



# Audit, Governance & Standards Committee

Mon 30 Jul  
2018  
7.00 pm

Committee Room Two  
Town Hall  
Redditch

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# Audit, Governance & Standards

Monday, 30th July, 2018

7.00 pm

Committee Room 2 Town Hall

## Agenda

### Membership:

Cllrs:	John Fisher (Chair)	Michael Rouse
	Mark Shurmer	Craig Warhurst
	(Vice-Chair)	Yvonne Smith
	Salman Akbar	Pat Witherspoon
	Joanne Beecham	
	Michael Chalk	

**1.** Apologies and named Substitutes

**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 of the Audit, Governance and Standards Committee meeting on the 26th April 2018 (Pages 1 - 14)

**4.** Re-appointment of Lead Fraud Member on the Committee  
(*Note Lead Risk Member appointed until September 2018*)

**5.** Monitoring Officer's Report - Standards Regime (Pages 15 - 18)

**6.** General Dispensations Report (Pages 19 - 24)

**7.** Grant Thornton - Audit Findings Report 2017/18 - TO FOLLOW

**8.** Audited Statement of Accounts 2017/18 - TO FOLLOW

**9.** Internal Audit - Annual Report 2017/18 (Pages 25 - 48)

**10.** Internal Audit - External Assessment 2017/18 Progress Report (Pages 49 - 82)

**11.** Corporate Risk Register 2018/19 (Pages 83 - 94)

**12.** Financial Savings Monitoring Report (Pages 95 - 98)

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**13.** Crossgates Depot Update (Pages 99 - 100)

**14.** Committee Work Programme (Pages 101 - 102)

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# Audit, Governance & Standards Committee

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Thursday, 26 April 2018

## MINUTES

### Present:

Councillor Jane Potter (Chair), Councillor Tom Baker-Price (Vice-Chair) and Councillors Michael Chalk, Andrew Fry, Mark Shurmer, Yvonne Smith, David Thain and Pat Witherspoon

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

### Also Present:

Richard Percival (Grant Thornton)

### Officers:

Andy Bromage, Lisa Devey, Claire Felton, Chris Forrester and Jayne Pickering.

### Democratic Services Officers:

Jess Bayley and Louise Morris

## 91. APOLOGIES AND NAMED SUBSTITUTES

Apologies were submitted on behalf of Councillor Natalie Brookes and by Feckenham Parish Councillors Alan Smith and Slade Arthur.

## 92. DECLARATIONS OF INTEREST

There were no declarations of interest.

## 93. MINUTES

Reference was made to the following comment in the 1 February 2018 minutes;

.....  
Chair

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*'The number of high priority recommendations and the extent to which the number was acceptable for the local authority. Officers advised that this did not cause undue concern.'*

Members felt that this wording was slightly dismissive as the Committee did have concerns and monitored the response. Following discussion it was confirmed that whilst the matter was still important for the local authority to address, the minutes had reflected the discussion that had taken place and were therefore accurate.

**RESOLVED:**

**That the minutes of the Audit, Governance and Standards Committee held on the 21 September 2017 and the minutes of the Audit, Governance and Standards Committee held on the 1 February 2018 be confirmed as a correct record and signed by the Chair.**

**94. MONITORING OFFICER'S REPORT - STANDARDS REGIME**

The Head of Legal, Equalities and Democratic Services and the Monitoring Officer introduced the report. It was confirmed that a number of enquiries that had been received regarding the role of Members on the Planning Committee and the rules around Declaring an Interest and issues of biased and/or predetermination. There had been no complaints as there had been no breach in the code of conduct by Members. There had been no further training undertaken but there would be a programme of Member training activity post elections. Members' advice on any training needs was sought. Regarding the issue of substitutes the Head of Legal, Equalities and Democratic Services and the Monitoring Officer referred to conversations about the constitution and potentially the need to ensure that substitutes be named from the outset as this would be more professional and transparent for the public.

Members suggested that the Group whips would be able to arrange this.

**RESOLVED:**

**That the Monitoring Officer's Report – Standards Regime, be noted.**



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## 95. GRANT THORNTON - UPDATE REPORT

Mr Richard Percival, Grant Thornton, presented the Audit Progress Report and Sector Update. The report provided a summary of progress to the end of March 2018. It was highlighted that;

- A pre-audit visit had been undertaken and the outcomes were included.
- Work had been completed as had been planned at this stage.
- There were no concerns raised by auditors in their initial work.
- Conversations had been held with The Executive Director Finance and Resources and information was being assimilated.
- Housing Benefit matters would be discussed later in the meeting.
- The National Audit Office had considered the financial sustainability of local authorities. It was reported that the future was now less certain than the review in 2014.
- There had been interesting consideration of the variation in local authority reserves. Reference was made to the Section 144 notice issued at one local authority which indicated that it was at risk of failing to balance its books this financial year.
- The Department for Communities and Local Government advice to ministers in 2015 drew on more comprehensive evidence and multiple short term funding had been announced, there was not a long term funding plan for Local Authorities.
- The Public Sector Audit Appointments Report had highlighted that delivering an audit opinion by the 31 July was the biggest challenge. Seventeen percent of local authorities had unqualified accounts by the 31<sup>st</sup> July and a significant proportion of local authorities had work completed past this deadline. There was still work to be undertaken to ensure a seismic shift in the timeframe.

Mr Jones, the Independent Member for Audit and Governance, sought reassurance that the Council would be compliant with the General Data Protection Regulation (GDPR).

Mr Percival explained that this had not been directly considered by External Audit, however the Executive Director Finance and Resources confirmed that the Head of Business Transformation had done significant work on this area. The Corporate Management Team had undertaken training and training was now being rolled out to every member of staff. There was a clear plan in place.

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Reference was made to the need for Members to register as Data Processers and Officers were asked if they had all done so.

The Senior Democratic Services Officer confirmed that not all Members had registered but this was being promoted and Data Protection would be part of Member Induction training sessions. The training would include consideration of the new legislation and how to register. Members were advised to contact Democratic Services for advice on the matter and support, if needed, in completing their registration.

Following further discussion the Executive Director Finance and Resources confirmed that registering was the approach being advised and encouraged by the Monitoring Officer at Redditch Borough Council.

## **RESOLVED:**

**That the Audit Progress Report and Sector Update be noted.**

### **96. GRANT THORNTON - AUDITING STANDARDS - COMMUNICATING WITH THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**

Mr Percival introduced the report detailing the communication with the Audit, Governance and Standards Committee during the Audit year 2017/18. The Committee was invited to consider the management responses and confirm satisfaction with the arrangements and that they fitted with Members' knowledge of what had taken place.

The Chair raised concerns about what had occurred in respect of Housing Capital and further assurances were sought.

The Executive Director Finance and Resources explained that this was a sensitive issue with Officer employment implications. An internal audit report would be presented to a future meeting of the Committee detailing the various improvements that had been made. The report was currently in draft form and a specific date for when the Committee would receive it could therefore not be provided.

Mr Percival confirmed that the external auditors were aware of the approach taken in relation to dealing with the issue and the progress that had been made.

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Following requests from Members for further assurances, Mr Percival confirmed that the external auditor's responsibility was to ensure that the Council's financial statements were free from material fraud.

The Executive Director Finance and Resources confirmed that the amount was approximately £900k. Reassurance was provided that the report from the internal audit team would be comprehensive. This was given by internal audit and the Executive Director of Finance and Resources.

The Independent Member, referred to the onus on internal audit. The procedures for reporting irregularities and assessing the effectiveness of the system were queried and the Head of Internal Audit confirmed that the internal auditors were attuned to potential fraudulent activity and the risks associated. The internal auditors were looking at specific areas and possible trends. The National Fraud Initiative had clear policies and procedures around for example whistleblowing and anti-fraud and corruption. Areas would be assessed for risk as part of the overall review. The risks were higher in certain areas. Any identified concerns would be highlighted to management and then to the Committee. The case was a good example of an issue being picked up during routine audit. Senior management had been involved in discussions.

The Executive Director Finance and Resources referred to the irregularities in the letting of contract. The contract and procurement rules had been revised and there had been training for staff around ordering and purchasing. Controls to identify and mitigate possible fraud were put in place but it was important to note that the audit report did not say that fraud had taken place.

The Independent Member queried the process if fraud did occur and how this would be escalated up and the Executive Director Finance and Resources explained that if any irregularity was identified the internal auditor would raise this directly with herself or the Chief Executive.

In response to a query regarding the savings that had not been identified in a high level of detail, it was clarified that this had been resolved and External Audit had been provided with a full breakdown.

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## **RESOLVED:**

**That the Committee note the Auditing Standards report for 2017/18 from the Councils External Auditors, Grant Thornton and management responses.**

### **97. GRANT THORNTON - CERTIFICATION WORK REPORT 2016/17 (HOUSING BENEFIT SUBSIDY AUDIT)**

The Executive Director Finance and Resources introduced the Assistant Financial Support Services Manager responsible for Quality and Improvement and Welfare Support Development and clarified that the Housing Benefit Subsidy claimed for 2016/17 totalled £23.2 million and over twelve thousand transactions had taken place. The Department for Work and Pensions had no level of materiality so there was no margin for error within the system and through the audit process key actions were identified each year. If there was evidence of error in one case it was assumed all other cases could be wrong. There had been a full system conversion as the Bromsgrove and Redditch claims systems had been brought together providing more functionality. There was a ninety three percent accuracy rate and no concerns. A number of improvements had been made for example more staff training and flagging up staff weaknesses and providing training to specific members of staff when required. Financial support to implement changes in the system had been provided by the Department of Work and Pensions.

The Assistant Financial Support Services Manager confirmed that the extra resource enabled more checks to be conducted. Over four hundred checks had been completed during 2017/18.

Mr Percival referred to the snowball effect of the audit process. If in year one an error was identified this would lead to further testing. It would take three years to work the errors out of the system. It was hoped that the volume of work would reduce and the audit fee could come down.

Members' queried the impact of universal credit and it was confirmed by Mr Percival that there was no indication that Housing Benefit subsidy would disappear from local authorities' responsibilities and no indication that Universal Credit would replace Housing Benefit in its entirety.

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In response to the Chair's query it was confirmed by the Assistant Financial Support Services Manager that Civica was the system used by the Council to process Housing Benefit claims.

The Chair sought reassurances that the higher number of errors than expected would improve.

Mr Percival explained that he could not give false assurance that the number of errors would go down, improvements would take time to work through the system.

In response to the Independent Member's question regarding the cost of additional auditing Mr Percival explained that estimates based on other local authorities of a similar size with a housing benefit revenue account demonstrated that the costs for Redditch Borough Council were comparatively high and he was keen for these costs to come down. Although there may be failures in the audit testing, there was not a failure to act on the issues raised but this took time to work through the system. In response to further questioning it was clarified by Mr Percival that there was always a risk of human error as individuals had to input data, although he was keen to see errors come down. It was important to recognise that the Accessors were often working in difficult circumstances, managing people in distress.

The Assistant Financial Support Services Manager gave the example of somebody inputting 23p rather than 32p creating a 9p error. Forty cases had been checked and no significant errors had been discovered.

Mr Percival emphasised that of the £23.2 million Housing Benefit Subsidy, a total of £538 in errors had been identified. An error of a few pence meant that auditors were obliged to test a sample of forty cases.

Members referred to the time spent on this work and Mr Percival explained that there was strict compliance required and the Department for Work and Pensions left very little to discretion. If there was an isolated incident, further testing might show the situation was acceptable but further testing could show more errors which would mean the audit would be ongoing.

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## **RESOLVED:**

**That the Committee note the Audit Letter and the ongoing plans to continuously improve the quality and accuracy of assessment and data input.**

### **98. COMPLIANCE TEAM UPDATE REPORT**

The Executive Director Finance and Resources provided the Compliance Team update to the Committee. The news was positive. Following the transfer of benefit fraud to the Department of Work and Pensions in 2016, the Council had decided to keep the Compliance Team. The team was self-funding and had generated income of £938,934, with a percentage going to the Borough Council, fire, the police and the County Council. The role of the team had developed to include verification of on-going entitlement to Council Tax discounts, exemptions and reductions and the use of data and intelligence to identify missing and undervalued business premises. There had been discussion about what other areas the Compliance Team could investigate going forward to generate income and find people liable.

The Chair congratulated the team on the work undertaken.

In response to Members queries regarding the financial support for the Compliance Team, the Executive Director Finance and Resources confirmed that the County Council provided £50K to support the Compliance Team and there would be more money allocated from central government which would secure extra staffing for the team.

Members suggested the team should look at the issue of subletting and The Executive Director Finance and Resources explained that this was an area the team were interested in exploring going forward.

In response to a question from the Independent Member, the Assistant Financial Support Services Manager clarified that Housing Benefit Subsidy allowed the Council to claim an additional forty percent or one hundred percent on Housing Benefit overpayments collected, meaning income of £1.40 or £2 was generated for the authority per pound.

Members asked if there would be a rolling programme of work and how the team would broaden its work to achieve maximum income.

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The Assistant Financial Support Services Manager explained that this work was in development and could include student exemption and Council Tax disregards. There were two specialist fraud investigators who could look at housing tenancy fraud and subletting.

The Executive Director Finance and Resources confirmed that thirty percent of Council Tax payers were claiming single person discount which was a comparatively high proportion so there was a potential to identify fraud in this area.

In response to Members' questions it was explained that the District and Borough Councils had agreed to waver Council Tax for care leavers and were waiting for the County Council to advise who these young people were and where they were living.

