thomas and M. Thompson

Parish Councillor: Councillor C. R. Scurrall

Grant Thornton Representatives: Mr R. Percival and Mr. N. Preece

Observers: Councillor B. T. Cooper

Officers: Ms. J. Pickering, Mrs. C. Felton, Mr. A. Bromage and Ms. R. Cole

42/16 **ELECTION OF CHAIRMAN**

The following Councillors were proposed as Chairman for the remainder of the Municipal year:

Councillor S. R. Colella
Councillor M. J. A. Webb

Following a show of hands it was

RESOLVED that Councillor M. J. A. Webb be elected Chairman of the Committee for the remainder of the Municipal year.

43/16 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies were received on behalf of Councillors J. M. L. A. Griffiths and P. M. McDonald, with Councillor M. Glass attending as a substitute for Councillor Griffiths.

44/16 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest nor of any whipping arrangements.

45/16 **MINUTES**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 8th December 2017 were submitted.

Councillor P. L. Thomas asked that it be noted that in relation to Minute 40/16, it had not been minuted at the Meeting of 15th September that a detailed written update be provided in respect of the Corporate Risk Register.

RESOLVED that the minutes of the meeting of the Audit, Standards and Governance Committee held on 8th December 2017 be approved as a correct record.

46/16

STANDARDS REGIME - MONITORING OFFICERS' REPORT

The Head of Legal, Equalities and Democratic Services presented the Monitoring Officer's report and in doing so highlighted the following points:

- The ongoing Member to Member complaint (District Members) had now been withdrawn;
- Personal Health and Safety Training for Members in February had been well received but low numbers had attended. Members should speak to Group Leaders about any training requirements and officers would try to arrange the relevant training;
- Training had been provided to Wythall Parish Council on dispensations and this training could be rolled out to other Parish Councils;
- Work had been undertaken by the Monitoring Officer with Stoke Parish Council and Catshill and North Marlbrook Parish Council on their Governance arrangements.

Following discussions it was

RESOLVED that the report be noted.

47/16

EXTERNAL AUDIT - PROGRESS REPORT / ACTION PLAN UPDATE REPORT

The representatives from Grant Thornton presented the external auditor's Committee Update for March 2017 which updated Members on progress on the Audit and general issues which may impact on the Council in the future.

A number of points were highlighted:

- The revised arrangements following the closure of the Audit Commission.
- The Local Government Pension Scheme and the proposed Pooling arrangements. This would not impact on this Council organisationally but would be dealt with by Worcestershire County Council

RESOLVED that the Grant Thornton Update Report March 2017 be noted.

48/16

EXTERNAL AUDIT - CERTIFICATION WORK REPORT 2015/16

Members considered the Grant Thornton Certification Work Report 2015/16. Members' attention was drawn to the details of the testing which had been carried out which had revealed the error level was consistent with other Councils. There were no significant issues which required highlighting.

RESOLVED that the Certification Letter 2015/16 be noted.

49/16

EXTERNAL AUDIT - AUDITING STANDARDS 2016/17

Representatives of Grant Thornton updated the Committee on auditing standards and the associated processes for proactive communication with the Audit, Standards and Governance Committee. It was noted that the external auditors needed to be satisfied that the Council's Cabinet, supported by the Council's management and the Audit Board were meeting responsibilities in respect of: Fraud, law and regulation, going concerns, related parties and accounting for estimates.

The appendix to the report contained a series of questions together with management responses. In relation to Table 2 Law and Regulation it was confirmed that formal officer meetings were held on a regular basis between the Audit Team and the Finance Team to identify and evaluate any potential litigation claims.

RESOLVED that the Grant Thornton Auditing Standards report and management responses be noted.

50/16

EXTERNAL AUDIT - AUDIT PLAN 2016/17

The representatives from Grant Thornton presented the Grant Thornton Audit Plan 2016/17. The Plan set out work that Grant Thornton proposed to undertake in relation to the Audit of the financial accounts for 2016/17 and risks that may require additional review and consideration.

Areas highlighted included:

- Key challenges which included delivering the Council Plan 2017-2020, the Local Plan, financial planning and working with partners;
- Materiality for audit planning purposes had been determined to be £839,000 (2% of gross expenditure);
- Areas of Significant risks which required special audit consideration and how these were selected;

Following presentation of the report Members discussed a number of areas in further detail including:

- The Shared Services arrangements and any impact on these of the West Midlands Combined Authority;
- Corporate Risk Register which would be considered at the next meeting;
- The importance of the Efficiency Plan which would be monitored by the Council and by Grant Thornton;
- It was noted the Council's Accounts would need to be closed at an earlier date from 2017/18 and in preparation the 2016/17 accounts were following the same timetable;

RESOLVED that the Audit Opinion Plan 2016/17 be noted and agreed.

51/16

INTERNAL AUDIT MONITORING REPORT

Mr A. Bromage, Head of Internal Audit Shared Service, presented the report. It was noted that the report provided an update on the actions and work carried out and gave a view of the audits which had been completed since the last meeting. There were 6 reports with assurance levels of moderate or above. Overall the Audit Plan was on track.

In relation to Appendix 4 to the report the planned follow up items and associated actions were noted.

Following presentation of the report a number of areas were raised by Members including:

- The potential use of the Council's Dashboard in monitoring audit performance;
- The ability to be flexible regarding the use of audit days over a 12 month period;
- The importance of staff following the use of Matrix procurement procedures;
- The comparative review of Insurance procedures at a number of Councils;
- Corporate Anti - Fraud Awareness and Strategy which was likely to be considered by Council in July;

RESOLVED that the Internal Audit Monitoring Report be noted.

52/16

INTERNAL AUDIT - AUDIT PLAN 2017/18

Members considered the Bromsgrove District Council Internal Audit Operational Plan for 2017/18 together with the key performance indicators for the Worcestershire Internal Audit Shared Service for 2017/18.

Mr. A. Bromage, Service Manager for Worcestershire Internal Audit Shared Service reported that the Plan was the same as the draft which had been considered by the Committee at its previous Meeting in December 2016.

RESOLVED:

- (a) that the Bromsgrove District Council Internal Audit Operational Plan for 2017/18 be approved; and
- (b) that the Key Performance Indicators for the Worcestershire Internal Audit Shared Service for 2017/18 be approved.

53/16

FINANCIAL SAVINGS MONITORING REPORT - APRIL TO DECEMBER 2016

The report of the Executive Director Finance and Resources showed the delivery of savings and additional income for the period April – December 2016.

Appendix 1 to the report showed that for April 2016 to December 2016 savings to budgets had been delivered. It was anticipated that all projected savings would be realised in line with the original estimates. In addition further savings/additional income had been made of £264k and details were included within the report. It was anticipated that these additional savings would realise £314k by the end of 2016/17.

There was a query regarding the clarification of the process in relation to the use of Section 106 funding and the monitoring of this. It was suggested that this could be a matter for the Overview and Scrutiny Finance And Budget Monitoring Group to consider. It was noted however that the Internal Audit team had looked at this process.

RESOLVED that the financial position for savings as set out in the report for the period April 2016 to December 2016 be noted.

54/16

RISK CHAMPION - UPDATE (COUNCILLOR PHIL THOMAS)

Councillor P. L. Thomas provided a written update which confirmed that Councillor Thomas had reviewed the Corporate Risk Register and discussed the contents with the relevant Heads of Service.

RESOLVED that the written update appended to the minutes in respect of the Corporate Risk Register be noted.

55/16

DRAFT AUDIT, STANDARDS AND GOVERNANCE COMMITTEE'S ANNUAL REPORT 2016/17

Members considered the draft Annual Report for the Audit, Standards and Governance Committee 2016/17.

RESOLVED that the Annual Report for the Audit, Standards and Governance Committee be approved.

Agenda Item 5

Audit, Standards and Governance Committee
30th March 2017

56/16

WORK PROGRAMME

Members considered the Work Programme for the Committee.

RESOLVED that the Work Programme be noted.

The meeting closed at 7.15 p.m.

Chairman

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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 30th March 2017.
- 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 with any relevant standards matters.
- 1.3 Any further updates arising after publication of this report, including any relevant standards issues raised by the Parish Councils' Representative(s), will be reported on orally by Officers/the Parish Representative(s) at the meeting.

2. RECOMMENDATION

That, subject to Members' comments, the report be noted.

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

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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 Since the last meeting of the Committee two complaints have been received; a Member to Member parish council complaint and a member of the public complaint about a parish councillor.
- 3.4 Both complaints are currently ongoing.

Member training

- 3.5 No Member training events have taken place since the last meeting of the Committee.
- 3.6 As there have been no District Council elections this year training for Members will be provided where necessary, and when requested either through Group Leaders and/or the Member Development Steering Group.
- 3.7 Finance training aimed specifically at members of the Audit, Governance and Standards Committee and the Finance and Budget Working Group is planned for the end of June.
- 3.8 A programme of planning training for the parish councils is currently being rolled out – as detailed at 3.10 below.

Parish Councils' matters

- 3.9 The appointment of the Parish Councils' Representatives to the Audit, Standards and Governance Committee (two Representatives, plus a Deputy Representative to substitute if required) for the 2017/18 Municipal Year will take place at the 14th June meeting of the Bromsgrove Area Committee of the Worcestershire County Association of Local Councils.
- 3.10 The shared Planning Team at Bromsgrove District Council and Redditch Borough Council are currently rolling out a programme of planning training for the Parish Councils within the District and Borough. A two hour session on permitted development matters, Green Belt Policy and how Parish Councils should be responding to planning application consultations is being offered to all of the parish councils. The team delivering the training are happy to go out to a venue local to the parish councils or to arrange for

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the training to take place at Parkside or the Town Hall. To date, Alvechurch and Wythall Parish Councils have taken advantage of this training and Barnt Green Parish Council will shortly be undertaking this. Very positive feedback has so far been received from the parishes on the training.

- 3.11 Over the last year a programme of planning enforcement training has also been rolled out to the parishes, explaining how enforcement works and discussing specific enforcement cases within the parishes. Again, positive feedback has been received in respect of this.

Customer / Equalities and Diversity Implications

- 3.12 There are no direct implications arising out of this report. Details of the Council's arrangements for managing standards complaints under the Localism Act 2011 are available on the Council's website and 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.

AUTHOR OF REPORT

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LOCALISM ACT 2011 – STANDARDS REGIME – DISPENSATIONS

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

1. SUMMARY OF PROPOSALS

- 1.1 To consider the granting of any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and which will be detailed by the Monitoring Officer at the meeting (section 3.16 of the report refers).
- 1.2 To note the position in relation to the current General Dispensations and Outside Body Appointment Dispensations which have been granted by the Committee and which currently remain valid until the first meeting of the Committee following the District Council Elections in 2019 (sections 3.10, 3.13 and 3.14 of the report refer).
- 1.3 To consider, for this and future dispensation update reports, a proposed minor administrative change to the way in which dispensations granted to Members by the Committee by virtue of a Member's appointment to a relevant outside body, or in cases where a previously granted IMD is no longer relevant to the Member concerned as the Member's circumstances have changed, are recorded in such reports (sections 3.14 and 3.17 of the report refer).

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that

- 1) any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and committee meetings in the individual circumstances detailed;**
- 2) any new IMDs granted remain valid until the first meeting of the Audit, Standards and Governance Committee after the District Council Elections in 2019, at which point all dispensations will be reviewed;**

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- 3) the unchanged position in relation to the existing General and Outside Body Appointment Dispensations granted by the Committee, as detailed under sections 3.10 and 3.13 of the report, be noted;
- 4) the proposed minor administrative changes detailed under sections 3.14 and 3.17 of the report be approved; and
- 5) for the avoidance of any doubt, it be noted that, in all cases, any dispensations granted by the Committee will only take effect on receipt of a subsequent written request to the Monitoring Officer from the relevant Member(s), for a specific dispensation to be granted to them where appropriate business is due to be discussed / debated at a particular meeting, and where those Members have a Disclosable Pecuniary Interest in the matter which would otherwise preclude them from participating / voting in this.

3. KEY ISSUES

Financial Implications

- 3.1 None.

Legal Implications

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

Service / Operational Implications

Background

- 3.5 Under s31 (4) of the Localism Act 2011 a Member who has a DPI in a matter under consideration is not permitted to participate in the discussion or vote on the matter unless s/he has first obtained a dispensation under s33.
- 3.6 Section 33 (2) includes a number of situations where a dispensation can be considered, but should be granted “only if, after having regard to all relevant circumstances” the Committee considers that one of those situations applies.
- 3.7 The statutory grounds under s33 (2) for the granting of a dispensation are where the authority –

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- “(a) considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business,
- (b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business,
- (c) considers that granting the dispensation is in the interests of persons living in the authority’s area,
- (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without them dispensation each member of the authority’s executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority’s executive, or
- (e) considers that it is otherwise appropriate to grant a dispensation.”

3.8 Since the introduction of the current standards regime in 2012, the Audit, Standards and Governance Committee has been responsible for considering the granting of dispensations in circumstances where the Monitoring Officer feels that a dispensation may be warranted. This function was previously carried out by the former Standards Committee.

3.9 It should be noted that, in all cases, any dispensations granted by the Committee will only take effect on receipt of a subsequent written request to the Monitoring Officer from the relevant Member(s), for a specific dispensation to be granted to them where appropriate business is due to be discussed / debated at a particular meeting, and where those Members have a Disclosable Pecuniary Interest which would otherwise preclude them from participating in this. As such, Members must ensure that they submit a written request for dispensation to the Monitoring Officer whenever as soon as they are aware that any such business is due to be considered. The position with this remains unchanged.

Current Dispensation Categories

3.10 Dispensations, all of which require the advance approval of the Committee and a subsequent written request from the Member to the Monitoring Officer, currently fall within three categories:

(i) General Dispensations

These are general categories proposed by the Monitoring Officer (linked to discussions at the County-wide Monitoring Officers’ Group) and at present apply to all Members in relation to:

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- allowing Members to address Council and committees in circumstances where a member of the public may elect to speak; and
- the adoption of any new or updated Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the District.

Council Tax Arrears

In relation to General Dispensations, it should be noted that whilst previous reports to the Committee have advised that it is no longer necessary for Members to seek / be granted General Dispensations in relation to the Budget or Council Tax setting functions, under section 106 of the Local Government Finance Act 1992 there is a caveat that any Member who is 2 months (or more) in arrears with their Council Tax payments cannot participate in any Council meeting concerning the budget. In the event that any Members are affected by the provisions of section 106, the statutory rule that they be barred from taking part in the budget decisions would prevail.

(ii) Individual Member Dispensations

These are Member-specific dispensations normally based on a Member's (or the Member's spouse's or civil partner's) employment or membership of a relevant organisation, and are considered by the Committee on an individual basis.

(iii) Outside Body Appointment Dispensations

The Monitoring Officer proposes which outside body appointments it is felt necessitate dispensations and the Committee has currently granted such dispensations to Members who sit on:

- the Amphlett Hall Management Committee;
- the Artrix Holding Trust (Bromsgrove Arts Development Trust); and
- the Artrix Operating Trust (Bromsgrove Arts Centre Trust – charitable company).

3.11 The table below sets out the Individual Member and Outside Body Appointment Dispensations which were granted by the Committee as it's meeting on 16th June 2016. Subject to any changes in outside body appointments and / or a Member's individual circumstances, these dispensations remain valid until the first meeting of the Committee following the District Council Elections in 2019.

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Councillor(s)	Relevant DPI	Reason for dispensation
C Bloore M Buxton L Mallett	Officer for Unison or spouse/partner to officer for Unison	To allow participation in debates concerning employment / staffing issues in relation to the authority.
M Buxton J Griffiths R Laight S Webb	Amphlett Hall Management Committee	To allow participation in debates concerning the Amphlett Hall generally but not in relation to funding issues.
C Allen-Jones G Denaro R Laight K May M Sherrey C Taylor	The Artrix Holding Trust (Bromsgrove Arts Development Trust)	To allow participation in debates concerning the Artrix theatre generally but not in relation to funding issues.
J Griffiths C Spencer	The Artrix Operating Trust (Bromsgrove Arts Centre Trust – charitable company)	To allow participation in debates concerning the Artrix Theatre generally but not in relation to funding issues.
L Mallett	Employee of CLIC Sargent	To allow participation in discussions in respect of the impact of cancer on children and young people.
Cllr B Cooper	Contract with the Sandwell & West Birmingham Hospitals NHS Trust	To allow participation in debates or decisions regarding health issues generally or matters involving the NHS, and to allow for performance of role as the Councils representative on the Health Overview and Scrutiny Committee of Worcestershire County Council.

Dispensation Changes

- 3.12 A report such as this is referred to the Committee each year to seek / highlight any required dispensation changes which the Monitoring Officer has been made aware of by Members, and / or which the Monitoring Officer wishes to raise independently with the Committee.

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- 3.13 The Monitoring Officer is not proposing any changes to the current categories of General or Outside Body Appointment Dispensations detailed at 3.10 above. As such, the only changes associated with these relate to any change in Member appointments to Amphlett Hall or the Artrix Holding / Operating Trusts since last year's report.
- 3.14 In order to avoid Officer time spent in continually reviewing changes in Member appointments to those (or any other future relevant) outside bodies, and detailing those changes in reports such as this in order to list the current Members' names (the changes for which are, in any event, recorded separately in the appropriate Cabinet / Council minutes), and given that it is the nature of those outside bodies and Members' roles on them which dictate the need for the Committee to consider whether a dispensation should be granted, Officers request that the actual names of the Members currently appointed to the relevant bodies no longer be included in such reports, and that any changes in outside body memberships automatically carry over for the purpose of Member dispensations.
- 3.15 Not naming the current Members who have been appointed to the relevant outside bodies in this report will not have any detrimental effect on the process as, immediately following the production of reports such as this, outside body memberships can change and those changes would not normally be picked up until subsequent annual reports. Also, and most importantly, as set out under section 3.9, whilst the Committee grants Member dispensations generally in respect of agreed outside bodies, any dispensations approved by the Committee will only take effect on receipt of a subsequent written request to the Monitoring Officer from appointed Members for a specific dispensation to be granted when relevant business is due to be discussed / debated at a particular meeting.
- 3.16 In relation to IMDs, Officers have contacted Councillors to ask whether they wish to seek to any new dispensations and whether any former dispensations granted no longer apply, this being the stance which has previously been undertaken. At the time of drafting this report no new dispensations requiring the Committee's consideration had been requested by Members. The only updates / changes relate to dispensations which are no longer relevant, i.e. following a change in a Member's (or their spouse's / civil partner's) employment / membership of organisations, details of which Members should, in any event, be updating on their Register of Members' Disclosable Pecuniary Interests forms. Members should also be seeking guidance from the Monitoring Officer during the year should their individual circumstances change, which might, in turn, necessitate the grant of a new IMD. Any requests received from Members (including the newly elected Member for Alvechurch Village ward following the 8th June by-election), for the grant of new IMDs prior to the meeting on 15th June will be reported by the Monitoring Officer at the meeting, and considered by the Committee accordingly. It is recommended that should any new requests be forthcoming and granted by the Committee, these remain valid until the first meeting of the Committee following the District Council Elections in 2019, at which stage there will be a full

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review of all prevailing dispensations to ensure that all Members, including any newly elected Members following the 2019 elections, are sufficiently covered.

