CHELTENHAM
BOROUGH COUNCIL

Notice of a meeting of
Audit Committee

Wednesday, 25 March 2015
6.00 pm
Pittville Room, Municipal Offices

Membership	
Councillors:	Colin Hay (Chair), Chris Nelson (Vice-Chair), Matt Babbage, Flo Clucas, Dan Murch, David Prince and Pat Thornton

The Council has a substitution process and any substitutions will be announced at the meeting

Agenda

1.		**APOLOGIES**	
2.		**DECLARATIONS OF INTEREST**	
3.		**MINUTES OF THE LAST MEETING** 14 and 29 January 2015	(Pages 3 - 18)
4.		**PUBLIC QUESTIONS** These must be received no later than 12 noon on the fourth working day before the date of the meeting	
5.		**AUDIT COMMITTEE UPDATE** Grant Thornton	(Pages 19 - 32)
6.		**THE AUDIT PLAN 2014-15** Grant Thornton	(Pages 33 - 48)
7.		**AUDITING STANDARDS - COMMUNICATING WITH THE AUDIT COMMITTEE** Includes two standard letters sent by the external auditors on auditing standards that require a response from the Council. The first is to the Audit Committee Chairman on behalf of Those Charged with Governance and the second is to the Director of Resources on behalf of management. **The letters contain the draft responses from the Council for approval, should you have any questions or require clarification on our responses please contact the Director Resources prior to the meeting to enable a more complete reply.**	(Pages 49 - 54)

8.		**ANNUAL INTERNAL AUDIT PLAN 2015/16** Head of audit Cotswolds (see recommendation)	(Pages 55 - 62)
9.		**INTERNAL AUDIT MONITORING REPORT** Head of Audit Cotswolds (see recommendation)	(Pages 63 - 70)
10.		**ANNUAL RISK MANAGEMENT REPORT AND POLICY REVIEW** Director Resources (see recommendations)	(Pages 71 - 106)
11.		**REVISED CODE OF CORPORATE GOVERNANCE** Director Resources (see recommendations)	(Pages 107 - 126)
12.		**REVISED REGULATION OF INVESTIGATORY POWERS ACT (RIPA) PROCEDURAL GUIDE** Director Resources (see recommendations)	(Pages 127 - 176)
13.		**WORK PROGRAMME**	(Pages 177 - 180)
14.		**ANY OTHER ITEM THE CHAIRMAN DETERMINES TO BE URGENT AND REQUIRES A DECISION**	
15.		**DATE OF NEXT MEETING** 17 June 2015	
		briefing notes (for information only) • Policy review timetable • Effectiveness checklist	

Contact Officer: Saira Malin, Democracy Officer, 01242 775153
Email: democratic.services@cheltenham.gov.uk

Audit Committee

Wednesday, 14th January, 2015
6.00 - 7.45 pm

Attendees	
Councillors:	Colin Hay (Chair), Chris Nelson (Vice-Chair), Matt Babbage, Flo Clucas, Dan Murch, David Prince and Pat Thornton
Also in attendance:	Rob Milford (Head of Audit Cotswolds), Jackson Murray (Audit Manager, Grant Thornton), Bryan Parsons (Governance, Risk and Compliance Officer) and Mark Sheldon (Director Resources)

Minutes

1. **APOLOGIES**
    Peter Barber from Grant Thornton had given his apologies following the birth of his daughter and the committee asked that their best wishes be passed on to Peter.

2. **DECLARATIONS OF INTEREST**
    No interests were declared.

3. **MINUTES OF THE LAST MEETING**
    The minutes of the last meeting had been circulated with the agenda.

    Members commended the level of detail that was included in the minutes.

    Upon a vote it was unanimously

    RESOLVED that the minutes of the meeting held on the 11 December 2015 be agreed and signed as an accurate record.

4. **PUBLIC QUESTIONS**
    No public questions had been received.

5. **AUDIT COMMITTEE UPDATE**
    Jackson Murray from Grant Thornton introduced himself to the Committee; he would be replacing Peter Smith as Audit Manager for Cheltenham. He referred members to the update which had been circulated with the agenda and explained that there were two parts to the update, the first detailed progress against the current work plan. He confirmed that work on the 2014-15 Audit had recently commenced and that the Audit Plan would be tabled at the next scheduled meeting, following completion of the interim audit work. His colleague, Katie Haines, was leading on this and it was expected that this work would be completed by early February, with the Final Audit being undertaken between June and September 2015. He noted that there were no other areas of work at this time, though there had been other activity undertaken by the Forensic Audit Team at Grant Thornton in relation to the AG&M overspend.

Draft minutes to be approved at the next meeting on Thursday, 29 January 2015.

The second part of the update summarised emerging national issues and developments which were relevant to the work of the committee and which members may find useful.

The Director Resources advised the committee that the reports that had been referenced had been discussed at the liaison meetings, with hard copied circulated internally, as well as copies placed in the members' room.

A member asked the representative of Grant Thornton to share his thoughts on the reoccurring references, in the various case studies, relating to a council's ability to oversee and influence policy within organisations (shared services, partnerships, local authority companies, etc) to maximise the benefit for residents (profit) and minimise any loss. Jackson Murray explained that he had not been involved in any of the individual case studies but felt that going forward, into further alternative delivery models, the council would have to ensure that it fully understood the implications and/or restrictions of any governance arrangements being entered into. The Director Resources outlined some of the commissioning decisions of the last couple of years. For each of the service delivery models that had been adopted, full consideration of governance arrangements had been given to the various options and this, along with due diligence and risk assessments were identified in the respective reports. Arrangements for the sharing of surpluses had been considered and built into the legal agreements. The issue of golden shares had been discussed in relation to Ubico, but Cheltenham and Cotswolds had decided that attracting more partners would deliver the maximum benefits for residents, better enable countywide objectives to be met and that any such 'golden shares arrangement' could discourage prospective new partners. The Head of Audit Cotswolds, who was undertaking a PHD in Shared Service Governance, agreed to arrange a workshop for members, in which he would set out the various governance arrangements in place at the council and how they were monitored. Members were happy with the proposed approach.

In response to a member question, the Head of Audit Cotswolds advised that the figure of £876 million within the anti-fraud and corruption update represented 1% of total procurement spend, but there was some dispute over this figure as it also included military procurement.

The Chairman referred members to the concerns expressed by Transparency International, that audit committees were unable to fulfil the function of reducing risk in many authorities and queried whether this was the case at this authority. Officers reminded members that this committee had reviewed the risk management policy and the risk management process, which was far less ambiguous than it had previously been and as a result of which, the council was far better at risk management then it had been. The Governance, Risk and Compliance Officer had applied the Audit Committee Effectiveness Checklist some three years ago and would do it again, this would highlight areas of strength and identify any training requirements.

There were no recommendations.

6. **ANNUAL AUDIT LETTER 2013-14**
   Jackson Murray of Grant Thornton introduced the Annual Audit Letter 2013-14 for Cheltenham Borough Council which summarised the key findings arising

from work carried out by Grant Thornton in year ending 31 March 2014. He reminded members that Grant Thornton had issued an unqualified opinion on the Financial Statements Audit and Value for Money conclusion, at the 24 September 2013 meeting. The key messages of the report included the fact that there was an increase of £900 to the fee reported in the original audit plan and the increase was in respect of work on material business rates balances. The additional work was necessary as auditors were no longer required to carry out work to certify NNDR3 claims and the increase had been applied by the Audit Commission, who had applied 50% of the average fee previously charged for the NNDR3 certification for District council's and did ultimately result in a NET reduction.

The Governance, Risk and Compliance Officer reminded members that the work relating to the AG&M overspend had been undertaken by the Forensic Audit team at Grant Thornton. He confirmed that the final draft of the report had been circulated to Officers to check factual accuracy, with a deadline of 1pm tomorrow (15 January), in order that any responses could be shared with Grant Thornton and the final report received by Monday in order that the agenda could be published by the statutory deadline of Wednesday 21 January. Whilst he was confident that the deadline for comments would be met, this did involve a number of people, whose views would need to be taken into account.

7.   **CERTIFICATION OF GRANTS AND RETURNS 2013-14**
Jackson Murray of Grant Thornton introduced the Certification report for 2013-14. He explained that certification typically took place six to nine months after the claim period and represented a final and important part of the process to confirm the Council's entitlement to funding.

There were no comments or questions on this item.

Upon a vote it was unanimously

RESOLVED that the Certification of grants and returns 2013-14 report be noted.

8.   **ANNUAL GOVERNANCE STATEMENT - SIGNIFICANT ISSUES ACTION PLAN (MID-YEAR REVIEW)**
The Governance, Risk and Compliance Officer introduced the report as circulated with the agenda. The Annual Governance Statement (AGS) contained a Significant Issues Action Plan and this report summarised progress in relation to the three key issues of concern; business continuity, safeguarding children and vulnerable adults – training records and car parking. Progress had been monitored and updated by the appropriate officer and reviewed by the Corporate Governance Group. He talked through progress in relation to each of these issues, which included;
- Business Continuity was a maturing process, to which there would be no conclusion but this was progressing well and would continue to be monitored by the South West Audit Partnership, as well as by Internal Audit.
- Safeguarding Children and Vulnerable Adults had been on the plan for over two years, given that guidelines and processes changed in-light of any major incident. Since this report had been written. The Strategy and Engagement team had recently undertaken a self-assessment against

the requirements of Section.11 of the Children Act 2004. The Corporate Governance Group (CGG) had reviewed the outcome of this self-assessment and the Corporate Governance Officer circulated a high level dashboard report indicating the rating and direction of travel. In 2013 most of the actions were showing as amber, but in 2014, there were 3 'green', with only 2 'amber' actions remaining. The Leisure and Culture Trust had adopted the Council's policy but were ultimately responsible for assessing their own training needs and providing appropriate training and monitoring, internal auditors would consider the level of compliance with the policy requirements as part of their audit planning. The s11 self-assessment would be undertaken annually by this council. The Governance, Risk and Compliance Officer was of the opinion that this issue could now legitimately be removed from the action plan given the progress that had been made.

- Whilst significant progress had been made in relation to the Car Parking issue, ongoing discussions centred around the need for a revised Car Parking Strategy. The Director of Resources explained that a draft strategy would not be ready for February 2014 given the amount of work still required, mostly due to the fact that upcoming decisions relating to Boots Corner would prompt further questions regarding the location of parking. The Head of Audit Cotswolds would circulate links to his previous reports and follow-up reports.

A number of members of the committee voiced concern that training relating to the safeguarding of children and vulnerable adults was not being offered to elected members. They felt that as part of the ward councillor role, many elected members would be visiting people in their homes and should be given the opportunity to attend training on how to report concerns. They also felt that any such training should help members of this committee fulfil their duty in ensuring that the council is fulfilling its duty. Members accepted that elected members could not be mandated by the council to attend training, or read the handbook/policy and as such there were no sanctions should members choose against it, but nonetheless, the committee members felt this should be made available. Members discounted the suggestion by one member that DBS checks (formerly CRB checks) should be carried out on all members. It was agreed that the issue should remain on the action plan until such a time as training had been arranged for elected members. The Governance, Risk and Compliance Officer would request that the Partnership Team leader for safeguarding organise training for elected Members as soon as possible.

Upon a vote it was unanimously

RESOLVED that the Car parking issue on the Significant Issues Action Plan be closed and that the Business Continuity and Safeguarding Issues should remain open until the annual assurance assessment is considered again.

9.   **INTERNAL AUDIT MONITORING REPORT**
The Head of Audit Cotswolds introduced the internal audit monitoring report as circulated with the agenda. He explained that the report was designed to give the committee the opportunity to comment on the work completed by the partnership and provide 'through the year' comment and assurance on the control environment, in addition to the Annual Internal Audit Opinion which was

presented at the end of the financial year. Importantly, the service had been through a restructure to ensure that it remained fit for purpose given the various service delivery arrangements that were now in place. The new Audit Cotswolds structure was set out on Appendix A of the report. One box represented an individual and how they might progress, from Assistant Auditor, to Internal Auditor and finally, Senior Auditor. Generalist Practitioners (GP) and Specialist Practitioners (SP) had been split so that the Audit Deputy could manage a highly flexible team. Work placements and Internships had proved useful at authorities including Derby and allowed for new ideas and fresh viewpoints. This innovation was required to meet the need for an increasingly flexible approach. With only 12 officers across 8 clients (as of next year), the GPs would not focus on one particular organisation. In relation to Appendix B, the Internal Audit Progress summary, he explained that the risk management audit had moved on and been replaced by the AG&M review, a brief for which would be tabled for consideration at the extraordinary meeting arranged for the 29 January. Whilst work on GO Shared Services took 90 days, this was because it was undertaken across all clients, and whilst a good relationship had been established with Forest of Dean District Council, this did protract the process, however, there had still been a 50 day saving overall. Moving forward, at this stage, he had no concerns that the plan was not deliverable and in June he would be tabling the 2015-16 plan for consideration by the committee. Counter Fraud activity was a standing item, which would be discussed in greater detail in the next agenda item, but for now it was important to note the recent successes which had seen 100 or so properties recovered and made available for housing.