## **RESOLVED:**

**That the Compliance Team Update report be noted.**

## **99. INTERNAL AUDIT PROGRESS REPORT**

The Head of Internal Audit explained that there had been a number of Audit Summary updates reported. The Committee's attention was brought to page 94 of the agenda which discussed the Records Management review which had received a limited level of assurance. Page 115 of the agenda discussed the recommendations and provided an update on progress made. A number of audit days had not been delivered against the overall Audit Plan target but this had had no effect on the overall coverage of the Plan for 2017/18. A number of areas would be reported on in due course. Other areas would be followed up to ensure the findings were fully addressed and the recommendations implemented. A couple of areas had progressed since the report was written, for example regarding the Palace Theatre due to the number of staff that were volunteers, a possible resilience issue had been identified and there were still some challenges that needed to be addressed. Regarding Pitcher Oak Golf Course the two priority areas had now been improved. St David's House, which had received moderate assurance, had addressed the high priority and four medium priority recommendations. There was still some work undergoing to ensure appropriate staff induction training. Action plans agreed to address risks identified were summarised from page 110 of the agenda.

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In response to a question from the Chair it was confirmed that the Matrix contract had been extended for 12 months, therefore the follow up would be scheduled for towards the contract expiry date in April 2019, rather than in April 2018 as stated in the report.

The Chair queried why there had not been follow up on Worcester Regulatory Services since August 2017 and the Head of Internal Audit confirmed that an audit was currently taking place and the outcome would be reported back to the Committee in due course

In response to Members' queries it was confirmed by the Head of Internal Audit that;

- When there was satisfaction that the points had been addressed the entry would come off the matrix.
- The team aimed to deliver ninety percent of the 2017/18 Internal Audit Plan but this had not been achieved as four staff had left which had had an impact on delivery. Staff had since been recruited and the team was now fully staffed and would therefore hopefully hit the target set going forward.

## **RESOLVED:**

**That the Internal Progress Report be noted.**

### **100. INTERNAL AUDIT - FINAL AUDIT PLAN 2018/19**

The Head of Internal Audit shared the 2018/19 Internal Audit Plan report. There had been an explanation of the Plan and how it would be delivered over the next twelve months at the February 2018 Committee meeting. There had been no material changes to the plan and it picked up the key risks. It had been discussed by the Senior Management Team. There could be a requirement to revisit the plan in six months' time to make sure that it continued to be fit for purpose. Any changes to address any emerging risks would be brought to the Committee. The Key Performance Indicators were included.

The Director of Finance and Resources confirmed that the Plan had been brought to the Committee in February 2018 and shared with the Corporate Management Team.



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**RESOLVED:**

**That the Committee approve the 2018/19 Audit Plan and the Key Performance Indicators.**

**101. CORPORATE GOVERNANCE AND RISK UPDATE REPORT (INCLUDING SECTION 11 ACTION MONITORING)**

The Executive Director Finance and Resources introduced the Corporate Governance and Risk report which provided an update on the S11 recommendations. The preparation of accounts recommendations had been resolved however there remained a couple of improvements identified in relation to budget monitoring. Officers were implementing improvements and it was anticipated that these would address the auditor's recommendations. This would be included in the Audit Opinion to the Committee in July 2018. In relation to the risk register, Members were advised that as the Executive had approved the risk management strategy at their latest meeting, the corporate risk register was under development and the Committee would receive this at the next meeting.

**RESOLVED:**

**That the Committee note the progress to the S11 recommendations.**

**102. FINANCIAL SAVINGS MONITORING REPORT**

The Executive Director Finance and Resources, presented the monitoring of the savings for 2017/18. The Council had been required by the External Auditors to monitor the savings better going forward. An efficiency plan was agreed in October 2016 and the budget set in February 2017. The efficiency plan was therefore superseded by the budget set for 2017/18. It was anticipated that the Council would achieve an extra £266k in addition to what had been predicted in the savings plan for 2017/18. Quarter 3 monitoring however did not show a favourable position for the local authority overall but officers had been working to reduce the impact of the overall cost pressures.

It was suggested that the Committee should be monitoring savings against the total budget.

The Executive Director Finance and Resources confirmed that monitoring of savings was being delivered in the way expected. It

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was advised that in future reports a table could be added in the report which showed the overall picture for the Council. In response to further questioning it was confirmed that the Committee received similar information as the Executive but the Executive did not have a detailed savings plan.

In response to a question from the Independent Member, the Executive Director Finance and Resources clarified that in 2016/17 there had been a significant underspend. In 2017/18 budgets had been overestimated. Savings had been drawn down and budgets would be reset going forward.

## **RESOLVED:**

**That the Committee note the Projected Financial Savings Monitoring Report 2017/18.**

### **103. COMMITTEE WORK PROGRAMME**

The Senior Democratic Services Officer alerted the Committee to the intention to combine the Committee training session with the Statement of Accounts Briefing on the 9<sup>th</sup> July 2018 as the Statement of Accounts would need to be considered at the first Committee meeting of the new municipal year.

The Independent Member queried if the feedback from the Risk Management Group and an update on the Crossgates Depot could be included on the Work Programme and the Executive Director Finance and Resources confirmed that the Corporate Risk Register and updates would be included at the next meeting.

The Chair thanked all for attending the meeting and for their support during the year.

## **RESOLVED:**

**That the Work Programme be approved by the Committee subject to the following that;**

- **An update on the Risk Management Group to be brought to the next meeting.**
- **The Corporate Risk Register to be brought to the July meeting.**
- **An update on the Crossgates Depot to be programmed.**

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The Meeting commenced at 7pm  
and closed at 8:17pm

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REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND  
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30th July 2018

**MONITORING OFFICER'S REPORT – STANDARDS REGIME**

Relevant Portfolio Holder	Councillor Matthew Dormer, Portfolio Holder for Planning, Governance and Partnerships
Portfolio Holder consulted	
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 26<sup>th</sup> April 2018.
- 1.2 It is proposed that a report of this nature be presented to each meeting of the Committee to ensure that Members are kept updated with any relevant standards matters.
- 1.3 Any further updates arising after publication of this report, including any standards issues raised by the Feckenham Parish Council Representative(s), will be reported by the Monitoring Officer (MO) at the meeting.

**2. RECOMMENDATIONS**

**The Committee is asked to RESOLVE that, subject to Members' comments, the report be noted.**

**3. KEY ISSUES****Financial Implications**

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

**Legal Implications**

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

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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 came into force on 1st July 2012

### **Service / Operational Implications**

#### Member Complaints

- 3.3 A number of complaints have been received by the Monitoring Officer since the last meeting of the Audit, Governance and Standards Committee in respect of Members' use of social media. Whilst these complaints have been assessed they do not come under the code of conduct. Group Leaders and the Monitoring Officer have concluded that it is necessary to arrange social media training for all Members to address the concerns raised in those complaints.

#### Member Training

- 3.4 Following the election in May 2018 an induction programme has been rolled out for all new Members. As part of this programme training in respect of the following has been delivered to Members:
- Induction night for new Councillors, including an overview of the strategic purposes.
  - Planning training – two three hour sessions delivered on separate evenings.
  - Licensing training.
  - Data Protection (including an overview of GDPR).
  - Systems thinking and the measures dashboard.
  - Overview and Scrutiny one-to-one training for five new members.
  - iPad training for new Members.
  - Audit, Governance and standards Committee training, including a briefing on the statement of accounts.
  - Code of conduct training.
  - Overview and Scrutiny Work Programme Planning event.

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- 3.5 Further training is due to be delivered later this calendar year in respect of corporate manslaughter. Social media training will be delivered to Members at political party group meetings in due course.
- 3.6 The Member Support Steering Group met on 2<sup>nd</sup> July to discuss the induction programme. A survey had been circulated in advance of the meeting on behalf of the group amongst Members elected in May 2018 to gauge their views of the induction process. Some positive feedback was received, particularly in relation to the induction night, overview and scrutiny training and the code of conduct briefing. However concerns were also raised about the reliance of many training providers on the use of PowerPoint presentations and about the need for many of the sessions to be more interactive. Officers will aim to address these concerns, including through raising the matter at a forthcoming meeting of the Corporate Management Team.
- 3.7 The Member Support Steering Group did identify a need for further training to be provided to Members in respect of equalities and diversity. Officers are currently investigating potential dates to deliver this training later in the year.

**Customer / Equalities and Diversity Implications**

- 3.6 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 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.  
Confidential complaint papers (where applicable).

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**AUTHOR OF REPORT**

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**LOCALISM ACT 2011 – STANDARDS REGIME – DISPENSATIONS**

Relevant Portfolio Holder	Councillor Matthew Dormer, Portfolio Holder for Planning, Governance and Partnerships
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) any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;
- 2) the previously granted general dispensation in relation to:
  - (i) allowing Members to address Council and committees in circumstances where a member of the public may elect to speak.
  - (ii) the adoption of any new or updated

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;

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- 3) subject to the caveat set out in paragraph 3.9 of this report in relation to setting the Budget, the Audit, Governance and Standards Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and vote at Council and Committee meetings when considering the setting of:
- a) the Budget;
  - b) Council Tax;
  - c) Members' Allowances; and
  - d) Council Rents;
  - e) Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the District;
- 4) 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 matter under consideration, which would otherwise preclude such participation and voting; and
- 5) it be noted that any new or re-granted dispensations will remain valid until the first meeting of the Audit, Governance and Standards Committee following the next Borough Council Elections in 2019.

**3. KEY ISSUES****Financial Implications**

- 3.1 None.

**Legal Implications**

- 3.2 Section 33 of the Localism Act 2011 provides that Dispensations can be granted in respect of Disclosable Pecuniary Interests (“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.

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- 3.6 Section 33 (2) includes a number of situations where a dispensation can be considered, but should be granted “only if, after having regard to all relevant circumstances” the Committee considers that one of those situations applies.
- 3.7 The statutory grounds under s33 (2) for the granting of a dispensation are where the authority –
- “(a) considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business,
  - (b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business,
  - (c) considers that granting the dispensation is in the interests of persons living in the authority’s area,
  - (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without them dispensation each member of the authority’s executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority’s executive, or
  - (e) considers that it is otherwise appropriate to grant a dispensation.”
- 3.8 The consideration of whether to grant a dispensation under s33 was previously delegated to the former Standards Committee. This function subsequently transferred to the newly established Audit, Governance and Standards Committee. All dispensations granted are valid until the first meeting of the Audit, Governance and Standards Committee following the next applicable Borough Council elections.
- 3.9 Dispensations, all of which require the advance approval of the Committee and a subsequent written request from the Member to the Monitoring Officer, currently fall within three categories:
- General Dispensations
  - Council Tax Arrears
  - Individual Member Dispensations
  - Outside Body Appointment Dispensations
- 3.9 It should be noted that under Section 106 of the Local Government Finance Act 1992 there is a caveat that any Member who is 2 months (or more) in arrears with their Council Tax payments cannot participate in any Council meeting concerning the budget. In the event that any Members are affected by the provisions of

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section 106, the statutory rule that they be barred from taking part in the budget decisions would prevail.

- 3.10 The following new individual member dispensations have been requested for approval, to remain valid until the first meeting of the Audit, Standards and Governance Committee after the District Council Elections in 2019.

<b>Councillor(s)</b>	<b>Relevant DPI</b>	<b>Reason for dispensation</b>
Councillors David Bush and Jenny Wheeler	Non-voting Directors appointed to the Redditch Town Centre Partnership's Board.	To enable the Councillors to participate in discussions and decisions concerning the town centre partnership and town centre regeneration.

- 3.11 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 Officer 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**

- 3.12 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.

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**AUTHOR OF REPORT**

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**AUDIT, GOVERNANCE & STANDARDS  
COMMITTEE**30<sup>th</sup> July 2018**INTERNAL AUDIT - ANNUAL REPORT 2017/18**

Relevant Portfolio Holder	Councillor Tom Baker-Price
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester ~ 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 2017/18;
- the 2017/18 Head of Worcestershire Internal Audit Shared Services annual opinion on the overall adequacy of the Council's internal control environment (Appendix 3), and,
- Internal Audit Charter (Appendix 4)

**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 2017/18.

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- 3.4 Appendix 1 shows during 2017/2018 there were 349 productive audit days used against a budget of 400.
- 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 2017/2018 audit plan with some minor revisions.
- 3.7 For 2017/18 the Annual Audit Plan was approved by the Audit, Governance and Standards Committee on 27<sup>th</sup> April 2017. 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, Disabled Facilities Grants, Waste Management, Palace Theatre, Golf Course and Elections 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 2017/18 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.
- 3.10 2017/18 was a very demanding year for the internal audit team with a significant churn of team members during quarter 4. The Service has



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carefully managed its resource and worked with partners to deliver the revised audit programme for Redditch Borough Council for 2017/18 with regular updates of progress reported before Committee. The s151 Officer was kept briefed during the year in regard to overall progress and was instrumental in the plan variance.

### **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 2017/18, 20 final audit reports and 3 draft reports have been issued, along with a continuation of a substantial and lengthy investigation. 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, on the whole, the internal control arrangements during 2017/18 effectively managed the principal risks identified in the revised audit plan. There is a pocket of risk within the organisation where mitigation work is continuing.

### **Independence and Safeguards**

- 3.15 Worcestershire Internal Audit Shared Service activity is organisationally independent. Internal Audit reports to the s151 Officer but has a direct and unrestricted access to senior management and the Chair of 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 reference material and Charter. The Audit Charter (Appendix 4) is brought before Committee for information.

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- 3.17 The shared service management board, the Client Officer Group, meet on a regular basis and consider the performance of the Shared Service including progress against the Service Plan, and, actively promote continuous improvement.

### **Risk Management**

- 3.18 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.

### **Assurance Sources**

- 3.19 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 2017/18**

- 3.20 It is the responsibility of management to maintain the Authority's internal control framework and ensure that controls are being complied with.
- 3.21 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.
- 3.22 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 confirmed that those controls were operating effectively except where reported otherwise.
- 3.23 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. Several of the questionnaires did, however, flag a lack of resources as a potential area of risk.