- 3.17 Again therefore, in relation to any previously granted IMDs which are no longer relevant (for example, where a Member or their spouse / civil partner may have ceased / changed employment for which they have previously been granted a IMD) it is proposed that details of these not be included in reports and that these automatically cease to have effect. The key issues here being that:
- the Committee will still be responsible for considering any new IMDs requested by Members;
 - any previously granted IMDs which are no longer relevant will automatically become defunct; and
 - as detailed under section 3.9, before any dispensation can take effect Members are, in any event, required to submit a written request to the Monitoring Officer for such a dispensation when relevant business is due to be discussed / debated at a particular meeting.
- 3.18 Should Members support the above approach this will avoid the need for unnecessary reports to Committee in the future and reports should only be required where:
- the maximum 4 year period for the grant of dispensations is due to expire;
 - new dispensations under any category need to be considered by the Committee; or
 - where the Monitoring Officers feels that any overarching General and / or Outside Body Appointment Dispensations are no longer necessary and wishes to update the Committee accordingly.

Customer / Equalities and Diversity Implications

- 3.19 None.

4. RISK MANAGEMENT

The granting of general dispensations by the Committee will, subject to receipt of a written request from Members for such a dispensation, clarify, for the avoidance of any doubt, Members' ability to participate in and vote at Council and committee meetings on certain matters as part of the Council's decision-making process, where such Members have a DPI which would otherwise preclude them from so participating / voting.

5. BACKGROUND PAPERS

- Section 33 of the Localism Act 2011.
- Section 106 of the Local Government Finance Act 1992.

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- Reports to Standards Committee on 28th November 2012, 10th October 2013, 9th January 2014 and 9th October 2014.
- Reports to Audit, Governance and Standards Committee on 16th July 2015 and 16th June 2016.

AUTHOR OF REPORT

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BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 15th June 2017

GIFTS AND HOSPITALITY: GUIDANCE FOR COUNCILLORS – UPDATE TO THE CONSTITUTION

Relevant Portfolio Holder	Cllr G Denaro, Leader of the Council
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services
Wards Affected	All Wards
Ward Councillor Consulted	N/A

1. SUMMARY OF PROPOSALS

This report outlines suggested changes to the Gifts and Hospitality Guidance for Councillors provided at Part 21 in Bromsgrove District Council's constitution. The Audit, Standards and Governance Committee have been asked by the Constitution Review Working Group to review and endorse the proposed changes.

2. RECOMMENDATIONS

The Committee is asked to RECOMMEND to Council that the proposed changes to the Council's Gifts and Hospitality: Guidance for Councillors (Part 21), attached at Appendix 1, be approved.

3. KEY ISSUES

- 3.1 When last reviewed, Council agreed that the policy on Gifts and Hospitality would not include any threshold on value. This means that currently Councillors have been advised to declare gifts/hospitality which are minor in nature and value and can be considered reasonable in the context of the activity the Councillor was undertaking at the time.
- 3.2 The Constitution Review Working Group asked Officers to simplify the Guidance and review the value of gifts/hospitality. This review has now taken place and the group have referred the guidance to the Audit, Standards and Governance Committee for its consideration and comment prior to consideration by Council. A copy of the updated Guidance for Councillors is attached at Appendix 1. Changes are highlighted in italics.
- 3.3 As part of the review benchmarking work was undertaken and it was established that in the majority of cases local authorities require their Councillors to declare gifts and hospitality valued at £25 and over.

Audit, Standards and Governance Committee 15th June 2017

Financial Implications

- 3.4 There are no direct financial implications arising from this. However, the introduction of a threshold for reporting gifts and hospitality will lead to a reduction in the level of Officer time dedicated to recording gifts and hospitality.

Legal Implications

- 3.5 The Gifts and Hospitality Guidance for Councillors forms part of the Council's constitution and as such if the proposed changes are approved by Council the constitution will be updated accordingly.

Service/Operational Implications

- 3.6 There are no direct service or operational implications.

Customer / Equalities and Diversity Implications

- 3.7 There are no direct customer, equality or diversity implications.

4. RISK MANAGEMENT

Regular reviews of the Constitution minimise the risk of Councillors, officers and the public not being clear about how decisions are made and not knowing who is responsible for them. This knowledge is necessary to be able to hold decision makers to account.

5. APPENDICES

Appendix 1 – Gifts and Hospitality: Guidance for Councillors (Part 21, Bromsgrove District Council's Constitution - update).

AUTHOR OF REPORT

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APPENDIX 1: GIFTS AND HOSPITALITY

GUIDANCE FOR COUNCILLORS

The acceptance of gifts and hospitality by Councillors can affect the perception of both Councillors and of the authority. The fundamental principle must always be that any offer of a gift or hospitality should be treated with great care.

The law on the acceptance of gifts and hospitality is set out in the Bribery Act 2010. Under the Act there are monetary fines and imprisonment for offences, which include for attempting to bribe another person or accepting a bribe.

The Council's Code of Conduct also requires that Councillors must not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties. This Guidance should be read in conjunction with the Code of Conduct and the Council's Corporate Anti-Bribery Policy.

The Council has decided that any gifts of hospitality worth £25 or more should be recorded.

1. What do we mean by Gifts and Hospitality?

- 1.1 *Gifts of any goods or services.*
- 1.2 *The opportunity to acquire any goods or services freely or at a discount or on other terms not available to the general public.*
- 1.3 *The offer of food, drink, accommodation or entertainment on terms not available to the general public.*
- 1.4 *The opportunity to attend any cultural, sporting or entertainment event.*
- 1.5 *This guidance cannot cover every eventuality. When considering what to do about gifts or hospitality you should give the term wide definition.*

2. The Register

- 2.1 *You must register receipt of any gifts or hospitality with an estimated value of £25 or more, which are received and accepted by you when you are carrying out;*
 - *Council business*
 - *The business of the office to which you've been elected, or*
 - *Business as a representative of the Council.*
- 2.2 *You should also register any offers of gifts and hospitality which you refuse, in the interests of transparency.*

- 2.3 The Monitoring Officer maintains a register of all declarations by Councillors relating to gifts and hospitality, whether offered, accepted or refused. A form is provided for this purpose, attached as an appendix and available from the Democratic Services Team but you can send the same information by any convenient means.
- 2.4 The register is open to inspection by the public until the approval of the accounts for the financial year in question.

3. Gifts and Hospitality

- 3.1 You should treat with extreme caution any offer or gift, favour or hospitality that is made to you. The person or organisation making the offer may be doing, or be seeking to do, business with the Council. They may be applying to the Council for some sort of decision, such as planning or licensing, where it is essential that the Councillor's independence is not compromised.
- 3.2 In deciding whether it is appropriate to accept any gifts or hospitality you should apply the following principles:
- 3.2.1 Never accept a gift or hospitality as an inducement or rewards for anything you do as a Councillor;** as a Councillor you are acting in the public interest and must not be swayed by the potential for any inducement or reward for carrying out your duties in a particular way.
- 3.2.2 You should only accept a gift or hospitality if there is a benefit to the authority;** the only proper reason for accepting any gift or hospitality is that there is a benefit to the authority which would not have been available but for the acceptance of it. Unless the benefit to the authority is clear and is commensurate with the value of the gift or hospitality, you should assume that the gift or hospitality is purely for your personal benefit.
- 3.2.3 Never accept a gift or hospitality if acceptance might be open to misinterpretation;** the appearance of impropriety can be as damaging to the authority and to you as a Councillor as actual impropriety. If there is any possibility that acceptance of a gift or hospitality might be interpreted as showing that you or the authority favour a person, company or section of the community, you must either refuse it or ensure that such a misunderstanding cannot occur.
- 3.2.4 Never accept a gift or hospitality which puts you under an improper obligation;** some organisations and private individuals see the provision of gifts and hospitality as an opportunity to buy influence. Improper acceptance of a gift or hospitality may be used to persuade you to decide an issue in

their favour. If others note that you have been prepared to accept a gift/hospitality improperly, they may feel that they will not be able to secure impartial consideration from the authority.

3.2.5 Never solicit a gift or hospitality; not only should you never solicit or invite an offer of gifts/hospitality, but you should avoid giving any indication that you might be open to such an offer.

3.2 Other than certain exceptions – set out below at 4.2 – you should refuse any gift offered to you or an immediate relative by any person or organisation who has, or may seek to have, dealings with the Council. You are recommended for transparency purposes to notify the Monitoring Officer of any such refusals. Any notifications will be filed in the register.

3.3 Cash or monetary gifts should be refused without exception and the refusal notified to the Monitoring Officer as above.

3.4 In every case the decision whether or not it is appropriate to accept any gift or hospitality is yours. The guidance cannot cover every circumstance. However, as a guide, you should ask yourself some basic questions when deciding whether or not to accept gifts or hospitality:

- Would I have been given this if I was not a member of the Council?
- Is there benefit to the Council in accepting?
- Is the entertainment being offered to me alone?
- What is the scale of the offer?
- Is the offer being repeated?
- Will my attendance at an event be perceived as offering support?

If in doubt consult with the Head of Legal, Equalities and Democratic Services.

4. Exceptions

4.1 *In every case it is the Member's decision whether or not it is appropriate to accept any gift or hospitality, having considered how it might be perceived by a member of the public. To refuse small gifts offered as a thank you for casework or a drink offered at a meeting with a resident may cause embarrassment, so the following guidelines have been drawn up to help members to decide what to do.*

4.2 *If the estimated value is below £25 and you consider that there is no risk to the Council's reputation or to public perception of you or the Council, the following are examples of occasions when the Council has agreed it is appropriate to accept gifts/hospitality:*

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PART 21

- 4.2.1 civic hospitality provided by another public authority;
- 4.2.2 modest refreshment in connection with any meeting in the ordinary course of your work, such as tea, coffee, soft drinks and biscuits
- 4.2.3 tickets for sporting, cultural and entertainment events which are sponsored by the authority;
- 4.2.4 small gifts of low intrinsic value, such as pens, diaries, calendars and mouse mats, used for promotional advertising and given to a wide range of people. However, you should take care not to display branded items when this might be taken as an indication of favour to a particular supplier or contractor, for example in the course of a procurement exercise. Whilst the monetary value may not require you to register, you are advised to do so to be transparent;
- 4.2.5 a modest alcoholic or soft drink on the occasion of an accidental social meeting. An example is a pint of beer from an employee of a contractor, or an individual with whom you have done business on behalf of the authority, if you meet accidentally in a pub, cafe or bar. In such cases, you should make reasonable efforts to return the offer where this is practicable.
- 4.2.6 a modest working lunch in the course of a meeting in the offices of a person/organisation with whom the authority has an existing business connection, where this is required in order to facilitate the conduct of that business;
- 4.2.7 modest souvenir gifts with a value from another public authority given on the occasion of a visit by or to the authority.
- 4.2.8 Hospitality received in the course of an external visit or meeting which has been duly authorised by the authority. Councillors should not make such arrangements themselves, and officers are under instruction to make it clear that any such hospitality for Councillors and officers is to be no more that commensurate with the nature of the visit.
- 4.2.9 other unsolicited gifts, where it is impracticable to return them to the person or organisation making the gift, provided that the Councillor deals with the gift strictly in accordance with the following procedure: The Councillor must, as soon as practicable after the receipt of the gift, pass it to the Secretary to the Chairman of the Council together with a written statement identifying:

- The nature and your estimate of the market value of the gift/hospitality;
- Who the offer/invitation has been made by;
- The connection you have with the person/organisation making the offer or invitation, such as any work you have carried out for the authority in which they have been involved;
- Any work, permission, concession or facility which you are aware that the person/organisation making the offer may seek from the authority;
- Any special circumstances which lead you to you believe that acceptance if the gift/hospitality will not be improper.

The Chairman's Secretary will write to the person or organisation making the gift. They will be thanked on your behalf for it and told that you have donated the gift to the Chairman's charity Fund, on whose behalf it will be raffled or otherwise disposed of in due course, the proceeds being devoted to a charitable cause chosen by the Chairman.

5. Other circumstances

If you are offered gifts or hospitality either personally or on behalf of the authority, in any other situation which is not covered by the advice above, you should seek advice from the Monitoring Officer as soon as possible.

6 Definitions

References to the "value" or "cost" of any gift or hospitality are references to the higher of:

- (i) your estimate of the cost to the person or organisation of providing the gift or consideration
- (ii) the open market price which a member of the public would have to pay for the gift or hospitality, if it were made available commercially to the public, less the cash sum of any contribution which you would be required to make toward that price to the person or organisation providing or offering the gift or hospitality.

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PART 21

To:

Declaration of Receipt of Gifts or Hospitality

Name	
What was the gift or hospitality?	
What is its estimated value?	
Who provided it?	
When and where did you receive it?	
Does it come within one of the exceptions set out in the Policy? If so, which?	
Were there any special circumstances justifying acceptance of this gift or hospitality?	
Do you have any contact in your Councillor role with the person or organisation providing the gift or hospitality?	
Signed:	Date:
<i>Office use only.</i> Received by:	Date:

Please return to the Democratic Services Team at Bromsgrove

To be retained until approval of the annual accounts for the relevant financial year.

AUDIT STANDARDS & GOVERNANCE COMMITTEE 15TH MAY 2017

GRANT THORNTON – AUDIT FEE LETTER 2017/18

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

1. SUMMARY OF PROPOSALS

- 1.1 To present Members with the Audit Fee letter for 2017/18 from the Councils External Auditors Grant Thornton and to approve the level of fee.

2. RECOMMENDATIONS

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

3. KEY ISSUES

Financial Implications

- 3.1 The 2017/18 budget assumes the level of fee of £49k as set in the attached letter. The fee in relation to the Housing Benefit Grant certification is to be confirmed.

Legal Implications

- 3.2 None as a direct result of this report. The Council currently has a contract with Grant Thornton to provide the External Audit service. This continues to the audit of the 2017/18 accounts.

Service / Operational Implications

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

AUDIT STANDARDS & GOVERNANCE COMMITTEE 15TH MAY 2017

Customer / Equalities and Diversity Implications

3.6 There are no implications arising out of this report.

4. RISK MANAGEMENT

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

5. APPENDICES

Appendix 1 – Grant Thornton Audit Fee Letter

6. BACKGROUND PAPERS

Individual internal audit reports.

7. KEY

N/a

AUTHOR OF REPORT

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13 April 2017

Dear Jayne

Planned audit fee for 2017/18

The Local Audit and Accountability Act 2014 provides the framework for local public audit. Under these provisions the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Audit Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 PSAA has been specified by the Secretary of State as an appointing person for principal local government and police bodies, and will make auditor appointments and set fees for bodies that have opted into the national auditor appointment scheme it is developing.

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no changes to the overall work programme for local government audited bodies for 2017/18, following the recent CIPFA/LASAAC announcement that their planned introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities in 2017/18 will no longer proceed. PSAA have therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17. The Council's scale fee for 2017/18 has been set by PSAA at £48,680.

The audit planning process for 2017/18, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and

guidance for auditors from April 2015. Audits of the accounts for 2017/18 will be undertaken under this Code, on the basis of the [201718 work-programme and scales of fees](#) set out on the PSAA website. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

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

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Certification of grant claims and returns

At the request of the Department for Work and Pensions, auditors appointed by PSAA will continue to certify local authority claims for housing benefit subsidy for 2017/18.

The Council's indicative fee for this certification work has yet to be set by PSAA. We will write to you to confirm the fee when this has been confirmed.

Assurance engagements for other schemes will be subject to separate arrangements and fees agreed between the grant-paying body, the Council and ourselves.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2017	12,170
December 2017	12,170
March 2018	12,170
June 2018	12,170
Total	48,680
Housing Benefit Certification	
March 2018	TBC

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2017 to February 2018. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in June and July and work on the whole of government accounts return in August.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2017 to February 2018	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to July	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	February to July	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	August	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to November	Grant certification report	A report summarising the findings of our housing benefit certification work

Our team

The key members of the audit team for 2017/18 are:

	Name	Phone Number	E-mail
Engagement Lead	Richard Percival	0121 232 5434	richard.d.percival@uk.gt.com
Engagement Manager	Neil Preece	0121 232 5292	neil.a.preece@uk.gt.com
In Charge Auditor	Mary Wren	0121 232 5254	mary.wren@uk.gt.com

Additional work

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

Quality assurance

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

Yours sincerely



Richard Percival
Engagement Lead
For Grant Thornton UK LLP

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 15th June 2017

BENEFITS AND COMPLIANCE UPDATE – 2016/17

Relevant Portfolio Holder	Cllr Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda Singleton, Head of Customer Access and Financial Support
Wards Affected	All Wards
Ward Councillor Consulted	N/A

1. SUMMARY OF PROPOSALS

This report provides an update on the work of the compliance team following the transfer of benefit fraud to the DWP Single Fraud Investigation Service in February 2016 and information regarding the work of the Benefits service.

2. RECOMMENDATIONS

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

3. KEY ISSUES

Financial Implications

3.1 Direct Expenditure for Housing Benefit for 2016/17 was £16.3 million and for Council Tax Support, £3.9 million.

3.2 During the financial year Housing Benefit overpayments of £741,376 were identified. These are made up as follows:

Customer error/fraud	£668,065
Local Authority Error / Admin Delay	£ 73,311

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

3.4 The following table sets out the total overpayments recovered or written off for financial year 16/17

Payments received	£424,233
Overpayments written off	£46,460

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- 3.5 The work of the Compliance Team has resulted in increased income as follows.
- Additional New Homes Bonus of approximately £156k for 1 year, and £624k payable over 4 years.
 - £122k in incorrectly claimed Council Tax discounts which we are in the process of recovering.
 - 11 properties missing off the Council Tax data base with a return of £31K.
 - Identified £7.4k in overpaid Housing Benefit and Council Tax Support.
- 3.6 Housing Benefit Matching Service (HBMS) work managed by the compliance team resulted in the identification of overpayments of the following:
- | | |
|----------------------|------|
| Housing Benefit: | £38k |
| Council Tax Support: | £10k |
- 3.7 National Fraud Initiative (NFI) matching began in March 2017 and the team has cleared 155 out of 300 referrals. Historically, the NFI matches yield very low value levels of fraud and error.
- 3.8 As a result of the work to date we have been able to evidence financial benefits to the other major preceptor, who receive the majority of the Council Tax collected. We have negotiated a deal to receive an extra 10% of any additional income raised. The additional income payment received for 16/17 was £19,141.

Legal Implications

- 3.9 There are no specific legal implications.

Service/Operational Implications

- 3.10 As at 1st April 2017 there were 5,071 live Housing Benefit and Council Tax Reduction claims in payment. Approximately half the caseload is made up of working age customers 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.
- 3.11 Overpayments can only be classified as fraud after a customer has been prosecuted, accepts an administrative penalty or has made an admission of fraud during an interview under caution, however the investigation of benefit fraud is now the responsibility of the Department for Work and Pensions (DWP) and therefore our ability to recover overpayments through Fraud is reduced.
- 3.12 At the point of the transfer of responsibility various duties remained with the local authority. These include:

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- Investigation of Council Tax Support claims
- Compliance / Verification of HB claims
- HBMS referrals
- National Fraud Initiative (NFI) data matching
- Police requests for information / liaison
- Support to DWP in respect of Housing Benefit fraud cases.

3.13 We took this as an opportunity to develop work in relation to wider non-compliance issues around Council Tax and Business Rates.

Long Term Empty Properties

The work of the team has resulted in a net reduction in long term empty properties of 157. This results in a net gain of New Homes Bonus. Under the new criteria, reducing the number of long term empty properties in Bromsgrove resulted in New Homes Bonus of approximately £156k for 1 year, and £624k payable over 4 years.

