

REMINDER TO COMMITTEE MEMBERS ON TRAINING

INTRODUCTORY / REFRESHER TRAINING BEING HELD AT 6PM IN COMMITTEE ROOM 2
PRIOR TO THE COMMITTEE MEETING COMMENCING AT 7PM.



Audit, Governance and Standards Committee

Thu 7 Jul
2016
7.00 pm

Committee Room 2
Town Hall
Redditch

REDDITCH BOROUGH COUNCIL

*making
a
difference*

www.redditchbc.gov.uk

If you have any queries on this Agenda or any of the decisions taken or wish to exercise any of the above rights of access to information, please contact

**Debbie Parker Jones
Democratic Services Officer**

**Town Hall, Walter Stranz Square, Redditch, B98 8AH
Tel: 01527 881411**

Email: d.parkerjones@bromsgroveandredditch.gov.uk



Audit, Governance and Standards

Committee

Thursday, 7th July, 2016

7.00 pm

Committee Room 2, Town Hall

Agenda

Membership:

Cllrs: David Thain (Chair) Andrew Fry
Jane Potter (Vice-Chair) Mark Shurmer
Tom Baker-Price Rachael Smith
Natalie Brookes Pat Witherspoon
Michael Chalk

Independent Member: Dave Jones (non-voting co-opted – for Audit and Governance)

Feckenham Parish Council Representative Alan Smith (non-voting co-opted – for Standards)

1. Apologies and named Substitutes	To receive the apologies for absence and details of any Councillor nominated to attend the meeting in place of a member of the Committee.
2. Declarations of Interest	To invite Councillors to declare any Disclosable Pecuniary Interests and/or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. Minutes (Pages 1 - 14)	To confirm as a correct record the minutes of the meeting of the Audit, Governance and Standards Committee held on 21st April 2016. (Minutes attached)
4. Monitoring Officer's Report - Standards Regime (Pages 15 - 18) Claire Felton, Head of Legal, Equalities and Democratic Services	To receive a report from the Monitoring Officer on any matters of relevance to the Committee. (Report attached) (No Direct Ward Relevance)
5. Feckenham Parish Council Representative's Report - Standards Regime	To receive a report from the Feckenham Parish Council Representative on any matters of relevance to the Committee. (Oral report) (Astwood Bank & Feckenham Ward)

Audit, Governance and Standards

Committee

Thursday, 7th July, 2016

<p>6. Localism Act 2011 - Standards Regime - Dispensations</p> <p>(Pages 19 - 22)</p> <p>Claire Felton, Head of Legal, Equalities and Democratic Services</p>	<p>To receive a report regarding the granting of general dispensations under the standards regime.</p> <p>(Report attached)</p> <p>(No Direct Ward Relevance)</p>
<p>7. Grant Thornton - Progress Report and Update</p> <p>(Pages 23 - 34)</p>	<p>To update Members on Grant Thornton's progress in delivering their responsibilities as the Council's external auditors, on relevant information relating to Local Government Accounting and other issues, and on Grant Thornton Publications.</p> <p>(Report attached)</p> <p>(No Direct Ward Relevance)</p>
<p>8. Internal Audit - Annual Report 2015/16</p> <p>(Pages 35 - 48)</p>	<p>To consider the Internal Audit Annual Report for 2015/16 and the 2015/16 Worcestershire Internal Audit Shared Services Manager's annual opinion on the overall adequacy of the Council's internal control environment.</p> <p>(Report attached)</p> <p>(No Direct Ward Relevance)</p>
<p>9. Section 11 Recommendations Update</p> <p>(Pages 49 - 52)</p> <p>Jayne Pickering, Executive Director, Finance and Resources</p>	<p>To present Members with an update on progress following the Section 11 recommendations noted by the Committee on 28th January 2016.</p> <p>(Report attached)</p> <p>(No Direct Ward Relevance)</p>
<p>10. Corporate Governance</p> <p>(Pages 53 - 60)</p> <p>Jayne Pickering, Executive Director, Finance and Resources</p>	<p>To consider and approve the 2015/16 Annual Governance Statement to be included in the Statement of Accounts</p> <p>(Report attached)</p> <p>(No Direct Ward Relevance)</p>

Audit, Governance and Standards

Committee

Thursday, 7th July, 2016

11. Committee Action List and Work Programme (Pages 61 - 70) Kevin Dicks, Chief Executive	To consider the Audit, Governance and Standards Committee's Action List and Work Programme. (Action List and Work Programme attached) (No Direct Ward Relevance)
12. Exclusion of the Public	<p>Should it prove necessary, in the opinion of the Chief Executive, to exclude the public from the meeting at any point during the proceedings in relation to any item(s) of business on the grounds that either exempt and/or confidential information is likely to be divulged, the following resolution(s) will be moved:</p> <p>"That under Section 100 I of the Local Government Act 1972, as amended, it/they involve the likely disclosure of <u>exempt</u> information as defined in Part I of Schedule 12A to the Act, as amended, the relevant paragraphs of that part being (<i>...to be specified by the Chairman at the meeting</i>), and that it is in the public interest to do so.", and/or</p> <p>"That under Section 100 A of the Local Government Act 1972, as amended, it/they involve the likely disclosure of <u>confidential</u> information which would be in breach of an obligation of confidence."</p> <p>The paragraphs under Part 1 of Schedule 12A to the Act are as follows:</p> <p>Subject to the "public interest" test, information relating to:</p> <ul style="list-style-type: none">• Para 1 – <u>any individual</u>;• Para 2 – the <u>identity of any individual</u>;• Para 3 – <u>financial or business affairs</u>;• Para 4 – <u>labour relations matters</u>;• Para 5 – <u>legal professional privilege</u>;• Para 6 – <u>a notice, order or direction</u>;• Para 7 – the <u>prevention, investigation or prosecution of crime</u> <p>may need to be considered as 'exempt'.</p>



Audit, Governance & Standards

Committee

Thursday, 21 April 2016

MINUTES

Present:

Councillor David Thain (Chair), Councillor Jane Potter (Vice-Chair – during Minute No's 48 to 64) and Councillors Natalie Brookes, Michael Chalk, John Fisher (during Minute No's 46 to part of 52 and part of 55 to 64), Gareth Prosser and Pat Witherspoon (during Minute No's 46 to 56)

Dave Jones – Independent Member for Audit and Governance (non-voting co-opted member of the Committee)

Also Present:

Richard Percival – Grant Thornton (External Auditors)

Officers:

Andy Bromage, Sam Morgan and Jayne Pickering

Committee Services Officer:

Debbie Parker-Jones

46. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received on behalf of Borough Councillors Andrew Fry and Rachael Smith.

Feckenham Parish Councillors Alan Smith and Slade Arthur also tendered their apologies owing to a Parish Council meeting which was taking place the same evening.

47. DECLARATIONS OF INTEREST

There were no declarations of interest.

.....
Chair

Audit, Governance & Standards

Committee

Thursday, 21 April 2016

48. MINUTES

The minutes of the meeting of the Audit, Governance and Standards Committee held on 28th January 2016 were submitted.

RESOLVED that

the minutes of the meeting of the Audit, Governance and Standards Committee held on 28th January 2016 be confirmed as a correct record and signed by the Chair.

49. MONITORING OFFICER'S REPORT - STANDARDS REGIME

Members received a report of the Monitoring Officer outlining the current position in relation to Standards regime matters.

It was noted that no complaints against Members had been received since the last meeting of the Committee in January, and that dates had been arranged for a number of induction and training events after the local elections in May. Councillor Chalk requested that Officers provide him with a hard copy of any upcoming training information.

RESOLVED that

the report be noted.

50. FECKENHAM PARISH COUNCIL REPRESENTATIVE'S REPORT - STANDARDS REGIME

As advised under Apologies, the Parish Council Representatives were not present owing to a Parish Council meeting which was taking place the same evening.

Officers advised that they had contacted the Parish Representatives to query whether there was anything that they wished to have reported at the meeting, which they had confirmed there was not.

RESOLVED that

the position be noted.

Audit, Governance & Standards Committee

Thursday, 21 April 2016

51. GRANT THORNTON - PROGRESS REPORT AND UPDATE 2015-16

Members received an update report from Grant Thornton on progress they had made in delivering their responsibilities as the Council's external auditors. The report also provided an insight into emerging national issues and developments which might be of relevance to, and impact on, the Council in the future.

Richard Percival stated that good progress had been made with audit work since the last meeting of the Committee, details of which were set out in Grant Thornton's report along with planned dates for upcoming work.

The emerging national issues were noted. These included a newly introduced IFRS 13 'Fair Value Measurement' and a requirement for local authorities to estimate provision for unlogged non-domestic rate appeals. Mr Percival responded to Members' questions on these issues.

RESOLVED that

the report be noted.

52. GRANT THORNTON - AUDIT PLAN 2015/16

Members were presented with the Grant Thornton Audit Plan 2015/16. The external auditors were required to give an opinion on the Council's financial statements and to satisfy themselves that the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Richard Percival provided an overview of the planned scope and timing of the audit, the key elements considered in identifying the Plan, and the developments and requirements that informed and shaped the audit. He also explained the reasoning behind the £983k materiality and £49k trivial misstatements levels and the workings of these.

The significant risks of material misstatement which the external auditors had identified were outlined. Two of these – The revenue cycle includes fraudulent transactions and Management over-ride of controls – were presumed risks applicable to all audits under national auditing standards. The third and fourth risks – Production of the 2015/16 financial statements and Accounting for recharged income and expenditure – were specific to the Council and based on issues encountered during the previous year's audit. The

Audit, Governance & Standards Committee

Thursday, 21 April 2016

substantive audit procedures and work planned by Grant Thornton to address these risks were noted. The Value for Money ('VfM') element and new VfM sub-criteria determined by the National Audit Office were noted.

A Member raised concerns regarding a recent issue which had arisen with one of the Council's contractors, which could have led to possible action being taken against the Council by the contractor in question and the Council being held to account. Members felt that this was something which needed to be considered in the future; from both a contractual drafting and partnership working (i.e. how the Council interacted with its contractors and relevant procurement aspects) perspective. Where this issue stood in terms of the Corporate Risk Register and whether the risk management process was to pick up on such issues, together with any impact on the broader process, were all elements to be considered. Later in the meeting Members requested a legal review of all relevant contracts (Minute No. 59 below refers).

The 2015/16 audit and grant certification fees, which were determined by Public Sector Audit Appointments Limited, together with the additional fee required for the 2014/15 audit work, were noted. Following the closure of the Audit Commission in March 2015, responsibility for external auditor appointments would devolve to local authorities after the 2017/18 audits. A tendering process for external audit services would take place meaning local authorities could then appoint their chosen auditors.

RESOLVED that

the 2015/16 Grant Thornton Audit Plan be noted and agreed.

53. GRANT THORNTON - AUDIT FEE LETTER 2016/17

Members were presented with the planned audit fee letter for 2016/17 from the Council's external auditors Grant Thornton, and were asked to approve the level of fee.

Richard Percival advised that the fee for the main audit work for 2016/17 had remained the same as for 2015/16, and that the fee for the Grant Certification work had yet to be confirmed. This was the final time that the audit fee letter would be received in its present format, as from 2017/18 external audit work would be subject to tender and it would be for the Council to determine who would carry out this work.

Audit, Governance & Standards Committee

Thursday, 21 April 2016

RESOLVED that

the audit fee for 2016/17 be agreed.