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### **Work of interest to the External Auditor**

- 3.24 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 five 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**

- 3.25 The work to deliver the Place Partnership Ltd internal audit contract was predominantly completed during 2017/18 with only management responses awaited in order to finalise the audits.

### **Follow Up Work**

- 3.26 An on going programme of 'follow up' in regard to the implementation of audit report recommendations continued during 2017/18. The outcome of the 'follow up' work is reported to the Committee on an exception basis as part of the progress reports. During 2017/18 there have been no exceptions to report. Although there have been a number of occasions where additional follow up visits have been required as the recommendations have not been fully implemented the position has shown much improvement compared with the previous 12 months. The 'follow up' audit work undertaken during 2017/18 has been reported in Appendix 2.

### **Other external Work**

- 3.27 Work is continuing in respect of the NFI exercise. Appropriate action is being taken and work is progressing to identify any potential fraudulent activity for example overpayment for housing benefits, income support, etc. This is a biennial exercise. The last significant data extract was during 2016/17 and continues to be worked on. The next is scheduled for December 2018.

### **Customer / Equalities and Diversity Implications**

- 3.28 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

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**5. APPENDICES**

- Appendix 1 Delivery against plan 2017/18
- Appendix 2 Audits completed with Assurance 2017/18
- Appendix 3 Head of Internal Audit Shared Service Audit Opinion and  
Commentary
- Appendix 4 Internal Audit Charter

**6. BACKGROUND PAPERS**

None

**7. KEY**

N/a

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REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE & STANDARDS  
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**1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018**

<b>Audit Area</b>	<b>2017/18 Plan Days</b>	<b>2017/18 Actual Days Used</b>
Core Financial Systems (Note 1 & 5)	108	91
Corporate Audits (Note 2)	81	41
Other Systems Audits (Note 3)	157	181
<b>TOTAL</b>	<b>346</b>	<b>313</b>
Audit Management Meetings	20	17
Corporate Meetings / Reading	9	6
Annual Plans and Reports	12	10
Audit Committee support	13	3
Other chargeable	0	0
<b>TOTAL (Note 4)</b>	<b>54</b>	<b>36</b>
<b>GRAND TOTAL (Note 5)</b>	<b>400</b>	<b>349</b>

**Note:**

Days are rounded to the nearest whole.

Note 1: Core Financial Systems were audited predominantly in quarter 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts.

Note 2: Budgets contained in this area include draw down/contingency budgets which by their nature may or may not be used e.g. fraud and special investigations, consultancy and advisory. These were significantly under spent last year with only 23% of those budgets used.

Note 3: Budget overspend due to an additional piece of work which continues to be ongoing in regards to a service area.

Note 4: Budget underspend in regard to the support days as not required.

Note 5: The difference of planned days to actual days was due to a combination of factors including the need to roll a couple of reviews e.g. transformation and corporate risk, into 2018/19 due to changing circumstances. Core financial audits were expected to be completed before year end but slipped slightly due to the churn in the team in the final quarter. The days used to complete these reviews are accounted for in the 2018/19 plan. Also there were a couple of contingency budgets that were underspent at the end of the year further adding to the underspend. There was a financial benefit implication to Redditch Borough Council as a result of this.

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE & STANDARDS  
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The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2017/18. Other key performance indicators link to overall governance requirements of Redditch Borough Council e.g. KPI 4 to KPI 6.

KPI	Trend/Target requirement	2017/18 Position Year End Position	Frequency of Reporting	
Operational				
1	No. of audits achieved during the year	Per target	Target = 18 (Minimum) Delivered = 25 Incl. 3 in draft & 2 continuing	When Audit, Governance and Standards Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	87%	When Audit, Governance and Standards Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	74.33%	When Audit, Governance and Standards Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	11	When Audit, Governance and Standards Committee convene
5	No. of moderate or below assurances	Downward (minimal)	10	When Audit, Governance and Standards Committee convene
6	'Follow Up' results (Using 2017/18 reviews onwards)	Management action plan implementation date exceeded (<5%)	Nil to report	When Audit, Governance and Standards Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	15x issued Returns: 9x 'excellent' 1x 'good' 2x 'satisfactory'	When Audit, Governance and Standards Committee convene

WIASS conforms to the Public Sector Internal Audit Standards 2013.

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## Appendix 2

**Audit Opinion Analysis ~****Audits completed during financial year 2017/2018:**

<b>Audit Report / Title 2017 – 2018</b>	<b>Final Report Issued</b>	<b>Assurance Level</b>
VAT	10 <sup>th</sup> August 2017	Full
Palace Theatre	29 <sup>th</sup> June 2017	Significant
Pitcheroak Golf Course	29 <sup>th</sup> June 2017	Significant
Building Control	10 <sup>th</sup> August 2017	Significant
Treasury Management	22 <sup>nd</sup> September 2017	Significant
Homelessness	6 <sup>th</sup> November 2017	Significant
Elections – Individual Registration	2 <sup>nd</sup> January 2018	Significant
Council Tax	15 <sup>th</sup> February 2018	Significant
NNDR	15 <sup>th</sup> February 2018	Significant
Creditors	16 <sup>th</sup> March 2018	Significant
Main Ledger (D)	13 <sup>th</sup> April 2018	Significant
Benefits (D)	16 <sup>th</sup> April 2018	Significant
Debtors	4 <sup>th</sup> June 2018	Significant
Procurement	30 <sup>th</sup> August 2017	Moderate
Disabled Facilities Grants	28 <sup>th</sup> September 2017	Moderate
St. David's House	4 <sup>th</sup> October 2017	Moderate
Land Charges	19 <sup>th</sup> October 2017	Moderate
Customer Services	14 <sup>th</sup> November 2017	Moderate
Cash Collection	14 <sup>th</sup> November 2017	Moderate
Environmental Waste	27 <sup>th</sup> November 2017	Moderate
Payroll	13 <sup>th</sup> February 2018	Moderate
Records Management	5 <sup>th</sup> January 2018	Limited
Housing – Allocations	Ongoing	TBC
Contract Management	Ongoing	TBC

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<b>Audit Report / Title 2017 – 2018</b>	<b>Final Report Issued</b>	<b>Assurance Level</b>
<b>Shared Service</b>		
Worcestershire Regulatory Services (D)	26 <sup>th</sup> April 2018	Moderate

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

<b>Follow Up</b>		
<b>2015/16</b>	<b>Reviewed</b>	<b>Outcome</b>
Corporate Governance – AGS	July 2017	All implemented
Housing Right to Buy	August 2017	All implemented
Leisure – Consumables (Critical Review)	May 2017	All implemented
S106 Planning Obligations (Critical Review)	June 2017	All implemented
Worcestershire Regulatory Services (Critical Review)	July 2017	All implemented
Accounts Reconciliation (Critical Review)	July 2017	All implemented
<b>2016/17</b>		
Allotments	February 2017	On going – 1 recommendation
Community Centres	May 2017	On going – 2 recommendations
Planning Enforcement	May 2017	All implemented
Planning Application and Fees	May 2017	All implemented
Bereavement Services	May 2017	All implemented
Worcester Regulatory Services	August 2017	On going – 2 recommendations
<b>2017/18</b>		
Palace Theatre	March 2018	On going – 1 recommendation
Pitcheroak Golf Course	March 2018	All implemented
Disabled Facilities Grants	Feb 2018	On going – 3 recommendations
Land Charges	Feb 2018	All implemented
St David's House	March 2018	On going - 1 recommendation
All core financials		



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### Summary of 2017/18 Audit Assurance Levels.

2017/18	Number of Audits	Assurance	Overall % (Rounded)
From 25 audits (including those at draft stage)	1	Full	4%
	12	Significant	48%
	9	Moderate	36%
	1	Limited	4%
	0	No	0%
	2	To be confirmed	8%
	0	Critical Review	0%

### 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 2017/18 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 Auditor] always gave good notice of her attendance in the office and worked well within the constraints of my own diary. [The Auditor] clearly undertook a lot of background research before undertaking the audit”, “Helpful and easy to work with”, “Very helpful, useful conclusions”
- Anecdotal evidence also indicates there is a high satisfaction rate with the audit product.

Of the 15 questionnaires issued, 9 were returned ‘excellent’, 1 as ‘good’ and 2 as ‘satisfactory’.

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### **Overall Conclusions:**

- 88% of the audits undertaken for 2016/17 which have received an assurance allocated returned an assurance of ‘moderate’ or above. This figure is inclusive of the critical reviews.
- Clients are satisfied with the audit process and service from the data received.

**AUDIT, GOVERNANCE & STANDARDS  
COMMITTEE**30<sup>th</sup> July 2018**Appendix 3****Audit Opinion and Commentary 2017/18****1. Overall Conclusion**

- 1.1 Based on the audits performed with the revised audit plan the Head of Internal Audit Shared Service has concluded that the internal control arrangements during 2017/18 effectively managed the principal risks in a number of areas, but not all, and can be reasonably relied upon to ensure that the Council's corporate objectives have been met in the main. However, there remains a significant risk which could jeopardise this in the future in regard to the Housing Service. Close monitoring of deployed measures are set to continue but the need to reduce the overall risk and work towards a better approach beyond 2017/18 will be critical to create better transparency, expectation and accountability. This will be necessary in order to ensure the Borough can deliver a satisfactory housing service, manage risk management effectively, and, ensure other areas which attracted a 'limited' assurance develop and deploy a sound control environment.

**2. Risk Management Conclusion**

- 2.1 The Head of Internal Audit can confirm the development of the formal risk management system continued in the organisation under the Direction of the Executive Director - Finance and Resources with a view to achieving a better embedded approach in the future.

**3. Audit Opinion**

- 3.1 The internal audit of Redditch Borough Council's systems and operations during 2017/18 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit, Governance and Standards Committee on 27th April 2017 and any subsequent revision.
- 3.2 The Internal Audit function was set up as a shared service in 2010/11 and hosted by Worcester City for 5 district councils and increased to 6 partners with the inclusion of Hereford and Worcester Fire and Rescue Authority from April 2016. The shared service conforms with CIPFA guidance and the Institute of Internal Auditors Public Sector Internal Audit Standards 2013 as amended and objectively reviews on a continuous basis the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic and effective use of resources.
- 3.3 The Internal Audit Plan for 2017/2018 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk,

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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, Palace Theatre, Pitcheroak, Land Charges, St David's House, Records Management were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.

- 3.4 The 2017/18 internal audit plan and any revision thereto, was delivered in full providing sufficient coverage for the Head of Internal Audit Shared Service to form an overall audit opinion.
- 3.5 In relation to the 25 reviews that have been undertaken, 20 have been finalised, 3 are at draft report stage and 2 are continuing. An area which returned an assurance level of 'limited' was Records Management. Due to the nature of the findings in regard to the Housing Allocations initial review a further piece of work was commissioned after discussions between Senior Management Team and the Head of Internal Audit. This was a piece of work in addition to the planned reviews culminating in a number of medium priority risk areas being identified that required attention. The action plan in regard to this is currently being formulated and work is continuing.
- 3.6 A clear management action plan has been formulated to address the issues identified in the audit area where 'limited' assurance was identified to mitigate the risk. Where audits are to be finalised a comprehensive management action plan will be required and agreed by the s151 Officer.
- 3.7 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 in addition to those already identified in the audit work completed. Any concerns raised by managers will be assessed and addressed by the Corporate Management Team. It is acknowledged there remain some significant challenges in the Housing Service.

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- 3.8 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. However, there was 1 audit allocated a 'limited' assurance which indicates weaknesses in the design and / or inconsistent application of controls potentially putting the achievement of the organisation's objectives at risk in those areas reviewed. Any assurance provided is limited to the few areas of the system where controls are in place and are operating effectively.
- 3.9 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.

**Andy Bromage**  
**Head of Internal Audit Shared Service**  
**Worcestershire Internal Audit Shared Service**  
July 2018

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# **Worcestershire Internal Audit Shared Service (WIASS)**

## **Internal Audit Charter**

### **Redditch Borough Council**

#### **Definitions**

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

This Charter was last reviewed April 2017 and was approved by the Audit Governance and Standards Committee on 6<sup>th</sup> July 2017.

# AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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## 1. Introduction

### Purpose

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

### Provision of Internal Audit Services

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

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

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

## 2. Definition

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

## 3. Scope and Authority of Internal Audit Work

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

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

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

*(a) make available such documents and records; and*

*(b) supply such information and explanations;*

*as are considered necessary by those conducting the internal audit.*

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

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

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

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

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

for which the internal audit service is being provided.

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

- review and assess the soundness, adequacy, integrity and reliability of financial and non-financial management and performance systems, and quality of data;
- reviewing the means of safeguarding assets;
- examine, evaluate and report on compliance with legislation, plans, policies, procedures, laws and regulations;
- promote and assist the Partner in the effective use of resources
- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Partner and recommend arrangements to address weaknesses as appropriate;
- advise upon the control and risk implications of new systems or other organisational changes.
- provide a 'critical friend' to assist services to achieve value for money
- undertake independent investigations into allegations of fraud and irregularity in accordance with the Partner's policies and procedures and relevant legislation

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- at the specific request of management<sup>1</sup>, internal audit may provide consultancy services provided:
  - the internal auditors independence is not compromised
  - the internal audit service has the necessary skills to carry out the assignment, or can obtain skills without undue cost or delay
  - the scope of the consultancy assignment is clearly defined and management<sup>1</sup> have made proper provision for resources within the annual plan
  - management understand that the work being undertaken is not internal audit work.

#### **4. Responsibility of Management<sup>1</sup> and of Internal Audit.**

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



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Service will then pursue the matter in accordance with the provisions of the policy document.