Council Tax Discounts & Exemptions

The team has identified £122K in incorrectly claimed Council Tax discounts and exemptions. The team are currently working with the Revenues department to implement procedures to reduce fraud and error within the discounts and exemptions.

Council Tax missing properties

The team identified 11 missing properties which resulted in additional Council Tax of £31K. An additional 5 missing properties were identified, which are due to be banded by the Valuation Office. The team are currently working with the Revenues department to implement procedures to reduce the possibility of missed properties.

Proactive Housing Benefit work

As a result of proactive Housing Benefit case reviews, we have identified £1.8k in overpaid Housing Benefit. The overpayments are due to information not being provided at the time of a change in circumstances and the case reviews would not have been possible without the resources and expertise of the Compliance Team.

Proactive Council Tax Support work

As a result of proactive Council Tax Support case reviews, we have identified £5.6k in overpaid Council Tax Support. Again, these overpayments have occurred where changes in circumstances could not have been identified by the team without proactive work.

Business Rates

The team have recently have begun to work with an outside agency to identify missing businesses or businesses which have increased in size and not declared it to the council.

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Customer / Equalities and Diversity Implications

- 3.14 Identification of overpayments, or incorrectly claimed discounts and exemptions and the subsequent work to recover these debts can result in financial hardship; therefore consideration is given to this when agreeing repayment plans where additional support, such as money management advice, is provided where relevant.

4. RISK MANAGEMENT

The work of the compliance team is to reduce the risk of lost income to the authority. The results to date show that this work is both necessary and rewarding.

5. APPENDICES

None

6. BACKGROUND PAPERS

None

AUTHOR OF REPORT

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BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th June 2017

2016/17 INTERNAL AUDIT ANNUAL REPORT

Relevant Portfolio Holder	Councillor Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Paul Field, 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 2016/17 Internal Audit Annual Report for the period 1st April 2016 to 31st March 2017 along with the Audit Opinion and Commentary.

2. RECOMMENDATION

2.1 **The Committee is asked to RESOLVE that the 2016/17 Internal Audit Annual Report is noted, and, Internal Audit Charter approved.**

3. KEY ISSUES

Financial Implications

3.1 None as a direct result of this report.

Legal Implications

3.2 The Council is required under Regulation 5 of 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”.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th June 2017

Service / Operational Implications

- 3.3 **Appendix 1** provides a summary of allocation in respect of the 250 audit days delivered against the 230 budgeted. Explanation of the cumulative overrun was reported to Committee on a regular basis throughout 2016/17.
- 3.4 **Appendix 2** provides a breakdown of the audits completed including the overall assurance as well as confirmation of follow up audits undertaken during the year
- 3.5 **Appendix 3** provides the 2016-17 audit opinion and commentary.
- 3.6 **Appendix 4** provides the updated Internal Audit Charter for WIASS.
- 3.7 The Worcestershire Internal Audit Shared Service (WIASS) has achieved and delivered the 2016/2017 internal audit plan with minor revisions.
- 3.8 The Internal Audit Plan for 2016/2017 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk, fraud risk, and external risk) using a predefined scoring system and reported to the Committee on the 24th March 2016. It included:
- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance and
 - a number of operational systems, for example data security and publications, communications and media and elections were looked at to maintain and improve its control systems and risk management processes or reinforce its oversight of such systems.
- 3.9 In accordance with best practice the plan is subject to review each year to ensure that identified changes, for example, external influences, risk assessment and process re-engineering are taken into consideration within the annual plan.
- 3.10 The purpose of the 2016/17 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:
- Internal Audit assisted the Authority in meeting its corporate purposes by reviewing the high risk areas, systems and processes,
 - Audit plan delivery was monitored, appropriate action taken and performance reports issued on a regular basis,

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th June 2017

- The key financial systems are reviewed annually, enabling the Authority's external auditors to inform their opinion using the work completed by Internal Audit,
 - An opinion can be formed on the adequacy of the Authority's system of internal control, which feeds into the Annual Governance Statement which is presented with the statement of accounts.
- 3.11 2016/17 was a very demanding year for the internal audit team with a significant churn of team members during the early part of the year and replacements arriving over a 6 month period. To further compound the pressure on resource the new starters needed to take some time to understand the working practices and methodology the Service uses. Due to the settling down period required audits took longer to deliver than budgeted which is indicated in Appendix 1. The Service has carefully managed its resource and worked with partners to deliver the full audit programme for Bromsgrove District Council for 2016/17 with regular updates of progress reported before Committee. The s151 Officer was kept briefed during the year in regard to overall progress.

Work of interest to the External Auditor

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

External Work

- 3.13 The work to deliver the Place Partnership Ltd internal audit contract was predominantly completed during 2016/17 with only management responses awaited in order to finalise one audit.

Follow Up Audits

- 3.14 A summary of audit follow ups for the year is provided as part of Appendix 2. This area of work is undertaken to ensure that potential risks to the authority are mitigated. The outcome of this work is reported on an exceptions basis. There have been no exceptions reported to the Committee during 2016/17 however there have been a number of occasions where additional follow up visits have been required as the recommendations have not been satisfied.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th June 2017

Quality Measures

- 3.15 Managers are asked to provide feedback in regard to systems audits that have taken place by completing a questionnaire. At the conclusion of each audit a feedback questionnaire is sent to the Responsible Manager and an analysis of those returned during the year shows very high satisfaction with the audit product – see Appendix 2.
- 3.16 To further assist the Committee with their assurance of the overall delivery Worcestershire Internal Audit Shared Service conforms to the Public Sector Internal Audit Standards 2013.
- 3.17 Worcestershire Internal Audit Shared Service Internal Audit activity is organisationally independent. Internal Audit reports to the s151 Officer but has a direct and unrestricted access to senior management and the Audit Committee.
- 3.18 Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. Staff work to a given methodology and have access to the internal audit manual and Charter which has been updated to reflect the requirements of the standards and is included as part of this report at **Appendix 4**.
- 3.19 The Client Officer Group which is the management board for the Service and is made up of partner s151 Officers meet on a regular basis and consider the performance of the Shared Service including progress against the Service Plan as well as actively promoting the continuous improvement of the Service.
- 3.20 Heads of Service provide regular Risk Management updates before the Audit Committee for consideration along with verbal updates from the Financial Services Manager to provide assurance.
- 3.21 Work is continuing in respect of the NFI exercise. Appropriate action is being taken and work is progressing to identify any potential fraudulent activity for example overpayment for housing benefits, income support, etc. This is a biennial exercise. Identified savings from the 2014/15 exercise amounted to £19,400. The last significant data extract was during 2016/17 and continues to be worked on. The next is scheduled for 2018/19.
- 3.22 There are currently 6 identified investigations in regard to the 2016/17 exercise but no monetary value confirmed. The cases identified include

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3x housing benefit to student loans i.e. potentially understated income ,
1x council tax reduction scheme income declaration i.e. potentially
understated income, and, 2x resident linked to different addresses i.e.
potential tenancy fraud.

- 3.23 We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

Customer / Equalities and Diversity Implications

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

4. RISK MANAGEMENT

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

- Non-compliance with statutory requirements.

5. APPENDICES

Appendix 1 ~ Delivery against plan 2016/17

Appendix 2 ~ Audits completed with assurance for 2016/17 and audit follow up work

Appendix 3 ~ Audit Opinion and Commentary

Appendix 4 ~ Audit Charter

6. BACKGROUND PAPERS

None.

7. Key

N/a

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AUTHOR OF REPORT

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APPENDIX 1

Delivery against Internal Audit Plan for 2016/17 1st April 2016 to 31st March 2017

Audit Area	2016/17 DAYS USED	2016/17 PLANNED DAYS
Core Financial Systems (see note 1)	95	71
Corporate Audits	6	5
Other Systems Audits	113	118
TOTAL	214	194
Audit Management Meetings	15	15
Corporate Meetings / Reading	5	5
Annual Plans and Reports	8	8
Audit Committee support	8	8
Other chargeable (see note 2)	0	0
TOTAL	36	36
TOTAL (see note 3)	250	230

Note:

Days are rounded to the nearest whole.

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

Note 2: 'Other chargeable' days equate to times where there has been significant disruption to the ICT provision resulting in lost productivity.

Note 3: The additional 20 days that were required occurred as a result of reduced service productivity throughout the year due to factors including the arrival of three new auditors in the first quarter along with a further auditor towards the end of quarter 2 and the time they required to familiarise themselves with Partner and Service requirements. As a result audits took longer to deliver resulting in an increase in the required days to deliver the plan. There was no financial implication to Bromsgrove District Council as a result of this as the partnership absorbed the over runs.

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KEY PERFORMANCE INDICATORS 2016/17

Key Performance Indicators (KPIs) for 01st April 2016 to 31st March 2017.

The success or otherwise of the Internal Audit Shared Service was measured against the following key performance indicators for 2016/17.

	PI	Trend requirement	2015/16 Year End position	2016/17 Year End position	Frequency of Reporting
1	No. of customers who assess the service as 'excellent'	Upward	2 (2x 'good')	5 (11 issued with 5 returned)	Quarterly
2	No. of audits achieved during the year	Per target	Target = 15 (minimum) Delivered = 21	Target = 14 (minimum) Delivered = 17	Quarterly
3	Percentage of plan delivered	100% of the agreed annual plan	98%	100%	Quarterly
4	Service Productivity	Positive direction year on year (Annual target 74%)	81%	*62%	Quarterly

*Overall Service productivity for the year was below target due to the arrival of three new auditors in the first quarter along with a further auditor towards the end of quarter 2 and the settling in period required during the year, however, it was increasing steadily throughout the year.

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

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Appendix 2

Audit Opinion Summary Analysis ~ Audits completed during financial year 2016/2017:

Audit Report / Title	Final Report issued	Assurance
Customer Services	28/09/2016	Significant
Freedom of Information	24/10/2016	Significant
Treasury Management	13/12/2016	Significant
Debtors	13/12/2016	Significant
Cash Collection	03/01/2017	Significant
Housing Benefit and Council Tax Support	12/05/2017	Significant
Main Ledger	06/03/2017	Significant
Housing - Statutory Duties	09/11/2016	Moderate
Human Resources Training & Development	30/12/2016	Moderate
Creditors	03/04/2017	Moderate
Bereavement Services	17/03/2017	Moderate
Worcester Regulatory Services	26/05/2017	Moderate
NNDR	01/06/2017	Moderate
Council Tax	01/06/2017	Moderate
Performance Measures	03/05/2017	Limited
Risk Management	24/05/2017	Limited
Insurance	17/02/2017	Critical Review
Follow Up Audits:		
Audit Area	Latest Date for Follow Up	Position
Corporate Anti Fraud 13/14	Dec 16	Ongoing
Corporate Governance : Appointment to Outside Bodies 14/15	April 16	Satisfied
Budget Setting 14/15	Feb 17	Satisfied
Equality and Diversity 14/15	Sept 16	Ongoing
Corporate Governance: AGS 15/16	Sept 16	Ongoing
S106 Planning Obligations 15/16	Sept 16	Ongoing
CCTV 15/16	Sept 16	Ongoing
Accounts Reconciliation 15/16	Jan 17	Ongoing
Consultancy and Agency 15/16	Dec 16	Ongoing

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Worcestershire Regulatory Services 15/16	Dec 16	Ongoing
Freedom of Information 16/17	Mar 17	Satisfied
Customer Services 16/17	Feb 17	Ongoing
Human Resources and Training 16/17	Mar 17	Ongoing
Cash Collection 16/17	Mar 17	Ongoing
All core financial audits		

Summary of 2016/17 Audit Assurance Levels from 17 audits.

Number of Audits	Assurance	Overall % (rounded)
0	Full	0%
7	Significant	41%
7	Moderate	41%
2	Limited	12%
0	No	0%
0	To be confirmed	0%
1	Critical Friend	6%

Client Feedback Analysis ~ IA Reporting

Feedback is sought after the issue of the final audit report via a feedback questionnaire. Sometimes this is reported back verbally rather than in the written form. The feedback is used to assess the effectiveness of internal audit and to help improve and enhance the internal audit function. Feedback during the 2016/17 financial year has been received indicating that:

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

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- Audit work was very clear and met the expectations set out of the scope.
- Report comprehensive and recommendations valued.

Comments received included:

- Professional and approachable – [the auditor] also kept us in the loop at every stage;
- Fair, comprehensive audit in all areas of Customer Services;
- Provided constructive feedback and recommendations;
- On-going dialogue with staff and Managers throughout the Audit, gave ample discussion with staff to understand what worked well and not so well, and gave auditor an understanding which ensured that findings were fair and reasonable;
- [The auditor] picked up the system very well, understood processes quickly – therefore led to one of the smoothest Audits we have ever had;
- The whole audit was well conducted and effective.

Of 11 questionnaires issued 5 were returned as ‘excellent’.

Overall Conclusions:

- The 2016/17 Internal Audit Plan as agreed by the Audit Committee on the 24th March 2016 along with any subsequent revisions has been delivered.
- 88% of the audits undertaken for 2016/17 which have received an assurance allocated returned an assurance of ‘moderate’ or above. This figure is inclusive of the critical friend audits i.e. ‘N/A’.
- Clients are satisfied with the audit process and service from the data received.
- Independent assurance has been brought before the Committee for consideration in respect of the finalised audits throughout 2016/17 and no exceptions have been reported in regard to ‘follow up’ audit work.
- To assist the Committee to draw further assurance from the work that Internal Audit undertakes clear reference is contained in the final audit report to identify whether a direct link exists to corporate priorities and the risk register entry in connection with the audited service provision. This information has been, and will continue to be, reported to the Committee as part of the summary reporting in 2017/18.
- On-going dialogue will be maintained with the s151 Officer and the Client Officer Group. The Client Officer Group for the Internal Audit Shared Service comprises all the partners’ s151 Officers whom actively encourage the on-going development of the service.

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APPENDIX 3

Head of Worcestershire Internal Audit Shared Services Opinion on the Effectiveness of the System of Internal Control at Bromsgrove District Council (the Council) for the Year Ended 31st March 2017

1. Audit Opinion

- 1.1 The internal audit of Bromsgrove District Council's systems and operations during 2016/17 was conducted in accordance with the Internal Audit Annual plan which was presented to the Audit Committee on 24th March 2016 and any subsequent revision.
- 1.2 The Internal Audit function was set up as a shared service in 2010/11 and hosted by Worcester City Council for 5 district councils and increased to 6 partners with the inclusion of Hereford and Worcester Fire and Rescue Authority from April 2016. The shared service conforms with CIPFA guidance and the Institute of Internal Auditors Public Sector Internal Audit Standards 2013 as amended and objectively reviews on a continuous basis the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic and effective use of resources.
- 1.3 The Internal Audit Plan for 2016/17 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk fraud risk, and external risk) using a predefined scoring system. It included:
 - a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance, and,
 - a number of operational systems, for example – bereavement, housing, ICT and customer services were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.
- 1.4 The 2016/17 internal audit plan and any revision thereto was delivered in full providing sufficient coverage for the s151 and the Head of Internal Audit Shared Service to form an overall opinion.
- 1.5 In relation to the 17 reviews that have been undertaken, all have been finalised. Areas which returned an assurance level of 'limited' were performance measures and risk management. All areas where

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assurance was 'limited' or below will be addressed by management and have a clearly defined action plan in place in order to address the weaknesses and issues identified. Further work is required to embed risk management throughout the organisation with the outcomes now being monitored by the Executive Director - Finance and Resource. Where audits are to be finalised a comprehensive management action plan will be required and agreed by the s151 Officer from the relevant Service Manager.

- 1.6 As part of the process of assessing the Council's control environment, senior officers within the Council are required to complete an annual "Internal Control Assurance Statement" to confirm that the controls in the areas for which they are responsible are operating effectively. Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they are responsible and confirming that those controls were operating effectively except where reported otherwise. For all services no areas of significant risk have been identified. Any concerns raised by managers will be assessed and addressed by the Corporate Management Team.
- 1.7 The majority of the completed audits have been allocated an audit assurance of either 'moderate' or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified during a time of continuing significant transformation and change. Where a 'limited' assurance has been reported this has been in connection with the work undertaken in regard to further embedding risk management throughout the organisation and ensuring performance indicators have meaning and integrity.
- 1.8 WIASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance based on the audits performed in accordance with the approved plan and the scoping therein. Based on the audits performed in accordance with the approved and revised plan, the Head of Internal Audit Shared Service has concluded that the internal control arrangements during 2016/17 managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council's corporate purposes have been met.

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Andy Bromage
Head of Internal Audit Shared Service
Worcestershire Internal Audit Shared Service
May 2017

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APPENDIX 4



Worcestershire Internal Audit Shared Service (WIASS)

Internal Audit Charter

Bromsgrove District Council

Definitions

1. Management refers to the Chief Executive, Executive Directors, Heads of Service and Service Managers
2. Board refers to the Audit, Standards & Governance Committee

This Charter was last reviewed April 2017 and was approved by the Audit Standards & Governance Committee on 15th June 2017.

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1. Introduction

Purpose

- 1.1 The purpose of this charter is to define what Internal Audit is and explain its purpose, role and responsibilities.

Provision of Internal Audit Services

- 1.2 WIASS covers five district authorities Wychavon, Malvern Hills, Bromsgrove, Redditch and Worcester and one Fire Service Hereford and Worcester Fire and Rescue Authority. WIASS also provides internal audit services to Place Partnership Limited.

Worcester City Council hosts the Shared Service provision under an on-going Administrative Collaborative Agreement. It is governed by a Client Officer Group which is made up of the district and Fire Service s151 officers each having an 'equal say'. The Client Officer Group meets approximately 4 times a year.

- 1.3 For line management matters internal audit will report to the Corporate Director of Resources (s151 Officer within Worcester City Council) and the Monitoring Officer in their prolonged absence.

2. Definition

- 2.1 Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

3. Scope and Authority of Internal Audit Work

- 3.1 Under the Accounts and Audit Regulations 2015 No. 234 Part 2 Regulation 5:

(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and

(b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

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(3) In this regulation "documents and records" includes information recorded in an electronic form.

To aid compliance with Regulation 5 of the Accounts and Audit Regulations 2015, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 details that "Internal Audit should work in partnership with management to improve the control environment and assist the organisation in achieving its objectives".

Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives.

3.2 In the course of their reviews internal audit staff, under the direction of the Head of Service, shall have authority in all partner organisations to:-

- at all reasonable times after taking account of audit requirements, enter on any partners' premises or land;
- have access to, and where internal audit deem necessary take into their possession, any records, documents and correspondence relating to any matter that is the subject of an audit;
- require and receive such explanations as may be considered necessary from any officer of the Partner regardless of their position;
- require any officer of the Partner to produce forthwith cash, stores or any other property under their control.

for which the internal audit service is being provided.

3.3 Internal Audit work will normally include, but is not restricted to:

- review and assess the soundness, adequacy, integrity and reliability of financial and non-financial management and performance systems, and quality of data;
- reviewing the means of safeguarding assets;
- examine, evaluate and report on compliance with legislation, plans, policies, procedures, laws and regulations;
- promote and assist the Partner in the effective use of resources
- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Partner and recommend arrangements to address weaknesses as appropriate;
- advise upon the control and risk implications of new systems or other organisational changes.

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- provide a 'critical friend' to assist services to achieve value for money
- undertake independent investigations into allegations of fraud and irregularity in accordance with the Partner's policies and procedures and relevant legislation
- at the specific request of management¹, internal audit may provide consultancy services provided:
 - the internal auditors independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management¹ have made proper provision for resources within the annual plan
 - management understand that the work being undertaken is not internal audit work.