54. GRANT THORNTON - AUDITING STANDARDS 2015/16 - COMMUNICATION WITH THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

Members were presented with the Auditing Standards – Communication with the Audit, Governance and Standards Committee report from the Council’s external auditors Grant Thornton. The aim of the report was to ensure that there was effective two way communication between the Committee, who were “Those Charged with Governance”, and the external auditor.

Richard Percival advised that in planning and performing their audit of the Council’s financial statements, Grant Thornton needed to understand how the Committee, supported by the Council’s management, met its responsibilities in the following areas:

- Fraud;
- Law and regulation;
- Going concern;
- Accounting for estimates; and
- Relates Parties.

RESOLVED that

the report and management responses be noted.

55. ACCOUNTING POLICIES 2015/16

The Committee were presented with the Council’s Accounting Policies for 2015/16.

It was noted that the Policies were currently at draft stage and could be subject to change prior to the final Policies being presented to Committee in September along with the Statement of Accounts. Officers advised that some changes were required to the Policies, which they were currently discussing with the external auditors.

Regarding the new IFRS ‘Fair Value Measurement’ and how assets were valued, Officers advised that the Council would have one surplus asset this year; a piece of land at Upper Norgrove House. A note regarding Materiality and the £250k materiality level had been added to the Policies. Notes below this amount had been removed from the accounts statements where they were not

Audit, Governance & Standards Committee

Thursday, 21 April 2016

considered to add value to the Officer statements. Officers added that the Council had one heritage asset valued at less than £50k, namely the needles at the Forge Mill Museum. Officers and Mr Percival also provided further clarification in relation to depreciation, as detailed in the Policies.

RESOLVED that

the draft Accounting Policies attached at Appendix 1 to the report be approved.

56. INTERNAL AUDIT - PROGRESS REPORT

The Committee considered the Internal Audit Progress Report, which presented Members with progress on internal audit work for 2015/16.

Officers presented the report and stated that at the previous meeting Members had requested that details of the percentage of critical review audits, as opposed to programmed (formal) audit work, be included in future progress reports. These details had been included in the report, with 37% of the eight finalised reviews having been critical reviews. Officers advised that this figure would fluctuate over the year and that updated details would be included in future reports. Delivery against the Internal Audit Plan was noted, together with the Performance Indicators data.

Regarding the Planned Follow Ups information detailed in the report, the following issues arose:

- i) DFGs and HRA grants – a typographical error on the move to the Parkside office;
- ii) Rent Arrears – it was queried whether the workings of Universal Credit had impacted on rent arrears. Officers advised that only a small number of new claims were assessed under Universal Credit but they would aim to review the link between the two issues and update Members on any impact identified;
- iii) Delays in follow up action – concerns were expressed on delays with some follow up actions, some of which were significant and resulted in three follow up dates which it was felt introduced waste into the process. Officers agreed that there was potential waste and that whilst there could be legitimate circumstances which might lead to delays, implementation could, on occasion, be more swift. Officers added that it was for the Committee, as part of its monitoring role, to determine when and if there was justification with

Audit, Governance & Standards Committee

Thursday, 21 April 2016

delays, which was the reason for bringing the progress updates back to Members. It was agreed that Officers would take the Planned Follow Ups report to the next Corporate Management Team meeting and to Heads of Service to see where outstanding actions should be closed down. Any outstanding second and third follow ups would be taken to CMT and then to the Committee if the required actions were not completed; and

- iv) Measures Dashboard – following a request from Members, Officers agreed to include Measures Dashboard information in future reports as the strategic and operational measures' information was deemed key for monitoring purposes. It was also noted that the Measures Dashboard information might extend to data for external agencies data in the future.

A Member stated that at the previous meeting a request had been made for audit work to be carried out on the budget. Officers responded that on the back of the external auditor Section 11 Recommendations, it had been agreed that there would be an audit of the budget for this year and that time for this would be included in the Audit Plan.

Regarding the Stores Intervention Critical Review, it was noted that Dave Jones, the Independent Member and Lead Risk Member for the Committee, was due to meeting with relevant Officers the following week to discuss the outstanding issues in relation to inventories (Action List Ref 1 at Minute No. 62 below refers). It was agreed that Mr Jones would report back to the Committee at the next meeting on his discussions in this regard.

RESOLVED that

- 1) **subject to the required follow up actions as detailed in the preamble above, the report be noted; and**
- 2) **the Committee request that the Section 151 Officer take the Planned Follow Ups report appendix to the next Corporate Management Team meeting and report back to the Committee on the outcome of this.**

57. INTERNAL AUDIT - AUDIT PLAN 2016/17

Further to referral of the draft Internal Audit Operational Plan for 2016/17 at the previous meeting, Members received the final Plan for approval.

Audit, Governance & Standards Committee

Thursday, 21 April 2016

Officers reminded Members of the increased number of days in the Plan for the Main Ledger, Budgetary Control and Bank Reconciliation audit work for 2016/17. The reasons for any increase or reduction in days were now detailed in a justification column which had been added to the report. The total number of audit days for 2016/17 remained the same as for 2015/16. As agreed at the previous meeting, the final Plan would also include audit time associated with the external auditor Section 11 budgetary recommendations.

Regarding the Performance Indicators (PIs) for 2016/17, it was noted that Mr Jones, Independent Member on the Committee, had met with the Internal Audit Manager earlier in the evening to discuss some areas where there might be a possibility of bringing forward more meaningful information to Members. Further discussions were due to take place with the S151 Officer in this regard, details of which would be brought to the Committee over the coming months. Officers would continue to work with the same PIs for the time being whilst developments were being considered.

RESOLVED that

subject to the Officer updates detailed in the preamble above, the Internal Audit Operational Plan 2016/17 be approved.

58. SECTION 11 RECOMMENDATIONS UPDATE

Members were presented with an update on progress against the external auditor Section 11 (S11) recommendations, as noted by the Committee at its January meeting. Officers advised that one meeting of the cross-party monitoring group which had been established in January to monitor the S11 Action Plan had taken place, which had proven to be successful.

Officers updated Members on progress against the S11 recommendations. At this stage the Action Plan was mostly on target. The only outstanding action related to the second recommendation – the need for the Council to develop a comprehensive project plan for the preparation of the accounts – as Officers were currently awaiting a full set of working paper requirements from Grant Thornton in order for the required templates to be compiled. A meeting with the external auditors was to be arranged shortly, the aim of which was to agree the working paper templates. Members requested that where actions were listed on the Action Plan as ongoing an anticipated completion date be given, which Officers agreed to include from the next update report.

Audit, Governance & Standards Committee

Thursday, 21 April 2016

A day's staff training had taken place with a Chartered Institute of Public Finance and Accountancy (CIPFA) consultant to ensure that any issues in the software were eliminated, with another day's training planned for May. Officers were further forward with the accounting arrangements this year. Heads of Service and budget holders had updated Pressures/Savings/Bids forms and budget monitoring processes were being reviewed. A new Financial Planning module was also due to be implemented which would give managers more control and flexibility of their budgets. The detailed Memorandum to Officers setting out the process and requirements for completion of the 2015/16 accounts, as appended to the report, was noted.

Officers provided an explanation of the Risk Log appended to the report, the shaded entries for which had been completed. Since the Log had been produced on 7th April a further four entries had been completed, namely:

- Place Partnership – R&M/Capital invoice;
- Place Partnership – pensions figures;
- System – Aged Debt on AR system; and
- Reconciliations – Stores system.

Officers added that the remaining entries were due for completion within the following 1-2 weeks and that the Finance Team was working extremely hard to ensure that all deadlines within the Action Plan were met. Members expressed their thanks to staff for their hard work.

RESOLVED that

the Section 11 Recommendations Action Plan as appended to the report be noted.

59. CORPORATE GOVERNANCE AND RISK

Members received a report which presented for consideration the draft Corporate Risk Register for 2016/17, and which also updated Members on the Annual Governance Statement 2015/16 and other current Governance issues. The management team had reviewed the draft Register earlier that week and Members were asked to make any proposed changes to this. The Register would then be reviewed by the Committee on a 6-monthly basis.

Officers presented the Risk Register. Members were advised that the first six risks listed had been carried over from the 2015/16

Audit, Governance & Standards Committee

Thursday, 21 April 2016

Register. Additional risks had been included for 2016/17 in relation to the Financial Management arrangements and the potential risk of non-adherence with statutory inspections policies. Also, a risk associated with non-compliance with statutory requirements on health and safety replaced the previous risk of fatalities within provision service. Officers advised that the second Risk –Snap / poorly informed decisions made on savings / cuts – required some slight re-wording to make clear that this related to decisions being made where there was a lack of data/evidence to support such decisions.

Regarding the Non-adherence with Statutory Inspection Policy risk, Officers advised that they had spoken with the Head of Legal Services on this and that risks could arise from a number of issues in relation to the drawing-up of contracts and associated clauses within them. Councillors felt that existing contracts might be an issue and requested that there be a legal review of all relevant contracts, which Officers agreed to update the wording on the Risk Register for. This tied in with the contractor issue raised earlier in the agenda (Minute No. 52 refers).

A Member queried whether the lack of robust financial accounting and monitoring arrangements risk, which was scored a 9 medium Inherent and Residual Risk, should now be scored lower given the work which was being carried out in this area following the Section 11 Recommendations Action Plan and monitoring of progress against the Plan. Officers undertook to review the risk ratings as currently shown on the report to ensure they reflected the position following the controls being in place.

RESOLVED that

- 1) the draft Risk Register be updated in accordance with the comments/actions detailed in the preamble above; and**
- 2) the Annual Governance Statement and other Governance issues detailed in the report be noted.**

60. PORTFOLIO HOLDER UPDATE - QUARTERLY BUDGET MONITORING

The Portfolio Holder for Corporate Management began by reiterating his support for the Section 11 (S11) Recommendations Action Plan following the issued raised by the external auditors, and thanked staff for their efforts in this regard.

Audit, Governance & Standards Committee

Thursday, 21 April 2016

The latest Finance Monitoring report for Quarter 3 of 2015/16 (April to December 2015) had been referred to Executive Committee in March. The position was reassuring with projected savings having been achieved. There was an overall underspend for the period of £303k and further projected savings by the end of the financial year. It was hoped that by the end of the financial year General Fund balances would stand at approximately £2.4m; an increase of £400k on previously budgeted figures.

In light of the Grant Thornton S11 recommendations it was clear that there were some improvements to be made in the budget monitoring processes and arrangements, which Officers were duly addressing in order to ensure that the Council was more resilient in the future. There was a balanced budget for 2016/17 and both Officers and Members would continue to work hard on driving out any system waste.

RESOLVED that

the update be noted.

61. PROPOSED SAVINGS REPORT 2016/17

Members were asked to approve the format of a future report to the Committee for monitoring approved financial savings for 2016/17, which had been recommended as part of the external auditor Section 11 Recommendations.

Officers advised that it was important to capture savings and to start updating Members on these. A draft report template to reflect the revenue savings was appended to the report for Members to consider. Any agreed report template would be taken to each meeting of the Committee from July onwards. Officers explained the process for how the table would be populated and updated throughout the year. For comparison purposes, a request was made for the equivalent overall Strategic Purpose savings for 2015/16 to be included in the report, which Officers agreed to.