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

### **5. Planning and Reporting**

- 5.1 To meet the objectives above, the Head of Internal Audit Shared Service shall:-
- a) prior to the beginning of each financial year, following consultation with Management<sup>1</sup> and after taking into account comments from Members arising from the reporting process set out below, provide the Committee with:
- a risk based audit plan forecasting which of the Partner's activities are due to receive audit attention in the next 12 months. The risk based plan will take into consideration a number of risk factors and provide a basis of a three year strategic plan. A key responsibility of the Head of Internal Audit

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Shared Service is to ensure all core activities receive attention at least once every 3 years with higher risk areas receiving more frequent attention, at the same time meeting the requirements of the latest appointed External Auditor guidance, whereby internal and external audit should work in partnership. Also, where there is a potential difference between strategy/plan and resource that this is reported to the Board<sup>2</sup>;

- a detailed operational plan using a risk based assessment methodology showing how/what resources will be required/allocated in the coming financial year in order to meet the requirements of the Partners strategic plans. The Plans will be flexible and include a small contingency contained as part of the consultancy budget to allow for changes in priorities, emerging risks, ad hoc projects, fraud and irregularity, etc. The Head of Internal Audit Shared Service will bring to the attention of the s151 Officer if this budget is depleted so an additional contingency can be agreed. 'Consultancy', for the purposes of WIASS activity, is defined as work that is of a specialist nature and commissioned/requested in regard to an area of work activity within a service area that is in addition to the agreed partners audit plan. The work can be financial or governance based and the output will provide management<sup>1</sup> with challenges to consider depending on it's nature. The approach to the assignment can be flexible but follow a similar path in regard to the methodology.
- b) during the course and at the close of each financial year provide the Board<sup>2</sup> with:
- quarterly progress reports on actual progress compared to the plan and performance indicators. Such reports to highlight serious problems, either affecting the implementation of the plan, or, in the take up of audit recommendations;
  - an annual report summarising the overall results for the year compared to the plan and pointing out any matters that will impact on internal audit's ability to meet the requirements in the strategic plan;
- c) during the course and close of each full systems/risk audit provide the client manager<sup>1</sup> with:
- a copy of an audit brief and audit information request setting out the objectives and scope of the audit prior to commencement of the audit and a confirmation of resource requirements for the audit.

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- draft recommendations, which will be discussed with the responsible manager<sup>1</sup> prior to sending the draft audit report. The manager<sup>1</sup> is responsible for confirming the accuracy of the audit findings and is invited to discuss the report during the 'clearance' meeting prior to the issue of the draft report.
  - an audit report containing an overview of the quality of the control system, an opinion as to the level of system assurance and detailed findings and recommendations including priority. 'Assurance', for WIASS purposes, is defined as the determination of an overall outcome against a predetermined criteria leading to an applied level giving an overall summary for the work audited.
- d) shortly after the close of each financial year provide for the purposes of the Annual Governance Statement:
- an annual audit opinion of the Partner's system of controls based on the audit work performed during the year in accordance with the plans at 5.1(a) above and reported in accordance with 5.1(b) and (c) above and on the assurance methodology adopted, and, a statement of conformance with the Public Sector Internal Audit Standards and the results of quality assurance and improvement programme.

### 5.2 Expectations of Clients:

Managers and staff should co-operate with the Auditors, and responses should be made to draft reports as outlined at 3 above. Responses should include an action plan, dates for action and responsibility where actions are delegated. The final 'High' and 'Medium' recommendations will be reported to the Board<sup>2</sup>.

### 5.3 Audit reports will be drawn up following the internal audit report framework. A matrix type report displaying audit findings, risks and recommendations along with a column for management comments, as per 5.1(c), will be provided to management<sup>1</sup>. The report will also contain an introduction and priority categories for each of the recommendations. A covering report will be attached to the matrix providing details of the partner organization, circulation, audit scope and objectives, an audit opinion and executive summary and an audit assurance rating as well as a clear indication of what action is required by management. Also included in the report will be the definition of audit opinion levels of assurance and definitions of priority of recommendations.

### 5.4 Upon completion of audits, the audit exceptions will be discussed with the relevant line manager and will form the basis of the draft audit reports. The draft audit reports are issued to the relevant line managers for them to confirm the accuracy of the audit findings and content. Managers are

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invited to contact the Auditor if they wish to discuss the report and asked to show their response in the form of an action plan to each recommendation on the draft report. For accepted recommendations, dates for action or implementation are recorded. The managers' responses are recorded in the final reports that are issued to the appropriate Management<sup>1</sup> officers as deemed relevant for the audit.

- 5.5 In accordance with professional standards, after three/six months from the date of issue of the final report, follow-up audits are undertaken to ensure that the agreed recommendations and action plans have been implemented, or, are in the process of being implemented. A formal follow up procedure / methodology is used to follow up audit reports. A follow up is then undertaken every three months to coincide with the Board<sup>2</sup> cycle so progress reporting is timely.
- 5.6 Internal Audit works to the reporting quality standards of:
- draft audit reports to be issued within 5 working days of the clearance meeting;
  - management responses received within 10 working days;
  - final audit reports to be issued within 5 working days of the final discussions of the draft audit report and receipt of management responses;
  - final reports to be followed-up initially within 3 to 6 months of the date issue of the final audit report depending on the recommendation priority and residual risk, to ensure that the accepted recommendations due for implementation have been established.

### **6. External Relationships**

6.1 The main contacts are with:

- Institute of Internal Auditors
- External Auditors
- Local Authorities in the Worcestershire area
- Local Authorities in the Midlands area
- Organisations within the Exeter Benchmarking Group

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- CIPFA (publishers of the systems based auditing control matrices written by Exeter IA section)
- National Fraud Initiative via DCLG and Cabinet Office

But may include other external parties as necessary.

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**Notes**

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

Version Control:	Date of Change	Action	Updated by
1.0	2 <sup>nd</sup> March 2012	Charter for WIASS	AB
2.0	9 <sup>th</sup> August 2012	Update to Charter	AB
3.0	23 <sup>rd</sup> April 2013	Update to Charter re. International Standards	AB
4.0	21 <sup>st</sup> Janaury2016	Update to Charter re. legislative requirements & title changes	AB
5.0	1 <sup>st</sup> July 2016	Update re. titles and definition of 'consultancy' and 'assurance'.	AB
6.0	April 2017	Full review in line with Standards	HT
7.0	May 2017	COG suggestion: Update of H&WFRS name to reflect legal entity & 'Council's' to 'Partners'.	HT

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**INTERNAL AUDIT EXTERNAL ASSESSMENT 2017/18 PROGRESS REPORT ~ WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.**

Relevant Portfolio Holder	Councillor Tom Baker-Price
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, 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 External Assessment progress report for Worcestershire Internal Audit Shared Service

**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 Although not a statutory requirement all Internal Audit Services are obliged to comply with the Public Sector Internal Audit Standards 2013 as amended and undergo an independent external assessment every 5 years to ensure compliance with the Standards.

3.4 An independent assessor was procured after using a soft marketing and competitive quotation approach. Peers were consulted and references taken up in regard to any previous assessment work that had been

undertaken in other authorities and the outcome in regard to the successful bid. Tilia Solutions were appointed for the Worcestershire Internal Audit Shared Service Assessment. The review was undertaken by the independent assessor during early October 2017 and a report was produced identifying areas which would enhance the Internal Audit Service provision overall. The final report was presented on the 20th October 2017.

- 3.5 The report was presented to the Client Officer Group during November 2017. The key outcomes of the assessment were:
- The Service is solid and reliable
  - Nothing wrong
  - No areas of non compliance were identified
- 3.6 The report identified a number of recommendations, compliance and suggestions to further enhance the Service. These have been accepted by the Head of Internal Audit, discussed with the Client Officer Group and an action plan formulated in order to satisfy all the points rather than solely the recommendations. It was decided, after due consideration, by addressing all the points it would benefit the Service overall. An action plan was formulated using an extract of the report as the basis to work. Reasonable progress has been made to date in order to satisfy a number of the points with others progressing well. It is planned that progress against the report will be reported before Committee twice a year until all the points identified have been satisfied.
- 3.7 A copy of the Tilia Solutions report can be found at Appendix A.
- 3.8 An extract of the report, action plan and progress to date can be found at Appendix B.

#### **4. RISK MANAGEMENT**

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

- The recommendations are not addressed sufficiently to satisfy requirements thus impacting on the service provision in the longer term.

#### **5. APPENDICES**

- Appendix A provides a copy of the External Assessment Report delivered by Tilia Solutions.
- Appendix B provides the action plan and current position



6. **BACKGROUND PAPERS**

Tilia Solutions External Assessment Report

7. **KEY**

N/a

**AUTHOR OF REPORT**

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**Tilia Solutions**  
CORPORATE GOVERNANCE CONSULTANCY



**FINAL**

**Review of**

**Worcestershire Internal Audit Shared Service**

**20 October 2017**

**Elizabeth Humphrey CPFA**

## Review of Worcestershire Internal Audit Shared Service (October 2017)

Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS) which have been in place since 1 April 2013, were revised on 1 April 2016 and have been further revised on 1 April 2017. The standards require periodic self-assessments and an assessment by an external person every five years. Now that Worcestershire Internal Audit Shared Service (WIASS) has been operating under the standards for over four years this was deemed a good time for the first external review. The review also included checking compliance with the Local Government Advisory Note (LGAN) where this has requirements in addition to those in the PSIAS.

The review was carried out through a process of interview and document review. A list of interviewees is included at appendix 2. I should like to thank all those who took the time to talk to me for their help. I reviewed seven audits carried out during the 2016/17 and 2017/18 financial years and I examined key documents including the Charter and reports to the various Audit Committees.

I identified no areas of non-compliance with the standards that would affect the overall scope of the internal audit activity. However, the approach taken to performing risk-based audits needs rethinking. Planning audit assignments using the risk appraisal used to determine if audits should be included on the annual audit plan is insufficient: the risks to the activity itself should also be identified and audited against. In addition, the head of the shared service should liaise with and report to the broader senior management teams at each organisation rather than the majority of liaison being with the directors of finance who make up the Client Officer Group (CoG). There are also some medium-priority actions needed to ensure full compliance with the standards and I have made some best practice suggestions for consideration by the service, the CoG and Audit Committees. The Head of the Internal Audit Shared Service (HIASS) will need to take action to implement my recommendations (R), compliance actions (C) and suggestions (S). An action plan detailing the essential recommendations is included as appendix 1.

### Summary findings and recommendations

Standard	Compliance	Findings	Recommendations	Rec no
<b>Mission and Core principles of internal audit</b>	Partial	The Service complies with the majority of the core principles, but improvements are needed in the planning of individual audits and reporting to senior management that will support delivery of the remaining principles. These are addressed in detail below		R4 R8
<b>Code of Ethics</b>	Full	All interviewees stressed the emphasis placed on ethics by the audit team and their independence and objectivity		

Standard	Compliance	Findings	Recommendations	Rec no
<b>Attribute standards</b>				
<b>1000</b> Purpose, authority and responsibility	Partial	<b>Standard 1010</b> Because the HIASS does not routinely meet with senior management teams at any of the authorities, none of the key aspects of the Charter are discussed with them See also Standard 1112 regarding safeguards to be included in the Charter for non-audit work	See recommendation below regarding reporting to senior management	R8
				R2
		<b>LGAN p8</b> Anti-fraud and corruption policies do not require the HIASS to be informed of all suspected frauds	Include a requirement in each anti-fraud and corruption policy to inform the HIASS of all suspected frauds	R1
<b>1100</b> Independence and objectivity	Partial	<b>Standards 1010, 1112 and 1130.A2</b> The audit service has roles beyond internal audit at a number of the organisations, including risk management, fraud investigations and revenues and benefits quality assurance. These activities can, potentially, compromise audit's independence and objectivity and the audit team cannot undertake audit activities in these areas. Safeguards are required to manage audit activity in these areas	Safeguards, including independent audit arrangements, should be put in place to manage audit's independence and objectivity where they carry out non-audit activities and these should be discussed with and approved by the relevant audit committees. They should be included in the Audit Charter	R2
<b>1200</b> Proficiency and due professional care	Partial	<b>Standard 1210.A2 and 2120.A2</b> Although consideration of fraud risks is a routine part of audit planning, I saw little evidence of any detailed thinking regarding possible frauds	Ensure fraud risks are considered more extensively in planning audits and give audit staff support to enable them to do this	R3

Standard	Compliance	Findings	Recommendations	Rec no
		<p><b>Standards 1220.AI and A3 and 2210 AI</b>            Planning for individual audits does not consider the risks faced by that activity other than any that might be recorded in the risk register. In addition, audits do not routinely consider governance, risk management and control processes or the risk of fraud</p>	In discussion with the auditee, broaden individual audit planning to cover the matters indicated and record this on the audit brief	R4
<p><b>1300</b>            Quality assurance and improvement programme (QAIP)</p>	Partial	<p><b>Standard 1310 and 1311 and LGAN p12 and p13</b>            Quality assurance activities are undertaken but recent self-assessments have been against the 2006 Code, which has been superseded by the PSIAS and LGAN</p>	Undertake self-assessments against the LGAN and PSIAS	R5
		<p><b>Standard 1320, 2450 and LGAN p13</b>            Results of the QAIP are reported to CoG and the audit committees but not to the broader senior management teams</p>	See recommendation below regarding reporting to senior management	R8
		<p>Self-assessments have identified areas for improvement but the annual reports to audit committees state that the service is fully compliant with the PSIAS and no action plan is presented</p>	Ensure that the results of self-assessments against PSIAS are reported to audit committees and CoG, together with the action planned so that these bodies can monitor progress	R6
<b>Performance standards</b>				
<p><b>2000</b>            Managing the internal audit activity</p>	Non-compliant	<p><b>Standard 2010, A1 and A2, 2020 and LGAN p15</b>            The current annual audit plans are service driven rather than strategic and do not refer to several of the required areas, in particular organisational objectives and priorities.</p>	Ensure audit plans are driven by each client's strategic objectives and priorities and refer to all the required areas	R7