Members echoed the sentiments of the Chairman in welcoming the inclusion of apprenticeships and the career progression that they offered to young people.

Upon a vote it was unanimously

RESOLVED that the Internal Audit Monitoring Report be noted.

10. **COUNTER FRAUD UNIT - AN EVOLUTIONARY APPROACH**
    The Head of Audit Cotswolds introduced the report, as circulated with the agenda. He explained that with the adoption of the Local Government Fraud Strategy, came the concept of the Department of Work and Pensions (DWP) for a Single Fraud Investigation Service (SFIS) which would take on the benefit fraud investigation work that was currently undertaken by Local Government. The report considered the impact of SFIS, given that the officers currently providing a benefit fraud function, who were some of the most highly skilled fraud officers at the council, would TUPE to DWP on the 1 April 2015. In effect, all revenue funding for benefit administration would be removed by 2016-17, though the expectation of the DWP that local authorities would provide information to aid their investigations would remain, which existing Internal Audit functions did not have the capacity, tools or skills to deliver. The concept for this report was; how do you pay for anti-fraud, a service that may recoup properties, rather than money for the council, a service that needed to be self-financing. At the same time as this, the opportunity to bid for funding from the DCLG to set up a counter fraud unit arose and an initial bid was submitted in September 2014, though this was lost. The DCLG have agreed to consider the bid and a decision was expected by the end of January 2015. The question had remained, if the bid was unsuccessful, how could the council do it. There would

be some residual DWP grant and Cheltenham Borough Homes had been very pleased with some of the recent results of counter fraud work and had therefore agreed that they would be willing to buy the service in the future. The report set out the phased approach that was being proposed, an approach that would evolve slowly were the DCLG bid to be unsuccessful, as a successful bid would accelerate things significantly. He explained how data matching was used to identify fraud and how involving other partners would enable data matching across different areas.

The Head of Audit Cotswolds provided the following responses to member questions;

- Non-benefit fraud included a whole raft of things including accounting, payroll, etc.
- Shared Services could well flush out fraud.
- To start with only housing associations would be included, but that was not to say that private sector businesses wouldn't crop up as a result of data matching and that they may have to answer questions or provide data, but this was outside of the remit for the unit at this time.
- PACE (Police and Criminal evidence) interviewing was the term used for a form of interviewing that could be used as evidence in court.
- It was not always cost effective to take fraud cases to court; sometimes it was enough to stop the fraud itself. A risk assessment would be undertaken and a decision made on a case by case basis.

The Governance, Risk and Compliance Officer explained that there were three policies that would need to be reviewed by Audit Cotswolds and reconsidered by this committee as a result of a Counter Fraud Unit being established; Counter Fraud and Corruption, Money Laundering And Anti – Bribery.

Upon a vote it was unanimously

RESOLVED that the Audit Committee recommend to Cabinet;

a) **That a new Counter Fraud Unit delivered by Audit Cotswolds, the internal audit service provider, be established.**

b) **That an evolutionary approach be given to the development of the Counter Fraud Unit, as outlined in the report.**

11. **WORK PROGRAMME**
The work programme had been circulated with the agenda and would be updated accordingly following discussions at this meeting.

The Director Resources explained that the work plan for the committee was driven by the statement of accounts and set out what was scheduled for each of the four meetings per year. The Chairman met with Officers to agree the agenda, at the same time as which, he considered the forward plan and whether anything needed to be added to the committee work plan. Members were invited to suggest items for inclusion.

The Chairman asked that the joint governance of shared services training be scheduled for before the decision on 2020 vision.

The Governance, Risk and Compliance Officer highlighted that the annual review of the Risk Management Policy was scheduled for March. Last year the review had involved most members. He highlighted that feedback from the LGA Peer Review was that the policies and processes for risk management were model, with little room for improvement, so his question was, did the committee want to include all members or simply Audit Committee members, Directors and Service Managers. The Chairman confirmed that the level of review undertaken last year had been triggered by a particular issue and that he did not consider it necessary to repeat it again this year.

12. **ANY OTHER ITEM THE CHAIRMAN DETERMINES TO BE URGENT AND REQUIRES A DECISION**
There were no urgent items for discussion.

13. **DATE OF NEXT MEETING**
The next meeting would be the extraordinary meeting which had been arranged for 5.00pm on Thursday 29 January 2015.

Colin Hay
Chairman

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Audit Committee

Thursday, 29th January, 2015
5.05 - 7.05 pm

Attendees	
Councillors:	Colin Hay (Chair), Chris Nelson (Vice-Chair), Matt Babbage, Flo Clucas, Dan Murch, David Prince and Pat Thornton
Also in attendance:	Councillor Rowena Hay, Mark Sheldon, Robert Milford, Bryan Parsons, Councillor Steve Jordan, Councillor Jon Walklett, Andrew North, Councillor John Rawson, Councillor Chris Mason and Councillor Andrew Chard

Minutes

1. **APOLOGIES**
   No apologies had been received.

2. **DECLARATIONS OF INTEREST**
   No interests were declared.

3. **PUBLIC QUESTIONS**
   No public questions were received.

4. **UPDATE ON AUDIT WORK IN RELATION TO THE WILSON ART GALLERY AND MUSEUM EXTENSION PROJECT**
   The Chief Executive introduced his report. He explained that at the Audit Committee meeting on 11 December 2014 it was reported that the findings of a review into the overspend on the Art Gallery and Museum Extension project from forensic auditors at Grant Thornton was being delayed because new information relating to expenditure on the project had recently been brought to his attention.

   Since that meeting additional audit work has been carried out to investigate the new information to accurately determine the extent of the project overspend and to explore any failures which led to its late reporting. This was set out in the report from Grant Thornton and Mr Fred Brown of the company's forensic and investigation team was in attendance to answer any questions from the committee.

   The committee resolved at the last meeting that authority be delegated to the Director Resources to consider what further work should be undertaken by Grant Thornton and/or by Audit Cotswolds and to enter into contracts accordingly. Audit Cotswolds had produced a draft scoping document which was attached as an appendix to the report. Members were being asked to consider that document and make any amendments.

The chair welcomed Mr Brown to the meeting and asked him to introduce his report. Mr Brown explained that his brief had been to investigate the matter in some depth to try and identify what went wrong and identify lessons learned for the future. He explained the methodology they had used and invited questions.

Mr Brown was asked to outline what in his opinion had gone wrong in the process to establish whether this confirmed with members views after reading the report. In response he indicated that the recommendations in the report would give some indication of this. One of the key issues was to do with the upward reporting within the council of construction and non-construction costs. In the case of the construction costs these were being flagged up in the Davis Langdon reports, including the use of the contingency funds, but this information was not being channelled up the council. Non construction costs covering professional fees were also bound to increase as the project timescales were extended. He could not see any real evidence that the construction and non-construction costs could have been saved but the issue was in their reporting. The structure for the project set up seemed appropriate with suitable meetings in place to monitor progress but clearly examination of costs needed to be formulated into the agendas of these meetings. It appeared that the non-construction costs stopped being reported in 2011 and it was not clear who was responsible for reporting on them after that. He confirmed that this flow of information to the right people was a key factor however he also highlighted that the dynamic nature of projects did make this more complicated.

A member wished to establish Mr Brown's experience of capital works projects and forensic audit. Mr Brown replied that he was not a quantity surveyor or project manager but he had considerable experience in forensic auditing and had carried out similar reviews of project overspends in the public sector.

A member commented that the report seemed to give the impression that the key factor was a breakdown in communications but they also felt that it was due to a breakdown in control and oversight by managers at a higher level who should have been more challenging with their questions. He suggested that the forensic approach may have been too focused on detecting malpractice or fraud rather than looking at the culture of project management as a possible cause.

The Chief Executive explained that initially Audit Cotswold had been invited to do this piece of work and they may have been best placed to look at the issue in those terms. However it was assessed as a massive piece of work which they did not have the resources to do at that time and Grant Thornton were invited to do it on the basis of their forensic skills, their capacity and their existing relationship with the council.

The member turned his question to the Chief Executive and asked him whether he accepted that management were not paid to sit passively and in the absence of target indicators should be making judgements and asking searching questions. He suggested that the ongoing use of the £600,000 contingency fund should have set some alarm bells ringing. The 1000 change requirements also raised questions about the adequacy of monitoring and the change control process.

The Chief Executive agreed that senior managers and Cabinet Members had a responsibility to ensure projects were effectively run and competently staffed.

In this case the senior leadership team and other members of Cabinet had been provided with information which allowed them to track progress but the problem was that the information was inaccurate or out of date. In the report from Grant Thornton they had confirmed that in their view changes were being properly authorised.

A member asked whether it was possible to break down the overspend and apportion it to each of the problems that occurred in the project. The fact that non construction costs had increased by 46% and construction costs by only 12% gave some indication of where the problem lay.

Mr Brown advised that this would be possible for the non- construction costs but would be quite a difficult exercise in terms of the construction costs. The Director of Resources explained that the component parts of the build project were not broken down on Agresso so this breakdown would not be readily available and would require a detailed examination of invoices. The Head of Audit Cotswolds advised that this could be looked at within his brief but may reduce the time spent in other areas.

A member commented that the report seemed to focus on what went wrong but didn't give sufficient explanation on why this had happened. In particular the report seemed to highlight that reporting stopped at some point and asked why no one seemed to question this at the time.

Mr Brown responded that the recommendations in the report were a good indication of some of the reasons why and sought to address them. The answers to why was a matter of drilling down to roles and individual responsibilities which had not been part of the Grant Thornton remit. However he did emphasise that people on projects would be very busy and receiving a lot of information at any one time.

The chair thought this was an important issue for the Audit Cotswolds review.

There was some discussion about the implications of accepting a tender for £5.6 million when the budget had been set at £6.3 million. A member suggested that from their experience of projects of this nature such a low tender would be bound to result in overspends and should have been challenged at the time. The report from Grant Thornton seemed to highlight a mismatch between budget costs and the actual costs of the project and there was an issue about the accuracy of the information being presented and therefore the ability to take appropriate decisions on the basis of the information. Another member referred to the last meeting where the Chief Executive had implied that the procurement process had not been followed and wanted to know whether this had now been addressed.

The Chief Executive responded that the procurement process had been properly followed in terms of authorisation levels. He explained that there had been a problem in that the purchase order system was not being used consistently and of the £89,000 overspend, none of that had been recorded in the purchase order management system. In reality the Art Gallery and Museum had been requesting works to be done believing they had the budget and the costs were only being recorded on Agresso once the invoices had been submitted. There were also cases of some invoices being incorrectly coded.

The Director of Resources advised that the proper use of the purchase order management system would have ensured that any project commitments would have been recorded. This issue had already been addressed and the proper use of the system was now being aggressively rolled out across the organisation.

There was some discussion about whether the overall budget for the project should have been reduced to match the tender cost. The chair suggested that the budget may have been kept at the higher level because the tender was low and therefore a higher level for the use of contingency could be expected. Member suggested that if the budget was not clear it could be more difficult to monitor and there needed to be a more rigorous process before drawing down contingency funds. There was also a danger that if the members of the project team were aware that they had this effective buffer then this could affect how they reported any overspends. It was suggested that if those employed to deliver the project found it relatively easy to request contingency funds, they would be less likely to try and find alternative ways round the problem in order to remain in the original budget. It was agreed that this culture needed to be explored in the internal review.

A member referred to page 5 of the Executive Summary which seemed to imply that the reduction in costs was not reported to Cabinet and it was almost an oversight that the budget was not reduced. They asked whether there was any evidence of any discussions taking place. They also questioned that the senior management team would set a budget or £6.3 million without wanting to see supporting information to justify that figure.

In response the Chief Executive did not recall the senior leadership team being requested to consider whether the budget should be reduced to match the tender price. However he added that if they had considered it they may well have taken the view that it would have been sensible to keep the budget at a higher level and therefore would not have felt the need to report that to Cabinet.

The Cabinet Member Finance, Councillor John Rawson, was invited to speak by the chair. He stressed that it was entirely wrong for the committee to conclude that Cabinet were unaware of the tender price and that there had been no conscious decision to leave the budget set at the higher level. He was very well aware and took a conscious decision that it would be imprudent to reduce the original budget set. Asked by a member whether he would have added the same level of contingency if the tender had been £6.3 million, the Cabinet Member responded that he would never want to go into a project without appropriate contingency funds in place.

A member suggested that had the council been more prudent in selecting a contractor and not selecting one which was 26% below the original estimate from Davis Langdon, there would have been far more likelihood that the project would have delivered to that budget. Another member suggested that the Cabinet Member may have kept the budget at the higher level hoping that if the project delivered at the tender price he would be in a position to report a significant underspend to Council.

Another member referred to the reference in paragraph 2.5 of the executive summary which implied that Davis Langdon undertook a number of cost variations to the project but there was no evidence that these variations were reported to and agreed by Cabinet prior to a contract being awarded. These should have been documented in writing to Cabinet and fully minuted.

Another member asked what incentives Davis Langdon had to deliver the project to time and budget.

Mr Brown assured members that Davis Langdon did produce reports on a regular basis in advance of project team meetings and these reports were complex and detailed. However with a dynamic project of this nature there would always be verbal updates they would give at project meetings on the latest situation.