4. Responsibility of Management¹ and of Internal Audit.

- 4.1 At all times internal audit will operate in accordance with the partner's Constitution and legal requirements and all internal audit staff will adhere to recognised Professional Standards and Codes of Conduct and Ethics e.g. the Institute of Internal Auditors' and/or CIPFA as well as the Partner's Codes of Conduct and Anti-Fraud and Corruption Policies.
- 4.2 It is the responsibility of Management to put in place adequate controls to ensure systems meet their objectives and that they are notified without delay of any instances where systems are failing to operate properly. However, where there has been, or there are grounds to suspect that there is risk of a serious breakdown in a significant system, the Head of Service should be informed of the problem and any counter measures already in hand or proposed, as quickly as possible, in order that the Head of Internal Audit Shared Service can decide whether audit involvement is needed.
- 4.3 Similarly, it is the responsibility of Management to put in place adequate controls to prevent and detect fraud, irregularities, waste of resource, etc. Internal Audit will assist Management to effectively manage these risks. However, no level of controls can guarantee that fraud and the like will not occur even when the controls are performed diligently with due professional care. As a consequence all cases of actual or suspected fraud should be reported to the Head of Internal Audit Shared Service forthwith. The Head of Internal Audit Shared Service will then decide the course of action to be taken with due regard to the Partner's Constitution, e.g. Whistleblower's Charter, Stopping Fraud and Corruption Strategy, etc.

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- 4.4 Any officer of a partner organisation who has genuine concerns at raising a suspected instance of fraud or malpractice through their normal reporting channels, can raise the matter under the Partner's Whistleblower's Charter directly with any of the persons named in the policy document, including the Head of Internal Audit Shared Service. Head of Internal Audit Shared Service will then pursue the matter in accordance with the provisions of the policy document.
- 4.5 Internal audit is not responsible for any of the activities which it audits. WIASS will not assume responsibility for the design, installation, operation or control of procedures. However should any partner/client contract for specialist services within an area then the WIASS staff member assigned will not be asked to review any aspect of the work undertaken until two years have passed from the completion of the assignment.
- 4.6 The Head of Internal Audit Shared Service will ensure that the Section 151 Officer is briefed on any matter coming to the attention of internal audit that could have a material impact on the finances of the Partner as quickly as possible and will ensure the appropriate Officer of the Authority e.g. Director, Monitoring Officer is regularly briefed on the progress of audits having a corporate aspect. Matters involving fraud or malpractice should be reported to an appropriate Officer of the Authority e.g. Managing Director, Chief Executive, Director, Monitoring Officer and Section 151 Officer (except where the latter may involve the Managing Director, Chief Executive, Director, Monitoring Officer and/or the Section 151 Officer when the Head of Internal Audit Shared Service for the Worcestershire Internal Audit Shared Service will brief the Chairman of the Board¹ and/or Leader of the Partner on the position and agree the way forward in accordance with Financial Regulations).
- 4.7 In order to (1) maintain a broad skills base within Internal Audit and (2) maximise the ability of the team to offset the cost of providing the internal audit function to the Partner, the strategic plan will include a commitment that internal audit obtains income to the Partner from external work either from partnership working and/or selling its expertise. Such activities will be governed by targets set out in the Collaborative Administrative Agreement and will be approved and reported on to the Client Officer Group.

5. Planning and Reporting

- 5.1 To meet the objectives above, the Head of Internal Audit Shared Service shall:-
- a) prior to the beginning of each financial year, following consultation with Management¹ and after taking into account comments from Members

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arising from the reporting process set out below, provide the Committee with:

- a risk based audit plan forecasting which of the Partner's activities are due to receive audit attention in the next 12 months. The risk based plan will take into consideration a number of risk factors and provide a basis of a three year strategic plan. A key responsibility of the Head of Internal Audit Shared Service is to ensure all core activities receive attention at least once every 3 years with higher risk areas receiving more frequent attention, at the same time meeting the requirements of the latest appointed External Auditor guidance, whereby internal and external audit should work in partnership. Also, where there is a potential difference between strategy/plan and resource that this is reported to the Board²;
 - a detailed operational plan using a risk based assessment methodology showing how/what resources will be required/allocated in the coming financial year in order to meet the requirements of the Partners strategic plans. The Plans will be flexible and include a small contingency contained as part of the consultancy budget to allow for changes in priorities, emerging risks, ad hoc projects, fraud and irregularity, etc. The Head of Internal Audit Shared Service will bring to the attention of the s151 Officer if this budget is depleted so an additional contingency can be agreed. 'Consultancy', for the purposes of WIASS activity, is defined as work that is of a specialist nature and commissioned/requested in regard to an area of work activity within a service area that is in addition to the agreed partners audit plan. The work can be financial or governance based and the output will provide management¹ with challenges to consider depending on it's nature. The approach to the assignment can be flexible but follow a similar path in regard to the methodology.
- b) during the course and at the close of each financial year provide the Board² with:
- quarterly progress reports on actual progress compared to the plan and performance indicators. Such reports to highlight serious problems, either affecting the implementation of the plan, or, in the take up of audit recommendations;
 - an annual report summarising the overall results for the year compared to the plan and pointing out any matters that will impact

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- on internal audit's ability to meet the requirements in the strategic plan;
- c) during the course and close of each full systems/risk audit provide the client manager¹ with:
- a copy of an audit brief and audit information request setting out the objectives and scope of the audit prior to commencement of the audit and a confirmation of resource requirements for the audit.
 - draft recommendations, which will be discussed with the responsible manager¹ prior to sending the draft audit report. The manager¹ is responsible for confirming the accuracy of the audit findings and is invited to discuss the report during the 'clearance' meeting prior to the issue of the draft report.
 - an audit report containing an overview of the quality of the control system, an opinion as to the level of system assurance and detailed findings and recommendations including priority. 'Assurance', for WIASS purposes, is defined as the determination of an overall outcome against a predetermined criteria leading to an applied level giving an overall summary for the work audited.
- d) shortly after the close of each financial year provide for the purposes of the Annual Governance Statement:
- an annual audit opinion of the Partner's system of controls based on the audit work performed during the year in accordance with the plans at 5.1(a) above and reported in accordance with 5.1(b) and (c) above and on the assurance methodology adopted, and, a statement of conformance with the Public Sector Internal Audit Standards and the results of quality assurance and improvement programme.

5.2 Expectations of Clients:

Managers and staff should co-operate with the Auditors, and responses should be made to draft reports as outlined at 3 above. Responses should include an action plan, dates for action and responsibility where actions are delegated. The final 'High' and 'Medium' recommendations will be reported to the Board².

5.3 Audit reports will be drawn up following the internal audit report framework. A matrix type report displaying audit findings, risks and recommendations along with a column for management comments, as per 5.1(c), will be provided to management¹. The report will also contain an introduction and priority

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- categories for each of the recommendations. A covering report will be attached to the matrix providing details of the partner organization, circulation, audit scope and objectives, an audit opinion and executive summary and an audit assurance rating as well as a clear indication of what action is required by management. Also included in the report will be the definition of audit opinion levels of assurance and definitions of priority of recommendations.
- 5.4 Upon completion of audits, the audit exceptions will be discussed with the relevant line manager and will form the basis of the draft audit reports. The draft audit reports are issued to the relevant line managers for them to confirm the accuracy of the audit findings and content. Managers are invited to contact the Auditor if they wish to discuss the report and asked to show their response in the form of an action plan to each recommendation on the draft report. For accepted recommendations, dates for action or implementation are recorded. The managers' responses are recorded in the final reports that are issued to the appropriate Management¹ officers as deemed relevant for the audit.
- 5.5 In accordance with professional standards, after three/six months from the date of issue of the final report, follow-up audits are undertaken to ensure that the agreed recommendations and action plans have been implemented, or, are in the process of being implemented. A formal follow up procedure / methodology is used to follow up audit reports. A follow up is then undertaken every three months to coincide with the Board² cycle so progress reporting is timely.
- 5.6 Internal Audit works to the reporting quality standards of:
- draft audit reports to be issued within 5 working days of the clearance meeting;
 - management responses received within 10 working days;
 - final audit reports to be issued within 5 working days of the final discussions of the draft audit report and receipt of management responses;
 - final reports to be followed-up initially within 3 to 6 months of the date issue of the final audit report depending on the recommendation priority and residual risk, to ensure that the accepted recommendations due for implementation have been established.
- 6. External Relationships**
- 6.1 The main contacts are with:

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- Institute of Internal Auditors
- External Auditors
- Local Authorities in the Worcestershire area
- Local Authorities in the Midlands area
- Organisations within the Exeter Benchmarking Group
- CIPFA (publishers of the systems based auditing control matrices written by Exeter IA section)
- National Fraud Initiative via DCLG and Cabinet Office

But may include other external parties as necessary.

Notes

- a) In the absence of the Head of Internal Audit Shared Service all provisions relating to him/her above will apply to the relevant Team Leader in accordance with the duties allocated by the Head of Internal Audit Shared Service.

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Version Control:	Date of Change	Action	Updated by
1.0	2 nd March 2012	Charter for WIASS	AB
2.0	9 th August 2012	Update to Charter	AB
3.0	23 rd April 2013	Update to Charter re. International Standards	AB
4.0	21 st Janaury2016	Update to Charter re. legislative requirements & title changes	AB
5.0	1 st July 2016	Update re. titles and definition of 'consultancy' and 'assurance'.	AB
6.0	April 2017	Full review in line with Standards	HT
7.0	May 2017	Adjustment of H&WFRA and updated references.	HT

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THE INTERNAL AUDIT MONITORING REPORT OF THE HEAD OF THE INTERNAL AUDIT SHARED SERVICE ~ WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

Relevant Portfolio Holder	Councillor Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Paul Field, 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 2017/18 and residual 2016/17

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 Regulation 5 of 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.

3.4 This section of the report provides commentary on Internal Audit’s performance for the period 01st April 2017 to 30th April 2017 against the performance indicators agreed for the service.

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AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (30th March 2017):

3.5 2016/17 AUDIT SUMMARY UPDATES AS AT 30th APRIL 2017:

Benefits 2016/17

The review found the following areas of the system were working well:

- Controls in place for the correct calculation and classification of overpayments;
- The process for managing write-offs;
- The process for assessing and providing discretionary housing payment support;
- Ensuring there are effective performance management arrangements in place;
- Ensuring systems are reconciled in a timely manner;
- Arrangements in place for managing the migration of data from one system to another, including suitable project management arrangements.

The review found the following areas of the system where controls could be strengthened:

- Ensuring all decisions made in relation to agreed recovery arrangements are fully documented within system notes;
- Ensuring reasons for long delays in processing new claims and changes in circumstances are documented.

Type of audit: Full System Audit

Assurance: Significant

Report issued: 12th May 2017

Bereavement Services 2016/17

The review found the following areas of the system were working well:

- There is an effective system in place for managing bookings.
- Monitoring of non-payment for services, and resultant actions to obtain these outstanding monies.
- The monitoring of performance and usage of the facilities for both cremations and cemeteries.
- The maintenance of statutory registers for burials and cremations.

The review found the following areas of the system where controls could be strengthened:

- The complete and timely charging of services to customers, including the use of valid VAT invoices;
- The use of manual invoices instead of the electronic centralised debtors system.
- The timely and accurate collection and banking of income from customers.

Type of audit: Full Systems Audit

Assurance: Moderate

Report issued: 17th March 2017

Due to the extremely sensitive and front facing nature of this service a follow up took place in May less than two months after the issue of the final report and found that management had taken action and implemented 3 recommendations including the high priority recommendation relating to receipting. From the explanations received and the evidence obtained Internal Audit

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are satisfied that Management have satisfactorily implemented all of the recommendations and the risk to the Council has been reduced. There is no requirement for any further follow up action to be undertaken in regard to this review. A full copy of the report findings in regard to the follow up has been included at Appendix 4.

Creditors 2016/17

The review found the following areas of the system were working well:

- Payments are in accordance with internal and external regulations are properly chargeable to the Council are timely and only made once;
- Expenditure for goods/services is recorded correctly and accurately in the main ledger including VAT;
- Reconciliations between the main ledger and the creditors ledger are carried out in a timely manner.

The review found the following areas of the system where controls could be strengthened:

- Controls ensure that goods/services cannot be requisitioned, ordered and received by the same individual;
- Purchase orders to be raised prior to the receipt of goods/services unless specifically excluded;
- 'Value' order amounts are not exceeded;
- Goods are receipted in a timely manner on the system;
- The setting up of new creditors and amendments to supplier records are validated and authorised;
- Invoices are only paid upon the confirmed receipt of the good/services and only where the invoice/order match or the difference is within the authorised tolerance level; disputed invoices are tracked and monitored.

Type of audit: Full Systems Audit

Assurance: Moderate

Report issued: 3rd April 2017

Worcestershire Regulatory Services 2016-17

The review found the following areas of the system were working well:

- Licensing applications are being recorded on the Uniform system
- All relevant documents to each license is recorded or attached to the file
- Testing demonstrated the applications being dealt with timely
- Where online facility is available the process is straight forward

The review found the following areas of the system where controls could be strengthened:

- Inconsistent and lengthy cheque process in some districts leading to inefficiency
- Recording of cheques at Worcestershire Regulatory Services
- Application forms getting to Worcestershire Regulatory Services
- Reporting of payments to Worcestershire Regulatory Services

Type of audit: Full Systems Audit

Assurance: Moderate

Report issued: 26th May 2017

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NDR 2016-17

The review found the following areas of the system were working well:

- Multipliers - The correct national multipliers are entered to the NNDR system and used for calculating the amount to be charged;
- Valuation Office Reconciliations - The number of properties and total RV is reconciled to Valuation Office lists;
- Discounts and exemptions - The process for applying discounts and exemptions on accounts;
- Performance - Processes for monitoring service performance including collection rates;
- Debt management - arrangements are in place;
- Income postings - to IBS are reconciled regularly;
- NNDR3 - collection rate figures are monitored and suitably reported; and,
- Compliance Team - has been created to address fraud issues.

The review found the following areas of the system where controls could be strengthened:

- New and Empty Properties - Processes for notifying all new developments to the Valuation Office and the monitoring of voids;
- Reliefs, Discounts and Small Business Relief – maintenance of records of reason for awarding;
- Refunds – recording of evidence and independent review of refunds;
- Inhibits – removal of inhibits post end date;
- Recovery – prompt implementation of each stage of recovery and recording of explanation for cessation of recovery action; and,
- Reconciliation – frequency and promptness of reconciliation of NNDR cash to ledger.

Type of audit: Full Systems Audit

Assurance: Moderate

Report issued: 1st June 2017

Council Tax

The review found the following areas of the system were working well:

- Discounts and exemptions - processes for applying on accounts;
- Council Tax bands - application to accounts;
- Discount/ Exemption Reviews – a schedule of review has recently been implemented;
- Write off procedure and practice;
- Service performance is recorded, monitored and reported;
- Compliance Team established to consider fraud issues;
- Reconciliation to Valuation Office - Ongoing reconciliation processes in place; and,
- Ledger Reconciliation - Income postings to IBS are reconciled regularly.

The review found the following areas of the system where controls could be strengthened:

- New properties - Processes for notifying all new developments to the Valuation Office;
- Refunds – recording of evidence and independent review of refunds;

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- Reconciliation to ledger – frequency and promptness of reconciliation of CT cash to ledger;
- Review of Credit balances; and,
- Recovery – application in line with timetable.

Type of audit: Full Systems Audit

Assurance: Moderate

Report issued: 1st June 2017

Risk Management 2016-17

The review found the following areas of the system were working well:

- The monitoring and management of corporate risks.

The review found the following areas of the system where controls could be strengthened:

- The development and implementation of an effective Risk Management Strategy throughout the organisation.
- Effective monitoring of service risk entries, ensuring that there are regular and timely reviews by risk owners which are fully documented on the risk register.
- Ensuring mitigating actions have been identified for all issues raised, and effectively addressed.
- The provision of training to staff and Members, particularly recently appointed Portfolio Holders.

Type of audit: Full Systems Audit

Assurance: Limited

Report issued: 24th May 2017

Dash Board and Performance Indicators 2016/17

The review found the following areas of the system were working well:

- The security of the Dashboard whereby only authorised editors had access to make changes to the individual performance measures.

The review found the following areas of the system where controls could be strengthened:

- The timeliness of reporting of performance measures on the Dashboard;
- The resilience in reporting the measures;
- The process of data collection and reporting;
- The comments within the Dashboard which purpose is to clarify and explain reason for variances in the data reported.

Type of audit: Limited Scope Audit

Assurance: Limited

Report issued: 3rd May 2017

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Summary of Assurance Levels:

<u>Audit</u>	<u>Assurance Level</u>
<u>2016/17</u>	
Benefits	Significant
Bereavement	Moderate
Creditors	Moderate
Worcester Regulatory Services	Moderate
NDR	Moderate
Council Tax	Moderate
Risk Management	Limited
Dash Board & Performance Indicators	Limited

3.6 The reviews relating to Revenues and Benefits included testing in regard to the new revenues and benefits system.

3.7 2017/18 AUDITS ONGOING AS AT 30th APRIL 2017

Audits progressing through planning and fieldwork stages:

- Land Charges
- Disabled Facilities Grant
- Waste Management
- Records Management

The summary outcome of the above reviews will be reported to Committee in due course when they have been completed and management have confirmed an action plan.

3.8 AUDIT DAYS

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 30th April 2017 a total of 19 days had been delivered against a target of 230 days for 2017/18.

Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Audit, Standards and Governance Committee on the 30th March 2017 for 2017/18.

Appendix 3 shows a summary of the 'high' and 'medium' priority recommendations for those audits that have been completed and final reports issued.

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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3.9 OTHER KEY AUDIT WORK

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 over view.
- Investigations

There has been on going work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extraction and uploading to enable matches to be reported. The initiative is over seen by the Cabinet Office. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role in regard to this investigative exercise in Bromsgrove District Council.

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

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

3.10 Monitoring

To ensure the delivery of the 2017/18 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 Head of Internal Audit Shared Service remains confident his team will be able to provide the required coverage for the year over the authority’s core financial systems, as well as over other systems which have been deemed to be ‘high’ and ‘medium’ risk.

3.11 Customer / Equalities and Diversity Implications

There are no implications arising out of this report.

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4. RISK MANAGEMENT

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.

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 2017/18
Appendix	2 ~ Key performance indicators 2017/18
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.

7. KEY

N/a

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APPENDIX 1

Delivery against Internal Audit Plan for 2017/18 1st April 2017 to 30th April 2017

Audit Area	2017/18 Total Planned Days	Forecasted days to the 30 th June 2017	Actual Days Used to the 30 th April 2017
Core Financial Systems (see note 1)	71	0	0
Corporate Audits	5	0	0
Other Systems Audits (see note 2)	118	64	15
SUB TOTAL	194	64	15
Audit Management Meetings	15	4	3
Corporate Meetings / Reading	5	2	1
Annual Plans and Reports	8	2	0
Audit Committee support	8	2	0
Other chargeable (see note 3)	0	0	0
SUB TOTAL	36	10	4
TOTAL	230	74	19

Notes:

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year end.

Note 2: A number of the budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters.