Standard	Compliance	Findings	Recommendations	Rec no
		<p>While audit committees are engaged in the audit planning process, senior management are not routinely consulted about items for inclusion in annual audit plans nor informed about progress against those plans. See also Standard 2450 regarding planning and the annual audit opinion</p> <p><b>Standard 2060 and LGAN p17</b></p> <p>Internal audit is expected to report both to audit committees and to senior management. Reporting to audit committees meets the requirements, but the majority of reporting to senior management is undertaken via the CoG, potentially compromising audit's independence</p>	<p>See recommendations below regarding senior management</p> <p>See recommendations regarding the opinion below</p> <p>The HIASS should have regular meetings with senior management teams to consult on items for inclusion in the annual plan, activities against the plan, any significant issues (fraud, risks, governance etc) that may have wider relevance and year-end outcomes</p>	<p>R8</p> <p>R14</p> <p>R8</p>
<p><b>2100</b> Nature of work</p>	<p>Non-compliant</p>	<p><b>Standard 2110</b> Audit planning does not consider governance arrangements for:</p> <ul style="list-style-type: none"> <li>• Making decisions</li> <li>• Risk management</li> <li>• Ethics and values</li> <li>• Performance</li> <li>• Sharing risk and control information</li> </ul> <p><b>Standard 2110.A1</b> There have been no audits of ethical arrangements</p> <p><b>Standard 2110.A2</b> IT audit does not currently consider IT governance arrangements but focuses on operational IT risks</p>	<p>Revise the audit planning and brief as indicated</p> <p>Include examination of ethical issues in all relevant audits, bringing this work together at the year end to form an opinion on ethical activities</p> <p>Include work on IT governance in the audit plan, buying in expertise if necessary</p>	<p>R4</p> <p>R9</p> <p>R10</p>

Standard	Compliance	Findings	Recommendations	Rec no
		<p><b>Standard 2120.A1 and 2130.A1</b> Most audits are currently planned around control objectives rather than considering the risks to that activity and the controls that are needed to respond to those risks</p> <p><b>Standard 2120.A2</b> See above regarding fraud risks</p>	<p>Revise the audit brief to focus on risks and their mitigation</p>	<p>R4</p> <p>R3</p>
2200 Engagement planning	Partial	<p><b>Standards 2201 and 2210.A1</b> The audit brief does not always cover:</p> <ul style="list-style-type: none"> <li>• Strategies and objectives of the activity being reviewed</li> <li>• How the activity controls its performance</li> <li>• The framework used by the activity to manage its governance, risk and control processes</li> <li>• The probability of errors and non-compliance</li> <li>• Opportunities to add value</li> </ul> <p><b>Standard 2201.A1</b> When audits are carried out for external parties, there should be a written understanding with them about the process of the audit. The Place Partnership agreement is incomplete</p> <p><b>Standard 2210.A2 and A3</b> Audit planning does not consider the probability of errors, fraud and non-compliance. Nor does it identify opportunities to add value</p>	<p>Expand the audit brief as indicated</p> <p>Finalise the Place Partnership agreement as a matter of urgency</p> <p>Expand the audit planning and brief to address these aspects</p>	<p>R4</p> <p>R11</p> <p>R4 R3</p>



Standard	Compliance	Findings	Recommendations	Rec no
		<p><b>Standard 2240.A1</b> No audit work programme is produced to set out the procedures for identifying, analysing, evaluating and documenting audit work although the audit justification and internal control questionnaire cover some of these aspects</p>	Combine the current planning documents and broaden them to create a work programme specifying the tests to be undertaken. Ensure that the work programme is approved before testing starts	R12
<p><b>2300</b> Performing the engagement</p>	Complies	<p>The review showed that audits are well-performed. Documentation is thorough but can be difficult to follow for those not familiar with the process</p>		
<p><b>2400</b> Communicating the results</p>	Partial	<p><b>Standard 2420</b> Audit reports generally meet the required standards but there can be lengthy delays between the draft and final report as auditees do not respond promptly</p> <p><b>Standard 2450</b> The annual internal audit opinion is included as appendix to the main report (except for WDC) and is narrative in form. Not all versions of the opinion obviously conclude on the organisation's governance, risk and control arrangements</p> <p>The opinion or performance report (MHDC and WDC) state that the service conforms to CIPFA guidance and PSIAS although the review indicates that further actions are needed</p> <p>See also Standards 1320 and 2010</p>	<p>Address the reasons for the lengthy delays in finalising reports, incentivising auditees to respond promptly</p> <p>The annual audit opinion should be succinct and stand out. It should cover risk management, controls and governance. If no conclusion can be drawn on a specific area, then that should be identified. The form of the opinion should be discussed and agreed with audit committees and senior management</p> <p>See recommendations above</p>	<p>R13</p> <p>R14</p> <p>R6</p>

Standard	Compliance	Findings	Recommendations	Rec no
		<b>LGAN p20</b> There are currently no formal arrangements at all organisations to share information and risks that emerge from audits	Report information and risks that have wider implications to senior managers	R8
<b>2500</b> Monitoring progress	Complies	The follow-up process as set out in the manual complies with the standards		
<b>2600</b> Communicating the acceptance of risks	Complies	There was no evidence that risks have been left unmitigated following an audit, highlighting the importance placed by the officers at each organisation on audit findings		

The Head of Internal Audit Shared Service has details of the findings, standard by standard.

Elizabeth Humphrey CPFA

## Appendix I: action plan

### Recommendations

No	Recommendation	Response	Responsible officer	Action date
R1	Include a requirement in each anti-fraud and corruption policy to inform the HIASS of all suspected frauds	Anti-fraud and corruption policies to be updated as appropriate. Request to be made to update policies.	Andy Bromage HIASS	By Dec 2017
R2	Safeguards, including independent audit arrangements, should be put in place to manage audit's independence and objectivity where they carry out non-audit activities and these should be discussed with and approved by the relevant audit committees. They should be included in the Audit Charter	Independence is managed closely within the team e.g. different people working on areas and not auditing those areas, annual conflict of interest checks, quality assurance, quality assurance in process and Team Leader & HIA consideration. Charter will be updated and discussion can take place with Cttee on an annual basis with safeguards specifically identified.	Andy Bromage HIASS & Helen Tiffney Team Leader	Circa June 2018. To be included in the annual reporting cycle for all Partners.
R3	Ensure fraud risks are considered more extensively in planning audits and give audit staff support to enable them to do this	<p>The planning area of audit work as well as the annual plan was identified as an area that required transforming in May 2017 and a paper was placed before COG setting out how we were planning to improve this. We will indicate clearly the potential fraud risks and include in the brief. There will also be a greater emphasis on risk focus.</p> <p>Currently holding workshops re. Service transformation and methodology impact therefore part of consideration.</p>	Andy Bromage HIASS & Helen Tiffney- Team Leader	April 2018

No	Recommendation	Response	Responsible officer	Action date
R4	<p>In discussion with the auditee, broaden individual audit planning to cover the matters indicated and record the relevant matters on the audit brief:</p> <ul style="list-style-type: none"> <li>• Achievement of the organisation’s strategic objectives</li> <li>• Strategies and objectives of the activity under review</li> <li>• Reliability and integrity of financial and operational information</li> <li>• Risks to the activity under review</li> <li>• Risk management arrangements</li> <li>• Governance arrangements for:                             <ul style="list-style-type: none"> <li>○ Making strategic and operational decisions</li> <li>○ Overseeing risk management and control</li> <li>○ Promoting appropriate ethics and values</li> <li>○ Ensuring effective organisational performance management and accountability</li> <li>○ Communicating risk and control information to appropriate areas of the organisation</li> </ul> </li> <li>• Effectiveness and efficiency of operations and programmes</li> <li>• Safeguarding of assets</li> <li>• Compliance with laws, regulations, policies, procedures and contracts</li> <li>• Potential errors and non-compliance</li> <li>• Opportunities for value for money and to make improvements in the activity’s processes</li> </ul>	<p>The planning area of audit work as well as the annual plan was identified as an area that required transforming in May 2017 and a paper was placed before COG setting out how we were planning to improve this. We will look at broadening the audit brief to make it more succinct and linked in to corporate priorities and strategic objectives. There will also be a greater emphasis on risk focus.</p> <p>Currently holding workshops re. Service transformation and methodology impact therefore part of consideration.</p>	<p>Andy Bromage HIASS &amp; Helen Tiffney- Team Leader</p>	<p>Circa June 2018</p>

No	Recommendation	Response	Responsible officer	Action date
R5	Undertake self-assessments against the LGAN and PSIAS	To be undertaken annually. To commence at the end of 2018/19.	Andy Bromage HIASS	Self Assessment towards end of 2018/19 after transformation has taken place
R6	Ensure that the results of self-assessments against PSIAS are reported to audit committees and CoG, together with the action planned so that these bodies can monitor progress	Self-assessment results to be reported to COG and Cttee as part of annual reporting. To commence at the end of 2018/19 financial year and for reporting 2019/20.	Andy Bromage HIASS	Circa July 2019
R7	Ensure audit plans are driven by each client's strategic objectives and priorities and refer to all the required areas	See recommendation response at 4.		
R8	The HIASS should have regular meetings with senior management teams to consult on items for inclusion in the annual plan, activities against the plan, any significant issues (fraud, risks, governance etc) that may have wider relevance and year-end outcomes	Although HiASS has engaged in the past in regard to the annual plans with HoS, s151's, arrangements to attend Senior Management Team meetings as part of the process will be arranged.	Andy Bromage HIASS & Helen Tiffney- Team Leader	Immediate action i.e. for 18/19 Plan and ongoing
R9	Include examination of ethical issues in all relevant audits, bringing this work together at the year end to form an opinion on ethical activities	To become part of the brief and then report outcomes in annual report.	Helen Tiffney- Team Leader & Andy Bromage HIASS	During 2018/19 & circa June 2019 opinions.
R10	Include work on IT governance in the audit plan, buying in expertise if necessary	To seek assurance on this from other work undertaken within IT (i.e. third-party assurances), along with external audit work and consider whether it is sufficient. Buying in a resource will have resource implications.	Andy Bromage HIASS & COG	Nov 17 COG.

No	Recommendation	Response	Responsible officer	Action date
R11	Finalise the Place Partnership agreement as a matter of urgency	Agreed. Currently with WCC Legal who are continuing to work on Agreement.	Andy Bromage HIASS, & WCC Legal Services and PPL.	Draft to be available w/c 13/11/17 for PPL consideration. Finalisation Circa end Dec 2017.
R12	Combine the current planning documents and broaden them to create a work programme specifying the tests to be undertaken. Ensure that the work programme is approved before testing starts	Currently holding workshops re. Service transformation and methodology impact therefore part of consideration. This directly links with R3 and R4.	Andy Bromage HIASS & Helen Tiffney- Team Leader	April 2018
R13	Address the reasons for the lengthy delays in finalising reports, incentivising auditees to respond promptly	Delay can be due to 'good cause' and will be managed accordingly to circumstances. Where there is unjustified and undue delay then escalation to be instigated using the senior management team at the Partners.	Andy Bromage HIASS, Helen Tiffney- Team Leader & COG	Immediate action
R14	The annual audit opinion should be succinct and stand out. It should cover risk management, controls and governance. If no conclusion can be drawn on a specific area, then that should be identified. The form of the opinion should be discussed and agreed with audit committees and senior management	The current annual audit opinion, along with other Audit Cttee reports are shared with senior management teams as part of the reporting process. However, format to be changed to give more emphasis and clarity in regard to the opinion and outcomes.	Andy Bromage HIASS, & COG	Nov 17 COG & Circa June 2018. To be included in the annual reporting cycle for all Partners.