A number referred to the £700,000 budget for the café and asked how successful that project had been.
It was noted that this had not been included in the overall project budget but this question could be picked up in the internal audit review.

A member referred to the legal advice referred to in paragraph 7.88 which stated that although the Council was in a position to be able to claim for liquidated damages, pursuing such a claim could be high risk due to the fact that ISG appear to have a legitimate claim for recovering more costs from the council. The member requested a copy of this legal advice.

Mr Brown explained that this could be the case if the contract was on a fixed cost basis.

A member referred to the statement in the previous report that the Wilson had been very successful particularly in terms of visitor numbers. He understood this was done on a head count of people passing through the doors and suggested that this was not accurate as some of those numbers could be accessing the tourist information centre or using the building as a cut through. Members are being advised that the project costs would have been the same anyway and so the issue of the success of the Wilson was an important factor.

The Chief Executive reminded members that the Cheltenham Trust now runs the Wilson and had provided these reports to himself and the Cabinet Member. They were reporting that the Wilson had become a very successful venue and with much higher than anticipated visitor numbers. The chair suggested that this would be a matter for the overview and scrutiny committee if members wished to pursue it further and was not directly relevant to the discussion tonight.

A member requested more clarification on the discussion of risks in paragraphs 5.11 to 5.18 of the report. They suggested that in view of the risk to the HLF funding, as soon as delays became known about, these risks should have been transferred to the corporate risk register. They suggested that the council should consider using a bond for contracts of this nature to protect themselves from risks.

Another member highlighted the need for the Cabinet member to attend project board meetings on a regular basis. If a project structure is already in place to provide this then the procedures must be followed.

The Chief Executive advised that in his judgement this was a key issue. There appeared to have been an over optimism on part of the senior user who may have felt that because it was the contractor's risk there was no need to report it upwards. It was a case of a relatively inexperienced senior user in relation to a construction project making judgements beyond their levels of knowledge and experience. The project manager and project sponsor were also kept in the dark.

It was agreed that the process for appointing project managers with the appropriate skills and experience needs to be reviewed.

In conclusion the Chief Executive advised the committee that senior management had accepted all the recommendations in the Grant Thornton report and were already putting an action plan in place. This plan may be something that this committee would take responsibility for in terms of monitoring its delivery. He had some ideas about why some of the problems had occurred but these needed to be fully validated with evidence and that was why the internal review was important. In the meantime he reassured members that the project management culture amongst senior managers had already started to change with senior managers now more aware of the extent of their responsibilities.

The chair invited the Head of Audit Cotswold, Rob Milford, to present his Audit Brief. The officer summarised all the issues which members had raised at the meeting tonight and agreed he would amend the brief where necessary to cover these additional points:

- the management of the budget for the café
- the tendering process and the factors which led to the lowest bid being selected
- the change control process
- the culture and how the "big buffer of contingency" could have affected decision-making and reporting
- informal and formal reporting to Cabinet
- appropriate minutes and records of decisions
- breakdown of overspend costs by factor

He emphasised the different approach to the Grant Thornton review. The internal review would involve HR and would build on the external review by using the work already done to create the context for interviews with staff. This would help to develop the reasons for why the problems had occurred. He estimated that it would take a minimum of one month and maybe longer and would depend on the availability of the people involved. It was agreed that he would discuss this outside the meeting with the chair of the committee and agree the timescale for reporting back to committee.

5.   ANY OTHER ITEM THE CHAIRMAN DETERMINES TO BE URGENT AND REQUIRES A DECISION

There were no urgent items requiring a decision.

6.   **DATE OF NEXT MEETING**
The next meeting was scheduled for 25 March 2015. The chair advised Members that this already had a full agenda so he suggested an additional extraordinary meeting would be arranged before this. The Democracy Officer would contact members in due course.

Colin Hay
Chairman

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Grant Thornton

Audit Committee Update
Cheltenham Borough Council

Year ended 31 March 2015

March 2015

Peter Barber
Director
T   +44 (0)117 305 7897
E   Peter.A.Barber@uk.gt.com

Jackson Murray
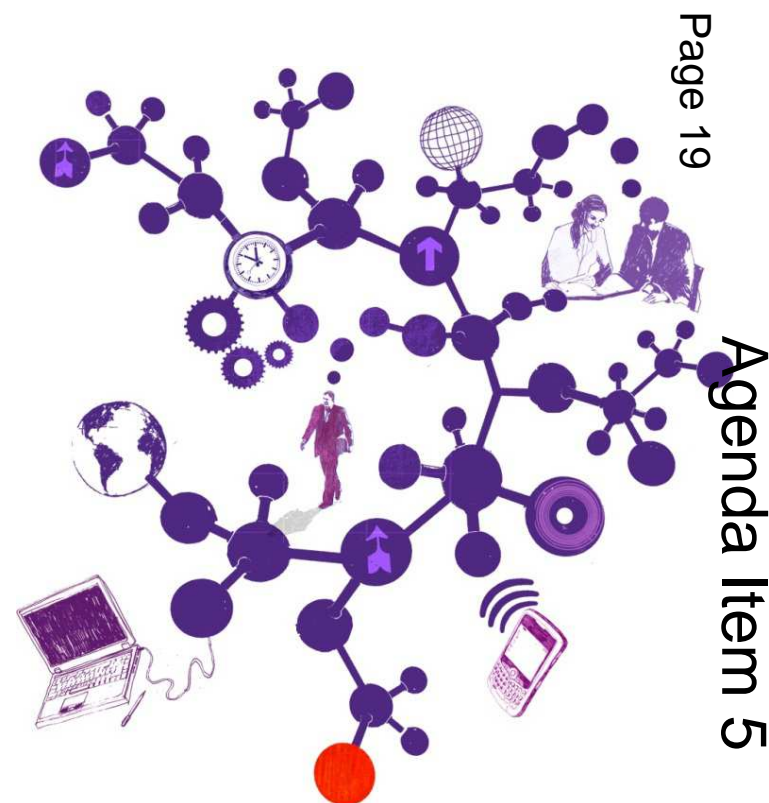Manager
T   +44 (0)117 305 7859
E   Jackson.Murray@uk.gt.com

Katie Haines
In-charge Auditor
T   +44 (0)117 305 7697
E   Katie.V.Haines@uk.gt.com

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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and

- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (http://www.grant-thornton.co.uk/en/Services/Public-Sector/). Here you can download copies of our publications including:

- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities

- 2020 Vision, exploring finance and policy future for English local government

- Where growth happens, on the nature of growth and dynamism across England

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

Peter Barber - Engagement Lead **T** 0117 305 7897 **M** (0)7880 456122   Peter.A.Barber@uk.gt.com
Jackson Murray - Audit Manager **T** 0117 305 7859 **M** (0)7825 028920   Jackson.Murray@uk.gt.com

Action – Members of the Audit Committee are asked to note this update report

Progress at March 2015

Work	Planned date	Complete?	Comments
2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.	March 2015	Yes	The plan is being presented as a separate item at this Committee meeting.
Interim accounts audit Our interim fieldwork visit includes: • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing	December 2014 to February 2015	Yes	The interim accounts audit visit has been completed and the work has informed our Audit Plan which is being presented to this Committee meeting as a separate item.
2014-15 final accounts audit Including: • audit of the 2014-15 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion.	July / August 2015	No	The final accounts audit is currently planned for completion during July / August 2015.

Progress at March 2015 (continued)

Work	Planned date	Complete?	Comments
Value for Money (VfM) conclusion The scope of our work to inform the 2014/15 VfM conclusion comprises: • a initial risk assessment; • a detailed review of arrangements against the criteria; • bringing forward knowledge form previous auditors; • reviewing key documents; and • discussion with officers.	April 2015	No	VfM work is currently planned to be undertaken in April 2015.
Other activity undertaken Cheltenham's Museum and Art Gallery budget overspend	December 2014	Yes	Report presented to special Audit Committee January 2015.

Rising to the challenge

Our national report, Rising to the Challenge, the Evolution of Local Government, was published in December 2014.

This is the fourth in our series of annual reports on the financial health of local government. Like previous reports, it covers key indicators of financial performance, strategic financial planning, financial governance and financial control. It also includes case studies of best practice and a comparison to the NHS. This year it has been extended to use benchmarking information on savings plans and budget performance.

The overall message is a positive one. What stands out is how well local authorities have navigated the first period of austerity in the face of ever increasing funding, demographic and other challenges. Many authorities are forecasting financial resilience confidently in their medium term financial strategy. This reflects an evolution in financial management that would have been difficult to envisage in 2010. However, there remains much to be achieved if the sector is to become sustainable in the long term, and authorities should consider if their:
- medium- to long-term strategy redefines the role of the authority creatively
- operational environment will adapt, working in partnership with other authorities and local organisations
- strategy looks beyond the traditional two- to three-year resource planning horizon
- organisational culture is aligned to where the authority needs to be in the medium to long term
- senior leadership teams – both officers and members – have the necessary skills and capacity to ensure delivery against the medium-term challenges
- corporate governance arrangements ensure effective oversight and scrutiny of the organisation as it adapts to the challenges it faces.

The importance of these actions will be magnified if local government devolves further, particularly in relation to fiscal devolution. The new-found confidence of local government in responding to the medium-term challenges will be tested significantly by the second phase of austerity.

Grant Thornton "2020 Vision" report

Grant Thornton

In a time of unprecedented challenge for English local government, how can the sector develop towards 2020 if it is to have a sustainable future? Our latest report provides a thorough analysis of the current political and economic context, explores a range of potential policies and outcomes, and suggests several scenarios to facilitate an open debate on the future for the sector.

Produced in collaboration with the University of Birmingham's Institute for Local Government Studies (INLOGOV), our report suggests that fundamental changes to local government are both operationally necessary and constitutionally inevitable, for the sector to remain relevant by 2020. The report offers a thorough analysis of the current political and economic context and explores a range of potential future policies and outcomes that English local government will need to adopt and strive towards as they seek to adapt and overcome these challenges.

Placed in the context of enhanced devolution, following the Scottish independence referendum, 2020 Vision maintains a wary eye fixed on the 2015/16 Spending Round and looks ahead to the life time of the next government. It highlights that the economic and financial situation remains increasingly untenable, with an expanding North/South divide arising from the pattern of funding reductions and economic growth.

It highlights that English local authorities continue to face unprecedented challenges, relating to the pressures of austerity and central government funding reductions, and demographic and technological change. Our report highlights the vital role of a successful local government sector and encourages it to think hard about how it will cope in the future.

Informed by the views of a broad range of local authority leaders, chief executives and other sector stakeholders, the report offers a set of six forward-looking scenarios* in which councils could be operating within by 2020. Though not mutually exclusive, we suggest that key stakeholders need to take urgent action to avoid a potential slow and painful demise for some councils by 2020.

All Aboard? - Local Government Governance Review 2015

Grant Thornton

Our fourth annual review of local government governance is now available. We note that the challenges faced by local authorities are intensifying as austerity and funding reductions combine with demographic pressures and technological changes to create a potential threat to the long-term sustainability to some organisations. Maintaining effective governance is becoming ever more complex and increasingly important.

Against this background we have focused this year's review on three key areas:

Governance of the organisation – the main area of concern highlighted in this year's governance survey is the level of dissatisfaction with the scrutiny process.

Governance in working with others – there is an urgent need for scrutiny to exercise good governance over the complex array of partnerships in which local authorities are now involved. Boundary issues notwithstanding, by 'shining a light' on contracted-out activities and joint operations or ventures, scrutiny committees can bring a new level of transparency and accountability to these areas

Governance of stakeholder relations – despite the work that a number of local authorities are doing with the public on 'co-production', almost a third of respondents to our survey did not think their organisation actively involves service users in designing the future scope and delivery of its services.

We conclude that local authorities need to ensure that their core objectives and values are fulfilled through Many other agencies . This implies a greater role for scrutiny and a need to make sure local public sector Bodies' arrangements are a transparent as possible for stakeholders.

Grant Thornton
An instinct for growth

LOCAL GOVERNMENT GOVERNANCE REVIEW 2015

All aboard?

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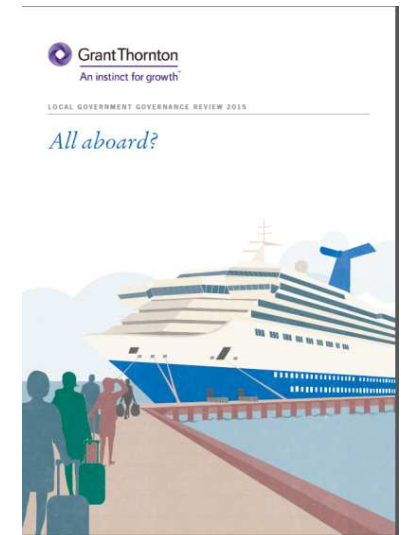
Earlier closure and audit of accounts

Accounting and audit issues

DCLG is consulting on proposals to bring forward the audit deadline for 2017/18 to the end of July 2018. Although July 2018 is almost 4 years away, both local authorities and their auditors will have to make real changes in how they work to ensure they are 'match-fit' to achieve this deadline. This will require leadership from members and senior management. Local government accountants and their auditors should start working on this now.