RESOLVED that

subject to the addition of a column setting out the 2015/16 savings as detailed in the preamble above, the format of the savings report be approved.

Audit, Governance & Standards Committee

Thursday, 21 April 2016

62. COMMITTEE ACTION LIST AND WORK PROGRAMME

Action List

i) Ref 1 – Statement of Accounts 2014/15 – Inventories

It was noted that Mr Jones, Independent Member, was due to meet with the relevant service managers the following week to discuss inventories.

Action: item to remain on Action List as Mr Jones to report back to Committee at July meeting.

ii) Ref 2 – Treasury Management – Liquidity Risk

Mr Jones stated that he could only see details of borrowing in the response provided by Officers, when he had also requested details of both cash flow forecast and cash flow output, as detailed in the Action List. Officers stated that they had been unsure as to exactly what was required in this regard and agreed to provide the relevant information.

Action: item to remain on Action List until Officers have provided all required information.

iii) Ref 2 – Benchmark borrowing yield

Mr Jones commented that he felt it was a good idea for a benchmark to be provided against other clients and requested that this information be presented to Members, together with the criteria to be met in this regard. Officers advised that they were working with Arlingclose Limited on this and that the Council did not have any investments as at 31st March. There would hopefully be some investments during the next quarter. Officers stated that the requested benchmark data could be reported to Members and that this information would need to be confidential.

Action: item to remain on Action List until Officers have referred benchmark data to Committee.

iv) Ref 4 – Internal Audit – Draft Audit Plan 2016-17

Action: remove from Action List as required action completed.

Audit, Governance & Standards Committee

Thursday, 21 April 2016

v) Ref 5 – Debt Recovery Update – Quarters 1 and 2 2015/16

Whilst it was noted that Officers had emailed Members with the requested write-off data immediately after the last meeting, Mr Jones requested that some context be given to the figures provided. This information should possibly include details of the whole of the Council's debt (for debts over 30 days where no prior agreement/arrangement was in place), together with debt comparisons against similar sized authorities.

Action: item to remain on Action List until Officers have provided additional information.

vi) Ref 6 – Future Reports to Committee / Work Programme updates

Action: remove from Action List as for information only.

Work Programme

Members noted the Statement of Accounts information detailed on the first page of the Work Programme and that, as in recent years, details of the draft accounts would be sent to Committee members once these had been lodged with the external auditors. It was anticipated that Members would receive this information on 3rd July 2016. This would allow Members time to look at these and to raise any queries with Officers prior to approval of the final Statement at the 22nd September meeting. An Officer Briefing on the Statement of Accounts was also scheduled to take place on 8th September to assist with any Member queries in this regard.

RESOLVED that

subject to the comments detailed in the preamble above, the Committee's Action List and Work Programme be noted and the amendments and updates highlighted be agreed.

63. ANNUAL REVIEW OF THE OPERATION OF THE COMMITTEE AND THE COMMITTEE'S TERMS OF REFERENCE AND PROCEDURE RULES

Members were asked to review the operation of the Audit, Governance and Standards Committee during the 2015/16 Municipal Year to date, and to review the Committee's Terms of Reference and Procedure Rules.

Audit, Governance & Standards

Committee

Thursday, 21 April 2016

The Chair thanked Members and Officers for their input into the Committee, in particular Finance Officers for their hard work over the preceding year. Thanks was also expressed to Mr Jones, Independent Members and Lead Risk Member on the Committee, for his proactiveness in role.

No comments or suggestions were made by the Committee in relation to the workings of the Committee, the Committee's Terms of Reference or the Committee's Procedure Rules.

RESOLVED that

the position be noted.

64. CALENDAR OF MEETINGS 2016/17

Members noted the agreed meeting dates for the 2016/17 Municipal Year.

RESOLVED that

the meeting dates be noted.

The Meeting commenced at 7.00 pm
and closed at 8.45 pm

.....
Chair

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

7th July 2016

MONITORING OFFICER'S REPORT – STANDARDS REGIME

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management
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
Non-Key Decision	

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, Governance and Standards Committee since the last meeting of the Committee on 21st April 2016.
- 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 will be reported orally by Officers at the meeting.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that

- 1) subject to Members' comments, the report be noted; and**
- 2) the membership of the Hearings Sub-Committees, as detailed at paragraph 3.10 of this report, be agreed.**

3. KEY ISSUES

Financial Implications

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

Legal Implications

- 3.2 The Localism Act became law on 15th November 2011. Chapter 7 of Part 1 of the Localism Act 2011 introduced a new standards regime effective from 1st July 2012. The Act places a requirement on authorities to promote and

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

7th July 2016

maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a district or parish councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such allegations can be made. The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 were laid before Parliament on 8th June 2012 and also came into force on 1st July 2012

Service / Operational Implications

Member Complaints

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

Member Training

- 3.4 Since the beginning of the new municipal year Planning Committee training has taken place. The training, which was delivered by Trevor Roberts Associates, was hosted by Redditch Borough Council and included Member attendees from Redditch, Bromsgrove and Stratford-on-Avon Councils. The training comprised two evening sessions: 'A Short Briefing on Planning for Councillors' and 'The Role of Councillors in Planning: Propriety and Good Practice'. The training set out the scope and context of the planning system, including the associated policy and legal frameworks, together with the different roles that councillors play in the planning process and the potential conflicts between these roles. The training was very well received with positive feedback from both Members and Officers.
- 3.5 Training sessions have also been held on data protection, with a further date arranged for October, and safeguarding and prevent. There have also been briefing sessions open to all Members, hosted by the Planning Advisory Panel, about the local plan as it enters the next stage of decision-making, following receipt of the Inspector's modifications.
- 3.6 Future training plans include chairing skills and finance. The external auditors will also be running a training event, date to be arranged, on important governance issues. This will be similar to an event hosted at Wychavon District Council last year and will be open to other authorities to attend.
- 3.7 General (non-mandatory) training for the Audit, Standards and Governance Committee will take place immediately prior to this evening's meeting. The

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

7th July 2016

training is aimed to support members of the Committee and any Members who may wish to sit as substitutes on the Committee. The training will outline the role of the Committee and what types of reports the Committee will consider from a Standards, Finance (s151 Officer) and Internal Audit perspective. Separate quasi-judicial training is required for the conduct of any standards hearings (none required since the introduction of the current standards regime in July 2012), which will be arranged as and when required.

Hearings Sub-Committees

- 3.8 As part of the Council's Arrangements for Managing Standards Complaints under the Localism Act 2011 Hearings Sub-Committees exist, the membership of which needs to be agreed annually by the Committee should a complaint reach hearing stage.
- 3.9 As previously agreed, the chairing of the Hearings Sub-Committees will vary according to the circumstances of the Hearing (Labour Chair for a hearing about a Conservative Member and Conservative Chair for a hearing about a Labour Member).
- 3.10 The parent Committee of the Hearings Sub-Committees – previously the Standards Committee and now the Audit, Governance and Standards Committee – establishes membership of the Sub-Committees. Based on the same formula which was previously applied the proposed Sub-Committee memberships are set out below, which Members are asked to approve.

Hearings Sub-Committee 1

Cllr Thain (Chair), Cllr Brookes and Cllr Shurmer.

Hearings Sub-Committee 2

Cllr Witherspoon (Chair), Cllr Chalk and Cllr Baker-Price.

Hearings Sub-Committee 3

Cllr Potter (Chair), Cllr R Smith and Cllr Fry.

Customer / Equalities and Diversity Implications

- 3.11 There are no direct implications arising out of this report. Any process for managing standards of behaviour for elected and co-opted councillors must be accessible to the public. Details of the Member complaints process are

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

7th July 2016

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.

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

AUTHOR OF REPORT

Name: Debbie Parker-Jones

Email: d.parkerjones@bromsgroveandredditch.gov.uk

Tel: 01527 881411

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

7th July 2016

LOCALISM ACT 2011 – STANDARDS REGIME – DISPENSATIONS

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management
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
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To re-grant two previously granted general dispensations; and
- 1.2 To note the position in relation to a number of previously granted general dispensations which are no longer required.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that

1) the previously granted general dispensations in relation to:

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

be re-granted under section 33 (2) of the Localism Act 2011, to allow Members to participate in and vote at Council and committee meetings when considering these matters;

- 2) the position, as detailed at paragraph 3.13 of the report, in relation to the previously granted general dispensations for the setting of the Budget, Council Tax, Council Rents and Members' Allowances, which the County Monitoring Officers' Group has determined are no longer required, be noted;
- 3) it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

7th July 2016

matter under consideration, which would otherwise preclude such participation and voting; and

- 4) it be noted that any re-granted dispensations will remain valid until the first meeting of the Audit, Governance and Standards Committee following the next Borough Council Elections in 2018.

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

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

**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE**7th July 2016

- (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without them dispensation each member of the authority's executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority's executive, or
 - (e) considers that it is otherwise appropriate to grant a dispensation."
- 3.8 The consideration of whether to grant a dispensation under s33 was previously delegated to the former Standards Committee. This function subsequently transferred to the newly established Audit, Governance and Standards Committee. All dispensations granted are valid until the first meeting of the Standards/Audit, Governance and Standards Committee following the next applicable Borough Council elections.
- 3.9 On 12th December 2012 (following the introduction of the new standards regime under the Localism Act 2011) the Standards Committee resolved to grant, subject to receipt of the required written request from Members, general dispensations for the setting of the Council Tax, Council Rents and Members' Allowances, and also for Members' speaking rights (i.e. those Members with a DPI who would otherwise be prevented from addressing Council and committees in circumstances where a member of the public may elect to speak).
- 3.10 On 24th October 2013 the Standards Committee granted an additional general dispensation for when Members considered the setting of the Budget.
- 3.11 On 3 July 2014 the Audit, Governance and Standards Committee re-granted the dispensations referred to at 3.9 and 3.10 above. The Committee and also granted an additional dispensation in relation to the consideration of the Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance.
- 3.12 On 2nd July 2015, the Audit, Governance and Standards Committee again re-granted the above dispensations, together with a revised dispensation for when Members might need to consider the adoption of any new or updated Non-Domestic Rates – Discretionary Rate Relief Policy Guidance affecting properties within the District.
- 3.13 In late 2015 the County Monitoring Officers' Group determined that it was no longer necessary for Members to seek/be granted dispensations in relation to the setting of the Budget, Council Tax, Council Rents or Members' Allowances. As such, the general dispensations previously granted by the Committee in respect of those functions are no longer applicable. It should be noted however that under Section 106 of the Local Government Finance Act 1992 there is a caveat that any Member who is 2 months (or more) in arrears with their Council Tax payments cannot participate in any Council meeting concerning the budget. In the event that any Members are affected by the provisions of section 106, the statutory rule that they be barred from taking part in the budget decisions would prevail.

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

7th July 2016

- 3.15 As such, of the general dispensations previously granted, only those dispensations relating to public speaking rights and Non-Domestic Rates – Discretionary Rate Relief Policy now remain relevant/in force. Members are therefore asked to re-grant these two categories of dispensation only, and as there are no local elections taking place in 2017, to grant these dispensations until the first meeting of the Committee following the 2018 Borough elections.
- 3.16 It should be noted that any dispensations approved by the Committee only take effect on receipt of a written request from Members for a specific dispensation to be granted. As such, Members must ensure that they submit a written request for dispensation to the Monitoring whenever they are aware that any relevant business is due to be discussed/debated at meetings, in order for the required dispensation to then be applied.