**Appendix 2: interviewees**

<b>Person</b>	<b>Position</b>	<b>Organisation</b>
Vic Allison	Deputy Managing Director & s151 Officer	Wychavon District Council
Cllr Alan Amos	Audit Committee Chair	Worcester City Council
Andy Baldwin	Deputy Chief Executive & s151 Officer	Malvern Hills District Council
Mark Baldwin	Head of Finance	Worcester City Council
David Blake	Managing Director	Worcester City Council
Andy Bromage	Head of Internal Audit Shared Service	Worcestershire Internal Audit Shared Service
Lauren Colclough	Auditor	Worcestershire Internal Audit Shared Service
Kevin Dicks	Chief Executive	Bromsgrove District and Redditch Borough Councils
John Fidoe	Senior Auditor	Worcestershire Internal Audit Shared Service
Shane Flynn	Director of Finance & Resources	Worcester City Council
Sue Garrett	Licensing and Support Service Manager	Worcestershire Regulatory Services
Michelle Gasser	QA Officer	Worcestershire Internal Audit Shared Service
Cllr Douglas Godwin	Audit Committee Chair	Malvern Hills District Council
Philip Griffiths	Auditor	Worcestershire Internal Audit Shared Service
Cllr Marcus Hart	Audit Committee Chair	Hereford and Worcestershire Fire and Rescue Service
Jack Hegarty	Managing Director and Chief Executive	Wychavon District Council and Malvern Hills District Council
Chris Lawrence	Auditor	Worcestershire Internal Audit Shared Service
Vicki Lee	Human Resources Manager	Wychavon District Council
Tim O'Gara	Deputy Director of Governance	Worcester City Council
Richard Percival	External Audit	Grant Thornton
Jayne Pickering	Executive Director Finance & Resource & s151 Officer	Bromsgrove District and Redditch Borough Councils
Cllr Jayne Potter	Audit Committee Chair	Redditch Borough Council

<b>Person</b>	<b>Position</b>	<b>Organisation</b>
Mark Preece	Area Commander - Community Risk	Hereford and Worcestershire Fire and Rescue Service
Martin Reohorn	Treasurer	Hereford and Worcestershire Fire and Rescue Service
Ben Schiffman	WCC Facilities Manager	Worcester City Council
Becky Spencer	Auditor	Worcestershire Internal Audit Shared Service
Mark Surridge	External Audit	Ernst Young
Helen Tiffney	Team Leader	Worcestershire Internal Audit Shared Service
Catherine Turnock	Performance and Risk Management Officer	Malvern Hills District Council
Cllr Mike Webb	Audit Committee Chair	Bromsgrove District Council
Alison Williams	Head of Finance	Wychavon District Council
Nigel Winters	IT Shared Services Manager	Wychavon District Council



**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**APPENDIX B**

**EXTRACT OF REPORT WITH ACTION PLAN.**

**Key:**

Action point has passed the "due by" date
Action point is close to the "due by" date
Action point completed
Action point started to be addressed
Action point has not been started on and is not close to or over due in regards to "due by" date

**Recommendations**

No	Recommendation	Response	Action date	Action taken	Completed
R1	Include a requirement in each anti-fraud and corruption policy to inform the HIASS of all suspected frauds	Anti-fraud and corruption policies to be updated as appropriate. Request to be made to update policies.	By Dec 2017	All partners have been contacted in regard to current policies. Actions are dependant on position and planned updates. Policies mainly require a small tweak of the current wording to satisfy this recommendation.	On going enquiries being made of Partners
R2	Safeguards, including independent audit	Independence is managed	Circa June 2018. To be	Safeguarding, independence and	Addressed -

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Recommendation	Response	Action date	Action taken	Completed
	arrangements, should be put in place to manage audit's independence and objectivity where they carry out non-audit activities and these should be discussed with and approved by the relevant audit committees. They should be included in the Audit Charter	closely within the team e.g. different people working on areas and not auditing those areas, annual conflict of interest checks, quality assurance, quality assurance in process and Team Leader & HIA consideration. Charter will be updated and discussion can take place with Cttee on an annual basis with safeguards specifically identified.	included in the annual reporting cycle for all Partners.	integrity being included in the 2018 Charter	revised Charter drafted but awaiting cttee approval - circa Sept 2018
R3	Ensure fraud risks are considered more extensively in planning audits and give audit staff support to enable them to do this	The planning area of audit work as well as the annual plan was identified as an area that required transforming in May 2017 and a paper was placed before COG setting out how we were planning to improve this. We will indicate clearly the potential fraud risks and include in the brief. There will also be a greater emphasis on risk focus.	Andy Bromage HIASS & Helen Tiffney- Team Leader	April 2018 February 2018 onwards: Fraud website ( <a href="https://www.actionfraud.police.uk/a-z-of-fraud">https://www.actionfraud.police.uk/a-z-of-fraud</a> ) advised to all Auditors November 2017 via email so that they could familiarise themselves with it and the benefits it can provide. Workshops held re. Service transformation and methodology impact. February 2018 Team Meeting advised that expected to use it as part of the planning element so there is more extensive consideration of this aspect in all the reviews undertaken.	Addressed - ongoing

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Recommendation	Response	Action date	Action taken	Completed
R4	<p>In discussion with the auditee, broaden individual audit planning to cover the matters indicated and record the relevant matters on the audit brief:</p> <ul style="list-style-type: none"> <li>• Achievement of the organisation’s strategic objectives</li> <li>• Strategies and objectives of the activity under review</li> <li>• Reliability and integrity of financial and operational information</li> <li>• Risks to the activity under review</li> <li>• Risk management arrangements</li> <li>• Governance arrangements for:                             <ul style="list-style-type: none"> <li>○ Making strategic and operational decisions</li> <li>○ Overseeing risk management and control</li> <li>○ Promoting appropriate ethics and values</li> <li>○ Ensuring effective organisational performance management and accountability</li> <li>○ Communicating risk and control information to appropriate areas of the organisation</li> </ul> </li> <li>• Effectiveness and efficiency of operations and programmes</li> <li>• Safeguarding of assets</li> </ul>	<p>The planning area of audit work as well as the annual plan was identified as an area that required transforming in May 2017 and a paper was placed before COG setting out how we were planning to improve this. We will look at broadening the audit brief to make it more succinct and linked in to corporate priorities and strategic objectives. There will also be a greater emphasis on risk focus.</p> <p>Currently holding workshops re. Service transformation and methodology impact therefore part of consideration.</p>	Andy Bromage HIASS & Helen Tiffney-Team Leader	<p>Circa June 2018</p> <p>November 2017 onwards: Completely new approach adopted for annual planning. 2018/19 planning has gone through SMT with a key emphasis on risk and linkage to corporate priorities /promises as well as corporate and service risk registers as well as service plans. Plans signed off at SMT level for all Partners with HIASS in attendance to present the plan(s).</p> <p>February 2018 onwards: February 2018 Team Meeting introduced the revised methodology and talked through the annual plan approach. Team expected to deploy new method of working, use methodology and deliver audits on time and within budget as the process has been significantly streamlined without losing the integrity of the working papers.</p>	Addressed - ongoing

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Recommendation	Response	Action date	Action taken	Completed
	<ul style="list-style-type: none"> <li>• Compliance with laws, regulations, policies, procedures and contracts</li> <li>• Potential errors and non-compliance</li> <li>• Opportunities for value for money and to make improvements in the activity's processes</li> </ul>				
R5	Undertake self-assessments against the LGAN and PSIAS	To be undertaken annually. To commence at the end of 2018/19.	Self Assessment towards end of 2018/19 after transformation has been embedded	Diarised for early February 2019 with reporting to be included as part of the annual report cycle for all Partners. Template for self assessment being drafted.	
R6	Ensure that the results of self-assessments against PSIAS are reported to audit committees and CoG, together with the action planned so that these bodies can monitor progress	Self-assessment results to be reported to COG and Cttee as part of annual reporting. To commence at the end of 2018/19 financial year and for reporting 2019/20.	Circa July 2019	To be included as part of the annual report cycle and overall assurance provision to those in governance of the integrity of WIIASS as a service. Linked to R5 above.	

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Recommendation	Response	Action date	Action taken	Completed
R7	Ensure audit plans are driven by each client's strategic objectives and priorities and refer to all the required areas	See recommendation response at 4.	June 2018	Completed as part of the 2018/19 planning process; direct links established between corporate risk register, service risk register and Corporate Strategies. Links included in the plan for transparency. Paragraph included in cttee reports as to the process followed in the formulation of the plan and the resource requirements.  AB Jan 2018	Addressed - ongoing
R8	The HIASS should have regular meetings with senior management teams to consult on items for inclusion in the annual plan, activities against the plan, any significant issues (fraud, risks, governance etc) that may have wider relevance and year-end outcomes	Although HiASS has engaged in the past in regard to the annual plans with HoS, s151's, arrangements to attend Senior Management Team meetings as part of the process will be arranged.	Immediate action i.e. for 18/19 Plan and ongoing.	In progress as appropriate. Direct access to all s151 Officer's, COG and Committee Chairs when required. More engagement with senior management teams anticipated.	Addressed - ongoing

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Recommendation	Response	Action date	Action taken	Completed
R9	Include examination of ethical issues in all relevant audits, bringing this work together at the year end to form an opinion on ethical activities	To become part of the brief and then report outcomes in annual report.	During 2018/19 & circa June 2019 opinions.	Included in briefs for 2018/19 to be collated for 2019 opinion.	Addressed - ongoing
R10	Include work on IT governance in the audit plan, buying in expertise if necessary	To seek assurance on this from other work undertaken within IT (i.e. third-party assurances), along with external audit work and consider whether it is sufficient. Buying in a resource will have resource implications.	Nov 17 COG.	Discussed at November COG. Assurance from existing arrangements but budgets to be included in the 18/19 plans. AB Jan 2018	Addressed - ongoing
R11	Finalise the Place Partnership agreement as a matter of urgency	Agreed. Currently with WCC Legal who are continuing to work on Agreement.	Andy Bromage HIASS, & WCC Legal Services and PPL.	Discussed 1/11/17 re. agreement requirements. Dec-17 Awaiting draft from Legal. Chased Jan 18; to be delivered by end of Jan 18. AB Jan 2018. Further consideration in regard to this agreement and current position of provision therefore on hold for the time being. June 2018	Jan 18
R12	Combine the current planning documents and broaden them to create a work programme specifying the tests to be undertaken. Ensure that the work programme is approved	Currently holding workshops re. Service transformation and methodology impact therefore part of	Apr-18	New methodology includes planning and testing as a combined document implemented for 2018/19 audit reviews . Development continuing through	Addressed - ongoing

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Recommendation	Response	Action date	Action taken	Completed
	before testing starts	consideration. This directly links with R3 and R4.		feedback sessions at team meetings.	
R13	Address the reasons for the lengthy delays in finalising reports, incentivising auditees to respond promptly	Delay can be due to 'good cause' and will be managed accordingly to circumstances. Where there is unjustified and undue delay then escalation to be instigated using the senior management team at the Partners.	Immediate action	Continuing to monitor as there remain examples of undue delay with some partners.	Remains ongoing
R14	The annual audit opinion should be succinct and stand out. It should cover risk management, controls and governance. If no conclusion can be drawn on a specific area, then that should be identified. The form of the opinion should be discussed and agreed with audit committees and senior management	The current annual audit opinion, along with other Audit Cttee reports are shared with senior management teams as part of the reporting process. However, format to be changed to give more emphasis and clarity in regard to the opinion and outcomes.	Nov 17 COG & Circa June 2018. To be included in the annual reporting cycle for all Partners.	Included annual report. For cttee to agree to and suggest any further requirements.	Addressed - ongoing

Compliance

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Compliance requirement	Response	Action date	Action taken	Completed
C1	Include the mandatory mission statement in the Charter	To include in the Charter to achieve full compliance.	By April 2018  <a href="https://staffroom.worcester.gov.uk/about">https://staffroom.worcester.gov.uk/about</a>	Internal Audit Charter has been revised but is currently awaiting approval . Seeking to take before Committee for approval Circa September/October 2018	Addressed - currently in draft awaiting for charter to be approved
C2	Include, as a minimum, a reference to the Seven Principles in one of the key audit documents. Ideally, refer to all seven principles and what they mean in an audit context	To include in the Charter to achieve full compliance.	By April 2018  <a href="https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2">https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2</a>	Internal Audit Charter has been revised but is currently awaiting approval . Seeking to take before Committee for approval Circa September/October 2018	Addressed - currently in draft awaiting for charter to be approved
C3	Include a reference to assurance provided to parties outside the partnership in the Charter	To include in the Charter to achieve full compliance.	By April 2018  -	Internal Audit Charter has been revised but is currently awaiting approval . Seeking to take before Committee for approval Circa September/October 2018	Addressed - currently in draft awaiting for charter to be approved
C4	Include information about the Core Principles in the Charter, including how audit delivers	To include in the Charter to achieve full compliance.	<a href="https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-">https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-</a>	Internal Audit Charter has been revised but is currently awaiting approval . Seeking to take before Committee for approval Circa September/October 2018	Addressed - currently in draft awaiting for charter to be approved



**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Compliance requirement	Response	Action date	Action taken	Completed
	against them		<a href="https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Code-of-Ethics.aspx">Professional-Practice-of-Internal-Auditing.aspx https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Code-of-Ethics.aspx</a>		
C5	Include a positive confirmation of audit's independence in the annual audit reports	Although already included this will be given more emphasis in the annual reports.	Circa June 2018. To be included in the annual reporting cycle for all Partners.	Included in annual report 2018	Addressed - Ongoing
C6	Develop an overarching Quality Assurance and Improvement Programme (QAIP) strategy to cover quality assurance activities, including how often, who is involved and their scope.	Adopt PSIAS as the standard WIASS wish to work to as a Service. Develop a QAIP strategy to indicate quality assurance activity.	By June 2018		

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Compliance requirement	Response	Action date	Action taken	Completed
C7	<p>Ensure audit plans are driven by each client's strategic objectives and priorities and refer to all the required areas:</p> <ul style="list-style-type: none"> <li>· The need to produce an annual opinion</li> <li>· Links to an assurance framework and other assurance providers (ideally specify)</li> <li>· How the service will be developed</li> <li>· The WIASS Charter</li> <li>· Links to organisational objectives and priorities</li> </ul>	<p>The annual plan was identified as an area that required transforming in May 2017 and a paper was placed before COG setting out how we were planning to do this and the fact that we needed to link the plan directly to the strategic objectives, priorities and risk registers. WIASS will seek to incorporate this in the 2018/19 plans. Although risk registers are used as part of the current planning direct links will be made to clearly indicate to committee.</p>	<p>Circa June 2018 i.e. 2018/19 planning process so immediate but ongoing action.</p>	<p>2018/19 Plans driven by corporate risk, service risk, service plans, and linked to overall Corp. objectives and identified in the audit plans. Discussed at SMT level prior to Cttee and presented at Cttee for consideration. AB Jan 2018</p>	<p>Addressed - Ongoing</p>