Top tips for local authorities:
- make preparation of the draft accounts and your audit a priority, investing appropriate resources to make it happen
- make the year end as close to 'normal' as possible by carrying out key steps each and every month
- discuss potential issues openly with auditors as they arise throughout the year
- agree key milestones, deadlines and response times with your auditor
- agree exactly what working papers are required.

Challenge questions

- Has your Director of Resources put in place a plan to address the earlier close date?

Financial sustainability of local government

Local government guidance

In November the National Audit Office published their report on the Financial Sustainability of Local Government.

The report concludes that Local authorities have coped well with reductions in government funding, but some groups of authorities are showing clear signs of financial stress. The Department for Communities and Local Government has a limited understanding of authorities' financial sustainability and the impacts of funding cuts on services, according to the National Audit Office.

The Government reduced its funding to local authorities by an estimated 28% in real terms between 2010-11 and 2014-15. Further planned cuts will bring the total reduction to 37% by 2015-16, excluding the Better Care Fund and public health grant. Although there have been no financial failures in local authorities in this period, a survey of local auditors shows that authorities are showing signs of financial pressure. Over a quarter of single tier and county councils had to make unplanned reductions in service spend to deliver their 2013-14 budgets. Auditors are increasingly concerned about local authorities' capacity to make further savings, with 52% of single tier and county councils not being well-placed to deliver their medium-term financial plans.

There are significant differences in the scale of funding reductions faced by different authorities. Authorities that depend most on government grant are the ones most affected by funding reductions and reforms. This was an outcome of policy decisions to tackle the fiscal deficit by reducing public spending, and for local authority funding to offer incentives for growth.

Local authorities have tried to protect spending on social care services. Other service areas such as housing services and culture and leisure services have seen larger reductions. While local authorities have tried to make savings through efficiencies rather than by reducing services, there is some evidence of reduction in service levels.

According to the NAO, however, the Department does not monitor in a coordinated way the impact of funding reductions on services, and relies on other departments and inspectorates to alert it to individual service failures. In consequence, the Department risks becoming aware of serious problems with the financial sustainability of local authorities only after they have occurred.

The Department's processes for assessing the capacity of authorities to absorb further funding reductions are also not sufficiently robust.

References

References
The reports referred to in this Audit Committee update can be accessed through the following web links;

- Rising to the Challenge - http://www.grant-thornton.co.uk/en/Publications/2014/Rising-to-the-challenge---The-evolution-of-local-government/
- Grant Thornton "2020 Vision" report - http://www.grant-thornton.co.uk/en/Publications/2014/2020-Vision-Exploring-finance-and-policy-futures-for-English-local-government-as-a-starting-point-for-discussion/
- All Aboard? - Local Government Governance Review 2015 - http://www.grant-thornton.co.uk/en/Publications/2015/Local-Government-Governance-review-2015-All-aboard1
- National Audit Office report on Financial Sustainability of Local Government - http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2014/

Hard copies of the Grant Thornton reports are available from your Engagement Lead or Audit Manager.

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The Audit Plan
for Cheltenham Borough Council

Year ended 31 March 2015

09 March 2015

Peter Barber
Engagement Lead
T   0117 305 7897
E   peter.a.barber@uk.gt.com

Jackson Murray
Manager
T   0117 305 7859
E   jackson.murray@uk.gt.com

Katie Haines
In-Charge Auditor
T   0117 305 7697
E   katie.v.haines@uk.gt.com
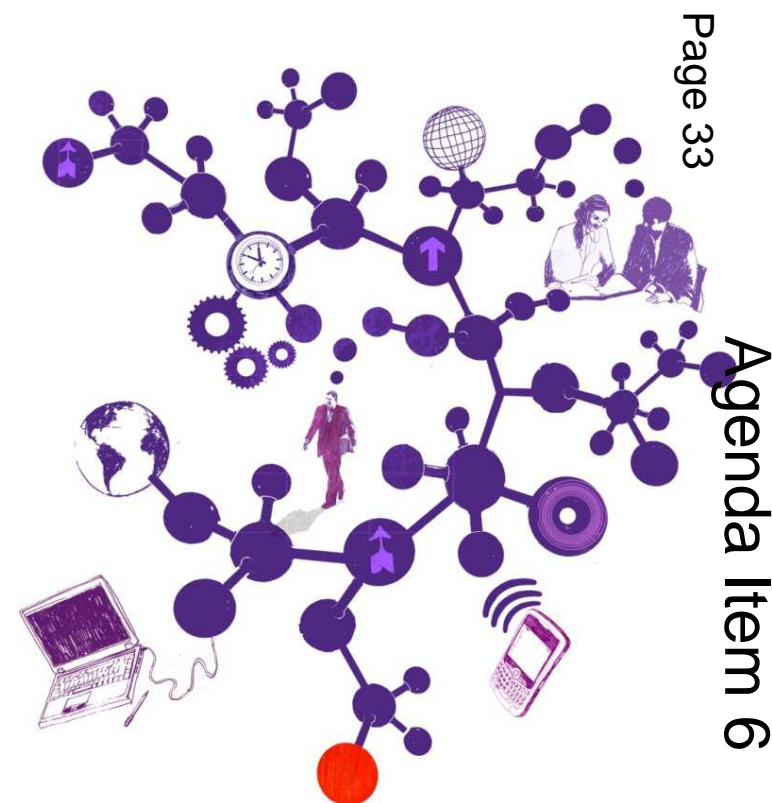
The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

Challenges/opportunities

1. Alternative Delivery Models

- The Council has a number of initiatives aimed at improving service delivery whilst minimising costs and delivering efficiencies, including the "Bridging the Gap" programme
- These initiatives include the use of alternative delivery models, and have resulted in the creation of Ubico, and more recently The Cheltenham Trust

2. LG Finance Settlement

- The provisional local government spending settlement showed the core government funding that the Council receives would reduce by 14% in 2015-16
- The Council is having to identify a number of ways to fill the 2015-16 budget gap, doing everything possible to protect frontline services without the need to increase council tax

3. 2020 Vision

- The Council is considering a longer term plan – the 2020 Vision – as one of the means to bridge the medium term funding gap
- The plan provides a model for four Councils to work in a more joined-up way, whilst retaining their own decision making powers and political independence
- Through this programme, the Councils hope achieve significant savings for all parties

Our response

- We will consider the accounting treatment of transactions with The Cheltenham Trust for appropriateness
- We will carry out our audit of Ubico during our audit of your group financial statements
- We will consider the effectiveness of the partnership arrangements during our work on the VfM conclusion
- We will offer guidance on future projects where it is appropriate to do so

- We will review your Medium Term Financial Plan and financial strategy as part of our work on your arrangements for financial resilience
- We will also review the 2015-16 budget setting process to inform our VfM conclusion

- We will continue to discuss plans with management and offer our views on them where appropriate to do so

Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice ('the code') and associated guidance.

Developments and other requirements

1.Financial reporting	2. Legislation	3. Corporate governance	5. Financial Pressures	6. Other requirements
• Changes to the CIPFA Code of Practice • Adoption of new group accounting standards (IFRS 10,11 and 12)	• The Accounts and Audit Regulations 2015 were laid before Parliament 17 February 2015	• Annual Governance Statement (AGS) • Explanatory foreword	• Managing service provision with less resource • Progress against savings plans	• The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion • The Council completes grant claims and returns on which audit certification is required

Our response

We will ensure that • the Council complies with the requirements of the CIPFA Code of Practice through discussions with management and our substantive testing • the group boundary is recognised in accordance with the Code and joint arrangements are accounted for correctly	• We will discuss the impact of the legislative changes on future accounting periods with the Council through our regular meetings with senior management and those charged with governance, providing a view where appropriate	• We will review the arrangements the Council has in place for the production of the AGS • We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge • We have already shared best practice examples from other authorities to assist the Council in the production of their AGS	• We will review the Council's performance against the 2014/15 budget, including consideration of performance against the savings plan • We will undertake a review of Financial Resilience as part of our VfM conclusion	• We will carry out work on the WGA pack in accordance with requirements • We will certify the housing benefit subsidy claim in accordance with the requirements specified by Public Sector Audit Appointments Ltd. This company will take over the Audit Commission's responsibilities for housing benefit grant certification from 1 April 2015.

Our audit approach

Global audit technology

Ensures compliance with International Standards on Auditing (ISAs)

- Understanding the environment and the entity
- Understanding the business
- Understanding management's focus
- Evaluating the year's results

- Inherent risks
- Significant risks
- Other risks
- Material balances

Develop audit plan to obtain reasonable assurance that the Financial Statements as a whole are free from material misstatement and prepared in all material[a] respects with the CIPFA Code of Practice framework using our global methodology and audit software

Note:
a. An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

Voyager

Devise audit strategy (planned control reliance?)

Yes

No

Extract your data

IDEA

Report output to teams

Analyse data using relevant parameters

- Test controls
- Substantive analytical review
- Tests of detail

- Test of detail
- Substantive analytical review

General audit procedures

Financial statements

Conclude and report

Creates and tailors audit programs

Stores audit evidence

Documents processes and controls

Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Cheltenham Borough Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Cheltenham Borough Council, mean that all forms of fraud are seen as unacceptable.
Management over-ride of controls	Under ISA 240 the presumption that the risk of management over-ride of controls is present in all entities.	**Work completed to date:** • Testing of journal entries in months 1-9 **Further work planned:** • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries in months 10-12 and year end adjustments • Review of unusual significant transactions

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit Approach
Operating expenses	Creditors related to core activities (e.g. supplies) understated or not recorded in the correct period	**Work completed to date:** • None **Further work planned:** • Documentation of understanding of controls and walkthrough to be completed by the auditor at the Forest of Dean District Council due to the Go Shared Services arrangements • Year end testing of creditors balances to subsequent payments to identify any un-accrued expenses
Employee remuneration	Employee remuneration and benefit obligations and expenses understated	**Work completed to date:** • Documentation and walkthrough of the payroll system controls • Trend analysis on months 1-9 payrolls **Further work planned** • Reconciliation of payroll system to general ledger and financial statements • Trend analysis on months 10-12 payrolls

Group audit scope and risk assessment

ISA 600 requires that as Group auditors we obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Significant?	Level of response required under ISA 600	Risks identified	Planned audit approach
UBICO Ltd	Yes	Comprehensive	None	Full scope UK statutory audit performed by Grant Thornton UK LLP
Cheltenham Borough Homes Ltd	Yes	Comprehensive	None	Full scope UK statutory audit performed by Grant Thornton LLP
Gloucestershire Airport	No	Analytical	N/A	Desktop review performed by UK LLP

Value for money

Value for money

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

Our VfM conclusion is based on the following criteria specified by the Audit Commission:

VfM criteria	Focus of the criteria
The organisation has proper arrangements in place for securing financial resilience	The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness	The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity

We will undertake a risk assessment to identify areas of risk to our VfM conclusion. As part of our work we will also follow up progress on any issues discussed with the Council following last years VFM work.

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings report and in the Annual Audit Letter.

Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed and findings	**Conclusion**
Internal audit	We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention. As at our interim audit, no internal audit reports on the Council's key financial systems had been finalised.	Overall, we have concluded that the internal audit service continues to provide an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment at the Council. We will review Cheltenham Borough Council and GO Shared Services Internal audit reports when finalised by Internal Audit.
Walkthrough testing	We have completed walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements. Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented in accordance with our documented understanding.	Our work has not identified any weaknesses which impact on our audit approach.
Entity level controls	We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including: • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements

Results of interim audit work cont'd

	Work performed	Conclusion
Review of information technology controls	Our information systems specialists perform a high level review of the general IT control environment, as part of the overall review of the internal controls systems. A follow up of the issues that were raised in the 2013-14 audit will be undertaken this year.	Information Technology review of controls to be undertaken after agreement of timing with management.
Journal entry controls	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy. We have tested journal entries posted in months 1-9 of the financial year.	We will undertake testing on the remaining 3 months of the year and post year end as part of our final accounts visit.
Early substantive testing	We completed early substantive testing on the following areas • Income transactions months 1-10 • Property, plant and equipment disposals months 1-10 • Employee remuneration transactions months 1-9	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.