Customer / Equalities and Diversity Implications

- 3.17 None.

4. RISK MANAGEMENT

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

5. APPENDICES

None.

6. BACKGROUND PAPERS

- Section 33 of the Localism Act 2011.
- Section 106 of the Local Government Finance Act 1992.
- Various reports to the former Standards Committee and Audit, Governance and Standards Committee, as detailed in the report.

AUTHOR OF REPORT

Name: Debbie Parker-Jones

Email: d.parkerjones@bromsgroveandredditch.gov.uk

Tel: 01527 881411

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE 7TH JULY 2016

GRANT THORNTON UPDATE – JULY 2016

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

1. SUMMARY OF PROPOSALS

- 1.1 To update members on Grant Thornton progress on the Audit and on general issues and developments that may impact on the Council in the future.

2. RECOMMENDATIONS

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

3. KEY ISSUES

Financial Implications

- 3.1 There are no financial implications

Legal Implications

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

Service / Operational Implications

- 3.3 The report attached at Appendix 1 updates Members on the progress on work undertaken by Grant Thornton since the last Committee meeting. There are no concerns raised by the auditors in their initial work. In addition the appendix includes updates on Grant Thornton Publications in relation to issues that are relevant to Local Government at the current time.
- 3.4 These include
- Joint Venture Companies
 - Audit Committee reviews
 - Fighting Fraud

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE 7TH JULY 2016

- 3.5 Officers are continuing to work with the auditors to ensure the Council meets its statutory financial obligations.

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 – May 2016 Grant Thornton Report

6. BACKGROUND PAPERS

7. KEY

N/a

AUTHOR OF REPORT

Name: Jayne Pickering
E Mail: j.pickering@bromsgrove&redditch.gov.uk
Tel: 01527-881207

Audit, Governance and Standards Committee Progress Report and Update Year ended 31 March 2016

June 2016

Richard Percival

Associate Director

T 0121 232 5434

E richard,d,percival@uk.gt.com

Suzanne Joberns

Manager

T 0121 232 5320

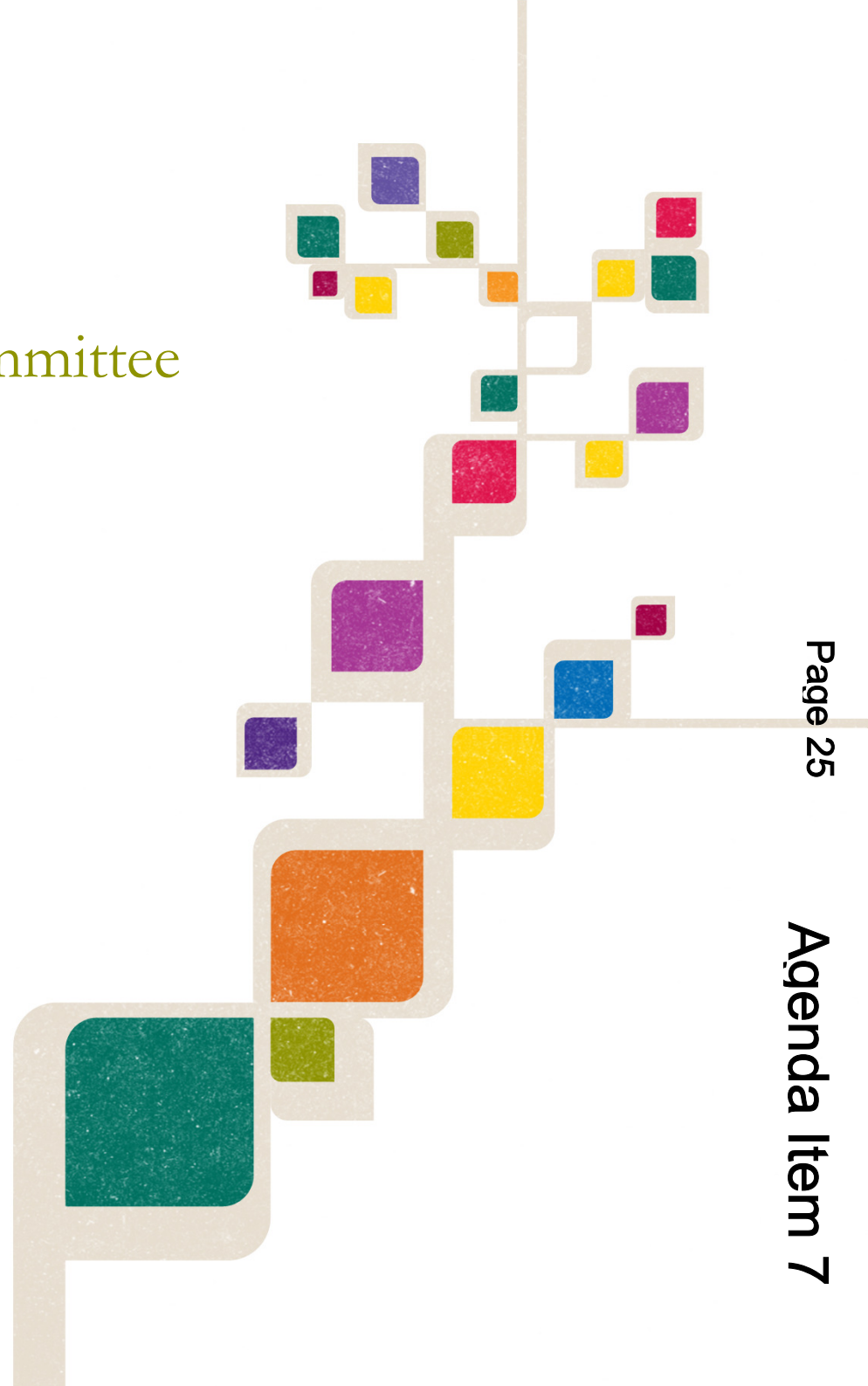
E suzanne.joberns@uk.gt.com

Kate Kenderdine

Executive

T 0121 232 5316

E kathryn.a.kenderdine@uk.gt.com



Introduction

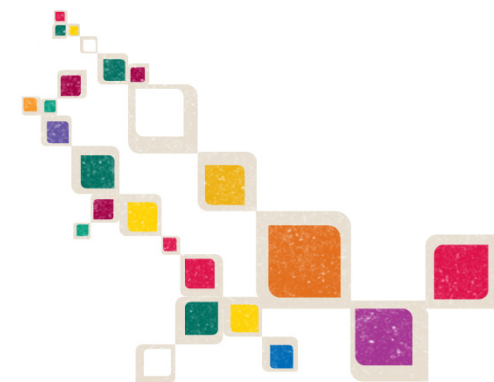
This paper provides the Audit, Governance and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Committee can find further useful material on our website www.grantthornton.co.uk, where we have a section dedicated to our work in the public sector.

Here you can download copies of our publications including:

- Better Together: Building a successful joint venture company;
<http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>
- Knowing the Ropes – Audit Committee; Effectiveness Review ;
www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/
- Making devolution work: A practical guide for local leaders (October 2015)
www.grantthornton.co.uk/en/insights/making-devolution-work/

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



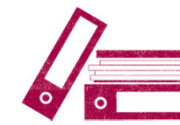
Progress at 25 May 2016



Progress against plan
On track



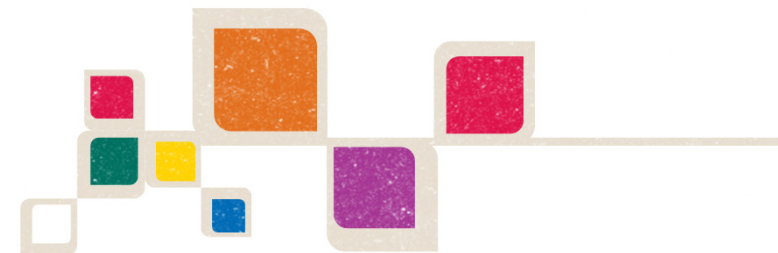
Opinion and VfM conclusion
Plan to give before deadline of
30 September 2016



Outputs delivered
Fee letter, Progress Reports, delivered
to plan

2015/16 work	Completed	Comments
Fee Letter We issued the 'Planned fee letter for 2015/16 in April 2015.	April 2015	We have also recently issued the fee letter for 2016/17, with no change to the fee proposed. This is reported to this meeting of the Committee.
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements. We also inform you of any subsequent changes to our audit approach.	March 2016	This was presented to the Committee in April 2016. Our risk assessment is an on-going process and following further guidance we have identified a new significant risk, which is detailed on page 5.
Interim accounts audit Our interim fieldwork visit includes: <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing 	April 2016	We have completed our second interim visit which included early testing of payroll, operating expenditure, housing benefits expenditure and grant and other income. Our findings will be reported in September. We have had regular meetings and correspondence with officer to resolve accounting issues and queries, including the treatment of the disposal of Threadneedle House and accounting for PPL.

Progress at 13 May 2016



2015/16 work	Completed	Comments
<p>Final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> Audit of the 2015-16 financial statements proposed opinion on the Council's accounts 	<p><i>Planned for July - August</i></p>	<p>We are planning to complete our audit by 31st August as part of the transition to the earlier closedown and audit cycle that is required from 2018.</p> <p>To help the Council prepare appropriate evidence to support the financial statements, we have provided a schedule of the working papers that we expect and discussed the implications of emerging accounting matters with finance staff.</p>
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work has changed and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "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".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> Informed decision making Sustainable resource deployment Working with partners and other third parties 	<p><i>Field work in March – July , formal conclusion reported by 30 September 2016</i></p>	<p>This was presented to the Committee in April 2016.</p> <p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report.</p> <p>We will include our conclusion as part of our report on your financial statements which we will give by 30 September 2016.</p>
<p>Other activities</p> <p>We provide a range of workshops, along with network events for members and publications to support the Council.</p>	<p>February 2016</p> <p>Ongoing</p>	<p>We have provided a local workshop covering changes to accounting standards and the Code of Practice, and emerging issues and future developments, to support officers involved in the preparation of the Financial Statements.</p> <p>Further details of the publications that may be of interest to the Council are set out from page 6..</p>

Significant risks identified

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315). In this section we outline the significant risks of material misstatement which we have identified. As part of our on-going risk assessment processes we have identified a new significant risk

Significant risk	Description	Substantive audit procedures
Valuation of pension fund net liability	The Council's pension fund asset and liability as reflected in its balance sheet represent significant estimates in the financial statements.	<p>Work planned:</p> <ul style="list-style-type: none"> We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out. We will undertake procedures to confirm the reasonableness of the actuarial assumptions made. We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

Publications



Better Together: Building a successful joint venture company

Local government is evolving as it looks for ways to protect front-line services. These changes are picking up pace as more councils introduce alternative delivery models to generate additional income and savings.

'Better together' is the next report in our series looking at alternative delivery models and focuses on the key areas to consider when deciding to set up a joint venture (JV), setting it up and making it successful.

JVs have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges.

Key findings from the report:

- JVs continue to be a viable option – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- There is reason to be cautious – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- There is a new breed of JVs between public sector bodies – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture.

Our report, Better Together: Building a successful joint venture company, can be downloaded from our website: <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>

Grant Thornton reports



ALTERNATIVE SERVICE DELIVERY MODELS IN LOCAL GOVERNMENT

Better together
Building a successful
joint venture company



Knowing the Ropes – Audit Committee Effectiveness Review

We have published our first cross-sector review of Audit Committee effectiveness encompassing the corporate, not for profit and public sectors.