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

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APPENDIX 2

Performance against Key Performance Indicators 2017-2018

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2017/18. Other key performance indicators link to overall governance requirements of Bromsgrove District Council e.g. KPI 4 to KPI 6. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement	2017/18 Position (as at 30th April 2017)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 13 Delivered = 0	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	8%	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	77%	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	Nil to report	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	Nil to report	When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (nil)	4 audit areas	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	Nil to report	When Audit Committee convene

WIASS considers it 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: Benefits 2016/17					
Assurance: Significant					
1	Medium	<p><u>Recovery Arrangement Information</u></p> <p>From a random sample of 20 accounts in recovery at the time of the audit work, diary notes for 2 did not fully document the decision making process behind the payment arrangements agreed with the claimant.</p>	Lack of information regarding the decision potentially resulting in challenge and leading to reputational damage and an extended recovery time following dispute of the process followed.	To remind staff to record all information relating to recovery actions taken on the Benefits system case records.	<p>Management Response:</p> <p>Review of procedures for invoicing and recovery to be carried out during 2017/18 to include introduction of measures pertaining to debt recovery. This will provide more effective monitoring.</p> <p>Responsible Manager: Financial Support Services Manager</p> <p>Implementation date: September 2017</p>
Audit: Bereavement Services 2016/17					
Assurance: Moderate					
1	High	<p><u>Bromsgrove District Council - Manually Written Sales Invoices</u></p> <p>Standard invoice templates titled with Redditch Borough Council corporate information (VAT reference, address, etc.) were being used incorrectly to account for payments made for Bromsgrove District Council services which are not charged through the Debtors system.</p> <p>These payments are monitored to ensure they are correctly coded into Bromsgrove District Council's general ledger accounts.</p>	Failure to adhere to HMRC regulations on issuing valid VAT invoices for the sale of goods and/ or services, resulting in potential fines against the authority, and reputational damage if customers are not able to reclaim VAT charges.	<p>To cease issuing Redditch Borough Council sales invoices for payments made for Bromsgrove District Council services.</p> <p>To consider the use of sales receipts in the name of Bromsgrove District Council, or to issue invoices raised on the Debtors system for managing payments centrally.</p>	<p>Management Response:</p> <p>No Bromsgrove receipt books sourced at this time, but all staff aware that Redditch Stationery is not to be used.</p> <p>All ad-hoc invoicing is now on eFin under appropriate authority.</p> <p>Bromsgrove card payment logons available to all staff to allow for more efficient payment methods</p> <p>Responsible Manager: Bereavement Services Manager</p> <p>Implementation date: By 31st Dec 2016</p>
2	Medium	<u>Manually Written Sales Invoices</u>			Management Response:

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>Hand-written invoices are being issued by the Bereavement Service team to various clients, primarily in relation to services that have been paid for at the point of issuing the invoice, e.g. cash payments made at the point of booking.</p> <p>Electronic invoices are only raised for larger accounts involving regular customers.</p> <p>Debts relating to manual invoices are chased by the Bereavement Services team and are not monitored as part of the centralised Debtors process. Bad debts are not formally written off through the normal procedure.</p>	<p>Inefficient use of resources, whereby Bereavement Services staff are responsible for issuing, monitoring and chasing individual invoice payments.</p> <p>Lack of centralised monitoring of debts, which could result in financial loss and reputational damage if outstanding payments are not managed effectively, and correctly reported in corporate literature.</p>	<p>To consider alternative means of raising charges other than manual invoices, including the use of sales receipts or electronically raised invoices through the eFin Debtors system.</p>	<p>All ad-hoc invoicing is now on eFin under appropriate authority.</p> <p>All payments will be via eFin where a request for payment is required (invoice). Card payments and cheques from the public will continue but no manual receipts (when available) will be issued unless it's for a payment of cash.</p> <p>Bromsgrove card payment logons available to all staff to allow for more efficient payment methods.</p> <p>Monthly overdue accounts report now received automatically, and staff trained on how to check payment of individual invoices to manage debtors.</p> <p>Responsible Manager: Bereavement Services Manager</p> <p>Implementation date: By 31st March 2017</p>
3	Medium	<p>Invoice Reconciliations</p> <p>There is currently no reconciliation process in place between booking records, and invoice records to ensure all services have been charged correctly.</p> <p>A random sample of 25 bookings identified that 1 booking in April 2016 had not been charged to the relevant funeral director. A further review by the Bereavement Services Manager identified that a total of 4 burial/cremation bookings on that day had not been charged to the respective funeral directors, equating to approximately £2000.</p> <p>It was also noted that booking records could be deleted from the booking system. The audit trail which identifies</p>	<p>There is a risk of financial loss for the councils, where not all charges are being levied against the customers.</p>	<p>To implement a reconciliation process to ensure all entries on the booking system have a corresponding invoice charge.</p> <p>To implement a process for monitoring the deletion of booking records, either by developing the audit trail functions on the booking system to retain a full list of all deletions, or by monitoring gaps in the automatically generated reference numbers, to ensure the correct invoicing of all completed bookings.</p>	<p>Management Response:</p> <p>Dual inputting to be phased out. Automatic monthly report now used to reconcile bookings with manual data input by staff. Once both manual and automated reports agree the monthly Funeral Director invoicing is then completed. Original plan to phase out manual input has been held as the reconciling process has shown differences between the manual input on the spreadsheet and the manual input on the system. Until the automatic population of the fees in the system is developed the reconciliation process will remain.</p> <p>Responsible Manager: Bereavement Services Manager</p> <p>Implementation date: By 31st March 2017</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		changes to a record is linked to the booking record, and is also deleted at this time.			
Audit: Creditors 2016/17					
Assurance: Moderate					
1	High	<p><u>Segregation of duties:</u></p> <p>In 10 out of the 25 transactions selected for testing orders were raised and authorised by the same person demonstrating no proper segregation of duties in the purchasing process. Also 6 of 10 orders were 'goods received' (GRNd) by the same person. This was occurring mainly on transactions where stock is ordered into the stores.</p> <p>However, 2 orders were raised, authorised and GRNd by a staff member who is within Environmental Services at Bromsgrove District Council.</p> <p>1 transaction was requisitioned and authorised by someone in stores not on the authorised signatories list on the Orb.</p> <p>4 transactions were authorised by a stores member of staff who does not have approval to authorise orders according to the Orb authorised signatory list.</p> <p>A member of Housing staff was listed twice on the authorised signatories list with each entry giving different permissions – one of which would mean orders have been authorised when this person does not have such authorisation.</p>	<p>With a lack of segregation there is a potential risk of internal fraud and theft leading to reputation damage and resource implications should an investigation be required. Furthermore there is a potential risk of poor monitoring which could lead to overspending.</p>	<p>Implementation of integral system controls to ensure segregation of duties and the use of exception reporting to identify non compliance.</p> <p>Where there is a business need to work around the systems controls then a cost/risk/benefit analysis is to be undertaken and reasonable additional controls implemented, i.e. as monitoring of a monthly spend analysis by an independent officer, to ensure that the risk to the council remains within acceptable boundaries.</p> <p>Implementation of integral system controls related to an individual's authorisation level to permit/ deny authorisations or orders.</p> <p>Review and update the authorised signatories to ensure current permissions have been correctly authorised and are in place, so that the authorising permissions dictate the individual's permissions on</p>	<p>Responsible Manager(s):</p> <p>Finance Manager Business Support Officer Head of Environment Environmental Services Manager ICT Operations Manager</p> <p>Implementation date:</p> <p><u>Response from Head of Environment</u></p> <p>This has been discussed with the stores team to ensure that process and procedures are followed.</p> <p>The authorised signatories list for Environmental Services including Stores has been revised.</p> <p>Meet with Finance and Stores to review the policy to consider any changes needed to allow self authorisation for those staff accessing EProc.</p> <p><u>Response from Head of Housing Services:</u></p> <p>The Authorisation list has been amended with the correct levels of authorisation and the duplicate entry deleted.</p> <p><u>Response from ICT Operations Manager:</u></p> <p>Finance to audit signatory list quarterly to ensure leavers and starters are updated accordingly and change to job roles are captured.</p> <p>Implementation of integral system controls and the process for user account permissions being set up on Cedar by ICT to be documented and reviewed by ICT in partnership with relevant staff in finance.</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		User account permissions being set up on Cedar by ICT are determined by liaising with finance staff to agree whether permissions are appropriate to the job role, and also with reference to the authorised signatory list on the Orb. However findings above indicate the authorised signatories list is not always up to date.		<p>use of the goods ordering system (Cedar) that staff are using.</p> <p>Review the process by which user accounts on Cedar are set up and updated by ICT to ensure permissions are set at the correct level according to the relevant manager's authorisations.</p>	<p>Complete by May 2017.</p> <p>Produce a quarterly Business Objects exception report from Cedar to list individual orders where authorisation levels are exceeded for finance to audit.</p> <p>Complete after year end June 2017</p> <p>Produce a monthly Business Objects report from Cedar to list users that have ordered, authorised and GRN products for finance to audit.</p> <p>Complete after year end June 2017.</p> <p>Produce a quarterly Business Objects report from Cedar to list individual authorisation levels that can be compared with the signatories list to expose discrepancies and reported to Finance.</p> <p>Complete after year end June 2017</p> <p>Fortnightly meetings are in place between ICT and Finance Manager to monitor progress with the actions above.</p> <p>Version 5 of Cedar functionality is being reviewed by ICT and Finance to understand where developments can support the resolution of issues raised and recommendations of this report.</p>
2	Medium	<p><u>Purchase Orders:</u></p> <p>A number of purchases are being made without purchase order numbers and these are being processed through the non-POP system. This is usual for orders in the Housing service area because the 'Saffron' system does not interface with Cedar. However it is happening with other purchases where an expectation would be that purchase orders would normally be raised.</p>	<p>There is a risk of poor commitment accounting potentially leading to a lack of budgetary control. There is the potential this could also lead to reputation damage and a lack of confidence in the budget monitoring process if budgets are being exceeded.</p>	<p>Purchase orders to be raised before the purchase of goods. A pragmatic approach to be adopted where circumstances do not allow for the procedure to be followed e.g. out of hours/emergency purchases but there must always be accountability.</p>	<p>Responsible Manager(s):</p> <p>Financial Services Manager</p> <p>Implementation date:</p> <p>Ongoing</p> <p><u>Response from previous Financial Service Manager:</u></p> <p>The Payments team are currently part of a Transformation intervention and works is being undertook to role out training and a new way of working to all services. This will be picked up as part this</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					work
3	Medium	<p><u>'Value' Orders:</u></p> <p>'Value' orders are being raised for a total amount when the exact cost of goods/services is unknown. These are being invoiced for and GRNd in parts until the amount on the order has run out.</p> <p>Invoices continue to be received which cannot be paid by the original order so a new order has to be raised, meaning the incoming invoices then do not match the new order number because they are linked to the original.</p> <p>Over payments have also been made as consequence of this. One example was found as part of the RBC sample. This had been identified by the creditor's team and the money had been paid back to RBC.</p>	<p>There is the potential risk of a lack of budgetary control and accountability due to a poor audit trail of transactions.</p> <p>There is the potential this could also lead to reputation damage, financial loss or a lack of confidence in the budget monitoring process if budgets are being exceeded.</p>	<p>Investigate the use of Cedar to see if it is possible for an alert when a % of the value of an order has been spent to prevent the purchase order amount being exceeded.</p> <p>Services to ensure that multiple orders are raised where possible instead of opting for a 'value order' however it is acknowledged that a pragmatic approach is required in regard to some services.</p>	<p>Responsible Manager(s):</p> <p>Financial Services Manager</p> <p>Implementation date:</p> <p>Ongoing</p> <p><u>Response from previous Financial Service Manager:</u></p> <p>The Payments team are currently part of a Transformation intervention and works is being undertook to role out training and a new way of working to all services. This will be picked up as part this work</p> <p><u>Response from Head of Environment</u></p> <p>Will ensure that ES Managers speak to their teams about this. However, for certain orders where there is ongoing work but the sum differs over the period due to different levels of work in that period this may be difficult.</p>
4	Medium	<p><u>Timely Noting of Goods Received:</u></p> <p>Goods are not always being GRNd in a timely manner. 12 out of 50 transactions demonstrated goods were GRNd between 2 weeks and 6 months after the delivery date.</p>	<p>There is the potential for delays in paying invoices and processing returns/refunds leading to reputation damage and financial loss if penalties are incurred for late payments.</p> <p>Further risks include making it difficult to track stock that has been delivered and may be used before it's been GRNd potentially leading to delayed</p>	<p>Investigate the use of Cedar to see whether implementation of a system alert or exception reporting is possible if an order is not GRNd within a specific time following its authorisation.</p>	<p>Responsible Manager(s):</p> <p>Financial Services Manager</p> <p>Implementation date:</p> <p>Ongoing</p> <p><u>Response from previous Financial Service Manager:</u></p> <p>The Payments team are currently part of a Transformation intervention and works is being undertook to role out training and a new way of working to all services. This will be picked up as part this work</p> <p><u>Response from Head of Environment</u></p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			detection of internal fraud and theft.		Part of this may be due to getting delivery notes / collection notes back from staff, this was found to be an issue where stores raise and order that is then taken by a member of staff from another service to collect goods. We will be sending out reminders to all Teams that use the Stores regarding the need to return paperwork in a timely fashion
5	Medium	<p><u>Supplier Details:</u></p> <p>Prior to suppliers being set up on Cedar there is no formalised process for checking the background to ensure suppliers are legitimate and operating legally and ethically.</p>	Reputational damage to the authority if found to be dealing with illegal businesses or funding criminal activity as well as the potential of financial loss.	Authority to introduce a formalised process for checking suppliers prior to them being used to supply goods/services.	<p>An example of a new supplier checks template will be presented to the newly established contracts working group to consider the best approach for validating companies.</p> <p>Responsible Manager(s):</p> <p>Contracts Working Group</p> <p>Implementation date:</p> <p>Meeting to be held on 5th May 2017.</p>
Audit: Worcester Regulatory Services 2016/17					
Assurance: Moderate					
1	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 	Failure in systems potentially leading to financial loss to partners and illegal licence operations across the districts.	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: <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. 	<p>Responsible Manager:</p> <p>Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations and implement required changes.</p> <p>A working group was set up after the previous audit who met on at least 1 occasion it was then decided not to progress further with this group but would be reviewed after a year.</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>districts forward receipts).</p> <ul style="list-style-type: none"> Out of a sample of ten Licencing Act 2003 Premises licences sundry debtor accounts could not be found for two of them. Sundry Debtor accounts have since been raised for the two licences identified. 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>This may mean revisiting the Shared Service legal agreement and Statement of Partner 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>	
2	Medium	<p><u>Cheque Payments</u></p> <p>The cheque payments process is inconsistent and a potentially lengthy process in some districts causing it to be potentially inefficient. This could delay issuing of licences. There is also cause for concern that payments and forms could potentially go missing. Cheques which get separated from applications also have no link to a district or a licence type.</p> <p>There is no record of the cheques that get sent into WRS as the log is not</p>	<p>There is a risk of incomplete application process. More so a risk of an inconsistent and potentially inefficient process which could cause time delays in payments being processed timely and applications completed. There is a risk of cheques going missing. This all leads to a potential risk of</p>	<p>To consider and work with the districts to develop a smoother more efficient way of taking and processing cheques. Another possibility would be to move towards reducing this payment method starting with a review of how payment methods are advertised making some more prominent than others</p>	<p>Responsible Manager:</p> <p>Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations and implement required changes</p> <p>Implementation date:</p> <p>As in recommendation 1 (above)</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>being completed, they then get separated from the application.</p> <p>Cheques sent to WRS are taken out to the districts on days of surgery which are twice a week and only when required at Malvern.</p> <p>During testing there was 1 out of 36 records missing the receipt number this was a payment by cheque. The receipt was not attached and the information was not written on the form as required by WRS. If any are likely to be missing receipt numbers it is likely to be a cheque.</p>	customer dissatisfaction leading to reputational risk. A potential financial risk but also legislative if payment is not received but an application has gone through.		
3	Medium	<p>Application Forms</p> <p>Although there were no issues of delay in the applications tested there is a difference across the districts to whether the application form is put in a tray and waits for licencing surgery or whether it is posted back to WRS. This can potentially cause a delay in the application process either way.</p>	<p>Risk in delaying application process and possibly forms going missing leading to potential reputational damage through customer dissatisfaction. Also a risk to breaching data protection if personal information is lost that is provided on the application.</p>	<p>Review the process in relation to the payments made with consideration to applications possibly being facilitated in one location where able.</p>	<p>Responsible Manager:</p> <p>Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations and implement required changes</p> <p>Implementation date:</p> <p>As in recommendation 1 (above)</p>
Audit: NDR 2016/17					
Assurance: Moderate					
1	Medium	<p>New Properties</p> <p>There is no formal process in place for ensuring all new commercial developments are notified to the Valuation Office in a timely manner, and updated on the NDR system.</p>	<p>Failure to charge a full and correct charge on new properties, potentially resulting in delayed billing and payment to the Authority and reputational damage to the authority. Incorrect classification of</p>	<p>A formal process for updating and reviewing new commercial units to be documented and implemented, to ensure timely charging.</p>	<p>Management Action:</p> <p>New property procedures are being documented and will be implemented from 2nd quarter of year.</p> <p>Responsible Manager:</p> <p>David Riley</p> <p>Implementation date:</p> <p>June – August 2017</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			properties potentially resulting in delayed billing and payment to the authority.		
2	Medium	<p><u>Recovery</u></p> <p>Testing of a sample of 30 outstanding debts found that appropriate recovery action had been taken; however in 13% of cases recovery action had ceased for some time without payment or recorded explanation on diary notes and / or work flow documents.</p> <p>There is currently no process for the automatic escalation of recovery from stage to stage.</p>	<p>Failure to manage the effective recovery of outstanding charges potentially resulting in financial loss in the long term if unable to recover, or delayed income in the short term to the authority.</p>	<p>To ensure that recovery timetables are fit for purpose and can be adhered to when seeking to recover unpaid NNDR debt.</p>	<p>Management Action: Recovery timetable has been reviewed and produced for 2017/18 the revised timetable will ensure appropriate and timely recovery action is taken.</p> <p>Responsible Manager: David Riley</p> <p>Implementation date: Completed</p>
3	Medium	<p><u>Reliefs, Discounts and Small Business Relief</u></p> <p>Our testing of 30 reliefs and exemptions found that for 50% of our sample of reliefs and exemptions there was no record of the request / reason for the granting of the relief / exemption.</p>	<p>Lack of effective maintenance of account potentially resulting in fraudulent activity, incorrectly billed amounts, the requirement to back date bills, and delayed billing and payment for the authority.</p> <p>There is a potential risk that the Council fails to remove small business relief and empty property relief when account holders circumstances no longer make them eligible.</p>	<p>All reliefs and exemptions granted should have a record of the request / reason for the granting of the relief / exemption and should be regularly reviewed managed to ensure accuracy of billing is always maintained.</p> <p>Checks to confirm eligibility for small business and empty property relief should be regularly maintained, reviewed and noted against an account to ensure that there is a clear understanding of qualification and to identify potential changes in circumstances over time which effects the eligibility.</p>	<p>Management Action: Small Business Rates Relief is intended to be awarded automatically by local authorities. The omission of supporting information or diary notes will be resultant from the automatic award of the relief.</p> <p>Officers will be reminded of the importance of adding notes where relief is awarded.</p> <p>Responsible Manager: David Riley</p> <p>Implementation date: Completed</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
4	Medium	<p><u>Refunds</u></p> <p>Internal Audit tested a sample of 30 refunds and found that 13% there was no clear reason for refund recorded in either the diary notes or work flow system.</p> <p><u>Independent Review –</u></p> <p>There is no check of individual refunds undertaken within the Income Team prior to the processing and payment of refunds.</p> <p>Refunds are paid via the Income Team and therefore there is currently no check of individual Revenues refunds undertaken by a senior member of the Revenues Team.</p>	<p>Where there is no record of the reason for refund there is an increased risk that inappropriate refunds are made potentially leading to financial loss and reputation damage to the Council.</p> <p>Inappropriate or erroneous refunds are processed and paid against NNDR accounts. Leading to financial loss to the Council.</p>	<p>Evidence supporting the refunds should be recorded on diary notes and copy documents on the work flow system to ensure full understanding in regard to the refund should there be challenge.</p> <p>A senior member of the Revenues Team who does not have access to set up refunds to undertake regular spot checks of individual refunds to check for appropriateness.</p>	<p>Management Action:</p> <p>Reminder to be issued to all staff to ensure notes are added to accounts recording reason for refund.</p> <p>The process for paying refunds contains two parts – the creation of the refund by an officer within the Revenues Team and authorisation by a senior member of the Revenues Team.</p> <p>The Income Team is part of the Revenues Team. Therefore refunds are already authorised by a senior member of the Revenues Team.</p> <p>The process for authorisation includes the creation of a prelist for refunds, which is then subjected to a percentage check to ensure that the amount being refunded is equal to the credit on the account, that the payee is correct and that the refund has been calculated correctly.</p> <p>The procedure will be reviewed to ensure the full compliance checks are carried out.</p> <p>Responsible Manager: David Riley</p> <p>Implementation date: 31 August 2017</p>
5	Medium	<p><u>Inhibits</u></p> <p>Internal Audit tested a sample of 15 inhibits and found that:</p> <ul style="list-style-type: none"> • For 13% of the sample of inhibits there was no evidence on diary notes or work flow as to why the inhibit had been applied. • Testing found that in 6% of the sample where an instalment plan was in place and recovery inhibited payment has ceased with no sign of monitoring of on-going payment. 	<p>Where there is no record of the reason for the inhibiting of recovery action there is an increased risk that inappropriate inhibits are made potentially leading to delayed action, challenge and ultimately financial loss to the Council if amounts have to be written off.</p> <p>Where instalment plans are in place with an associated inhibit on recovery there is an</p>	<p>Evidence supporting the application of inhibits should be recorded on diary notes and copy documents on the work flow system in all cases.</p> <p>Where instalment plans are in place a system of monitoring to ensure that payments are being made as per the agreed plan to be implemented. Inhibits to be removed and recovery action to commence when payments cease. Inhibit dates to be reviewed for</p>	<p>Management Action:</p> <p>Implementation of Civica Workflow will now allow for more efficiency in the managing of inhibits through use of the workflow module.</p> <p>Process for review will be implemented during 2nd quarter of 2017/18</p> <p>Responsible Manager: David Riley</p> <p>Implementation date: 31 August 2017</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			increased risk that where payment is not being made this is not identified promptly and any appropriate recovery action recommenced potentially delayed income, and ultimately financial loss to the Council if unable to recover.	appropriateness.	
6	Medium	<p><u>Reconciliations</u></p> <p>Reconciliation of NNDR cash to ledger have not been undertaken on a monthly basis during 2016-17 as intended.</p> <p>As at 01-03-17 latest reconciliation undertaken was for November 2016. Therefore prior to the data migration from Academy to IBS.</p> <p>There is no evidenced independent review to confirm reconciliation of cash and refunds to ledger is being completed and that they are correct.</p>	Where reconciliation is are not undertaken on a frequent and regular basis errors cannot be identified and rectified promptly potentially leading to an increased risk of inaccurate financial information and poor management information being generated from the system.	<p>Reconciliation of the NDR cash to the ledger to be undertaken on a monthly basis promptly following period end with a view to correcting any identified errors as quickly as possible.</p> <p>Reconciliations to be subject to independent review to confirm that they are complete and accurate and timely. Such review to be recorded by signature and date.</p>	<p>Management Action:</p> <p>Agree - The reconciliations for 2016/17 are now all up to date and signed off by the Chief Accountant. In 2017/18 all reconciliations will be completed with 2 weeks of the month end.</p> <p>Responsible Manager:</p> <p>Chief Accountant</p> <p>Implementation date:</p> <p>1st May 2017</p>
Audit: Council Tax 2016/17					
Assurance: Moderate					
1	Medium	<p><u>New Properties</u></p> <p>The process for ensuring all new developments are notified to the Valuation Office in a timely manner and updated on the Revenues system for Council Tax is not documented.</p> <p>There is also no formal process in place for requesting information from private firms responsible for monitoring new developments, to confirm</p>	<p>Failure to charge a full correct charge on new properties in a timely manner, potentially leading to delayed income and reputational damage to the authority.</p> <p>Further risk associated with a potential lack of</p>	<p>A formal process for updating and reviewing new housing developments to be documented and implemented, to ensure timely charging and the sharing of information to ensure other council controlled databases are updated appropriately.</p>	<p>Management Action:</p> <p>New property procedures are being documented and will be implemented from 2nd quarter of year.</p> <p>Responsible Manager:</p> <p>David Riley</p> <p>Implementation date:</p> <p>June – August 2017</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		completion of new properties and to ensure these newly completed properties have been recognised on the Revenues systems for timely and accurate charging.	database integrity if there is no reconciliation with other databases potentially leading to reputation damage and a poor customer experience.	Consideration to be given to the most appropriate method to ensure there is no undue delay for Council Tax charging in regard to all new builds and unbanded properties.	
2	Medium	<p><u>Recovery Testing</u></p> <p>At the time of testing (February 2017) it was found that for 3 out of 15 (20%) sample accounts showing outstanding debt there was an unexplained gap and / or cessation of recovery action. For 1 there was a period of 160 days between the adjusted bill in May 2015 and the second reminder in October 2015; for the second there has been no payment or recovery action since a first reminder dated 25-10-16 and for the remaining sample there has been no payment or recovery action since a reminder 2 dated 20-09-16.</p>	Failure to recover monies due in a timely manner, potentially resulting in financial loss, incorrect financial statements and reputational damage.	Monitoring of outstanding debts on an exceptions basis to ensure that recovery action continues from stage to stage promptly. Where no further recovery action is possible the debt to be considered for write off.	<p>Management Action:</p> <p>Recovery timetable has been reviewed and produced for 2017/18 the revised timetable will ensure appropriate and timely recovery action is taken.</p> <p>Responsible Manager:</p> <p>David Riley</p> <p>Implementation date:</p> <p>Completed</p>
3	Medium	<p><u>Refund Testing</u></p> <p>Testing of a sample of 30 refunds found that: for 33% of the sample, there was a lack of recorded evidence of reason for refund. For 27%, a reason for refund could be deduced from the account summary. For 7% it was not possible, from the recorded evidence, to determine the reason for refund or the correct calculation of refund.</p> <p><u>Monitoring of Refunds</u></p> <p>Revenues Officers are responsible for the setting up of refunds on the Council Tax system. Such set up does not require system approval / authorisation by another Revenues employee.</p>	Failure to effectively evidence refunds to Council Tax bills or refunded payments potentially resulting in reputational damage should they be challenged or financial loss if incorrectly assigned.	<p>Staff to be reminded to include documented evidence of all decision making processes in regard to refunds.</p> <p>A senior member of the Revenues Team who does not have access to set up refunds to undertake regular spot checks of individual refunds to check for appropriateness.</p>	<p>Management Action:</p> <p>Reminder to be issued to all staff to ensure notes are added to accounts recording reason for refund.</p> <p>The process for paying refunds contains two parts – the creation of the refund by an officer within the Revenues Team and authorisation by a senior member of the Revenues Team.</p> <p>The Income Team is part of the Revenues Team. Therefore refunds are already authorised by a senior member of the Revenues Team.</p> <p>The process for authorisation includes the creation of a prelist for refunds, which is then subjected to a percentage check to ensure that the amount being refunded is equal to the credit on the account, that the payee is correct and that the refund has been calculated correctly.</p> <p>The procedure will be reviewed to ensure the full compliance checks are carried out.</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Refunds are paid via the Income Team and therefore there is currently no check of individual Revenues refunds undertaken by a senior member of the Revenues Team.			Responsible Manager: David Riley Implementation date: 31 August 2017
4	Medium	<u>Reconciliations</u> Reconciliation of Council Tax cash to ledger have not been undertaken on a monthly basis as intended. As at 01-03-17 latest reconciliation undertaken was for November 2016. Therefore prior to the data migration from Academy to IBS. There is no evidenced independent review to confirm reconciliation of cash and refunds to ledger is being completed and that they are correct.	Where reconciliation is are not undertaken on a frequent and regular basis errors cannot be identified and rectified promptly potentially leading to an increased risk of inaccurate financial information and poor management information being generated from the system.	Reconciliation of the Council Tax cash to the ledger to be undertaken on a monthly basis promptly following period end with a view to correcting any identified errors as quickly as possible. Reconciliations to be subject to independent review to confirm that they are complete and accurate and timely. Such review to be recorded by signature and date.	Management Action: Agree - The reconciliations for 2016/17 are now all up to date and signed off by the Chief Accountant. In 2017/18 all reconciliations will be completed with 2 weeks of the month end. Responsible Manager: Chief Accountant Implementation date: 1st May 2017
Audit: Risk Management 2016/17					
Assurance: Limited					
1	Medium	<u>Corporate Risk Management Strategy, Roles and Responsibilities</u> The Risk Strategy document has been approved by CMT in 2015, but there is no record of this document being approved by Members. There is also no indication that this has been reviewed/ updated since this time. The roles and responsibilities of the officers involved in the risk management process have not been formally defined. There is also no central listing of the officers involved with Risk Management, and their	Lack of corporate guidance on managing risk, resulting in potential inconsistencies in approach being adopted, which could result in reputational damage. Failure to formally identify officers could result in ineffective management of risks	To review the Risk Management Strategy to ensure that it is still relevant and fits the needs of the Council. To ensure the roles and responsibilities of all officers involved with Risk Management have been defined and documented.	Management Comment: A new strategic document has been developed and will be presented to members in September. Responsible Manager: Executive Director – Finance & Resources Implementation date: Management Team – July 2017 Members – September 2017