Key dates

The audit cycle

Jan / Feb 2015	July / August 2015	September 2015	September 2015
Interim audit visit	Final accounts Visit	Completion/ reporting	Debrief

Key phases of our audit

2014-2015
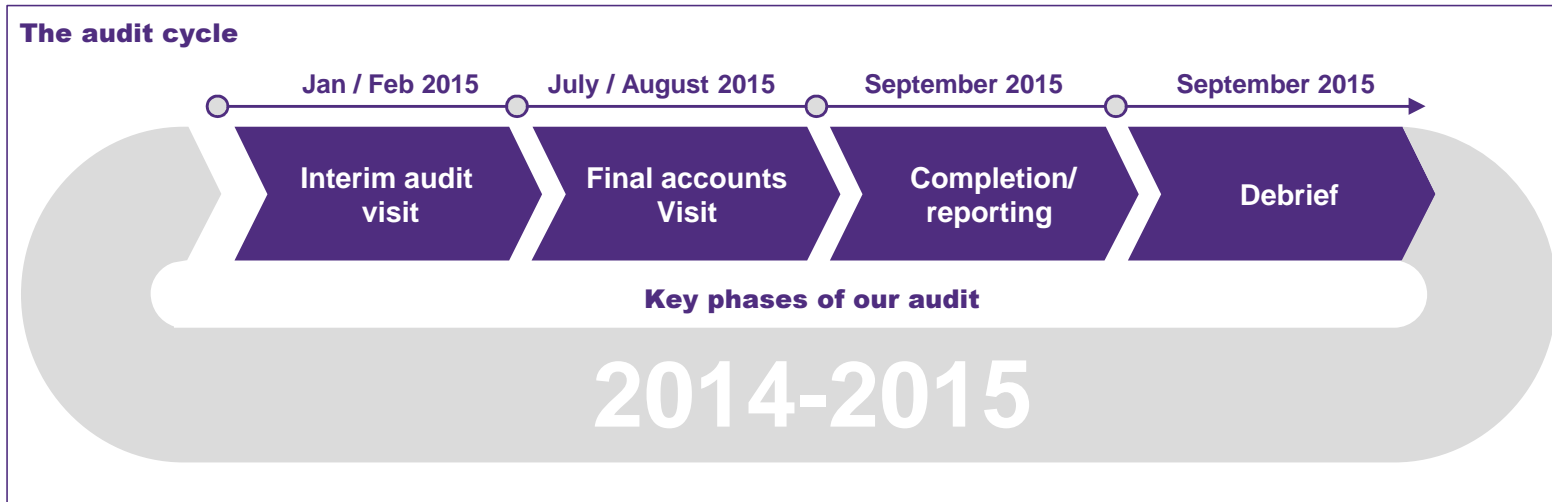
Date	Activity
December 2015	Planning
January / February 2015	Interim site visit
March 2015	Presentation of audit plan to Audit Committee
July / August 2015	Year end fieldwork
September 2015	Audit findings clearance meeting with Director of Resources
September 2015	Report audit findings to those charged with governance
September 2015	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	*65,874
Grant certification	12,020
Total fees (excluding VAT)	**77,894**

*Fee Variation – Business Rates

Following its consultation exercise, the Audit Commission Board has approved a supplementary fee for 2014/15 for audit work required on business rates. This represents a £900 increase to the fee reported in the 2014/15 fee letter presented to the Audit Committee in June 2014.

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list

- The scope of the audit, and the Council and its activities, have not changed significantly

- The Council will make available management and accounting staff to help us locate information and to provide explanations

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited, as the successor to the Audit Commission in this area.

- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services.'

Fees for other services

Service	Fees £
None	Nil

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	Page 47
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

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Councillor Colin Hay
Chair of the Audit Committee
Cheltenham Borough Council
Municipal Offices
The Promenade
Cheltenham
GL50 9SA

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol BS1 6FT

T +44 (0)117 305 7600
F +44 (0)117 305 7784
DX 78112 Bristol
www.grant-thornton.co.uk

17 February 2015

Councillor Colin Hay

Cheltenham Borough Council Financial Statements for the year end 31 March 2015

Understanding how the Audit Committee gains assurance from management

To comply with International Auditing Standards, each year we need to refresh our understanding of how the Audit Committee gains assurance over management processes and arrangements.

I would be grateful, therefore, if you could write to me with your responses to the following questions.

1   How does the Audit Committee oversee management's processes in relation to:
   – carrying out an assessment of the risk the financial statements may be materially misstated due to fraud or error
   – identifying and responding to the risk of breaches of internal control
   – identifying and responding to risks of fraud in the organisation (including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist)
   – communicating to employees its views on appropriate business practice and ethical behavior (for example by updating, communicating and monitoring against the codes of conduct)?
2   Do you have knowledge of any actual, suspected or alleged frauds? If so, please provide details.
3   How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with?
4   Are you aware of any actual or potential litigation or claims that would affect the financial statements?
5   How has the Audit Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?
6   Do you have any awareness of whistleblower tips or complaints?

Please could you provide a response by the next Audit Committee on 25th March 2015 and

please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Peter Barber
Associate Director and Engagement Lead
For Grant Thornton UK LLP

Response from Audit Committee Chair
To be signed at Audit Committee March 2015
Fraud risk assessment

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Auditor Question	Response
Has the Council assessed the risk of material misstatement in the financial statements due to fraud?	The internal audit plan includes a risk based audit of the core financial systems that are used in the compilation of the financial statements. These core systems are audited annually, any risks that are identified that may result in the financial statements being materially mis-stated due to fraud will be reported to the Executive Board, and the Audit Committee as part of the quarterly reporting cycle. In addition, as part of papers going Overview and Scrutiny Committee which are also available to members of the Audit Committee, a quarterly update is given on the number and value of Housing Benefit Frauds detected and sanctioned.
What are the results of this process?	The Committee is not aware of any significant risks in this regard, but is aware of fraud in the Housing Benefits and Council Tax systems.
What processes does the Council have in place to identify and respond to risks of fraud?	The Counter Fraud, Corruption and Bribery Policy, Internal Audit Charter and the terms of reference for the Head of Audit Cotswolds (Chief Internal Auditor) are formally agreed by Council. These documents set out the role of Internal Audit in the prevention and investigation of fraud. The Audit Committee also approves the risk-based annual audit plan which includes allocation of resources to respond to fraud allegations and prepare audits to consider possible areas where fraud may be a risk. Audit Cotswolds is also in the process of establishing a Counter Fraud Unit following the successful bid in February 2015 to the Department of Communities and Local Government (DCLG) for funding. This will ensure the authority retains skills and resources to tackle fraud following the Department of Work and Pensions Single Fraud Investigation Service (DWP SFIS) led changes.
Have any specific fraud risks, or areas with a high	A full risk assessment of fraud was completed in

risk of fraud, been identified and what has been done to mitigate these risks?	2014/15 to help inform the bid to DCLG. The result of this work is being used to scope the remit of the new Counter Fraud Unit and set new performance targets. Furthermore this assessment informed the Cabinet report in February 2015 to retain counter fraud staff. However, until 1st April 2015 when DWP SFIS takes responsibility for Benefit fraud, resources remain as per pervious years with Audit Cotswolds resourced to tackle corporate fraud risks and the Revenues and Benefits service to address Benefit fraud and Council Tax fraud risk. Audit Committee has been informed of these changes through the Audit Cotswolds quarterly reporting, and we indeed supportive of the bid to DCLG for funding.
Are internal controls, including segregation of duties, in place and operating effectively?	As part of the core audit of systems appropriate internal controls (or their absence / non-compliance) is considered by internal audit. Appropriate testing by internal audit advises of their effectiveness and is covered through audit reports.
If not, where are the risk areas and what mitigating actions have been taken?	N/A
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	On occasions such issues have been raised by both internal and external audit as part of the audit work. Appropriate recommendations for changes to internal controls are made on these occasions for management to implement.
Are there any areas where there is a potential for misreporting?	There is always the potential but we believe appropriate checks and balances are in place within the teams, and through GO Shared Services, to ensure mis-reporting does not occur.
How does the Audit and Scrutiny Committee exercise oversight over management's processes for identifying and responding to risks of fraud?	Initially the responsibility for the investigation of actual or suspected fraud lies with the Head of Audit Cotswolds (excluding benefit fraud) and the Council's Executive Board. Once and Investigation has been concluded the results are reported to the Audit Committee. Going forward the Counter Fraud Unit is expected to continue reporting to the Audit Committee as outlined in the DCLG bid documentation.
What arrangements are in place to report fraud issues and risks to Members?	On a quarterly basis, the Audit Committee receives monitoring reports from the Head of Audit Cotswolds regarding work carried out by the internal audit team. The report details the work carried out compared to the plan, the level of assurance resulting from the audit, the key issues regarding internal controls or fraud including any breaches.

How does the Council communicate and encourage ethical behaviour of its staff and contractors?	The Audit Committee approves the risk-based annual audit plan. The annual plan includes resource allocation to core financial and governance audits as well as service audits (such as Democratic Services) which will include a review of various policies and strategies such as: the Counter fraud, Corruption and Bribery Policy, Employee Code of Conduct and Whistle-blowing Strategy. The various strategies will be reviewed for timeliness and completeness as well as how well they are communicated to employees through processes such as induction training, appraisals and refresher training. Any areas of concern are reported to the Audit Committee through the Head of Audit Cotswolds quarterly monitoring reports. In terms of contractors the Council monitors performance and quality and adherence to standards of service delivery.
How does the Audit and Scrutiny Committee encourage staff to report their concerns about fraud? Have any significant issues been reported?	See above. No significant issues have been reported.
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	No – but the Councils constitution requires members to declare any such interests and where appropriate withdraw. Senior decision making officers are also required to declare any related party transactions.
Are you aware of any instances of actual, suspected or alleged, fraud, either within the Council as a whole or within specific departments since 1 April 2014?	Other than Benefit and Council tax fraud – no.

Response from Audit Committee Chair

Law and regulation

Auditor Question	Response
What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?	The internal audit team prepare audits to ensure that compliance with relevant laws and regulations are evidenced during the audit process. The quarterly report to the Audit Committee, produced by the Head of Audit Cotswolds, identify and non-compliance with relevant laws and regulations. There is a dedicated legal services team (One Legal) that provides advice to members and officers in relation to laws and regulations.
How does the management gain assurance that all relevant laws and regulations have been complied with?	See above. Plus the Whistle-blowing Strategy provides staff with the ability to report to management where laws and regulations have not been complied with.
How is the Audit and Scrutiny Committee provided	The internal audit team prepare audits to ensure

with assurance that all relevant laws and regulations have been complied with?	compliance with relevant laws and regulations are evidenced during the audit process. The quarterly monitoring reports, produced by the Head of Audit Cotswolds, identify any non-compliance with the relevant laws and regulations and agree with management actions to remedy the situation.
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2014?	No.
What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	The Council's legal team work with management when any potential claims or litigation are identified. One Legal provides the Head of GO Shared Services with details of any litigation or claims for inclusion within the financial statements. The Council has a customer complaints process which aims to resolve issues before they escalate. The Council has robust risk management in place which includes the recording of any risks of litigation or claims either within service areas or corporately. The Council has processes in place to manage significant contracts so they operate on a partnership basis and any issues can be raised and managed with the aim of minimising litigation or claims. Contract performance is monitored by the use of management information including key performance indicators.
Is there any actual or potential litigation or claims that would affect the financial statements?	The Council reported the legal action in relation to the Icelandic banks. The disclosure will be updated in the 2014/15 accounts
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	No

Signed…………………………………..   Date…………………

Audit Committee Chairman   Councillor Colin Hay

Cheltenham Borough Council

Cheltenham Borough Council
Audit Committee – 25 March 2015
Annual Internal Audit Plan 2015/16

Accountable member	n/a
Accountable officer	**Robert Milford, Head of Audit Cotswolds**
Ward(s) affected	**All**
Key Decision	**No**
Executive summary	The Council must ensure that it has sound systems of internal control which facilitate effective management of all the Council's functions. The work planned by Audit Cotswolds, the Council's Internal Audit service, is one of the control assurance sources to the Audit Committee and Senior Leadership Team and which supports the work of the external auditor. The work is also a key component of the Council's governance framework and as assurance source supporting the Annual Governance Statement, which forms part of the statutory accounting standards. Following CIPFA's guidance on Audit Committee the Committee this evening should "formally approve (but not direct) the Internal Audit plan".
Recommendations	**The Audit Committee approves the Internal Audit Plan for 2015/16**

Financial implications	The audit plan is a risk based plan which directs audit report towards the higher risk areas. This ensures that valuable audit resource is focused and directed towards ensuring that financial exposure is minimised. **Contact officer: Mark Sheldon, Director of Resources** **mark.sheldon@cheltenham.gov.uk, 01242 264123**
Legal implications	No Legal implications **Contact officer: Peter Lewis, Head of Legal Services, One Legal,** **peter.lewis@tewkesbury.gov.uk, 01684 272012**
HR implications (including learning and organisational development)	No HR implications **Contact officer: Julie McCarthy, HR Manager** **julie.mccarthy@cheltenham.gov.uk,** **01242 26 4355**

Key risks	The audit plan has been derived from consultation with the Senior Leadership Team and through reference to relevant policy, strategy and protocol documents including the risk register. The plan is designed to capture key and emerging risks that this Council faces over the year and therefore the plan will remain as flexible as possible to ensure internal audit resources remain focussed and valued.
	Internal Audit activity is needed each year to satisfy assurance requirements. For example, internal audit review key financial systems annually because the external auditors may rely on this in their own work on final accounts. In addition, the requirement for the Council to review its system of internal control and governance procedures means that assurance is required on systems and procedures relating to the compilation of the Annual Governance Statement. If this work is not completed by the Internal Audit additional fees from external audit may be incurred.
	Furthermore, Internal Audit is a statutory function under the Accounts and Audit (England) Regulations 2011.
	The risk of failure to deliver core elements of the plan will be mitigated through the Partnership Board monitoring process. The representative from Cheltenham BC is Mark Sheldon (Director of Resources).
	Furthermore, Audit Committee will continue to receive quarterly reports through 2015/16 from Internal Audit detailing the work undertaken in relation to the plan.
Corporate and community plan Implications	None
Environmental and climate change implications	None

1. Background

1.1 The environment in which Cheltenham BC and other Local Authorities now operates has presented significant drivers for change. The continual effort to meet the organisational objectives within a constrained budget has resulted in core systems coming under review for change e.g. the development of the GO Shared Service partnership arrangement for the delivery of core financial systems, Shared Services impacting service delivery arrangements and on core governance arrangements, etc. Therefore, Internal Audit needs to be responding to the changing environment and the areas where the organisation now requires assurances. This reinforces the requirement for Internal Audit to follow a more flexible and risk based plan.