It provides insight into the ways in which audit committees can create an effective role within an organisation's governance structure and understand how they are perceived more widely. The report is structured into four key issues:

- What is the status of the audit committee within the organisation?
- How should the audit committee be organised and operated?
- What skills and qualities are required in the audit committee members?
- How should the effectiveness of the audit committee be evaluated?

The detailed report is available here

<http://www.grantthornton.co.uk/en/insights/knowning-the-ropes--audit-committee-effectiveness-review-2015/>

Grant Thornton reports



Fighting Fraud and Corruption Locally

CIPFA publication

Fighting Fraud and Corruption Locally is a strategy for English local authorities that is the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape .

This strategy is the result of an intensive period of research, surveys, face-to-face meetings and workshops. Local authorities have spoken openly about risks, barriers and what they feel is required to help them improve and continue the fight against fraud and to tackle corruption locally.

Local authorities face a significant fraud challenge. Fraud costs local authorities an estimated £2.1bn a year. In addition to the scale of losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities will need to work with new agencies in a new national counter fraud landscape.

The strategy:

- calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment
- illustrates the financial benefits that can accrue from fighting fraud more effectively
- calls upon central government to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers to improvement
- updates and builds upon Fighting Fraud Locally 2011 in the light of developments such as The Serious and Organised Crime Strategy and the first UK Anti-Corruption Plan
- sets out a new strategic approach that is designed to feed into other areas of counter fraud and corruption work and support and strengthen the ability of the wider public sector to protect itself from the harm that fraud can cause.

The strategy can be downloaded from

<http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>





© 2016 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

grantthornton.co.uk

GRT102468

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

7th July 2016

INTERNAL AUDIT - ANNUAL REPORT 2015/16

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sam Morgan ~ Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present:

- the Internal Audit Annual Report for 2015/16; and,
- the 2015/16 Worcestershire Internal Audit Shared Services Manager's annual opinion on the overall adequacy of the Council's internal control environment (Appendix 3)

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 This report provides an overview of the utilisation of Internal Audit resources during 2015/16.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

7th July 2016

- 3.4 Appendix 1 shows during 2015/2016 there were 399 productive audit days used against a budget of 400. This equates to a delivery of 99% of the audit plan.
- 3.5 Appendix 2 provides a breakdown of the audits completed and the overall assurance.
- 3.6 The Worcestershire Internal Audit Shared Service has achieved and delivered the 2015/2016 audit plan with some minor revisions.
- 3.7 For 2015/16 the Annual Audit Plan was approved by the Audit, Governance and Standards Committee on 23rd April 2015. The Internal Audit Plan 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, CCTV, Leisure Consumables, Equipment and Goods and Resale, Stores Intervention, Account Reconciliations, Leisure Cash Receipting and Banking were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.
- 3.8 In accordance with best practice the plan is subject to review each year to ensure that identified changes, for example, external influences, risk assessment, process re-engineering and transformation are taken into consideration within the annual plan.
- 3.9 The purpose of the 2015/16 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:
- Internal Audit assisted the Authority in meeting its objectives by reviewing the high risk areas, systems and processes,
 - The audit plan delivery was monitored, appropriate action taken and performance reports issued on a regular basis,
 - The key financial systems are reviewed annually, enabling the Authority's external auditors to place reliance on the work completed by Internal Audit,
 - An opinion can be formed on the adequacy of the Authority's system of internal control (reported in Appendix 3), which feeds into the Annual Governance Statement which is presented with the statement of accounts.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

7th July 2016

- 3.10 2015/16 was a very demanding year for the Internal Audit team with the resignation of an Auditor in April followed by another in November, a Lead Auditor in September, and, two substantial investigations at Partner sites. WIASS has carefully managed its resource and worked with partners to deliver a full audit programme for Redditch Borough Council for 2015/16.

Quality Measures

- 3.11 Managers are asked to provide feedback on systems audits 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 along with anecdotal evidence during the year shows a very high satisfaction with the audit product – see Appendix 2.
- 3.12 To further assist the Committee with their assurance of the overall delivery the Worcestershire Internal Audit Shared Service conforms to Public Sector Internal Audit Standards 2013.
- 3.13 During 2015/16 (and up to the drafting of this report) 19 final audit reports, 2 draft reports have been issued with 2 remaining review nearing completion, and, a substantial and lengthy investigation was also undertaken. Summaries of the audit reports, plus the Auditors opinion on the effectiveness of the controls operating within those areas and an action plan containing recommendations to address the identified control weakness, have either been reported to the Audit, Governance and Standards Committee on an on going basis throughout the year or will be reported on finalisation.
- 3.14 Based on the audits performed in accordance with the audit plan the Worcestershire Internal Audit Shared Services Manager has concluded that the internal control arrangements during 2015/16 effectively managed the principal risks identified in the audit plan.
- 3.15 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, Governance and Standards Committee.
- 3.16 Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. All staff work to a given methodology and have access to the internal audit manual and Charter which is reviewed regularly.
- 3.17 The shared service management board, the Client Officer Group, meet on a regular basis and consider the performance of the Shared Service

**AUDIT, GOVERNANCE & STANDARDS
COMMITTEE**7th July 2016

including progress against the Service Plan, and, actively promote continuous improvement.

- 3.18 Risk Management and Performance Management Framework featured as part of the original audit programme for the year but it was decided to defer Risk Management until Q1 of 2016/17 and postpone the Performance Management Framework audit.
- 3.19 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.
- 3.20 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. The amount of fraudulent activity identified by the 2014/15 exercise as at the 19th May 2016 for Redditch Borough Council was circa £8039. This is a biennial exercise. The last significant data extract was during 2014/15 with a smaller data extract taking place during 2015/16. Work continues in regard to both data extracts.
- 3.21 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 seek to place reliance on such work thus reducing the internal audit coverage as required

**Annual Governance Statement ~ Assurance Checklist Statements
2015/16**

- 3.22 It is the responsibility of management to maintain the Authority's internal control framework and ensure that controls are being complied with.
- 3.23 In order to ascertain management's view on this and in order to identify any areas where current or emerging risks in relation to internal controls may exist all Fourth Tier Managers were asked to complete an internal control checklist covering Strategic and Operational, Human Resources, Corporate Procedure Documents, Service Specific Procedures, Risk Management and Anti Fraud, Performance Management and Data Quality, Inventories and independent recommendations from outside bodies including audit.
- 3.24 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

**AUDIT, GOVERNANCE & STANDARDS
COMMITTEE**7th July 2016

confirming that those controls were operating effectively except where reported otherwise.

- 3.25 All of the Annual Governance Statement Assurance Checklist Statements have been returned. Review of the returned statements indicates that although work continues to strengthen some control requirements they did not identify any areas that present a significant and material risk.

Work of interest to the External Auditor

- 3.26 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 results of the work that we perform on eight systems audits will be of direct interest to External Audit. Audit reports are passed to the external auditor on request for their information.

External Work

- 3.27 The work to deliver the Hereford and Worcester Fire and Rescue Service internal audit contract was predominantly completed during 2015/16 with only management responses awaited in order to finalise three audits. Threadneedle House in Redditch was delivered for the final time during 2015/16 along with the Bus Operators Grant which was also audited during the year for grant claim purposes. Internal Audit was able to advise there were no material mis-statements contained in the Threadneedle House accounts or grant claims. There is no further requirement to audit the Threadneedle House accounts due to the sale of the building.

Anti-Fraud and Corruption Survey.

- 3.27 The anti fraud and corruption survey will be completed by Internal Audit and submitted to The European Institute for Combatting Corruption and Fraud (TEICCAF) at the end of August 2016 in respect of financial year 2015/16. The survey will examine several key anti fraud measures that exist within the Council and report on them.

Follow Up Work

- 3.28 An on going programme of 'follow up' in regard to the implementation of audit report recommendations continued during 2015/16. The

**AUDIT, GOVERNANCE & STANDARDS
COMMITTEE**7th July 2016

outcome of the 'follow up' work is reported to the Committee on an exception basis as part of the progress reports. During 2015/16 there have been no exceptions to report in regard to follow up audit work. The 'follow up' audit work undertaken during 2015/16 has been reported in Appendix 2.

Customer / Equalities and Diversity Implications

3.29 There are no implications arising out of this report.

4. RISK MANAGEMENT

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

- Non-compliance with statutory requirements

5. APPENDICES

Appendix 1	Delivery against plan 2015/16
Appendix 2	Audits completed with Assurance 2015/16
Appendix 3	Head of Internal Audit Shared Service Audit Opinion and Commentary

6. BACKGROUND PAPERS

None

7. KEY

N/a

AUTHOR OF REPORT

Name:	Andy Bromage Head of Internal Audit Shared Service
Tel:	01905 722051
E Mail:	andy.bromage@worcester.gov.uk

**AUDIT, GOVERNANCE & STANDARDS
COMMITTEE**7th July 2016**APPENDIX 1****Delivery against Internal Audit Plan for 2015/16**
1st April 2015 to 31st March 2016

Audit Area	2015/16 Days Used	2015/16 Plan Days
Core Financial Systems (Note 1)	86	94
Corporate Audits(Note 2)	69	60
Other Systems Audits(Note 3)	200	192
TOTAL	355	346
Audit Management Meetings	18	20
Corporate Meetings / Reading	6	9
Annual Plans and Reports	11	12
Audit Committee support	9	13
Other chargeable	0	0
TOTAL	44	54
GRAND TOTAL	399	400

Note 1

Core Financial Systems are audited in quarters 3 and 4 in order to maximise the assurance provided for the Annual Governance Statement and Statement of Accounts. Due to an accumulation of small budget savings against several of the audit areas a small underspend has been reported.

Note 2

'Corporate Audits' include budgets that are used throughout the year (e.g. follow up, consultancy) as well as those budgets which are used for specific events (e.g. investigations) on a draw down basis. Due to a substantial investigation requirement budgets were used in two areas resulting in a small overspend in both 'Corporate Audits' and 'Other Systems Audits'.

**AUDIT, GOVERNANCE & STANDARDS
COMMITTEE**7th July 2016**Key Performance Indicators (KPIs) for 01st April 2015 to 31st March 2016.**

The success or otherwise of the Internal Audit Shared Service can be measured against some of the following key performance indicators for 2015/16 (i.e. KPI 3 to 6). Other key performance indicators (i.e. 1 and 2) link to overall governance requirements of Redditch Borough Council.

	KPI	Trend requirement	2013/14 Year End Position	2014/15 Year End Position	2015/16 Year End Position	Frequency of Reporting
1	**No. of high priority recommendations	Downward	21	3	*7	Quarterly
2	No. of moderate or below assurances	Downward	12	9	7	Quarterly
3	No. of customers who assess the service as excellent	Upward	5 (8 returns; 5 excellent and 3 good)	4 (7 returns; 4 excellent and 3 good)	1 (2 returns; 1 excellent & 1 good)	Quarterly
4	No. of audits achieved during the year	Per target	Target = 29 Delivered = 29 Reports	Target = 24 (minimum) Delivered = 29 Reports	Target = 16 (minimum) Delivered = 23 (including 2 at draft stage and 2 nearing completion)	Quarterly
5	Percentage of plan delivered	100% of the agreed annual plan	N/A	N/A	99%	Quarterly
6	Service Productivity	Positive direction year on year (Annual target 74%)	N/A	N/A	81%	Quarterly

Note: ** Although this indicator can be used as a year on year trend indicator it must be remembered that different audit areas are examined each year and depending on particular outturns this figure can fluctuate.