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Compliance requirement	Response	Action date	Action taken	Completed
C8	Include information in the annual plan regarding how audit days for audits are calculated to support the overall resource position	Will clearly indicate this in the cttee report and show the direct link when reporting as to how we have arrived at the resource position by linking the risks and priorities.	Andy Bromage HIAS, & COG	Circa June 2018 i.e. 2018/19 planning process so immediate but ongoing action. Identified the high, medium and low priority in the plan and the resource allocated. Discussed at SMT level, agreed with s151's and linked directly to the corp. priorities. Identified those areas not included as well where appropriate and member's given opportunity to comment on plans before finalising. AB Jan 2018	Addressed - ongoing
C9	Include guidance on informing management when key issues arise during an audit	There has always been an agreement that s151 Officers/Heads of Service would be informed in regard to significant/key issues arising from reviews if it was considered an immediate action was required or there was a risk of, or actual, fraud taking place. This can be formalised and included in guidance notes for compliance.	By April 2018 - Included in the current Charter at 4.6in regard to the s151 and HIAS liaison but to include mngt as well	Internal Audit Charter has been revised but is currently awaiting approval . Seeking to take before Committee for approval Circa September/October 2018	Addressed - currently in draft awaiting for charter to be approved
C10	Make the link between the PSIAS, LGAN and activities undertaken in performing an audit clear, for example, by quoting specific standards	Can include in brief. Nov 2017 holding workshops re. service transformation and methodology impact therefore part of consideration. Links directly to R4	By April 2018	See notes in R4 In brief document referenced the IIA PSIAS and Ethical Standards under the Independence and Ethics section	Addressed – ongoing
C11	Develop a retention scheme for HWFRS	WIAS uses a retention scheme in regard to all	By May 2018	WCC ok. Sent over to HWFRS 4.6.18. Contacts for MHDC needed to send over to. RBC/BDC need to	Seeking confirmation

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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No	Compliance requirement	Response	Action date	Action taken	Completed
	and finalise the MHDC scheme	Partners but can seek to finalise schemes with specific partners with specific linkage to General Data Protection Regulation requirements.		have the most recent WCC issue as their schedule is not in line	of update from authorities
C12	Ensure that all coaching notes are signed off and dated	Agreed. All coaching to be signed off and dated in a timely manner to achieve full compliance.	Immediate action Support post created to assist with the overall Service administration. Post duties to include a review of all coaching notes and track them at final report stage to ensure they are satisfied and signed off. AB Jan 2018	Review of 2017-18 reports completed, outstanding sign off to be followed up. 2018-19 on tracking ongoing as part of support post plus other additional monitoring duties within the Service	Addressed - ongoing

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Suggestions:

No	Suggestion	Response	Responsible officer	Action date	Action taken	Completed
S1	Amend the Charter to state that audit's remit extends across the entire control environment of each organisation	Agreed. Charter to be updated to include a statement.	Helen Tiffney-Team Leader	By April 2018	Included in the revised draft Charter for 2018	Addressed - waiting for charter to be approved circa Sept 2018
S2	Introduce annual formal private meetings between audit committees and the HIASS	Can be incorporated as part of the annual report position	Andy Bromage HIASS, & COG	COG discussion Nov 2017	Agreed, where requested this action can take place	To be part of the Annual Report position.
S3	Invite appropriate staff, for example CoG, to be included in the quality assurance programme periodically	COG is included as part of the quality assurance programme at least once a year during COG meeting. QA is always requested from clients on the completion of the audit. Will seek to widen the scope and formalise the quality assurance programme.	Andy Bromage HIASS, & COG	COG discussion Nov-17	Feedback from clients after the audit has been finalised. Director of Finance / Chair of CoG providing feedback from CoG meetings to HIASS	Addressed - ongoing action point annually
S4	Make greater use of corporate risk registers in developing annual audit plans	Currently considered as part of the process but will provide a direct link to formalise the links between risk registers, audit plan and corporate priorities for the future.	Andy Bromage HIASS, & Helen Tiffney Team Leader	Circa June 2018 i.e. as part of the 2018/19 planning process so immediate but ongoing action.	Completed as part of the 2018/19 planning process; direct links established between corporate risk register, service risk register and Corporate Strategies.	Addressed - ongoing action point annually

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Suggestion	Response	Responsible officer	Action date	Action taken	Completed
					Links included in the plan for transparency.	
S5	Emphasise to audit committee members that the plan is based on strategic risks	To be included in the annual audit plan report and as part of the report presentation with direct linkage to the strategic risks. Links to S6.	Andy Bromage HIASS,	Circa June 2018 i.e. as part of the 2018/19 planning process for all Partners	Completed as part of the 2018/19 planning process; direct links established between corporate risk register, service risk register and Corporate Strategies. Links included in the plan for transparency. Paragraph included in cttee reports as to the process followed in the formulation of the plan and the resource requirements.	Addressed - ongoing action point annually
S6	The annual audit plan should prioritise audit assignment, for example by showing the risk ranking or using H/M/L ratings	To be included in the annual audit plan report and as part of the report presentation with direct linkage to the strategic risks and the risk rating provided. Links to S5.	HIASS, and COG	Circa June 2018 i.e. as part of the 2018/19 planning process for all Partners	Completed as part of the 2018/19 planning process with high medium or low, or, a combination of levels where appropriate being included in the plan. Direct links established between corporate risk register, service risk register and Corporate Strategies. Links included in the plan for transparency. Paragraph included in cttee reports as to the process followed in the formulation of the plan and the resource requirements and the priority to be applied.	Addressed - ongoing action point annually

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

No	Suggestion	Response	Responsible officer	Action date	Action taken	Completed
S7	Consider an alternative layout for audit reports that is easier to read	Will consider as part of the workshops and methodology update currently being undertaken. To consider table of findings/recommendations as landscape rather than portrait with more emphasis on the risk. Links to S8.	Andy Bromage HIASS, & Helen Tiffney Team Leader	April 2018	Discussed at COG and current format to remain as it is liked and can be easily followed. Nov 2017	Addressed - no further action.
S8	Explore ways to make the follow-up process clear to officers and audit committees	Will consider as part of the workshops and methodology update currently being undertaken. Perhaps there needs to be better education at key times during the review to get the message across in regard to the follow up process. This can also be emphasised actually in the reports and during their formal issue in covering emails. Links to S7.	Andy Bromage HIASS, & Helen Tiffney- Team Leader	Apr-18	Standard template written for officers to use when issuing Final Reports stating the follow up time frame for that audit. Follow up also added to the 4A - Post Clearance Draft Audit Report template. New report template waiting approval before rolling out. Email template distributed for auditors to use. Jun-18	Addressed - on going review

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REDDITCH BOROUGH COUNCILAUDIT, GOVERNANCE AND STANDARDS COMMITTEE 30<sup>th</sup> JULY 2018CORPORATE GOVERNANCE AND RISK

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

**1. SUMMARY OF PROPOSALS**

- 1.1 For Members to consider the draft Corporate Risk Register for 2018/19.

**2. RECOMMENDATIONS**

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

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

**3. KEY ISSUES****Financial Implications**

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

**Legal Implications**

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

**Service / Operational Implications****Corporate Risk Register**

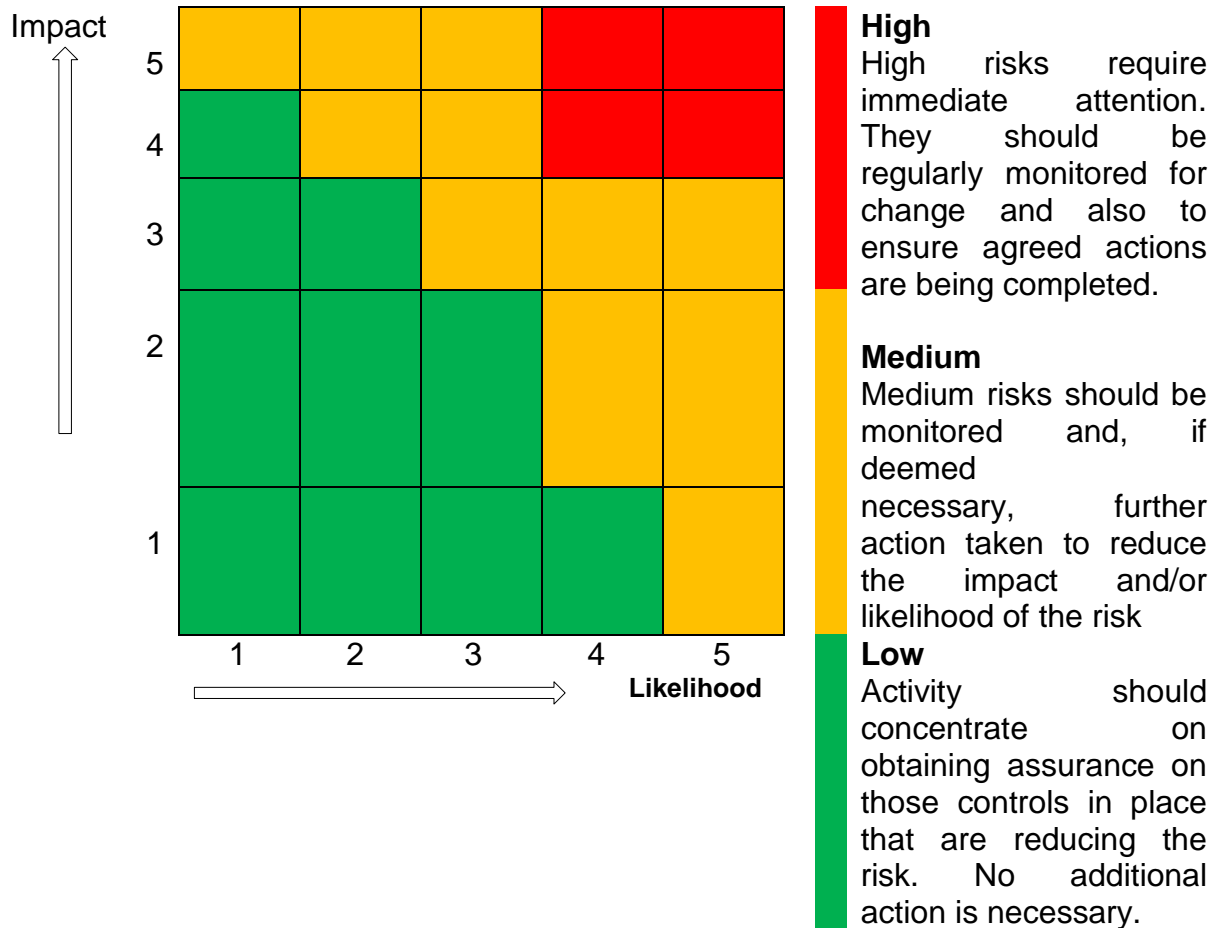
- 3.3 The Corporate Risk Register has been developed by the management team to address issues that are of a strategic nature and are seen as areas that have potential to impact on the delivery of the Strategic Purposes. The review of the register has been undertaken alongside the revised risk management strategy that was approved by members in January 2018. The register attached at Appendix 1 is the draft 2018/19 register to enable members to be aware of corporate risks within the Council and uses the Red/ Amber / Green Scoring Mechanism to assess the risk associated with the issue and details both the controls and mitigating actions that are in place to reduce the risk to the organisation.

**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE 30<sup>th</sup> JULY 2018**

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

**Risk scoring matrix**

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



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

**Customer / Equalities and Diversity Implications**

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

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE 30<sup>th</sup> JULY 2018**4. RISK MANAGEMENT**

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

**5. APPENDICES**

Appendix 1 - Draft Corporate Risk Register 2018/19

Appendix 2 - Impact scoring criteria

**6. BACKGROUND PAPERS**

Departmental risk registers.

**AUTHOR OF REPORT**

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2018/19

Risk	Cause / Effect	Current Mitigations	Inherent Risk	Actions Needed	Residual Risk	Risk Owner	Links to Strategic Purposes
Non Compliance with Health and Safety Legislation	<p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Consequence of Council action</li> <li>Negligence by Council</li> <li>Actions beyond Council control</li> </ul> <p><b>Effect:</b></p> <ul style="list-style-type: none"> <li>Reputation affected</li> <li>Legal action against Council</li> <li>Financial impact</li> </ul>	<ul style="list-style-type: none"> <li>Standard Operating Procedures -SOP (H&amp;S etc)</li> <li>Health and Safety Committee meets regularly</li> <li>Training for staff</li> <li>Health-checks</li> <li>First Aid in place</li> <li>Safeguarding Policy and Procedures</li> <li>Risk Assessments</li> <li>Updated inspection policy</li> <li>Continued updates to Health and Safety Committee</li> </ul>	Impact – 4 Likelihood – 2 = 8	<ul style="list-style-type: none"> <li>Development of Corporate H&amp;S Measures</li> <li>Review of corporate capacity to support H&amp;S</li> </ul>	Impact – 4 Likelihood – 2 = 8	Deb Poole	All
Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence	<p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Requirement for savings to balance budget</li> <li>Unanticipated cost pressures / demand on services</li> <li>Pressure from other partners</li> </ul> <p><b>Effect:</b></p> <ul style="list-style-type: none"> <li>Longer term improvement /</li> </ul>	<ul style="list-style-type: none"> <li>Robust budget-setting process in place</li> <li>Developed budget bids for pressures and details of savings proposed using 5 case model</li> <li>Data used to evidence need in business cases</li> <li>Performance Dashboard in place</li> </ul>	Impact – 4 Likelihood – 3 =12	<ul style="list-style-type: none"> <li>Implementation of Enterprise Resource System to improve functionality of system and access to budget managers</li> <li>Improve consistency and timeliness of information to enable decisions to be made in an</li> </ul>	Impact – 4 Likelihood -2 = 8	Jayne Pickering	All