2. Reasons for recommendations

2.1 The primary role of Internal Audit is to provide assurance that the Council's systems constitute a proper administration of its affairs. To this end, Internal Audit carried out a programme of audits that is agreed annually with Heads of Service and the Management Team.

2.2 Due to the new Public Sector Internal Audit Standards (PSIAS) and changes of core systems Audit Cotswolds, as the Internal Audit provider, needs to respond to the changing environment and the areas where the organisation now requires assurances. This reinforces the requirement for Internal Audit to follow a more flexible and risk based plan.

2.3 The core financial systems delivered to the Council by the GO Shared Service are covered within the GO Shared Services Audit Plan, this will cover GO and client side activities providing;

- Assurance to the GO Shared Service Management Team and the Client Officer Group over the controls operating for the clients

- Assurance to the client over the controls operating within GO financials, within the services they provide, and an assurance level for each financial module

- Assurance to the clients over the controls operating within client side activities for GO

- Periodic assurance over the other aspects of GO provided services

- The required support to the External Auditor

2.4 A summary of the Annual Internal Audit Plan for 2015/16 is included at Appendix 1. This lists the risk based assurance work.

2.5 The Internal Audit Plan outlines a preferred programme of work for 2015/16 as developed throughout February 2015. The Audit Plan presented is not "set in stone" and is intended to evolve in response to issues highlighted through risk and change management and monitoring.

2.6 Audit Cotswolds has two further partners, West Oxfordshire DC and Cotswold DC and three further clients, Ubico, GO Shared Services, The Cheltenham Trust and Cheltenham Borough Homes, so co-ordinating and allocating fixed resources across multiple organisations is critical to the success of the Audit Cotswolds Partnership and the delivery of all audit plans.

3. Consultation and Feedback

3.1 The Executive Board and other managers were consulted for this plan.

4.   Performance management – monitoring and review

4.1   Performance is monitored by both the Audit Committee and the Audit Partnership Board as detailed in the Audit Charter 2013.

Report author	Contact officer: Robert Milford, Head of Audit Cotswolds Robert.milford@cheltenham.gov.uk, 01242 775058
Appendices	1. Internal Audit Annual Plan 2015/16 2. Risk Assessment
Background information	None

Subject	Outline	Days
CORE GOVERNANCE		
Annual Governance Statement	Support and review of the AGS	10
Risk Management	Review of the training for service managers	5
Performance Management	Focus on performance of projects and programmes and in particular the role and responsibilities of SLT and Cabinet.	10
Governance Compliance	Policy application by service managers: • Recruitment & Selection including induction • Capability, Grievance and Disciplinary • Training schemes	20
ICT	Application audits Shared service support and review	40
CORE FINANCIALS		
NNDR	Year 2 module of 3 year programme	10
Benefits	Year 2 module of 3 year programme	15
Council Tax	Year 2 module of 3 year programme	10
GOSS	Separate plan but encompasses Finance, Procurement, Payroll and HR aspects delivered by GOSS	N/A
RISK BASED		
Ubico Client Function	Follow-up to the 2013 audit review with the addition of an examination of client side cost covering the client services provided by the Gloucestershire Waste Partnership	15
Business Continuity Management	Overall plans, service plans and service manager engagement	20
Accommodation strategy and property management	Review of strategy and property management	10
Security	Review of buildings and personnel security	15
Audit Committee	Review of the Audit Committee against appropriate	10

Effectiveness	guidance and standards	
Contract management	Review of key contracts including tender processes. Plus review of contractor use	20
Task force review	Review of the processes and procedures used in the Cheltenham Development Taskforce project	20
Safeguarding Adults and Children	Support the Safeguarding peer review and audit.	15
CONSULTANCY		
REST project support	Support and ongoing advice regarding the REST project	10
20:20 vision	Support and ongoing advice regarding the 20:20 project	40
Other change projects	Support for other projects	20
Other Audit Work		
Management	Audit Committee, governance and risk groups, high level programmes, etc	
Follow-ups	Assessment of recommendation implementation	
Contingency	7% operational contingency	

Risk Assessment

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
Aud1	Without the audit plan in place there is the risk of insufficient audit work being completed to provide a reasonable assurance to stakeholders that there is an effective control framework in place, adequately mitigating risks to the authority's risk appetite.	Director of Resources		3	3	9	Reduce	The Audit Committee approval of the annual plan	31/03/2014	Head of Audit Cotswolds	

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Cheltenham Borough Council
Audit Committee – 25 March 2015
Internal Audit Monitoring Report

Accountable member	**Cabinet Member Corporate Services, Councillor John Walklett**
Accountable officer	**Head of Audit Cotswolds – Robert Milford**
Ward(s) affected	**All**
Significant Decision	**No**
Executive summary	The Council must ensure that it has sound systems of internal control that facilitate the effective management of all the Council's functions. The work delivered by Audit Cotswolds, the Council's internal audit service, is one of the control assurance sources available to the Audit Committee, the Senior Leadership Team and supports the work of the external auditor. The Annual Internal Audit Opinion presented to Audit Committee provides an overall assurance opinion at the end of the financial year. This Internal Audit Monitoring Report, however, is designed to give the Audit Committee the opportunity to comment on the work completed by the partnership and provide 'through the year' comment and assurances on the control environment.
Recommendations	**The Audit Committee considers the report and makes comment on its content as necessary**

Financial implications	None specific arising from the recommendation **Contact officer: Mark Sheldon, Chief Finance Officer mark.sheldon@cheltenham.gov.uk, 01242 264123**
Legal implications	None specific arising from the recommendation **Contact officer: Peter Lewis, Head of Legal Services, One Legal peter.lewis@tewkesbury.gov.uk, 01684 272012**
HR implications (including learning and organisational development)	**Contact officer: Julie McCarthy**
Key risks	That weaknesses in the control framework, identified by the audit activity, continue to threaten organisational objectives, if recommendations are not implemented.

Corporate and community plan Implications	*"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 bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."* (*Chartered Institute of Internal Auditing UK and Ireland*). Therefore the internal audit activity impacts on corporate and community plans.
Environmental and climate change implications	Relevant to particular audit assignments and will be identified within individual reports.

1. Background

1.1 The Annual Audit Plan 2014/15 was aligned with the corporate and service risks facing the Council as identified in the consultation with the Senior Leadership Team and supported by such systems as the risk registers. The role and responsibilities of internal audit reflect that it is there to help the organisation to achieve its objectives, part of the plan has been aligned to elements of this strategy. However, to inform the audit plan we have also reviewed other key documents, such as the Medium Term Financial Strategy, change programme agendas and updates to the business plan, many of which contain risk assessments.

1.2 There is also a benefit to supporting the work of the External Auditor (Grant Thornton). This is in the form of financial and governance audits to support such activities as value for money.

1.3 The audit plan also considered risks that may evolve during the year. The consultation process has sought to identify these areas considering where internal audit could support and add value to the risk control process. This report identifies work we have completed in relation to the planned audit work.

2. Reasons for recommendations

2.1 The environment in which Cheltenham BC and other Local Authorities now operates has presented significant drivers for change. The continual effort to meet the organisational objectives within a constrained budget has resulted in core systems coming under review for change e.g. the GO Shared Services impacting on core financial systems and shared services generally impacting on core governance arrangements.

2.2 Therefore Internal Audit needs to be responding to the changing environment and the areas where the organisation now requires assurances. This prompts the requirement to keep to a more flexible and risk based plan.

2.3 It should also be recognised that the service is a partnership, so co-ordinating resources across multiple organisations is critical to the success of the partnership.

2.4 This report highlights the work completed by Internal Audit and provides comment on the assurances provided by this work.

3. Internal Audit Output

3.1 The internal audit service is continuing to review its operational procedures and processes to ensure they align with the Public Sector Internal Audit Standards (PSIAS). Furthermore, the service is reviewing its structure to ensure it is appropriately resourced and skilled for future work expectations.

3.2 Since the last Audit Committee Audit Cotswolds activity has centred on the additional Art Gallery & Museum Review. This review is now approximately 2/3rds completed.

3.3 The appendices to the report are therefore intended to inform the Audit Committee of progress made regarding the approved work plan for 2014/15 and follow up action that has taken place.

3.4 In Appendix A is a record of the progress against the 2014/15 plan

3.5 In Appendix B is an update on the Counter Fraud activity.

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Report author	**Robert Milford, Head of Audit Cotswolds, 01242 775058** **robert.milford@cheltenham.gov.uk**
Appendices	Appendix A to this report sets out the Internal Audit Plan for 2014/2015 updated for progress to date. Appendix B to this report set out the Counter Fraud activity since the last Audit Committee.
Background information	None

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Internal Audit Progress summary

Audit Work completed or in progress 2013/14 plan	
National Non Domestic Rates 13/14	Completed
Housing and Council Tax Benefits 13/14	In Draft
Council Tax 13/14	In Progress
GO Shared Services (GO Module Audits and Client Testing) 13/14 　　　　Budgetary Control and Capital Accounting -　　Main Accounting -　　Payroll -　　Accounts Payable -　　Accounts Receivable	On-going Advice and Support Provision
ICT Review 13/14 – PSN submission	
Grants	
Transparency Agenda	
Annual Governance Statement 2013/14	
Audit Work completed or in progress 2014/15 plan	
Core Audit Areas	
Annual Governance Statement 14/15	
Performance Management 14/15 – in progress	
Risk Management 14/15 – reallocated to other risk works	
Governance Compliance 14/15 – Members Allowances – in progress	
ICT Review 14/15 - JSWG	
Housing and Council Tax Benefits 14/15	
Council Tax 14/15	
National Non Domestic Rates 14/15	
GO Shared Services (GO Module Audits and Client Testing) 14/15 -　　Budgetary Control and Capital Accounting -　　Main Accounting -　　Payroll -　　Accounts Payable -　　Accounts Receivable	
Other new work planned 2014/15	
Change Management – Cheltenham Trust	
Payment Channels and Income Streams	

Environmental Audit
Data Protection and Control of Data – in progress
Transparency Agenda (follow up)
Social Networking – in progress
Change Management – REST project
Housing – Disabled Facilities Grants
Car Parking (Follow-up)
AGM review – new work at CEO request – in progress

<div align="right">**Appendix B**</div>

Counter Fraud Activity

On the 5th September a Department of Communities and Local Government (DCLG) bid was submitted for funding to help develop a counter fraud unit that can address the risk of fraud. It is intended to deliver against the Fighting Fraud Locally strategy from DCLG by 'Acknowledging, Preventing and Pursuing' fraud risks[i]. On the 2nd February 2015 it was confirmed that the bid had been successful and £403,000 will be awarded in April 2015 to our partner Cotswold DC.

Audit Cotswolds having prepared the bid is now moving forward to implement the project framework and processes to establish the Gloucestershire/Oxfordshire Data Gateway programme. The aim of programme is to bring together all Gloucestershire local authorities (and WODC due to Cotswold DC connection) and social housing providers counter fraud provision into a Counter Fraud Hub. Localised data matching and other techniques will be used to generate local intelligence to enable proactive and reactive counter fraud investigation and prosecution. The hub will also connect to the Oxfordshire Hub that is underway with Oxford City as the host.

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[i] https://www.gov.uk/government/publications/fighting-fraud-locally-the-local-government-fraud-strategy

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Cheltenham Borough Council
Audit Committee – 25 March 2014

Annual Risk Management Report
And
Policy review

Accountable member	Cabinet Member Corporate Services, Councillor Jon Walklett
Accountable officer	Director Resources, Mark Sheldon
Executive summary	The Audit Committee approved the current Risk Management Policy March 2014 and requested an annual report to provide Members with an update on the Council's risk management activities.
Recommendations	**That Audit Committee;** 1. **Note the risk management work undertaken during 2014/15.** 2. **Approve the Risk management Policy for 2015-16. Appendix 2** 3. **Approve the amendments to the Risk management Scorecard Appendix 3**

Financial implications	The identification and assessment of financial risk is a key element in the governance process of managing the council's decision making and financial exposure. The scorecard ensures a consistent approach and transparent methodology for assessing financial risk. The policy and risk management process is well embedded which helps to ensure robust management of financial risk. Contact officer: Mark Sheldon Email: mark.sheldon@cheltenham.gov.uk Tel: 01242 264123
Legal implications	None specifically arising from the recommendations. In general terms, the existence and application of an effective risk management policy assists prudent decision making which is less susceptible to legal challenge. Contact officer: peter.lewis@tewkesbury.gov.uk Tel: 01684 272012

HR implications (including learning and organisational development)	The HR implications are as detailed in this report. Contact officer: Carmel Togher Email: carmel.togher@cheltenham.gov.uk Tel: 01242 775215
Key risks	The lack of a robust approach to the management of risks and opportunities could result in ill-informed decision making and non-achievement of the Council's aims and objectives at both a strategic and service level.
Corporate and community plan Implications	None
Environmental and climate change implications	None

1.   Background

1.1   Risk management is the culture, process and structures that are directed towards effective management of potential opportunities and threats to the Council achieving its priorities and objectives.