*The 'high' priority recommendations related to a Corporate requirement, Leisure Cash Receipting and Agency and Consultancy. A further three 'high' priority recommendations relate to System Administration and Website Security but these audits remain in draft therefore are to be confirmed.

WIASS operates within and seeks to conform to the Public Sector Internal Audit Standards.

**AUDIT, GOVERNANCE & STANDARDS
COMMITTEE**7th July 2016**Appendix 2****Audit Opinion Analysis ~****Audits completed during financial year 2015/2016:**

Audit Report / Title 2015 - 2016	Final Report Issued	Assurance Level
Members Allowances	2 nd October 2015	Significant
Treasury Management	4 th December 2015	Significant
Safeguarding	4 th February 2016	Significant
Benefits	21 st March 2016	Significant
Main Ledger	8 th June 2016	Significant
Creditors	8 th June 2016	Significant
Council Tax	10 th March 2016	Significant
NNDR	10 th March 2016	Significant
Stores Intervention	18 th January 2016	Critical Review
CCTV	31 st March 2016	Critical Review
Account Reconciliations	31 st March 2016	Critical Review
s106 Planning Obligations	8 th April 2016	Critical Review
Leisure Consumables, Equipment and Goods and Resale	4 th January 2016	Critical Review
Leisure Cash Receipting and Banking	9 th February 2016	Moderate
Corporate Governance – Annual Governance Statement	22 nd February 2016	Moderate
Debtors	29 th April 2016	Moderate
Housing Right To Buy	8 th June 2016	Moderate
Consultancy and Agency	13 th June 2016	Limited
Payroll	Working towards clearance	TBC
Environmental	At Clearance	Critical Review
Shared Service		
ICT: System Administration	10 th March 2016 (D)	Moderate
Website Security	3 rd February 2016 (D)	Moderate
Worcestershire Regulatory Services	6 th June 2016	Critical Review
Note: (D) denotes audit is currently in draft but unlikely the assurance level will change.		
Follow Up		
ICT 2013/14	April 2016	All implemented
Corporate Fraud 2013/14	March 2016	4 implemented, 2 in progress awaiting sign off of draft procedures.
Data Security, Publication and Disposal 2014/15	November 2015	All implemented
ICT 2014/15	April 2016	All implemented
Cash Receipting 2014/15	December 2015	1 implemented, 1 remains to be actioned re. PCIDSS certification.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

7th July 2016

Reddicard Concessions 2014/15	January 2016	1 implemented, 1 remains in progress re. independent checks of fees and charges up loaded to the system.
DFG's & HRA Grants 2014/15	March 2016	1 remains in progress re. cleansing of the DFG files. To be completed by September 2016.
Rent Arrears 2014/15	April 2016	1 remains in progress re. updating of procedural guidance but restructuring has to take place first. To be completed by December 2016
Procurement 2014/15	April 2016	1 implemented, 2 remain in progress re. updating of the procurement strategy, guidance documents and training. To be completed by October 2016.
Forge Mill 2014/15	April 2016	6 implemented, 1 remains in progress re. inventory. To be completed by September 2016
Corporate Governance 2014/15	April 2016	1 remains in progress re. Members Annual Report. To be completed by August 2016.
All core financials		

Summary of 2015/16 Audit Assurance Levels.

2015/16	Number of Audits	Assurance	Overall % (Rounded)
From 23 audits (including those at draft stage)	0	Full	0%
	8	Significant	35%
	6	Moderate	26%
	1	Limited	4%
	0	No	0%
	1	To be confirmed	4%
	7	Critical Review	31%

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

7th July 2016

Client Feedback Analysis ~ IA Reporting

Feedback is sought after the issue of the final audit report either verbally or via a feedback questionnaire. The feedback is used to assess the effectiveness of internal audit and to help improve and enhance the internal audit function. Feedback during the 2015/16 financial year indicated that of those who responded:

- The Managers were happy with the process and format of the reviews. This continues to be further developed.
- Two Managers commented, “The recommendations in the review will support me trying to improve and change the service, especially in discussions with councillors” and, “High quality information and supportive in all aspects”.
- Anecdotal evidence also indicates there is a high satisfaction rate with the audit product.

Of the questionnaires issued; 1 returned as ‘excellent’ and 1 as ‘good’.

Overall Conclusions:

- 92% of the audits undertaken for 2015/16 which have received an assurance allocated returned an assurance of ‘moderate’ or above. This figure is inclusive of the critical review audits due to their nature but not the ‘TBC’ review.
- Clients are satisfied with the audit process and service from the data received.

**AUDIT, GOVERNANCE & STANDARDS
COMMITTEE**7th July 2016**Appendix 3****Worcestershire Internal Audit Shared Services Manager's Opinion on the Effectiveness of the System of Internal Control at Redditch Borough Council (the Council) for the Year Ended 31st March 2016.****1. Audit Opinion**

- 1.1 The internal audit of Redditch Borough Council's systems and operations during 2015/16 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit, Governance and Standards Committee on 23rd April 2015.
- 1.2 The Internal Audit function was set up as a shared service in 2010/11 and hosted by Worcester City, for 5 district councils. The shared service operates within, and conforms to, 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 2015/2016 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, Right to Buy, Stores Intervention, Leisure Consumables, Equipment and Goods and Resale were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.
- 1.4 The required audit reports identified in the plan and any revision thereto were delivered and have helped to provide sufficient coverage for the Service Manager to form an overall audit opinion.
- 1.5 In relation to the twenty three reviews that have been undertaken, nineteen have been finalised, two are at draft report stage and two are nearing completion. Risk management requires further

**AUDIT, GOVERNANCE & STANDARDS
COMMITTEE**7th July 2016

development and embedding in order to move towards a trustworthy system which can be relied upon. Further work is required to embed this throughout the organisation with the outcomes being monitored by the Risk Management Group. An area which returned an assurance level of 'limited' was Consultancy and Agency procurement. A clear management action has been formulated to address the issues identified in order to mitigate any risk. Where audits are to be finalised a comprehensive management action plan will be required and agreed by the s151 Officer. Furthermore during the year there was a significant investigation undertaken in regards to a third party and their ability to deliver a service based on an agreed contract. Although Internal Audit has not been able to finalise the Payroll audit for 2015/16 at the time this opinion was written it is evident that due to the nature of Payroll the business continuity may be challenged due to the lack of consistency in regard to the Payroll Managers position. However, the management team have agreed to recruit to the post with immediate effect and an interim manager has been sourced to ensure the payroll service can be delivered effectively.

- 1.6 Worcester Regulatory Services (WRS) are introducing a new charging protocol for partners which will be determined by utilising a time recording module in their current system. This brings with it a certain risk but ongoing trials are seeing a vast improvement in captured data and it appears to be moving forward in a positive way. One key area of risk during the year was the late delivery of the finalised accounts for the previous year and the implications this had with a Section 11 being imposed by External Audit. However, the accounts were signed off and there has been a determination by the Finance team to ensure that this is not repeated. Regular reports have been taken before the Internal Audit Committee appraising it of progress made in regard to the 2015/16 final account process along with progress in regard to the Section 11 notice.
- 1.7 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. No areas of significant risk have been identified. Any concerns raised by managers will be assessed and addressed by the Corporate Management Team.

**AUDIT, GOVERNANCE & STANDARDS
COMMITTEE**7th July 2016

- 1.8 The majority of the completed audits have been allocated an audit assurance of either 'moderate' or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified during a time of significant transformation and change.
- 1.9 WIASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance based on the audits performed in accordance with the approved plan and the scoping therein. Based on the audits performed in accordance with the approved plan, the Head of Internal Audit Shared Service has concluded that the internal control arrangements during 2015/16 effectively managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council's corporate objectives have been met. However, there remains a significant risk which could jeopardise this in the future. With the austerity measures set to continue the need to reduce the overall Corporate budget and work towards a balanced budget beyond 2016/17 will be critical to create better transparency, expectation and accountability in order to ensure the Borough can continue to work towards a sound financial footing.

Andy Bromage**Worcestershire Internal Audit Shared Services Manager**

June 2016

AUDIT GOVERNANCE & STANDARDS COMMITTEE

7th July 2016

SECTION 11 RECOMMENDATIONS UPDATE

Relevant Portfolio Holder	Cllr. John Fisher
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 Committee with an update of the progress following the Section 11 recommendations from the External Auditors, Grant Thornton.

2. RECOMMENDATIONS

The Committee is asked to **NOTE** the Action Plan as detailed at Appendix 1.

3. KEY ISSUES

Financial Implications

- 3.1 There are no specific implications to this report.

Legal Implications

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

Service/Operational Implications

- 3.3 An unqualified opinion was given for the 2014/15 financial accounts and a qualified opinion on the Value for Money Judgement on 16th December 2015 for the financial year 2014/15. A number of recommendations in relation to improvements in the accounts and the budgetary control of the Council were made within a S11 Notice to ensure that the Council took appropriate action to address the issues identified. Progress has been discussed at the cross party monitoring group together with reports to the last Committee meeting. This report updates Members on the current position.

AUDIT GOVERNANCE & STANDARDS COMMITTEE

7th July 2016

- 3.4 Appendix 1 details the action plan as at 20th June 2016. This shows there are no areas of concern in the preparation and the submission of the Statement of Accounts is expected to be by 30th June, the statutory deadline. Officers will update Members at Committee in relation to meeting this deadline.
- 3.5 The final accounts timetable has been delivered with quality checks being made by senior officers within the team. Liaison with officers from CIPFA (Chartered Institute of Public Finance and Accountancy) has ensured that the template for submission is completed accurately and our officers have been complimented by CIPFA on their use of the new model.
- 3.6 There have been weekly meetings with the team to ensure issues are addressed and there is to be a 'lessons learned' workshop to identify any areas for future improvements.
- 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.