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		respective areas of involvement.	within the respective service areas, resulting in reputational damage if challenged. Failure to effectively hold officers to account for poor management of risk.		
2	Medium	<p><u>Risk Management Group</u></p> <p>The Risk Management Group has been reformed, and meetings have been scheduled. However, the group is yet to meet due to work priorities. Meetings are not known to have taken place for 2 years.</p>	Failure to monitor risks in accordance with the defined strategy, resulting in ineffective risks management practices, which could lead to reputational damage for the authority.	To ensure the Risk Management Group meet regularly, and adheres to an agenda which facilitates effective internal challenge.	<p>Management Comment: Meeting set up for mid June 2017 and quarterly thereafter.</p> <p>Responsible Manager: Executive Director – Finance & Resources</p> <p>Implementation date: Mid June</p>
3	Medium	<p><u>Service Risk Register Updates</u></p> <p>Audit testing identified that service risk register entries were being reviewed on a regular basis by responsible officers. However, some of these reviews were not formally reflected in the service risk registers, in respect of dates of reviews or outcomes.</p> <p>There are risk entries on the registers that have a medium residual score but do not indicate whether any further actions are to be taken, or whether the risk level is to be accepted or monitored. There are some service risks which have been given a medium inherent risk rating, whereby this has been reduced to a low residual risk rating without the documentation of any existing controls.</p> <p>Audit testing also found that the implementation dates for some risk</p>	Omission of review information could result in challenges to the process, or instances where reviews are being missed which are not identifiable from the information provided, resulting in reputational damage for the authorities.	<p>To assess the system for managing risk and determine whether improvements can be made to make this process more effective.</p> <p>To remind staff to document any reviews undertaken in relation to the risk register entries.</p> <p>To fully document existing controls and actions required for each risk register entry.</p>	<p>Management Comment: Review of departmental risk registers to be undertaken by Insurance Officer. CMT to be reminded of their roles in relation to the registers.</p> <p>Responsible Manager: Executive Director – Finance & Resources</p> <p>Implementation date: June 2017</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		entries have passed, whereby the reasoning for this with further planned action dates has not been documented.			
4	Medium	Portfolio Holder Monitoring There is no formal review of the Service Risk Register entries with the respective portfolio holders upon commencement of the role.	Reduced high level management challenge, and reduced understanding of the issues affecting the service resulting in reduced control, potentially leading to reputational damage for the authorities.	To consider a formal process of introduction for new Portfolio Holders to include a review of the current risks that have been identified as a concern for the Service.	Management Comment: Heads of Service to undertake review of registers with Portfolio Holders. Responsible Manager: Executive Director – Finance & Resources (and Heads of Service) Implementation date: July 2017
5	Medium	Risk Management Training There is currently no formal programme of training in risk management for officers with delegated responsibility for monitoring risk within their Services/ Departments.	Potential for inconsistencies in how risk is managed throughout the two councils, and increased risk of issues not being managed effectively, leading to reputational damage for the authority if issues arise.	To develop a formal programme of risk management training, to be provided to all staff with responsibility for managing risk within their service areas. To also consider extending this training to other Staff and Members where deemed suitable, including consideration for online training.	Management Comment: To discuss with the Human Resources & Organisational Development Advisor the potential training that can be delivered to all staff – to look at in conjunction with other councils. Responsible Manager: Executive Director – Finance & Resources Implementation date: September 2017 (in line with new strategy being approved)
Audit: Dashboard and Performance Measures 2016/17					
Assurance: Limited					
1	High	<u>Resilience</u> 5 out of 24 performance measures did not provide complete data on the Dashboard due to a lack of resilience. At the time of the audit, one	Performance measures are not reported in a timely manner leading to reputational risk in the form of internal and	Ensure that a minimum of two employees are trained and able to report on the Dashboard for each performance measure.	Management Response: The dashboard was designed with the ethos of ownership by the relevant service areas for their own data and oversight by the specific managers; responsibility for data and comments was not meant to sit corporately. However, the Policy Team did request that a monitoring

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>performance measure did not show data past August 2016. This was due to the officer reporting on the measure having only 2 out of 5 supporting measures on their personal dashboard, leaving 2 completely unpopulated and 1 partially populated.</p> <p>Another measure did not have any data reported past August 2016 as the employee who used to collect and report the data had left the authority. The measure was updated after the 16th February 2017 and is now up to date.</p> <p>The third performance measure had no data reported from September 2015 as the responsible officer was on maternity leave.</p> <p>The fourth performance measure had no data reported from August 2016. The population from an internal spreadsheet to the Dashboard should be automatic but at the time of the audit this was not happening due to an unknown reason.</p> <p>For the fifth measure there is only one contact person and editor. There is no second editor to report the data should the officer be absent for a longer period of time.</p>	external criticism.		<p>function detailing outstanding data and comments; unfortunately the reporting in its current format is not fit for purpose. This is something the Policy Team aim to resolve as part of the review of the dashboard being undertaken during 2017/18.</p> <p>The personal dashboard ('My Dashboard') makes all measures are available for staff to select and edit at any time and is solely the responsibility of individual officers.</p> <p>The vast majority of measures have two or more people with permission to enter the data and comment; the specific measure identified in the audit is one where there is only one officer in the organisation who works in the area, so resource is limited. The Policy Team will, however, add the line manager as an editor in this or any similar instance going forward.</p> <p>Automation for some measures was set up within the parameters of a previous version of the dashboard which unfortunately has not been sustainable as the platform has evolved. Other previously automated measures have failed because officers have changed the source file. The Policy Team currently advise all officers that automation is not possible in most circumstances.</p> <p>Training (both group, service specific and individual) was offered to all users upon the implementation of the dashboard, which was attended by some officers. Other officers also offered to take the training back to their teams, given the relatively simple user interface of the dashboard.</p> <p>The Policy Team actively request the data and comments every month, with the email going to all named editors and owners (and copies in all Heads of Service). This email also clearly states that training is available if needed by any officer, as is help with data and comments if required. The responsibility for alerting the Policy team of any new users who requires training rests with the owner of the measure or their line manager.</p> <p>The March and April 2017 emails also highlighted the need to get all strategic measures up-to-date with data and comments. It also asked users to review the measures and let us know of any which were no longer relevant so could be removed (subject to SMT/HoS approval). The Policy Team will be reviewing all strategic measures at the end of April and contacting all owners with outstanding data and/or</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					<p>comments directly.</p> <p>During April and May 2017 the Policy Team will offer further group training sessions (in addition to the ongoing offer of personal support) and enhance the 'About the dashboard' section.</p> <p>There does need to be a distinction made between strategic and operational measures; operational measures are completely optional and at the discretion of service areas. All management of these measures, including ensuring timely reporting, sits with the respective service area.</p> <p>Responsible Manager:</p> <p>Policy Manager</p> <p>All data owners/line managers of data owners</p> <p>Implementation date:</p> <p>Policy Team actions: April -May 2017- management of current system</p> <p>2017/18- complete review of dashboard and implementation of new solution</p> <p>Service area management of measures- ongoing</p>
2	High	<p><u>Timeliness of Reporting</u></p> <p>Audit testing found that 7 out of 24 performance measures reviewed were not reported on a timely basis, giving a percentage of 29.2%.</p> <p>Out of these 7 measures 6 were strategic measures, 4 from BDC and 2 from RBC.</p>	<p>Information reported to Management is outdated and no longer relevant which could lead to financial loss or reputation damage if decisions are made on historic information.</p>	<p>Implement a monitoring tool to ensure that the information contained on the Dashboard remains relevant and up to date</p> <p>In the case of performance measures reliant on third parties, it is to be clearly stated on the Dashboard that reporting is delayed due to a third party as the Council has no control over</p>	<p>Management Response:</p> <p>Responsibility for the timeliness of reporting does ultimately sit with individual service areas; the measures are developed <i>by</i> those service areas in response to <i>their</i> service needs.</p> <p>As stated above, the current monitoring tool within the administration section of the dashboard is not fit for purpose; the Policy Team aim to resolve this as part of the review of the dashboard being undertaken during 2017/18. This will enable the Policy Team to manage the effectiveness of the strategic measures, whilst the ownership and responsibility for keeping information up-to-date still remains with the relevant service area. The Policy Team will not monitor operational measures; this will sit with relevant service</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
				the publishing of this information.	<p>areas.</p> <p>On the reporting of third party data, the dashboard currently states both the source and reporting frequency, including any potential lag, to ensure clarity. However, the Policy Team will review this to ensure that all measures are accurately described and to see if this could be made any clearer. Where third party data has been delayed unexpectedly, measure owners are expected to refer to this in the relevant commentary period. The Policy Team will ensure that this is highlighted in future training and on the 'About the Dashboard' section.</p> <p>Responsible Manager:</p> <p>Policy Manager</p> <p>All data owners/line managers of data owners</p> <p>Implementation date:</p> <p>Policy Team actions: April -May 2017 - management of current system</p> <p>2017/18 - complete review of dashboard and implementation of new solution</p> <p>Service area management of measures- ongoing</p>
3	High	<p><u>Integrity of Information</u></p> <p>For 10 out of 10 performance measures, 4 from BDC and 6 from RBC, 3 strategic and 7 operational measures, there was no formal template outlining how data is collected, calculated and entered onto the Dashboard.</p> <p>The supporting evidence for 6 out of 10 performance measures did not agree to the data reported on the Dashboard.</p>	<p>Data corruption due to human error and lack of experience / knowledge in reporting performance measure.</p> <p>Management Decisions are made based on incorrect information, which does not accurately reflect the needs of the Council leading to reputational</p>	<p>If practical to implement a quality control tool and performance measure data collection template to ensure that performance information reported matches the source data.</p> <p>As a minimum requirement the information collated for the purpose of reporting performance measures on the Dashboard must be</p>	<p>Management Response:</p> <p>Ultimate responsibility for the integrity of information also lies with individual service areas; data owners should monitor this even if they are not the inputting officer.</p> <p>Following the dashboard review, it is hoped that the new system implemented supports greater automation, therefore removing data discrepancies/avoiding human error wherever possible.</p> <p>The Policy Team will review the strategic measures and update the metadata and data source sections as required. This will be supported by quarterly random checks of data integrity to ensure the data reported matches the source data. The Policy</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>One measure did not have any evidence to support reported data.</p> <p>For another measure 4 months were reviewed. Supporting evidence for 3 out of 4 months did not match with data on the Dashboard.</p> <p>For the third and fourth measure 2 months were reviewed and for one month the data was mixed up and data from the previous month was reported again.</p> <p>The fifth and sixth measure was reviewed and for 2 out of 3 months the number of bookings in the booking system did not match up with the number of bookings on the Dashboard.</p>	<p>risk.</p>	<p>retained to provide accurate and complete evidence of data reported.</p>	<p>Team will ensure that data quality (guidance on data collection, input and verification) forms a greater part of future training and is specifically referenced in the 'About the dashboard' section and in all reminder emails.</p> <p>As stated in previous sections, the Policy Team will not monitor operational measures; this responsibility will sit with relevant service areas. However, the additional guidance/training offered should help to mitigate any future data quality issues in regard to operational measures.</p> <p>Responsible Manager:</p> <p>Policy Manager</p> <p>All data owners/line managers of data owners</p> <p>Implementation date:</p> <p>Policy Team actions: April -May 2017 - management of current system</p> <p>Ongoing quarterly - random checks of data integrity</p> <p>2017/18 - complete review of dashboard and implementation of new solution</p> <p>Service area management of measures - ongoing</p>
4	Medium	<p><u>Additional Information – Comments</u></p> <p>Audit testing found that 6 out of 19 performance measures did not provide comments to some of the significant variances reported on the Dashboard.</p> <p>For 3 out of those 6 measures, no comments were provided as the data was initially populated onto the Dashboard automatically from an Excel spreadsheet. This automation is no longer operating and 2 of the measures are manually entered onto the Dashboard by the Business</p>	<p>Management and Members may be unable to understand or interpret the underlying reason for the variances reported on the dashboard, resulting in an inability to make required decisions. This could be a reputational risk for the authority.</p>	<p>Ensure that comments are included for every performance measure, with the exception of third party information reported for reference, at every reporting event.</p>	<p>Management Response:</p> <p>Ultimate responsibility for the quality of commentary and annotation lies with individual service areas; data owners should be the officer adding the comment as they are responsible for the given measure. Automation of data never included commentary and there has always been a clear requirement for the data owners of strategic measures to input commentary directly into the dash board at the required frequency. Operational measures are for the use of service areas and commentary is at their discretion, although the Policy Team recommends providing some commentary to help Members and interested officers understand performance.</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>Development Manager and the remaining measure was not reported as the Senior Marketing and Communications Officer was unaware of the automatic reporting no longer operating.</p> <p>For another 2 measures there were no comment stating that the reason for a delay in reporting was due to the move from the Revenue and Benefits' Academy system to the Civica Open Revenues system.</p> <p>For the last measure there was no comment made in regards to a significant peak in August 2016.</p>			<p>The Policy Team will update the training and guidance to emphasise what a good comment looks like and the importance of providing meaningful commentary to the performance management process. The updated monitoring function that it is hoped will follow the dashboard review will also enable the Policy Team to effectively check that commentary is being added. In addition, a yearly review of all measures will test the quality of the commentary and support will be offered to the relevant officers as required.</p> <p>The Policy team will review all the measures that are from external sources where comment is not possible/ relevant and label them as 'for information'.</p> <p>Responsible Manager:</p> <p>Policy Manager</p> <p>All data owners/line managers of data owners</p> <p>Implementation date:</p> <p>Policy Team actions: April - May 2017 - management of current system</p> <p>Ongoing annual - review of measures, including challenge around effective commentary</p> <p>2017/18 - complete review of dashboard and implementation of new solution</p> <p>Service area management of measures – ongoing</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.