1.2   Risk management is a key element of the Council's corporate governance framework. It is one of the six core principles of the Council's Code of Governance - 'taking informed transparent decisions which are subject to effective scrutiny and risk management'.

1.3   In the past year, additional work has been completed to support the risk management process and help embed good practice across the Council.

1.4   The Risk Management Policy was updated and approved by Audit Committee in March 2014 following a wide ranging review involving all elected Members and Senior officers. The policy confirmed the Council's risk management appetite and objectives; links to the Council's Corporate Plan; and provides guidance on risk management approach and scoring.

1.5   The revised policy was rolled out to officers at Senior Leadership Team, Corporate Governance Group and at Divisional Management Team meetings. All policy, guidance and advice documents were updated and made available through the risk management page on the intranet.

1.6   The Council has an on-line web based risk management module which records all Corporate and Divisional risk which can be viewed by all employees and Members helping to make risk management transparent.

Strategic risk management

1.7   The challenges facing Cheltenham Borough Council continue to intensify and the way that we meet these challenges creates the potential for increased opportunities and risk. The way that we address and mitigate the risks requires effective governance arrangements.

1.8   In November 2014 the results of the LGA Peer Challenge Review were reported to Cabinet with a recommendation that we consider a fundamental review risk management. There was a detailed review of the Risk Management Policy in March 2014 involving Members and Senior

Officers, It is generally accepted by the Peer Review Team and by our Internal and External Auditors that the policy and guidance that we have is sound and fit for purpose.

1.9   Grant Thornton Forensic team have recently reported to Audit Committee on the overspend on the Art gallery and museum project. The report did not make any specific recommendations with regard to revising the risk management policy. However officers have re-considered the policy and the supporting scorecard and do feel that there is scope for extending the criteria within the scorecard to assist with the assessment of impact in relation to four additional criteria that relate directly to the Corporate Strategy Outcomes;

     1.   Environmental outcome

     2.   Economic outcome

     3.   Community outcome

     4.   Business transformation outcome

1.10   These amendments will assist officers in identifying risks of this nature within large scale projects. Audit Committee are requested that they consider these suggested amendments and approve the revised score card (Appendix 3)

1.11   Internal Audit are currently carrying out their supplementary review on the overspend at the Art Gallery And Museum Project, this will include a consideration of how the Policy and guidance was applied by officers and Members, the outcome of this will be reported to Audit Committee and if there are any recommendations concerning risk management they can be addressed then.

1.12   The 2020 Vision Programme will be developing proposals for how we could share services with our partner Councils to make the efficiency savings needed by each council to maintain high quality services for their residents, and for their effective governance and decision making.

1.13   In the near future each of the Councils and the 2020 Programme will need to review how risk assessment processes can be aligned and applied to corporate objectives, and programme projects and work streams.

1.14   If the outcome of this review leads to any recommendations for amendments to the Councils Risk Management Policy to bring about a greater alignment of risk management they will be reported to Audit Committee for consideration and then to Cabinet for approval.

1.15   The Risk Management Policy states the need for a Corporate Risk Register to identify risks associated with the achievement of the Council's aims and objectives within the Corporate Strategy. The 2014/15 Corporate Strategy sets out our intended milestones, performance indicators and risks associated with delivering the Outcomes.

1.16   The Corporate Risk Register (CRR) provides information on the risk description, scores, mitigation and the owners and managers. The CRR is reviewed by the Senior Leadership Team with copies provided to Cabinet every month. Directors discus their risks with Cabinet Portfolio holders during their 1-2-1 meetings.

1.17   The on-line risk management module records all of the council's corporate and Task Force risks which are initially identified by Directors and Service Managers; these are managed by an SLT appointed Risk Owner and Risk Manager or by the Task Force Risk and Accountability Group. Any divisional or project risk with a score of 16 or above must be referred to the Senior Leadership Team, they then consider if it should be escalated and recorded on the Corporate Risk Register. These corporate risks can also be referred back to the divisional or project risk registers if SLT consider the risks to be under control and less of a risk to the wider organisation.

1.18 As at 25/2/2015 there were 17 risks on the Corporate Risk Register compared to 22 in February 2014. During the period from April 2014 to February 2015, 9 corporate risks were deemed to have been managed to the point where they had become acceptable and either closed and a further 2 risks were transferred by the Senior Management Team back to the division for ongoing management.

Training

1.19 As part of awareness training for officers, risk management presentations have been completed at Senior Leadership Team and Divisional Management Team meetings to promote the Risk Management Policy and approach.

1.20 Following the Peer Review an external training provider was commissioned to deliver additional awareness training in October 2014 to all Directors and Service Managers, to ensure that everyone was aware of the risk management processes.

1.21 The on-line risk awareness training was updated to reflect the new policy and scorecard and this is available to all employees and Members through the Learning Gateway. A copy of the screen prints are attached at appendix 3 for Members awareness

1.22 Planned Improvements

1.23 The on-line risk management module can be developed further to include risks associated with key projects. These risks are currently managed by the project manager and reported to the programme board. It is hoped that sufficient resources can be found to include these within the same reporting process for Corporate and Divisional risk.

Policy review

1.24 The Risk Management Policy states the need for a formal review of the Corporate Risk Register to identify risks associated with the achievement of the Council's aims and objectives within the Corporate Strategy.

1.25 The Risk Management Policy was last reviewed and approved by the Audit Committee in March 2014.

1.26 The Risk Management Policy has been reviewed and considered by Corporate Governance Group and the Senior Leadership Team in February 2015, there were no recommendations for amendments. It is therefore recommended that Audit Committee also consider the policy and make any recommendations that it feels necessary or re-approve it for the 2015-16 year.

2.   Alternative options considered

2.1 None

3.   Consultation and feedback

3.1 The Senior Leadership Team and The Corporate Governance Group routinely consulted on the content of the risk registers.

4.   Performance management – monitoring and review

4.1 The Senior Leadership Team and The Corporate Governance Group routinely monitor risks in line with the Risk Management Policy.

Report author	Contact officer: Bryan Parsons Email: bryan.parsons@cheltenham.gov.uk Tel: 01242 264189
Appendices	1. Risk Assessment 2. Risk management Policy 3. Risk Management training slides from Learning Gateway 4. Risk Scorecard

Risk Assessment

	The risk			Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likeli-hood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the council does not have a robust and effective risk management approach to the management of risks and opportunities then it could result in ill-informed decision making and non-achievement of the Council's aims and objectives at both a strategic and service level.	Director Corporate Resources	25/03/2015	4	2	8	Reduce	Ensure that the Councils Risk Management Policy is kept up to date and that the processes supporting it are robust and delivered by the decision-makers.	31/3/2015	Corporate Governance, Risk and Compliance Officer	

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

Risk management policy

CHELTENHAM
BOROUGH COUNCIL

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Document control

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Version Number	Version Date	Summary of Changes
1.0	14/02/2009	New Policy
1.2	19/04/2011	revised policy
1.3	23/01/2012	Draft Revised policy
1.4	01/04/2012	Confidential risks and new score card
1.5	01/04/2013	Additional requirement re commissioning
1.6	26/03/2014	Audit Committee
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Audit Committee All CBC staff, Public website and Cabinet members	26/03/2014
Audit Committee All CBC staff, Public website and Cabinet members	26/03/2015

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Introduction to risk management cut out and keep section

The council believes that risks need to be managed, rather than avoided and that a rigorous approach to all aspects of risk management is an integral part of good management practice. Through having a sound risk management process we will ensure:

That the council continues to achieve its objectives and outcomes and sustainable improvement in services;

That the council is developing and maintaining a safe and healthy environment for the public, and for its employees; and

That the council reduces the number and cost of insurance claims.

That by mitigating risk we will make processes safer and more effective which in turn will reduce costs and make us more efficient.

Risk is defined in line with ISO 31000:2009 Risk Management Principles and Guidelines.

There are many definitions of risk and risk management. The contemporary definition set out in ISO 3100 is that risk is the "effect of uncertainty on objectives" where uncertainty can be either positive or negative.

Risk Management is defined as 'the culture processes and structures directed towards realising opportunities whilst managing adverse effects'. Its purpose is not to eliminate risk, but to understand it so as to take advantage of the upside and minimise the downside.

Everyone has a role to play in our risk management policy. Combining shared leadership with a team approach will help contribute to the success of integrated risk management.

Our expectations / commitments

Senior Leadership team will own and maintain the corporate risk register which will be updated on a monthly basis.

Directors will ensure that there is an up to date divisional risk register for their divisions using the template on the intranet. This should be reviewed at least quarterly at the divisional management team meetings. **Any divisional risk that has a score of 16 or greater will be referred to SLT** for consideration for inclusion on the Corporate Risk Register

Service Managers will document risks to meeting their team objectives.

All committee reports that require a decision should be accompanied by a risk assessment

All project and programme mangers will assess the strategic and operational risks associated with the programme or project objectives.

We will ensure that partnership working is part of our risk management approach; partnerships should identify the risks to achieving their objectives and the council will document the risks to working in partnerships.

Part One – Our approach to risk

1. Introduction

1.1 The aim of this policy is to set out Cheltenham Borough Council's approach to risk and the management of risk. It is presented in three parts; the first is our approach to risk management; the second outlines the process for risk management and the third part sets out roles and responsibilities.

1.2 The council believes that risk needs to be managed, rather than avoided and that a rigorous approach to all aspects of risk management is an integral part of good management practice. Through having a sound risk management process we will ensure:

- That the council continues to achieve its objectives and outcomes and sustainable improvement in services;

- That the council is developing and maintaining a safe and healthy environment for the public, and for its employees; and

- That the council reduces the number and cost of insurance claims.

1.3 Risk is defined as

"An uncertain event or set of events which, should it occur, will have an effect upon the achievement of objectives, within the lifetime of the objective."

1.4 Risk can be both negative and positive, but it tends to be the negative side that we focus on and score. This is because some things can be harmful, such as putting lives at risk or a cost to an individual or the organisation in financial terms

1.5 Negative risk is represented by potential events that could harm the project. In general, these risks are to be avoided and can be measured in terms of impact and likelihood. Positive risk, on the other hand, refers to risk that we initiate because we see a potential opportunity, along with a potential for failure.

1.6 There are two examples of positive risks. The risk could either be a positive experience, or the reason for taking the risk has rewards that are well worth it. For example the risk could make us feel or perform better, or by taking a different option we could improve exceed corporate objectives, improve efficiency, reduce costs or improve income by a greater amount than was originally identified. See also section 8 about monitoring and managing risk.

1.7 Risk management is

"The activities required to identify and control exposure (negative risk) to uncertainty which may impact on the achievement of objectives". Or/and to use Positive risks to help us exceed our objectives.

1.8 From these two definitions, we can see that risk management is focused on the risk to meeting our objectives.

1.9 Given the definitions above, the council will assess, monitor and manage risks to the achievement of its objectives, including:

- Our corporate objectives – as set out in our corporate strategy;

- Divisional objectives;

- Service team objectives;

- Project and programme objectives; and

1.10 This policy sets out how we will identify, assess and manage risks, how we will report risk and how we will support risk management.

1.11 Everyone has a role to play in our risk management policy. Combining shared leadership with a team approach will help contribute to the success of integrated risk management. More information on roles and responsibilities is given in part 3.

2. Identifying, assessing and managing risks

2.1 The council will take a rounded view on what constitutes a risk. The starting point is that a risk could be anything, from an internal or external source, that poses a threat to the achievement of our objectives.

2.2 In terms of external sources, changing circumstances can have a significant impact on our ability to deliver our objectives. The environment we operate in is not stable and is in constant flux. Good risk management is about trying to anticipate these changes and put in place actions to respond to the resulting risks by minimising the likelihood and/or impact. Our view of the source of external risks could include the following:

Local and national political change

Local and national economic circumstance

Social change

Technological change

Climate change

Legislative change

Environment

Complying with equality considerations

Change in the organisational structure for local government

Changing expectations/needs from customer/citizens

Change in how we are resourced

Recommendations from assessment or review

2.3 In terms of internal source of risks, the ability of the council to continue to deliver its objectives is dependent on the following:

Finance - sufficient finances in place to deliver service;

Human resource - enough skilled, competent, experienced, healthy, motivated staff in the right place at the right time to deliver the service;

Premises - the most appropriate environment from which to deliver the service;

Technology – the most appropriate form of technology to support service delivery;

Procurement – the most appropriate service/resource provider in place to deliver the service objectives (if service out-sourced);

Legal/Contractual – the most appropriate form of contract to guide service delivery;

Partners – commitment from appropriate other partners (both internal and external) to deliver the service;

Changing priorities – a stable environment in terms of organisation priorities, clear objectives and manageable level of complexity;

Information – an exchange of reliable information (internal and external) that is accurate and timely on which decisions can be fairly and correctly based.