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	<p>innovation / efficiency is hindered</p> <ul style="list-style-type: none"> <li>Impact on organisation, staff and residents</li> <li>Impact on Transformation Programme</li> </ul>	<ul style="list-style-type: none"> <li>Established "whole-life" or "end to end" approach to assessment of savings proposals</li> </ul>		<p>informed way</p> <ul style="list-style-type: none"> <li>Improve cost recovery information</li> </ul>			
<p>Managing the impact of National Changes – financial / social economic or environmental which may have a detrimental impact on service delivery or quality (eg Brexit / Universal Credit)</p>	<p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Changes to National Policy impacting on services at a local level</li> <li>Lack of resource to meet the demand on the service</li> <li>Reduction in funding or revenue available</li> <li>Funding for new initiatives not available</li> <li>Service cessation</li> </ul> <p><b>Effect:</b></p> <ul style="list-style-type: none"> <li>Reputation affected</li> </ul>	<ul style="list-style-type: none"> <li>Budget Scrutiny cross party meeting to review financial issues on a regular basis</li> <li>Regular consideration at management team of National Issues</li> <li>Medium Term Financial Plan in place with assumptions on levels of cuts</li> <li>Full review of reserves and balances</li> <li>Officers working with partners and networks to identify issues</li> </ul>	<p>Impact – 4 Likelihood – 4 = 16</p>	<ul style="list-style-type: none"> <li>Reporting regularly to members of National policy changes that may impact on local demand</li> <li>Earlier consideration of budget implications</li> </ul>	<p>Impact – 4 Likelihood – 4 = 16</p>	<p>Jayne Pickering</p>	<p>All</p>

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	<ul style="list-style-type: none"> <li>Quality of life of residents affected</li> <li>Demand increasing on services</li> <li>Negative Financial impact</li> </ul>	<ul style="list-style-type: none"> <li>4 year financial plan in place</li> <li>Consider opportunities for alternative service delivery models/ approaches to generate income / reduce cost</li> <li>Ensure updated with legislation and financial impact of changes</li> </ul>					
<p>Business Continuity Plans fail to operate effectively in an incident.</p>	<p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Service plans not all in place, fit for purpose or validated.</li> <li>Plans not implemented or embedded within the culture of the organisation.</li> </ul> <p><b>Effect:</b></p> <ul style="list-style-type: none"> <li>Damage to property / equipment</li> <li>Service delivery affected</li> <li>Councils' reputation</li> </ul>	<ul style="list-style-type: none"> <li>All services have undertaken a Business Impact Analysis (BIA) resulting in revised Business Continuity Plans</li> <li>Lead officer in place</li> <li>Heads of Service identified as on duty officers</li> </ul>	<p>Impact -3 Likelihood – 4 =12</p>	<ul style="list-style-type: none"> <li>Corporate Business Continuity Plan to be refreshed</li> </ul>	<p>Impact -3 Likelihood -2 = 6</p>	<p>Sue Hanley / Ruth Bamford</p>	<p>All</p>

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	harmed <ul style="list-style-type: none"> <li>Financial impact</li> </ul>						
IT systems and infrastructure has a major failure	<p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Global virus attack</li> <li>Failure in power supply</li> <li>Storage of data/servers affected</li> </ul> <p><b>Effect:</b></p> <ul style="list-style-type: none"> <li>Loss of key data</li> <li>Service delivery affected</li> <li>Councils' reputation harmed</li> <li>Financial impact</li> </ul>	<ul style="list-style-type: none"> <li>Business Continuity Plans in place</li> <li>Discrete and remote data storage in place</li> <li>Back-up procedures in place and followed</li> <li>IT business continuity procedures reviewed</li> </ul>	Impact – 3 Likelihood – 3 = 9	<ul style="list-style-type: none"> <li>Continue to assess strength of IT security</li> </ul>	Impact – 3 Likelihood – 2 = 6	Deb Poole	<i>Enabling Services</i>
Non adherence with Statutory Inspection Policy	<p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Lack of robust monitoring systems</li> <li>Lack of capacity /capability of resources</li> <li>Changes in legislation not addressed</li> </ul> <p><b>Effect:</b></p> <ul style="list-style-type: none"> <li>Serious Impact</li> </ul>	<ul style="list-style-type: none"> <li>Specialist resource in place to support delivery</li> </ul>	Impact -4 Likelihood -4 = 16	<ul style="list-style-type: none"> <li>Robust management structure to be implemented.</li> <li>Further review of monitoring arrangements</li> <li>Further implementation of insurance recommendations</li> <li>Contracts reviewed to ensure suppliers undertake roles</li> <li>Training plan</li> </ul>	Impact -4 Likelihood -4 = 16	Guy Revans	<i>Help me to find somewhere to live in my locality Keep my place safe and looking good</i>



2018/19

	on residents <ul style="list-style-type: none"> <li>• Serious reputational harm</li> <li>• Financial Penalties</li> </ul>			developed to ensure staff clear of responsibilities <ul style="list-style-type: none"> <li>• Development of robust action plan</li> </ul>			
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## APPENDIX 2

We use the following three categories to measure impact. Each can be defined in line with the seven criteria. However, it should be noted that these criteria are for **guidance only** and do not need to all apply exactly. Each risk should be considered individually.

**CRITICAL**

1. Death, extensive permanent injuries, long term injury
2. Short to medium term loss of service capability
3. Adverse local publicity, potential for embarrassment nationally
4. More than 40 people involved
5. Strong possibility of litigation
6. Financial loss in excess of £250,000
7. Breaches of law punishable by fines and/or imprisonment

**SIGNIFICANT**

1. Medical treatment required, long term sickness
2. Short to medium term disruption to service capability
3. Needs careful public relations management
4. Up to 40 people involved
5. High potential for complaint, litigation possible
6. Financial loss between £50,000 and £250,000
7. Breaches of regulations/national standards

**NOTICEABLE**

1. No injuries beyond 'first aid' level
2. No significant disruption to service capability
3. Unlikely to cause any adverse publicity
4. No more than 6 people involved
5. Unlikely to cause complaint/litigation
6. Financial loss below £50,000
7. Breaches of local procedures/standards

**NB.** A number of low impact incidents may have a significant cumulative effect and require attention

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REDDITCH BOROUGH COUNCILAUDIT GOVERNANCE AND STANDARDS COMMITTEE30<sup>th</sup> July 2018PROJECTED FINANCIAL SAVINGS MONITORING REPORT 2017/18

<b>Relevant Portfolio Holder</b>	Councillor Tom Baker Price
<b>Portfolio Holder Consulted</b>	-
<b>Relevant Head of Service</b>	Jayne Pickering – Exec Director Finance and Resources
<b>Ward(s) Affected</b>	All Wards
<b>Ward Councillor(s) Consulted</b>	No
<b>Key Decision / Non-Key Decision</b>	Non–Key Decision

**1. SUMMARY OF PROPOSALS**

To report to the Committee the monitoring of the savings for 2017/18. This report presents the savings delivered projected for the full year against the efficiency plan.

**2. RECOMMENDATIONS**

- 2.1 That the Committee note the final financial position for savings as presented in the report and at Appendix 1.

**3. KEY ISSUES**

- 3.1 This report provides a statement to show the savings projected for 2017/18 linked to the efficiency plan. The efficiency plan was approved in October 2016 and the budget set in February 2017 reflected the savings proposed that were in addition to the efficiency plan. This report gives more detail in relation to the savings made compared with the report that is presented to Executive.
- 3.2 The statement shows that it is projected that the efficiency plan will be exceeded by £199k. It is clear that despite the overall savings being in excess of the plan some of the initial savings proposed have not been realised during 2017/18. Officers are continuing to work through the ways that the further savings can be delivered to meet the plan in future years. Where applicable the savings and additional income have been included in the budget projections for 2018/19.
- 3.3 The External Auditors, Grant Thornton, have recommended that the delivery of savings be monitored more closely to ensure that the Council is meeting savings in the way that was expected when the budget was set. This monitoring is recommended to be undertaken by this Committee and the statement attached at Appendix 1 details the savings to be achieved and projected outturn position for

**REDDITCH BOROUGH COUNCIL****AUDIT GOVERNANCE AND STANDARDS COMMITTEE****30<sup>th</sup> July 2018**

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each. Grant Thornton have further advised that the savings monitoring should be against the Medium Term Financial Plan rather than the efficiency plan as the MTFP is the more recently approved budget projection for the Council. The savings monitoring for 2018/19 will reflect this approach..

3.4 As members may be aware during the budget process, heads of service propose savings that are to be delivered during future financial years. The budget allocation is then reduced to reflect the proposed saving and officers meet on a monthly basis to ensure that all estimated reductions to budget are being delivered.

3.5 **Legal Implications**

None as a direct result of this report.

3.6 **Service/Operational Implications**

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

4. **Customer / Equalities and Diversity Implications**

None, as a direct result of this report.

5. **RISK MANAGEMENT**

Effective financial management is included in the Corporate Risk Register.

6. **APPENDICES**

Appendix 1 – Saving monitoring 2017/18

7. **BACKGROUND PAPERS**

Available from Financial Services

**AUTHOR OF REPORT**

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Tel: (01527) 881400

## SAVINGS TO DELIVER THE EFFICIENCY PLAN 2017/18

Area	Cost reduction / Additional income growth/ Alternative Service Delivery	2017/18	Income projection 2017/18	Projected Variance	Comments April - September
		£'000	£'000	£'000	
Cross Organisational	Increases in income and growth ( including compliance in relation to Council Tax)	300	387	-87	Additional income was identified to deliver the figure included in the efficiency plan. The income projections were approved as part of the MTFP which superceeded the efficiency plan.
Cross Organisational	Alternative Models of Service Delivery - Reviewing the provision of services with the aim to redesign and work with other partners to deliver savings	300	0	300	The commercial work that is being undertaken by officers will not deliver additional income or savings in 2017/18. Other savings have been achieved to ensure that the shortfall on income is mitigated
Customer Access & Financial Support	Improved efficiencies by moving to a new system for Revenues and Benefits	80	162	-82	Savings to be achieved as identified within the shared service and migration to one system across both Councils.
Cross Organisational	Organisational Management Review	135	20	115	A number of service reviews have delivered management savings. Further savings to be realised from a wider management review
Cross Organisational	Reduce waste in system	175	257	-82	Additional savings were included in the MTFP in relation to reducing waste from processes and systems. These saving projections were approved as part of the MTFP which superceeded the efficiency plan.
Cross Organisational	Reset budget from baseline of 2015/16	200	613	-413	Additional savings were included in the MTFP in relation to resetting the budget from previous years. These saving projections were approved as part of the MTFP which superceeded the efficiency plan.
Additional Business Rate Growth	Based on assumptions of additional growth from sites across the District – regeneration of the town centre	50	0	50	The additional business rate take is not yet known and will be reviewed when the formal return is submitted to Government in December. A prudent approach has been taken at quarter 2 to show no growth for 2017/18
<b>TOTAL NEW SAVINGS / USE OF BALANCES /</b>		<b>1,240</b>	<b>1,439</b>	<b>-199</b>	

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**Audit, Governance and Standards Committee****30 July 2018****Update on the Crossgates Depot Matter****Dead Stock List**

The stores currently have £23,113.68 worth of dead stock located in the stores at the Crossgate Depot. We have carried out a review of the stock with a view to see if the items can be used on any of the councils properties or alternatively if it could be sold.

The council can re-use stock items totalling a value of £9,043.80 which consists of miscellaneous tools and building sundries. The Council has carried out a stock inventory of these items and these will be included within van replenishment over the next 3-6 months.

The Council has also identified kitchen units including worktops from previous suppliers that were used on planned programmes a number of years ago. These are of a flat pack type and will be re-assembled to form complete kitchens. The council has identified a number of dispersed units where these units can be fitted over the next 12 - 18 months as kitchens in these properties need to be replaced. We estimate the value of these to be approximately £9,676.00.

Any other items which cannot be used will be disposed of and costs written off, these include items such as paints which have gone past their use by dates and other miscellaneous building sundries.

Further work is still being carried out on other items which have either been discontinued or are non-compliant with current regulations.

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**AUDIT, GOVERNANCE AND  
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**Work Programme****30<sup>th</sup> July 2018 meeting****Standards**

- Monitoring Officer's Report
- General Dispensations Report

**Governance**

- External Audit – Audit Findings Report 2017/18
- Audited Statement of Accounts 2017/18
- Internal Audit – Annual Report 2017/18
- Internal Audit – External Assessment 2017/18 Progress Report

**Monitoring**

- Corporate Risk Register 2018/19
- Re-appointment of Lead Fraud Member on the Committee (Note: Lead Risk Member role appointed to until September 2018).
- Financial Savings Monitoring Report
- Crossgates Depot Update
- Committee Work Programme

**25th October 2018 meeting****Standards**

- Monitoring Officer's Report

**Governance**

- Internal Audit – Progress Report

**Monitoring**

- Compliance Team Update (6 monthly)
- Re-appointment of Lead Risk and Fraud Members on the Committee
- Corporate Governance and Risk Update (including S11 Action Plan Monitoring)
- Corporate Governance and Risk Update (including S11 Action Plan Monitoring)
- Financial Savings Monitoring Report
- Committee Work Programme
- HRA Internal Controls - S151 update
- Update on Housing Capital

**AUDIT, GOVERNANCE AND  
STANDARDS COMMITTEE**30<sup>th</sup> July 2018

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**31<sup>st</sup> January 2019 meeting****Standards**

- Monitoring Officer's Report

**Governance**

- External Audit – Update Report
- External Audit – Grant Claims Certification Work Report
- External Audit – Annual Audit Letter 2017/18
- Treasury Management Strategy, Prudential Indicators and Minimum Revenue Policy Provision 2019/20
- Internal Audit – Progress Report
- Internal Audit – Draft Audit Plan 2019/20

**Monitoring**

- Corporate Governance and Risk Update (including S11 Action Plan Monitoring)
- Financial Savings Monitoring Report
- Committee Work Programme