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 quarters 3 and 4.

Follow Up Assurance:

In summary:

- 2013/14 recommendations have been implemented with the one remaining due to go before Committee in June 2017 to agree Anti Fraud Policy;
- 2014/15 recommendations have been implemented with the one remaining currently awaiting quotes from contractors which are being received;
- several 2015/16 recommendations remain outstanding with a number of recent follow up visits resulting in the requirement of a further visit;
- several 2016/17 recommendations have been satisfied as indicated, with the remaining ones scheduled for follow up during 2017.

There are 4 audit areas where a recent 'follow up' has indicated the recommendation has not been satisfied and a further 'follow up' review is necessary.

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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 Follow Up</u>	<u>3rd Follow Up</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							
Corporate Fraud	10th December 2014	Executive Director (Finance and Resources) and Head of Legal, Equalities and Democratic Services	Moderate	2 'medium' priority recommendations in relation to Corporate Anti Fraud Awareness, Corporate Fraud Strategy Policy and Protocol	The follow up in March 2016 found that the 2 'medium' priority recommendations were in progress awaiting approval of draft policies.	A follow up was undertaken in Dec 2016 finding the 2 medium priority recommendations remained in progress. The Anti fraud and corruption policy was due approval by committee after this follow up had occurred. The final recommendation can be implemented after approval as it refers to "reviewing the policy in a timely manner". A follow up will take place in three months time.	July 17 Delay as policy has not yet gone to committee. Policy will go to committee in June. Follow up after then.
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	Follow up in November 2015 found that 1 'medium' priority recommendation in relation to policy has been implemented and the 1 'high' priority recommendation and the other 'medium priority recommendation in relation	A follow up in September found there was one recommendation outstanding relating to the Equality and Diversity training. All the others have been

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					completion date it would not be appropriate to follow the recommendations up until July 2015.	to training and terms of reference are in progress. Workshops are to be introduced first half of 2016.	satisfied. A further follow up will take place in 3 months time. Follow Up 14 February 2017: Discussion with E&D Manager - induction progress is still in progress. Quotes from contractors for in house training are currently being received. Follow up to take place in June when more progress made.
2015-16 Audits							
Corporate Governance – AGS	22th February 2016	Financial Services Manager	Moderate	1 'high' priority and 3 'medium' priority recommendations; No action plan, compilation of AGS, review of terminology and circulation of document	A follow up took in September 2016 and found 3 recommendations were in progress these related to the circulation of the AGS, action plan and the responsibility for compilation of the AGS. 1 recommendation was still to be actioned relating to a review of the AGS. A follow up will take place in four months time.	Follow up undertaken February 2017. Due to change of Financial Service Manager, the interim manager will pick up AGS as part of job. Further follow up June 2017.	1st June 2017
S106s Planning obligations	08th February 2016	Head of Planning and Regeneration, Financial Services Manager, Principal Solicitor	Critical review	Challenge points and good practice in relation to Committee Reporting, Policies/Procedures, Waste Services Contributions, Project Contribution areas, Central	The follow up in September 2016 found that the service is progressing with the challenges. The follow up confirmed out of the nine challenges made	May 17 Meeting arranged for 26th of May.	

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Agenda Item 13

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				Finance Spreadsheet, Withdrawn Planning Applications, Online Publication and Retention and Income Management	Management have actioned five of them and have/are giving due consideration to the remaining ones relating to the contributions formula being updated, process to monitor amount of developers per project and uploading of S106 agreements. Further follow up planned in 6 months time.		
CCTV	31th March 2016	Head of Community Services	Critical review	Challenge points and good practice in relation to Training and the CCTV system.	Follow up in September 2016 found two of the challenges have been actioned but there is more progress to be made relating to access rights to CCTV and a new anti-social behaviour policy. A further follow up will take place in April 2017	Follow up undertaken in April 2017. Audit had a discussion with both responsible managers on 10.05.17, both positions same as previous follow up. Restructure is still to take place and the Anti-social behaviour policy still to be finalised. Agreed to go back in 6 months. Further follow up date Nov 17	
Accounts Reconciliations	31th March 2016	Executive Director - Finance and Resources and Financial Services Manager	Critical Review	Challenge points and good practice in relation to Frequency and Training, Procedure Notes, Responsibilities and the Saffron System	A follow up undertaken in October 2016 found that the service have a clear direction of travel in relation to the challenges made however one challenge relating to reconciliation procedure notes still needs to be actioned therefore there will be a further follow up	A follow up undertaken in January 2017 found that the service have a clear direction of travel in relation to the challenges made however one challenge relating to reconciliation procedure notes still needs to be actioned therefore there will be a further follow up in 3 months time.	Follow up undertaken April 2017. Delay due to change in staffing. Further follow up date July 17.

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					in 3 months time.		
Consultancy and Agency	13th June 2016	Corporate and Senior Management Team	Limited	2 'high' and 3 'medium' priority recommendations in relation to Matrix, Procurement procedures, Post transformation reviews, professional indemnity Insurance and accuracy of invoices received.	A follow up took place in December 2016 which found that 4 recommendations are still in progress relating to the use of Matrix, the procurement procedures, outcomes set for the use of agency staff and processing invoices. One recommendation is still to be actioned reliant on the outcome of a recommendation. A further follow up will take place in 6 months time.	Follow up undertaken in May 2017. Audit (AR) had a discussion with the Director of Finance and Resources on 10.05.17, the review of Matrix is still in progress. As several recommendations rely on the matrix review being completed no official follow up will take place until this date. Further follow up date November 2017	
Regulatory Services	08th June 2016	Head of Regulatory Services	Critical Review	Time recording challenges in relation to Systems Specification, Policies & Guidance, Coding Structure, Fee Earners, Performance Measurement and Database Accuracy.	A follow up took place in December, it found that 2 challenges had been actioned, 4 considered and 1 considered however still awaiting further action. Audit is happy with the direction of travel the service is making, a further follow up will take place in 6 months time.	Further follow up June 2017	
2016-17 Audits							
Housing - Statutory Duties	09/11/16	Community Services	Moderate	4 medium priority recommendations were made relating to contractual arrangements	A follow up was undertaken in May 17. All recommendations have now been implemented.		

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				with the housing trust, license conditions, inspection visits and File accessibility.	There will be no further follow ups.		
Customer Services	28th September 2016	Customer Services	Significant	2 medium priority recommendations were made in relation to training records and health and safety training and the formally documenting the minutes of meetings	A follow up was undertaken in February and found that 1 recommendation relating to training has been implemented and 1 recommendation relating to documenting meetings is in progress. A further follow up will take place in 6 months time.	Aug 17	
Freedom of Information	24th October 2016	Business Transformation	Significant	One medium and one low priority recommendation was made. The medium recommendation related to training on data protection. A follow up will take place in 6 months time.	A follow up was undertaken in March 17, and found that the one medium priority recommendation relating to data protection training has been implemented. There will be no further follow ups.		
Human Resources Training and Development	30th December 2016	Human Resources Manager	Moderate	Business Transformation This audit report made 1 high priority recommendation relating to employee mandatory and refresher training, and 3 medium priority recommendations relating to purpose of training, employee induction and identifying training needs. A follow up will take place in 4 months time.	Awaiting management response. A follow up took place in March 17 and found 2 recommendations are in progress relating to meeting training needs and mandatory / refresher training. 2 recommendations are still to be actioned dependent on the implementation of		

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					HR21. A follow up will take place in 6 months time.		
Cash Collection	3rd January 2017	Executive Director (Finance and Resources)	Significant	The report found 1 medium priority issue relating to the bagging up of cash and cheques, cash limits and Parkside Cashing up. A follow up will take place within 6 months time.	A follow up was undertaken in March 2017 and found that the 1 medium priority recommendation has been implemented. There will be no further follow ups relating to this point.		
Insurance	13th January 2017	Corporate	Critical Friend	This audit gave 3 recommendations to all 5 authorities, these related to, documentation of claims, insurance risk on risk register and admin and claim handling fee. This will be follow up in 6 months time.	Aug 17		
Bereavement Services	17th March 2017	Environmental Services	Moderate	An audit took place in March 2017 and made 1 high recommendation and 2 medium recommendations relating to manually written sales invoices and invoice reconciliations. A follow up will take place in 3 months time.	A follow up took place in May and found that the 3 recommendations had been implemented, including the high priority recommendation relating to receipting. There will be no further follow ups.	Please see below for a copy of the full follow up report.	
Dash Board & Performance Measures	3rd May 2017	Business Transformation	Limited	An audit took place in May 2017 and made 3 high and 1 medium priority recommendations	Aug 17		

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				relating to resilience, timeliness of reporting, integrity of information and information held.			
end							

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Worcestershire Internal Audit Shared Service



Bereavement Services 2016/17

Addendum – 2nd May 2017

Introduction

The date of the final audit report was 17th March 2017. Moderate assurance was given with one high priority and 2 medium propriety recommendations made.

Due to the nature of the recommendations Management implemented additional controls for the high priority recommendation during the audit and for the medium priority recommendations by the end of the month in which the report was finalised.

This follow-up was to provide assurance that the controls implemented reduced the risk to the Council.

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Recommendation 1 - Bromsgrove District Council - Manually Written Sales Invoices (High Priority)

The audit found that incorrect manual invoices were being raised for the services of Bromsgrove District Council

Action taken:

Receipts are no longer issued for any payments. If the only method of payment available is cash then an invoice is raised through the Councils financial system which is payable at the town hall.

Ad-hoc invoicing is undertaken on the council's financial system, customer accounts are created for new customers/ funeral directors. Training was provided to staff on the system and system notes were created.

Staff have been provided with individual logons to the financial system in order to provide a full audit trail.

Audit Opinion:

Controls have been satisfactorily implemented to reduce the risk to the Council

Recommendation 2 - Manually Written Sales Invoices (Medium Priority)

The Council were challenged to consider alternative means of raising charges other than manual invoices, including the use of sales receipts or electronically raised invoices through the financial Debtors system

Action taken:

As in recommendation 1 the Councils Finance system is now used for the raising of invoices. In addition staff have Bromsgrove card payment system logons to allow for a more efficient payment method.

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In addition to this the Debtors team chase up the outstanding payments. However on a monthly basis, the Bereavement Services Manager receives a report of outstanding payments. This means that Bereavement Services are aware of who owes the council money so they can ask for payment in advance from the funeral directors if they are used again.

Audit Opinion:

Efficiencies in payment methods and chasing of debts have been satisfactorily implemented.

Recommendation 3 - Invoice Reconciliations (Medium Priority)

To implement a reconciliation process to ensure all entries on the booking system have a corresponding invoice charge.

To implement a process for monitoring the deletion of booking records, either by developing the audit trail functions on the booking system to retain a full list of all deletions, or by monitoring gaps in the automatically generated reference numbers, to ensure the correct invoicing of all completed bookings

Action taken:

A reconciliation process is in place. The Bereavement Services manually completed spreadsheet reconciled to the data on the system. As a trial the reconciliation undertaken for Mays bookings will include reconciling the spreadsheet to the original documentation, this may be continued as practice if suitable. Reconciliations are undertaken on a monthly basis, usually within the first week of the following month.

Each month the crematorium register produces a list of transactions which are sequentially numbered; this is reviewed to ensure there are no missing transactions. This process allows for the identification of any transactions that may have been deleted.

Audit Opinion:

Controls have been satisfactorily implemented to reduce the risk to the Council

Overall Conclusion

The original audit report gave moderate assurance and 1 'high' and 2 'medium' priority recommendations were made. This report is the 1st follow up since the final audit report was issued.

The follow up has found that out of the 1 'high' and 2 'medium' priority recommendations detailed above all were implemented.

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From the explanations received and the evidence provided/sought Internal Audit are satisfied that Management have satisfactorily implemented all of the recommendations and the risk to the Council has been reduced.

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15th MAY 2016

SECTION 11 UPDATE

Relevant Portfolio Holder	Cllr. Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To present the Committee with an update of the progress following the Section 11 recommendations as identified by Grant Thornton.

2. RECOMMENDATIONS

The Committee is asked to NOTE the Actions detailed at 3.6 of this report.

3. KEY ISSUES

Financial Implications

3.1 There are no specific implications to this report.

Legal Implications

3.2 The Council received a s11 notice (Audit Commission Act 1998) in relation to a number of recommendations relating to the financial management and accounting of the Authority. As part of the monitoring of the actions in place to address these recommendations the Committee agreed to receive updates of the progress against the actions to ensure that the Council is taking appropriate action to address the significant issues identified.

Service/Operational Implications

3.3 As Members are aware unqualified opinions were given for the accounts and the Value for Money Judgement on 30th September 2016 for the financial year 2015/16.

3.4 Whilst the accounts issues identified had been addressed as part of the 2015/16 accounts closedown and with the draft accounts being presented a month earlier than the deadline for 2016/17 this reflects

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15th MAY 2016

the improvements that have been made in financial accounting arrangements. In addition to the accounts issues that have been resolved, there were a number of recommendations in relation to budget monitoring.

- 3.5 Regular discussions are held with Grant Thornton to consider the recommendations raised and officers are reviewing examples of best practice to ensure that improvements are made in the future.
- 3.6 The recommendations that require further work to be undertaken include:
- The Council should put in place robust arrangements to ensure that the budget preparation processes are based on sound assumptions which enable forecast to be made of budget out-turn, including realistic assessments of demand factors, service and demographic changes as well as sound assumptions around turnover and vacancy rates.
 - Action :**
 - *Detailed Pressures/Savings/Bids forms are prepared to detail all associated costs for additional funding or where savings are being proposed. Vacancy rates and budget outturn savings are also included in the budget estimates.*
 - *Further sensitivity analysis in relation to demand on services and demographic assumptions to be considered for future reviews of the Medium Term Financial Plan.*
 - The Council should ensure that budget monitoring processes are timely to enable an accurate forecast to be made in-year of the likely year-end out-turn and action to be taken, where necessary, to address budget variances.
 - Action :**
 - *New Financial Planning module to include forecasting currently being rolled out to departments following extensive work with users to ensure the system meets their requirements. This will enable managers to view financial information on a daily basis and to update forecasts in a timely way.*
 - *Quarterly monitoring statements are sent out to budget-holders within 5 working days of period end. Projections and explanations are required within a week of draft Committee reporting.*
 - *Large variances to budget to be addressed with Head of Service prior to Committee with details of cause and plans to mitigate any overspends*

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15th MAY 2016

- *Quarterly monitoring report under review to revise to show exception reporting to enable focus on high variance and risk areas.*
- 3.7 Officers will continue to work with both Internal and External Audit to ensure the recommendations are implemented as reported.

Customer / Equalities and Diversity Implications

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

4. RISK MANAGEMENT

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

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APRIL – DECEMBER FINANCIAL SAVINGS MONITORING REPORT 2016/17

Relevant Portfolio Holder	Councillor Brian Cooper
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 2016/17. This report includes the delivery of savings and additional income for the period April 2016 – March 2017.

2. RECOMMENDATIONS

- 2.1 That the Committee note the final financial position for savings as presented in the report for the period April 2016 – March 2017.

3. KEY ISSUES

- 3.1 This report provides a statement to show the savings for April 2016 – March 2017 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 and Overview and Scrutiny as it focuses on the delivery of savings rather than the overall financial position of the Council. For 2016/17 this report also presents other savings and additional income that have been generated across the Council.
- 3.2 The statement shows successful achievement of the £401k savings/additional income required. The budgets have been reduced to reflect these savings and therefore it was important that these were achieved.
- 3.3 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 details the savings to be achieved and the current financial position of each area.