5. APPENDICES

Appendix 1 - S11 Action Plan

AUTHOR OF REPORT

Name: Sam Morgan - Financial Services Manager
E Mail: sam.morgan@bromsgroveandredditchbc.gov.uk
Tel: (01527) 64252 ext. 3790

Redditch Borough Council

As part of the audit of our Final Accounts 2014/15, our auditors, Grant Thornton, issued a number of recommendations as per s11 Audit Commission Act 1998. This is our response:

Update as at 20th June 2016

Recommendation	Action	Owner	Deadline
1 The Council should put in place robust arrangements for the production of 2015/16 financial statements, which meet statutory requirements and international financial reporting standards. In order to achieve this, the Council should: -ensure sufficient resources and specialist skills are available to support the accounts production -introduce appropriate project management skills to the production of the financial statements	External support (via procurement tender) will be appointed.	Financial Services Manager	complete
	A detailed Final Accounts closedown and production timetable will be compiled, monitored by weekly s151 officer meetings. Slippage to be escalated, explained and immediate actions implemented to rectify.	Technical Accountant	complete
	An assessment of the level of external support required will be carried out and communicated to provider.	Financial Services Manager/Technical Accountant	complete
	Visits to be arranged for key closedown staff to observe processes at other local authorities, with the aim of sharing best practice.	Financial Services Manager and Technical Accountants	complete
	Training needs to be identified.	All Finance	complete
	Appropriate training to be provided which will include the mentoring of Technical Accountants and other key financial staff by external provider.	Financial Services Manager/Technical Accountant	complete
2 The Council should develop a comprehensive project plan for the preparation of the accounts which ensures that: -the financial statements are compiled directly from the ledger -the entries in the accounts are supported by good quality working papers which are available at the start of the audit -the financial statements and working papers have been subject to robust quality assurance prior to approval by the Executive Director (Finance and Resources) - provides additional training, where necessary, to ensure all staff involved in the accounts production process have the necessary skills and information; -the production of the financial statements is monitored through regular reporting to Directors and the Audit Board.	Full set of template working papers to be compiled.	Technical Accountants	agreed set - team working through in readiness for the Audit in July
	Meeting with external auditors to be arranged, with the aim being to agree working paper templates.	Financial Services Manager	complete
	CIPFA Toolkit prior year figures to be populated as soon as available. Early training to be arranged with CIPFA consultant to ensure any errors are eliminated.	Technical Accountant	complete
	Reconciliation schedule to be completed with clear deadlines for each reconciliation, signed off and reviewed by the Exec Director of Finance on a monthly basis.	Technical Accountant	complete
	A review of the ledger system will be carried out to ensure that information required is available to download direct to the Statement of Accounts where practical	Technical Accountants	complete
3 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.	Pressures/Savings/Bids forms on staff Orb intranet currently being updated by Heads of Service and budget holders. A detailed summary to determine gap will be prepared for Members.	Senior Business Support Accounting Technicians	complete
	Budget-holders in discussions to determine potential changes to 2016/17 budget (on assessment of 2014/15 out-turn).	Business Support Accounting Technicians	complete
4 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.	New Financial Planning module to be implemented, giving managers more control and flexibility of their budgets.	Senior Business Support Accounting Technician	Deadline 30/6/16 to agree format of new system with managers
	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	Business Support Accounting Technicians and budget-holders	To be actioned from end June 16

reporting.

Compilation of Monitoring reports for Members.

Senior Business Support Accounting Technician

From August 2016

Large variances to budget to be addressed with Head of Service prior to Committee with details of cause and plans to mitigate any overspends

Exec Director of Finance

From August 2016

AUDIT GOVERNANCE AND STANDARDS COMMITTEE 7th JULY 2016

CORPORATE GOVERNANCE

Relevant Portfolio Holder	Councillor John Fisher
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

For Members to approve the 2015/16 Annual Governance Statement to be included in the Statement of Accounts

2. RECOMMENDATIONS

The Committee is asked to

approve the Annual Governance Statement as attached at Appendix 1

3. KEY ISSUES

Financial Implications

- 3.1 There are no financial implications in relation to the development of the Annual Governance Statement

Legal Implications

- 3.2 The development and reporting of the Annual Governance Statement is a statutory responsibility.

Service / Operational Implications

- 3.3 The Annual Governance Statement as attached at Appendix 1 includes the arrangements that the Council has in place to deliver robust governance arrangements in the delivery of services across the Borough. It also reflects areas of concern where recommendations for improvements have been made by External and Internal Audit.

Customer / Equalities and Diversity Implications

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

AUDIT GOVERNANCE AND STANDARDS COMMITTEE **7th JULY 2016**

4. RISK MANAGEMENT

The risks associated with the delivery of good governance are included in the legal and democratic services registers.

5. APPENDICES

Appendix 1 - Annual Governance Statement 2015/16

AUTHOR OF REPORT

Name: Jayne Pickering
E Mail: j.pickering@bromsgrove&redditch.gov.uk
Tel: 01527-881207

Redditch Borough Council
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

Statement of the Authority's and Chief Financial Officer's Responsibilities for the Statement of Accounts

The Authority's Responsibilities

Redditch Borough Council is required to:

- make arrangements for the proper administration of its financial affairs and to
- secure that one of its officers has the responsibility for the administration of those affairs.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts.

In this Authority, that officer is the Executive Director of Finance and Resources;

The Executive Director of Finance and Resources is responsible for the preparation of Redditch Borough Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Executive Director of Finance and Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Executive Director of Finance and Resources has also:

- kept proper accounting records which were up to date;
taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounts present a true and fair view of the financial position of Redditch Borough Council at 31 March 2016 and its income and expenditure for the year ended on that date.

SIGNED

ANNUAL GOVERNANCE STATEMENT 2015/16

Scope of Responsibility

Redditch Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Redditch Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Redditch Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic purposes and to consider whether those purposes have led to the delivery of appropriate services and value for money.

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

The governance framework has been in place at Redditch Borough Council for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

The Governance Framework

The framework to deliver good governance across the Councils services in delivering the Strategic Purposes encompass a number of elements;

- The Strategic Purposes have been developed in line with the needs of our communities and customers and the Council Plan is currently being updated to reflect the activities that need to be undertaken by the Council to further support the delivery of these purposes.
- Strategic Partnership meetings are held on a regular basis to ensure that all partners are engaged in supporting the Councils aims to deliver the purposes to our community. Liaison between officers to deliver joint working arrangements is encouraged and actively undertaken by the Council.
- A performance dashboard is in place for members and officers to review the performance of key measures, both strategic and operational across the organisation. This includes national statistics where relevant to the community of the District
- The Council's Constitution clearly sets out the roles and responsibilities of Councillors, and the procedural rules for Full Council, Executive and the other Committees operated by the Council
- Terms of reference for member working groups (e.g. Scrutiny Task Groups) are clearly defined
- Compliance with Financial Regulations and Contract Procedure Rules that are reviewed and approved by Council
- A clear scheme of Councillor/Officer delegation exists to provide clarity on the powers entrusted to those appointed to make decisions on behalf of the Council. A Member / Officer protocol is also set out in the Constitution
- The roles and responsibilities of Councillors are underpinned by an extensive Member Development Programme to include both mandatory and discretionary training. This is developed by the cross party Member Development Steering Group and includes; induction, chairmanship and specific Committee based training
- The behaviour of Councillors is regulated by the Member Code of Conduct and is supported by a number of protocols.
- A review of the Constitution is undertaken on a regular basis to ensure it enables members to make informed and transparent decisions

- Decision making is carried out through Executive, Planning Committee and Audit, Governance and Standards Committee . Overview and Scrutiny Committee has responsibility to review and scrutinise the activities of the Council.
- Audit, Governance and Standards Committee approve the Corporate Risk Register and monitor the actions on a six monthly basis. A member risk champion is in place to review operational risks with managers. The service risks are also reviewed through departmental meetings.
- Regular staff briefings and 4th tier manager forums are held to ensure staff are aware of changes and are engaged in the systems thinking methodology of supporting service changes across the Council
- Robust financial management arrangements in place through regular budget monitoring, on line purchase ordering systems and robust financial internal controls ensure that the Council complies with statutory legislation
- There is a clear procurement code and policy in place to ensure that purchases are made in a compliant and transparent manner
- Heads of Service are responsible for establishing and maintaining an adequate system of internal control arrangements when within their own services. They are required to sign off annual Governance and Internal Control returns where they can raise any items of concern. There were no issues raised during 2015/16
- The Constitution clearly defines the roles of Monitoring officer, S151 and Head of Paid Service
- A whistleblowing policy is in place
- Regular press releases are submitted and Redditch Matters is on line magazine that is available to all residents to inform them of the Councils activities and services provided

Review of Effectiveness

Redditch has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Heads of Service within Redditch Borough who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors.

The Constitution clearly identifies the terms of reference, roles and responsibilities of Full Council, Executive, Overview and Scrutiny and Audit Committees all of which have fully understood governance responsibilities

Throughout 2015/16, the Council adopted a robust approach to corporate governance, which has been advised through the work of the Audit Committee and Overview and Scrutiny as well as the statutory roles of the S151 Officer and the Monitoring Officer.

- **Audit, Governance and Standards Committee**
The Committee played a role by reviewing and monitoring internal control issues throughout the year. This included approval of the corporate risk register, regular progress reports from Internal Audit and reports and updates from the External Auditors.

There has been 1 member complaints reported to the Audit Committee. This was closed as there was no issue to resolve

- **Internal Audit**

RBCs responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2011.

The Worcestershire Internal Audit Shared Service Team operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's purposes and contributes to the proper, economic, efficient and effective use of resources.

During 2014/15 the Internal Audit team delivered a comprehensive programme including:

- Core financial audits which are designed to suitably assist the external auditors to reach their "opinion".
- A range of service area audits, follow up audits and special investigations which assisted the council to maintain/improve its control systems and risk management processes or implement/reinforce oversight of such systems.

Internal Audits work programme helps to assure Audit Committee that the framework and statement can be relied upon based on the following:

- Evidence streams which were verifiable and could be relied upon,
- Monitoring and reporting mechanisms were in place to report issues,
- These streams and reporting mechanisms are embedded in the RBC governance process.

Internal Audit reports are considered by the relevant Head of Service and Director of Finance and Resources, before submission to the Audit Committee for further scrutiny. In relation to the reports for 2015/16 the following assurances have been given where further action is being undertaken by managers following recommendations from Internal Audit :

Leisure Cash Receipting and Banking - Moderate
 Corporate Governance Statement - Moderate
 Housing Right to Buy - Moderate
 System Administration - Moderate
 Website Security - Moderate
 Debtors - Moderate
 Consultancy and Agency - Limited

The Heads of Service have actions in place to address the recommendations and these have been reported to the Audit Committee. The Internal Audit team will continue to review the actions as they are implemented

Significant Governance Issues

The S11 notice from the External Auditors in relation to the 2014/15 accounts and budget monitoring continue to be addressed by officers. Updates are taken to the Audit, Governance and Standards Committee to ensure that the Council is addressing all of the issues raised.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Date

Signed

Date

Leading member & Chief Executive on behalf of Redditch Borough Council

Certificate of the Chief Financial Officer / Proper Officer (Scotland)

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2016 on pages X to X has been prepared in the form directed by the Code and under the accounting policies set out on pages X to X.
- (b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

.....
Chief Financial Officer

.....
Date

Authority Approval of Statement of Accounts

These accounts were approved by resolution of the Authority/Committee on _____.

.....
Chairman

.....
Date

Independent Auditor's Report to the Members of [Authority]

Worcestershire Internal Audit Shared Services Manager's Opinion on the Effectiveness of the System of Internal Control at Redditch Borough Council (the Council) for the Year Ended 31st March 2016

1. Audit Opinion

1.1 The internal audit of Redditch Borough Council's systems and operations during 2015/16 was conducted in accordance with the Internal Audit Annual plan which was presented to the Audit Committee on 19th March 2015 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. The shared service operates in accordance with CIPFA guidance and the Institute of Internal Auditors Public Sector Internal Audit Standards 2013.

1.3 The Internal Audit Plan for 2015/16 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk fraud risk, and external risk) using a predefined scoring system. It included:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' other corporate systems for example governance and

- a number of operational systems, for example environmental, s106's Planning Obligations and Private Sector Housing - Step-up Private Tenancy Scheme were looked at to maintain and improve its control systems and risk management processes or reinforce its oversight of such systems.

1.4 The 2015/16 internal audit plan was delivered in full providing sufficient coverage for the s151 and Internal Audit Service Manager to form an overall opinion.