- 3.4 As members may be aware during the budget 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.
- 3.5 Appendix 1 shows that for April 2016 – March 2017 savings to budgets have been delivered. It is anticipated that all projected savings will be realised in line with original estimates.
- 3.6 The draft outturn net saving of £238k has been transferred to general fund balances compared with approved use of balances of £79k. The detailed outturn report will be presented to Cabinet in July.
- 3.7 **Legal Implications**
- None as a direct result of this report.
- 3.8 **Service/Operational Implications**
- Timely and accurate financial monitoring ensures that services can be delivered as agreed within the financial budgets of the Council
4. **Customer / Equalities and Diversity Implications**
- None, as a direct result of this report.
5. **RISK MANAGEMENT**
- Effective financial management is included in the Corporate Risk Register.
6. **APPENDICES**
- Appendix 1 – Saving monitoring 2016/17
7. **BACKGROUND PAPERS**
- Available from Financial Services

AUTHOR OF REPORT

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Agenda Item 15

SAVINGS & ADDITIONAL INCOME - 2016/17

Department	Strategic Purpose	Description of saving	2016-17 £'000	Comments
Corporate - Printing	Enabling	Savings achieved from change in printing contract	-4	Following a full review of all budget requirements a number of expenditure allocations have been reduced. The base budget has been reduced and the savings are being delivered
BDC Reg Client	Keep my place safe & looking good	Savings realised due to efficiencies within the service	-35	Due to the service efficiencies the client cost has reduced with no impact on service delivery. The savings are being achieved and a further £10k in 2017/18 from additional efficiencies
Environmental Services	Keep my place safe & looking good	Additional savings generated from service review	-31	Additional savings generated from moving to a "place" operating model which have been achieved.
Community services	Help me live my life independently	Various - see spread sheet	-112	Following a full review of all budget requirements a number of expenditure allocations have been reduced. The base budget has been reduced and the savings are being delivered. A further £74k is expected from managing vacant posts and additional contract income
Leisure and cultural services	Provide good things for me to see do and visit	Vacant post Business Dev	-13	vacant post (shared service) business development given up as saving. The base budget has been reduced and the savings are being delivered. In addition a further £11k is anticipated from additional income and efficiencies by the end of 2016/17
Business Transformation	Enabling	Policy savings	-2	Following a full review of all budget requirements a number of expenditure allocations have been reduced. These have been adhered to in 2016/17.
Planning and Regeneration	Keep my place safe & looking good	Town centre	-38	Following a full review of all budget requirements a number of expenditure allocations have been reduced. The savings are being achieved.
Planning and Regeneration	Keep my place safe & looking good	Strategic Planning	-3	Following a full review of all budget requirements a number of expenditure allocations have been reduced. During 2016-17 these savings have been achieved.
Planning and Regeneration	Keep my place safe & looking good	Development Control	-10	Following a full review of all budget requirements a number of expenditure allocations have been reduced
Planning and Regeneration	Keep my place safe & looking good	Development Control	-50	Increased income due to increases in planning application income. The income has been achieved in 2016/17.
Business Transformation	Enabling	Training budget	-5	Following a full review of all budget requirements a number of expenditure allocations have been reduced.
Leisure and cultural services	Provide good things for me to see do and visit	Sports Development to achieve savings	-10	Following a full review of all budget requirements a number of expenditure allocations have been reduced
Environmental Services	Keep my place safe & looking good	Various savings in supplies & services due to restructure of the service	-12	Following a full review of all budget requirements a number of expenditure allocations have been reduced
Legal, Equalities and Democratic Services	Enabling	Democratic salary savings	-59	Vacant posts in Democratic Services offered as savings together with savings on members allowances
Legal, Equalities and Democratic Services	Enabling	Dem Services	-5	Following a full review of all budget requirements a number of expenditure allocations have been reduced to include releasing vacant hours
Customer Access and Financial Support	Enabling	Reduction in Rent	-10	Reduction in Rent to Wychavon for Dolphin Centre
Finance & Resources	Help me be financially independent	Reduction in apprentice cost	-2	Reduction in cost of apprentice post in Finance
TOTAL			-401	

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AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 15th JUNE 2017

CORPORATE GOVERNANCE AND RISK

Relevant Portfolio Holder	Councillor Brian Cooper
Portfolio Holder Consulted	No
Relevant Head of Service	Jayne Pickering – Executive Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No

1. SUMMARY OF PROPOSALS

- 1.1 For Members to consider the draft Corporate Risk Register for 2017/18.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to asked to:**

2.1.1 consider the draft register and propose any further risks to be included

3. KEY ISSUES

Financial Implications

- 3.1 There are no financial implications in relation to the development of the register or the associated Governance updates.

Legal Implications

- 3.2 The Council operates within a number of statutory Governance regulations and the Corporate Risk Register demonstrates how the Council will address and mitigate risks associated with the delivery of the Councils Strategic Purposes. The Annual Governance Statement details the ways that the Council operates within both the statutory and general good governance framework.

Service / Operational Implications

Corporate Risk Register

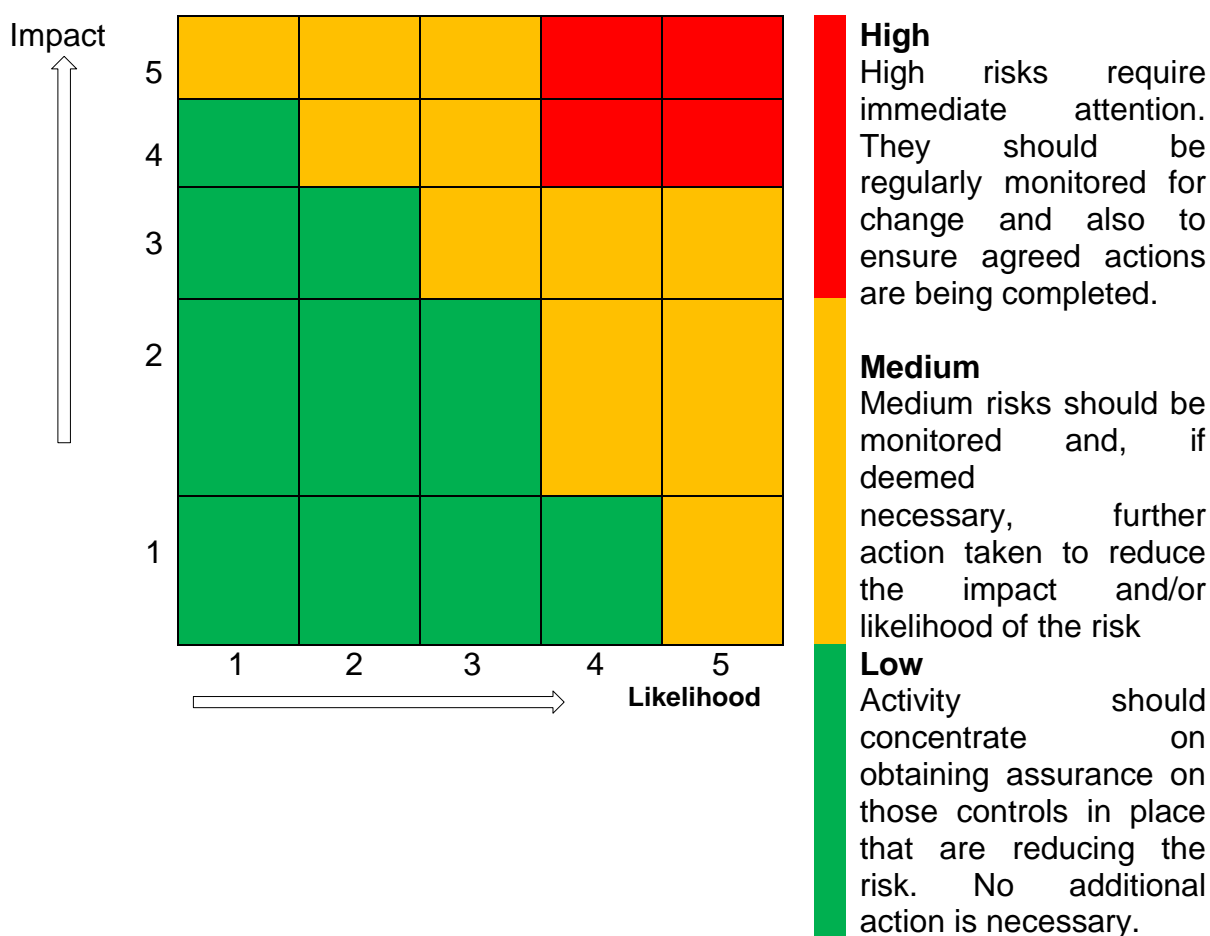
- 3.3 The Corporate Risk Register has been developed by the management team to address issues that are of a strategic nature and are seen as areas that have potential to impact on the delivery of the Strategic Purposes. The register attached at Appendix 1 is the draft 2017/18 register to enable members to be aware of corporate risks within the Council and uses the Red/ Amber / Green Scoring Mechanism to assess the risk associated with the issue and details both the controls and mitigating actions that are in place to reduce the risk to the organisation.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 15th JUNE 2017

3.4 The scoring mechanism is shown in the table below and the Impact Scoring Criteria is attached at Appendix 2:

Risk scoring matrix

The risk scoring matrix reflects the Councils' current appetite / tolerance to risk. This risk tolerance should be reviewed at least annually as part of the formal refresh of risk management. There are three risk classification (low, medium and high) and these are based on the impact and likelihood values that are given to each risk. The risk matrix below illustrates how risks are classified. Officers are currently reviewing the risk appetite / tolerance and the outcome of any revised proposals will be presented to this Committee later in the year.



3.5 Members are asked to consider the draft register and make any proposed changes or additions to be monitored on a 6 monthly basis by this Committee.

Customer / Equalities and Diversity Implications

3.6 By promoting good governance the Council ensures that all of its residents and communities have a consistent standard of service and opportunities.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 15th JUNE 2017

4. RISK MANAGEMENT

- 4.1 The Corporate Risk Register provides a framework for risks to be addressed and mitigated in relation to the delivery of the Councils Strategic Purposes. There have been a number of improvements recommended by Internal Audit to strengthen the risk management arrangements and the member review of the corporate register will support one of the recommendations.

5. APPENDICES

Appendix 1 - Draft Corporate Risk Register 2017/18
Appendix 2 - Impact scoring criteria

6. BACKGROUND PAPERS

Departmental risk registers.

AUTHOR OF REPORT

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2017/18

Risk	Cause / Effect	Current Mitigations	Inherent Risk	Actions Needed	Residual Risk	Risk Owner	Links to Strategic Purposes
Non Compliance with Health and Safety Legislation	<p>Cause:</p> <ul style="list-style-type: none"> Consequence of Council action Negligence by Council Actions beyond Council control <p>Effect:</p> <ul style="list-style-type: none"> Reputation affected Legal action against Council Financial impact 	<ul style="list-style-type: none"> Standard Operating Procedures -SOP (H&S etc) Health and Safety Committee meets regularly Training for staff Health-checks First Aid / Defibrillation provision Safeguarding Policy and Procedures Risk Assessments Updated inspection policy Continued updates to Health and Safety Committee 	Impact – 4 Likelihood – 2 = 8	<ul style="list-style-type: none"> Development of Corporate H&S Measures 	Impact – 4 Likelihood – 2 = 8	Deb Poole	All
Snap / poorly informed decisions made on savings / cuts	<p>Cause:</p> <ul style="list-style-type: none"> Requirement for savings to balance budget Unanticipated cost pressures / demand on services Pressure from 	<ul style="list-style-type: none"> Robust budget-setting process in place Developed budget bids for pressures and details of savings proposed Performance Dashboard in 	Impact – 4 Likelihood – 3 =12	<ul style="list-style-type: none"> Establish "whole-life" or "end to end" approach to assessment of savings proposals Develop/improve support for Leadership and decision-making 	Impact – 4 Likelihood -2 = 8	Jayne Pickering	All

2017/18

	<p>other partners Effect:</p> <ul style="list-style-type: none"> Longer term improvement / innovation / efficiency is hindered Impact on organisation, staff and residents Impact on Transformation Programme 	<p>place</p> <ul style="list-style-type: none"> Data used to evidence need in business cases 		<p>roles of Members</p> <ul style="list-style-type: none"> On line access for managers for budgets and actual spend being rolled out to managers Performance dashboard to be used when reporting to members 			
<p>Managing the impact of National Changes – financial / social economic or environmental which may have a detrimental impact on service delivery or quality (eg Brexit / Universal Credit)</p>	<p>Cause:</p> <ul style="list-style-type: none"> Changes to National Policy impacting on services at a local level Lack of resource to meet the demand on the service Reduction in funding or revenue available Funding for new initiatives not available Service cessation <p>Effect:</p> <ul style="list-style-type: none"> Reputation 	<ul style="list-style-type: none"> Regular consideration at management team of National Issues Medium Term Financial Plan in place with assumptions on levels of cuts Full review of reserves and balances Officers working with partners and 	<p>Impact – 4 Likelihood – 4 = 16</p>	<ul style="list-style-type: none"> Consider opportunities for alternative service delivery models/ approaches to generate income / reduce cost Ensure updated with legislation and financial impact of changes Reporting regularly to members of National policy changes that may impact on 	<p>Impact – 4 Likelihood – 4 = 16</p>	<p>Jayne Pickering</p>	<p>All</p>

2017/18

	<p>affected</p> <ul style="list-style-type: none"> Quality of life of residents affected Demand increasing on services Negative Financial impact 	<p>networks to identify issues</p> <ul style="list-style-type: none"> 4 year financial plan and efficiency plan in place 		<p>local demand</p>			
<p>Partners of the Councils fail to work together in proactive way</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 119</p>	<p>Cause:</p> <ul style="list-style-type: none"> Sovereignty issues / fear of losing control Pressures on partner organisation (financial or political) Resources available from partners Lack of understanding / buy in <p>Effect:</p> <ul style="list-style-type: none"> Service improvement hindered Reputation affected Financial impact 	<ul style="list-style-type: none"> Robust governance structures in place Funding mechanisms in place and legally enforceable Partnership Boards (LEP etc) 	<p>Impact – 4 Likelihood -4 = 16</p>	<ul style="list-style-type: none"> Ensure that key decision-makers are round the partnership table Undertake Partnership health-check for all partnership initiatives Connecting Families roll out 	<p>Impact – 4 Likelihood -3 = 12</p>		<p>Help me live my life independently Help me run a successful business Help me find somewhere to live in my locality</p>
<p>Business Continuity Plans fail to operate effectively in an</p>	<p>Cause:</p> <ul style="list-style-type: none"> Service plans not all in place, fit for 	<ul style="list-style-type: none"> Corporate Business Continuity Plan is in place 	<p>Impact -3 Likelihood – 4 =12</p>	<ul style="list-style-type: none"> All services have undertaken a Business Impact 	<p>Impact -5 Likelihood -2 = 10</p>	<p>Sue Hanley</p>	<p>All</p>

2017/18

<p>incident.</p>	<p>purpose or validated.</p> <ul style="list-style-type: none"> Plans not implemented or embedded within the culture of the organisation. <p>Effect:</p> <ul style="list-style-type: none"> Damage to property / equipment Service delivery affected Councils' reputation harmed Financial impact 	<ul style="list-style-type: none"> All team plans in place Work programme of training & exercising to be reviewed Sept 17 		<p>Analysis (BIA) resulting in revised Business Continuity Plans</p> <ul style="list-style-type: none"> Refresh Corporate Business Continuity Plan following service BIA delivery. Deliver work programme of training & exercises. Risk assessments Work Programmes (testing etc) to be developed 			
<p>IT systems and infrastructure has a major failure</p>	<p>Cause:</p> <ul style="list-style-type: none"> Systems bugs / errors Failure in power supply Storage of data/servers affected <p>Effect:</p> <ul style="list-style-type: none"> Loss of key data Service delivery affected Councils' reputation harmed Financial impact 	<ul style="list-style-type: none"> Business Continuity Plans in place Discrete and remote data storage in place Back-up procedures in place and followed IT business continuity procedures reviewed 	<p>Impact – 3 Likelihood – 3 = 9</p>	<ul style="list-style-type: none"> Continue to assess strength of IT security 	<p>Impact – 3 Likelihood – 2 = 6</p>	<p>Deb Poole</p>	<p><i>Enabling Services</i></p>

2017/18

<p>Lack of robust financial accounting and monitoring arrangements</p>	<p>Cause:</p> <ul style="list-style-type: none"> • Systems failures • Inexperienced staff • Lack of capacity / resources • Changes in legislation not addressed <p>Effect:</p> <ul style="list-style-type: none"> • Inaccurate accounts • Reputation harmed • Financial Decisions being made on inaccurate information 	<ul style="list-style-type: none"> • Action plan in place to monitor S11 recommendations • External support sourced to ensure specialist advice available • Training on system undertaken • Staff training undertaken • Key roles and responsibilities identified 	<p>Impact – 3 Likelihood – 3 = 9</p>	<ul style="list-style-type: none"> • Regular reporting to members • Continue professional development training • Review financial regulations • Implement on line access to financial system for managers 	<p>Impact – 3 Likelihood – 3 = 9</p>	<p>Jayne Pickering</p>	<p><i>Enabling Services</i></p>
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Impact scoring criteria

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

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

Likelihood scoring criteria

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

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

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

WORK PROGRAMME 2017/18

15th June 2017

- Monitoring Officer's Report
- Dispensations Report
- Gifts and Hospitality: Guidance for Councillors – Constitution Update
- External Audit – Progress / Action Plan Update Report
- External Audit – Audit Fee Letter 2018/19
- Internal Audit – Progress Report
- Internal Audit – Annual Report and Draft Audit Opinion 2016/17
- Annual round up of other data relating to Benefits and Revenues Report
- S11 Action Plan Update Report
- Corporate Risk Register
- Risk Management Champion Annual Appointment
- Financial Savings Monitoring Report for January to March 2017
- Work Programme

14th September 2017

- Monitoring Officer's Report
- External Audit – Audit Findings Report
- External Audit – Update Report (including oral update on Value for Money Conclusion)
- Accounting Standards (Statement of Accounting Policies)
- Audited Statement of Accounts 2016/17 (including final Annual Governance Statement)
- S11 Action Plan Update Report
- Financial Savings Monitoring Report for April to June 2017
- Internal Audit – Monitoring Report
- Risk Champion's Update Report
- Work Programme

18th January 2018

- Monitoring Officer's Report
- External Audit – Progress Report/Action Plan Update
- External Audit – Annual Audit Letter
- Internal Audit – Progress Report
- Treasury Management Strategy, Prudential Indicators and Minimum Revenue Policy Provision 2018/19
- S11 Action Plan Update Report
- Financial Savings Monitoring Report June to September 2017
- Risk Champion's Update Report
- Work Programme

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

15th March 2018

- Monitoring Officer's Report
- Annual Report
- External Audit – Progress / Action Plan Update Report
- External Audit – Certification Work Report 2016/17
- External Audit – Audit Plan March 2018/19
- External Audit – Auditing Standards 2018/19
- Internal Audit – Monitoring Report
- Internal Audit – Draft Audit Plan 2018/19
- Benefits Investigations Monitoring Update Report
- S11 Action Plan Monitoring
- Financial Savings Monitoring Report for September to December 2017
- Risk Champion's Update Report
- Work Programme