1.5 In relation to the twenty one reviews that have been undertaken, eleven audits have been finalised and ten are nearing completion at clearance meeting or draft report stage. Risk management was re-launched during 2012/13 with a Corporate Risk Register being formulated and training being provided. Further work is required to embed this throughout the organisation with the outcomes being monitored by the Risk Management Group. An area which returned an assurance level of 'limited' was Consultancy and Agency. All areas where 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. 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. Worcester Regulatory Services are introducing a new charging protocol for partners which will be determined by utilising a time recording module in their current system. This brings with it a certain risk but ongoing trials

1.7 One key area of risk during the year was the late delivery of the finalised accounts for the previous year and the implications this had with a Section 11 being imposed by External Audit. However, the accounts were signed off and there has been a determination by the Finance team to ensure that this is not repeated. Regular reports have been taken before the Internal Audit Committee appraising it of progress made in regard to the 2015/16 final account process and progress that has been made in regard to the Section 11 notice.

1.8 The majority of the completed audits have been allocated an audit assurance of either 'moderate' or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified during a time of continuing significant transformation and change. Where a 'limited' assurance has been reported this has been in connection with the work undertaken in regard to the procurement of Consultants and Agency workers and an action plan will be implemented.

1.9 WIASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance based on the audits performed in accordance with the approved plan and the scoping therein. Based on the audits performed in accordance with the approved and revised plan, the Worcestershire Internal Audit Shared Service Manager has concluded that the internal control arrangements during 2015/16 managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council's corporate purposes have been met.

Andy Bromage

Worcestershire Internal Audit Shared Services Manager

Jun-16

AUDIT, GOVERNANCE & STANDARDS COMMITTEE ACTION LIST – 7TH JULY 2016 MEETING

Ref	Action/Issue	Origin	Lead Officer(s)/ Member(s)	Priority/ timescale	Officer Response/Action Status
1	Statement of Accounts 2014/15 Inventories Request for further details in relation to £27k Inventories.	Minute No. 32 of 28.01.16 meeting & Minute No. 62 of 21.04.16 meeting	Sam Morgan / Dave Jones	07.07.16 meeting Mr Jones to provide oral update	Officers emailed Mr Jones, Independent Member for Audit and Governance, on 05.04.16 and the remaining Committee members on 06.04.16 in this regard. Mr Jones responded further on this and relevant Officers liaised with him in this regard. Mr Jones subsequently met with Officers on 29.04.16 and will provide an update on those discussions to the Committee at the 07.07.16 meeting. REMOVE FROM ACTION LIST IF COMPLETED
2	Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19 i) Liquidity risk Re: paragraph 3.3 of report – request for Committee to be provided with both cash flow forecast and cash flow output; and	Minute No. 39 of 28.01.16 meeting & Minute No. 62 of 21.04.16 meeting	Sam Morgan	07.07.16 meeting Sam Morgan to provide outstanding information at i) and ii)	i) Officers provided details for cash flow position as at 31.03.16 at the 21.04.16 meeting. Mr Jones stated that details of both cash flow forecast and cash flow output, as detailed in the Action List, had been requested, which Officers agreed to provide.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE ACTION LIST – 7TH JULY 2016 MEETING

	<p>ii) Benchmarking borrowing yield Re: Investment Objectives Strategy at paragraph 5 of Strategy and the objective to seek the highest yield on investments, query raised as to how the Council would measure this and whether Officers had considered any other strategies in this regard, for example, long-term borrowing. Officers advised that the Council had adopted a local authority approach, in conjunction with advice obtained from Arlingclose Limited. A benchmark could be provided against other clients, which if being presented to Committee might need to be a confidential item, or Officers could email Members separately on this.</p>				<p>ii) Officers provided details on this at the 21.04.16 meeting. Mr Jones requested that benchmark data be provided against other clients, together with the criteria to be met in this regard. Officers agreed to provide this information at the next meeting, which it was noted would need to be confidential. (Details to be included in Corporate Governance and Risk report.)</p> <p>Update – 28/6/16 - Officers have advised that as there were no investments as at the 31st March, they are unable to provide any benchmarking information at this time. This will be done later in the year when / if there are any, by the Council's treasury advisers.</p> <p>REMOVE FROM ACTION LIST IF COMPLETED</p>
3	<p>Debt Recovery Update – Quarters 1 and 3 2015/16</p> <p>Write-offs – request for levels of debts written off for 2014/15</p>	<p>Minute No. 43 of 28.01.16 meeting & Minute No. 62 of 21.04.16 meeting</p>	<p>Jayne Pickering / Mandy Singleton</p>	<p>07.07.16 meeting</p> <p>Jayne Pickering to update at Committee</p>	<p>Officers agreed to check the position and to report back to Members on this outside of the meeting. An email was sent to members of the Committee on 29.01.16 detailing required information.</p> <p>At the 21.04.16 meeting Mr Jones</p>

Page 63

[illegible]

AUDIT, GOVERNANCE & STANDARDS COMMITTEE ACTION LIST – 7TH JULY 2016 MEETING

	<p>audit plan/service delivery, which it was felt could be presented in a dashboard.</p> <p>iv) Audit work on the budget Request for time to be included in the audit plan for this on the back of the external auditor Section 11 recommendations.</p> <p>(Note: Action detailed at Minute No.57 – Internal Audit – Audit Plan regarding Section 11 audit work also links in with iv))</p>		Andy Bromage		<p>arrangement for Redditch in comparison with the other 6 partners may create further administrative work and therefore this needs to be assessed against the value that can be derived from any changes.</p> <p>iv) This has already been dealt with as the 2016/17 audit plan includes days to do this in the core financials. This work can be linked to the s11 requirements and the scoping for this will be agreed with the S151 Officer.</p> <p>REMOVE FROM ACTION LIST IF COMPLETED</p>
5	<p>Corporate Governance and Risk</p> <p>Non-adherence with Statutory Inspection Policy risk Members requested that there be a legal review of all relevant contracts to ensure that these had been drafted appropriately.</p>	Minute No. 59 of 21.04.16 meeting	Jayne Pickering	<p>07.07.16 meeting</p> <p>Any relevant updates to be provided by Officers at the meeting</p>	<p>Officers agreed to update the Risk Register wording for this.</p> <p>REMOVE FROM ACTION LIST IF COMPLETED</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE ACTION LIST – 7TH JULY 2016 MEETING

6	Proposed Savings Report 2016/17 Members requested that, for comparison purposes, the equivalent overall Strategic Purposes savings for 2015/16 be included in the report.	Minute No. 59 of 21.04.16 meeting	Jayne Pickering / Sam Morgan	07.07.16 meeting	Officers agreed to include the relevant 2015/16 figures in the Proposed Savings report. REMOVE FROM ACTION LIST IF COMPLETED
7	Work Programme – Draft Statement of Accounts Officers to send draft Statement of Accounts to Committee Members.	Minute No. 62 of 21.04.16 meeting	Sam Morgan	03.07.16	Officers confirmed that the draft Statement of Accounts would be sent to the members of the Committee on 03.07.16. REMOVE FROM ACTION LIST IF COMPLETED

**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE**

7th July 2016

WORK PROGRAMME FOR THE YEAR AHEAD**Note: Statement of Accounts**

Copies of the unaudited financial statements and the Annual Governance Statement will be sent to all members of the Committee at the same time these are issued to the External Auditors at the beginning of July. A briefing on the statement of accounts will take place for all members of the Committee on 8th September 2016, prior to the Committee's formal consideration of the audited financial statements at the 22nd September meeting. Under the Accounts and Audit Regulations 2015, with effect from 2017/18 unaudited financial statements will need to be published by the end of May and audited financial statements by the end of July.

22nd September 2016 meeting**Standards**

- Monitoring Officer's Report
- Feckenham Parish Council Report (*oral*)

Governance

- External Audit – Audit Findings Report 2015/16
- Audited Statement of Accounts 2014/15 (including final Annual Governance Statement)
- Internal Audit – Progress Report

Monitoring

- S11 Action Plan Monitoring
- Corporate Governance and Risk (including Annual Governance Statement to each meeting, Corporate Risk Register 6-month update report to September meeting, any Treasury Management monitoring and updated for general audit actions including non-S11 external audit recommendations)
- Savings Report 2016/17 (to include any relevant Quarterly Budget Monitoring commentary from Portfolio Holder)
- Committee Action List and Work Programme

2nd February 2017 meeting**Standards**

- Monitoring Officer's Report
- Feckenham Parish Council Report (*oral*)

Governance

- External Audit – Update Report
- External Audit – Grant Claims Certification Work Report

**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE**7th July 2016

- External Audit – Annual Audit Letter 2015/16
- Treasury Management Strategy, Prudential Indicators and Minimum Revenue Policy Provision 2017/18
- Fraud Compliance Update Report (first of new style report – Committee to determine frequency of report thereafter)
- Internal Audit – Progress Report
- Internal Audit – Audit Plan 2017/18 (draft)

Monitoring

- S11 Action Plan Monitoring
- Corporate Governance and Risk (including Annual Governance Statement to each meeting, any Treasury Management monitoring and updated for general audit actions including non-S11 external audit recommendations)
- Savings Report 2016/17 (to include any relevant Quarterly Budget Monitoring commentary from Portfolio Holder)
- Committee Action List and Work Programme

27th April 2017 meeting**Standards**

- Monitoring Officer's Report
- Feckenham Parish Council Report (oral)

Governance

- External Audit – Update Report
- External Audit – Audit Plan 2016/17
- External Audit – Audit Fee Letter 2017/18
- External Audit – Auditing Standards 2016/17 (Communication with the Audit, Governance and Standards Committee)
- Accounting Standards (Statement of Accounting Policies)
- Internal Audit – Progress Report
- Internal Audit – Audit Plan 2017/18 (final)

Monitoring

- S11 Action Plan Monitoring
- Corporate Governance and Risk (including Annual Governance Statement to each meeting, annual Corporate Risk Register report to April meeting, any treasury management monitoring and updated for general audit actions including non-S11 external audit recommendations)
- Benefits Investigations Annual Report
- Savings Report 2016/17 (to include any relevant Quarterly Budget Monitoring commentary from Portfolio Holder)
- Committee Action List and Work Programme
- Annual Review of the Operation of the Committee (Chair's oral report) and Annual Review of the Committee's Procedure Rules (Minute No. 4 of 28th June 2012 meeting refers)

**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE**7th July 2016

- Calendar of Meetings 2017/18

July 2017 meeting (date not yet set)**Standards**

- Monitoring Officer's Report (including memberships of Hearing Sub-Committees)
- Feckenham Parish Council Report (oral)

Governance

- External Audit – Update Report (including oral update on Value for Money Conclusion)
- Internal Audit – Annual Report 2016/17 (including review of effectiveness of Internal Audit – no separate Progress Report to this meeting)

Monitoring

- S11 Action Plan Monitoring
- Corporate Governance and Risk (including Annual Governance Statement to each meeting, any Treasury Management monitoring information and updated for general audit actions including non-S11 external audit recommendations)
- Savings Report 2017/18 (to include any relevant Quarterly Budget Monitoring commentary from Portfolio Holder)
- Committee Action List and Work Programme

January or April 2018 meeting

- Review of Independent Member Appointment (prior to expiry of current 4-year term of office in July 2018 - Minute No. 22 of 25th September 2014 meeting refers).

July 2018 meeting

- General Dispensations Report (to first meeting of the Committee following any local elections)