Safety and security of assets.

2.4 It is also worthwhile noting that because we have adopted a commissioning approach whereby the council may deliver services through different organisational models, and then we must ensure that these arrangements are included within our risk management processes. These risks can then be included in the same register as all other risks to the delivery of the objective. When it is necessary to the achievement of an objective to procure products and services, the risk/s to the objective if the procurement process fails should also be identified and managed. When these ownership and management mechanisms have been defined risk owners need to ensure that effective monitoring and governance controls are in place to protect council assets.

2.5 When we commission the delivery of a service or enter into a shared service agreement, providers are obliged to have a range of risk management processes in place, should they identify a significant risk that may have an impact on the Council they must advise the Client officer. The Client officer will then decide on the best course of action. e.g. include on either the Corporate or Divisional Risk Registers.

2.6 In addition we would expect all programme and project managers to assess the strategic and operational risks associated with the programme or project objectives before the project is selected and approved. Risks should be reviewed as the project proceeds and included within the Corporate Risk Register if the risk is likely to impact upon the authority as a whole.

2.7 All committee reports that require a decision should contain a description of the options available and a risk assessment for each of them. These risks are to the objectives of the report topic.

2.8 Risk management should not be seen as a separate management function; it is a core part of good management.

2.9 The council have separate and detailed Health and Safety policies that provide advice about how this type of risks should be identified and managed. They can be found at safety policies and guidance | corporate pages on CBCi

2.10 Defining and scoring risk

2.11 Once risks have been identified using the information given above, the council would like risks to be defined in a consistent way using the "cause and effect" approach (see Part 2, 5.3 for more information). Risks will be then scored for impact and likelihood using the risk scorecard. (The risk score is the multiplication of impact and likelihood.)

2.12 The initial score will be based on current circumstances and referred to as the 'original' score. After controls have been actioned, the risk will be scored again. This score will be referred to as the 'current' score.

2.13 Tolerance and controls

2.14 The scored risk can then be assessed against the council's tolerance levels. Currently we have three levels which set out the council's attitude to that particular risk. The three tolerance levels are coloured red, amber and green. Risks that are scored in the red and amber areas (7 and above) will require action.

2.15 The council then has four options on how to control the risk;

Reduce the risk

Accept the risk

Transfer the risk to a third party

Close the risk

2.16 The decision on how to control the risk will be made by the risk owner or an appropriate senior officer depending on where the score falls in the tolerance areas and the costs associated with the control.

2.17 Monitoring and managing risk

2.18 As risk management is an integral part of good management all identified risks should be recorded and managed through either the Divisional Risk Register or the Corporate Risk Register. Corporate Risks are monitored monthly and Divisional Risk Registers will be monitored quarterly at routine Divisional Team meetings. **Any divisional risk that has a score of 16 or greater will be referred to SLT** for consideration for inclusion on the Corporate Risk Register

2.19 The Corporate Risk Register is available to all elected Members and employees through the intranet and is collectively monitored and managed by the Senior Leadership Team.

2.20 Recording risk

2.21 The risk registers should be used to inform decision making and resource allocation and should be updated as required to meet agreed monitoring arrangements.

2.22 Divisional Risk Registers are the responsibility of Directors with the individual risks being assigned to officers within the division (or across divisions where appropriate.)

2.23 Any new risk must be agreed by SLT before being added to the register. Risks cannot be deleted from the register unless they have agreed that it can be closed. Mitigating actions and deadlines can be updated by the risk owner at anytime prior to the monthly review at SLT.

3. Risk registers & reporting risk

The corporate risk register

The 'corporate risk register' contains strategic risks to the organisation

The longer-term risks to the delivery of outcomes (ambitions) are described within the Corporate Strategy. The outcomes are linked directly to specific improvement actions which again are described within the Corporate Strategy but are individually risk assessed and managed within the Corporate Risk Register.

Headline risks associated with exceptional circumstances.

Senior Leadership Team will own and maintain the corporate risk register and associated actions which will be considered and updated by them on a monthly basis.. A copy of the updated corporate risk register will be provided informally to Cabinet Members following review by SLT so that they can discus the risks with the risk owners or managers.

At every SLT meeting there is a standard agenda item that is called *Is it Safe* this provides all of the Directors with an opportunity to raise any new issue that they feel could have an impact on the Council. These issues are discussed and if necessary new risks are added either to the Divisional Risk Register or the Corporate Risk Register

The corporate risk register will provide the necessary assurance for the annual governance statement.

An annual report (March) followed up by a six monthly risk monitoring report (September) to Cabinet

Risk management reporting should be co-ordinated with continuous routine performance monitoring.

All corporate confidential risks will be recorded in the normal way but they will be redacted either in full or in part from the corporate risk register so as to protect any personal data, prevent the disclosure of legally privileged information or exempt from publication any other information which should be so exempted. Further guidance on confidential risk can be found at paragraph 9.3.

Divisional, service area and team risk registers

Each division needs to take a proactive approach to risk management making sure that it is embedded as a part of the good management of the division. Each division should compile and maintain a divisional risk register that captures the risks to the delivery of its objectives.

Each service team, project/programme may also have a risk register which capture risks to their respective objectives. The important issue is to make sure that risk is discussed and debated at management teams and that risks are then identified and managed.

It is also important to note that those particularly high scoring divisional risks will not necessarily have a place on the corporate risk register unless it has a direct impact on our corporate objectives. In this case, the cause or effect may be different and the impact and likelihood scores must be scored appropriately. If the overall score for a divisional or project risk is 16 or over then it must be brought to the attention of SLT for consideration for inclusion on the Corporate risk Register.

It is possible that the same risk will appear in more than one register. The impact or likelihood may be different against the different objectives and should therefore be scored accordingly. Where actions to control a risk fall to another division, it is that division's responsibility to implement that action and the risk owner's responsibility to remain updated and manage the risk accordingly.

Reporting risks

Monthly risk monitoring reports will be presented to the Senior Leadership Team, and informally to Cabinet Members for discussion with Risk Owners. There will be an annual report to Cabinet and to Audit Committee which will include:

- The most significant corporate risks faced by the council;

- The associated management actions which are considered urgent;

- The resource implications of any management actions; and

- An overview of how significant risks may affect the Council's ability to meet its ambitions.

Risk management reporting should be co-ordinated with continuous routine performance monitoring.

Supporting risk management

Risk management co-ordination

The risk management policy, including any guidance notes, will be reviewed once a year by the Audit Committee and the responsible Director and when necessary, updated to incorporate further development in risk management processes and/or organisational change.

Where the council has established groups who have responsibility for risk, they should include detail about their role in the terms of reference or constitution for the group.

Training

The requirement for risk management training which will ensure that elected members and officers have the skills required to identify, evaluate, control and monitor the risks associated with the services they provide, or govern should be identified through the appraisal process.

Risk Management training for staff and elected Members will be delivered through an elearning tool on the learning gateway

Where required, training in corporate governance, of which risk management is a part, should be identified through the induction process for all new employees and members.

Communication

The risk management culture within the council must support open and frank discussion on issues that could put the Council at risk. Risk Owners and Risk Managers must provide opportunities to employees and members not normally involved with risk management with the opportunity for comment and challenge.

Risk should be considered at least quarterly by management team and service team meetings as part of good management practice. When necessary, new and emerging risks, significant change and where control actions are significantly succeeding or failing should be discussed.

It is the responsibility of the risk owner to communicate and discuss risk and control actions with other relevant officers, including those from other divisions.

If the cause of a risk or the failure of an objective or activity has the potential to impact on another objective or activity, it is the duty of the responsible officer to communicate that cause or failure to the owner of the effected objective or action.

Information and guidance on risk management will be available to all employees with computer access via the intranet and shared drive. Employees without computer access should speak to their manager for a printed copy.

Employees will be kept up to date on risk management progress and good practice through management meetings, team briefings and the intranet.

Part 2 - Process & Guidance

How to identify and define risks

Identifying risks is about asking:

what could happen that would impact on the objective?

when and where could it happen?

how and why could it happen?

how can we prevent or minimise the impact or likelihood of this happening?

What risks are identified and who you involve in the process will depend on whether you are looking at a specific team area or at a more strategic, organisational level. It is best practice to involve others in identifying risk as this gives you different perspectives on the same situation. Those involved must be clear about what objective is being risk assessed. Approaches to identify risks can include:

Brainstorming on possible risks in a facilitated session;

Mapping out the processes and procedures; asking staff to identify risks at each stage;

Drawing up a checklist of risks and asking for feedback.

Risks should then be defined using the **'if ..... then** ….' (or the cause and effect or likelihood and impact) approach and given a reference number.

Risks should be specific and worded carefully and concisely and should not consist of a single word.

Risks should be outcome based and if one cause creates several impacts, each impact should be identified separately. This is because each might result in a different score and control.

How to score risk

The council has produced a scorecard to help risk owners score the risk by assessing impact and likelihood (effect & cause).

Impact

To help assess the impact (effect), we have identified a scale of impact from 1 to 5;

1) Negligible
2) Low
3) Moderate

4) Major
5) Critical

Risk owners are encouraged to decide the scale of the impact by considering what type of impact the risk has on the objective, using the risk types Financial, Employee, Capacity, VFM, H&S and wellbeing, Business continuity, Contractual Governance, Reputation, Customer satisfaction, Governance, Performance forecasting and Corporate Strategy. . A full description of impact type and scoring is detailed in the 'impact scorecard' which should be used when assessing risk.

Likelihood

To help the risk owner assess the likelihood score (cause), we have identified 6 categories of likelihood that the risk will occur during the lifetime of the objective. These are:

Score	Likelihood	Probability	Action in response to risk levels
1	Minimal	0-5%	Awareness of risk, no action
2	Very low	6-15%	Action to ensure likelihood does not increase
3	Low	16-30%	Preventative action required
4	Moderate	31-60%	Minimise probability and/or impact
5	High	61-90%	Minimise probability and/or impact immediately
6	Very high	>90%	Plans made in advance must be carried out.

Risk score

The risk score is a multiplication of impact and likelihood.

On occasion it is possible to have a risk that proposes more than one score of impact, e.g. a single cause that could have minimal cost implications, maximum cost implications or anywhere in between. In this instance, we advise that you score and manage the risk according to the most likely scenario. Using the areas of tolerance may also help.

Selecting a risk control and understanding tolerance

The scored risk can then be assessed against the council's tolerance levels. Currently we have three levels which set out the council's attitude to that particular risk. The three tolerance levels are coloured red, amber and green. Risks that are scored in the red and amber areas (above 7) will require action.

Score	Colour	Action/need to apply control	Responsibility
1-6	Green	Acceptable, subject to monitoring.	Risk owner
7-15	Amber	Needs active management	Risk owner
16-24	Red	Requires urgent attention	Risk owner
25 - 30	Red	Requires urgent attention and routine discussion with Cabinet Leads	Risk Owner

The decision on how to control the risk will be made by the risk owner or an appropriate senior officer depending on where the score falls in the tolerance areas and the costs associated with the control.

The council has four options on how to control the risk;

Control	Description	Tolerance area
Reduce	The impact and/or likelihood needs to be reduced.	Amber or red
Accept	Impact and/or likelihood is at an acceptable level, it is	Amber or green

	impossible to reduce or is more cost effective to take the risk in not treating.	
Transfer	Some of the risk is better controlled by an external partner. However some of the risk will remain (e.g. reputation) and that needs to be managed.	Any
Close	The risk has been terminated or is exceptionally low.	Green

Monitoring and managing risk

As risk management is a an integral part of good management our view is that risks should be reviewed by Senior Leadership Team and revised as and when actions prove to be successful or unsuccessful and when new information becomes available.

Progress of action	*Further action*
Positive but by a small margin	Current action not as effective as first hoped. Make changes or think of new action.
Positive by a significant margin	Current action successful – redirect resources.
Negative	Current action unsuccessful. Need new action.

The identification of risk may raise the question not to pursue a course of action. If this decision is made, it must be clearly documented.

The identification of risk may raise a success or positive learning point. This should be communicated to those who may benefit.

Actions to mitigate the risk need to be identified early and the monitoring must consider if they are being effective. If they are not then the project team, programme board or SLT need to identify new mitigating actions.

Risk registers

All risks will be recorded in either a Divisional Risk Register or a Corporate Risk register.

A risk register will record:

- Risks identified - to an objective, including a reference code and specified using "if…& then…";

- Original risk assessment and score based on impact and likelihood;

- Risk owner;

- Date raised;

- Control applied;

- Actions to control the risk;

- The officer responsible for the action;

- An indication as to whether the mitigating actions are on target

- The action status including progress notes;

- Current risk assessment and score once the action has been implemented.

- The date the risk was last reviewed

Confidential Risk

The Corporate Risk Register is a public document and is reported to Cabinet and Audit Committees. These reports may contain risks that contain confidential information and have been determined as being an "exempt item" under Schedule 12A of the Local Government Act 1972,

All corporate confidential risks will be recorded in the normal way but they will be redacted either in full or in part from the corporate risk register to ensure compliance with the Data Compliance Act, to protect any personal or sensitive data and the divulgence of any legal strategy.

Advice on the wording and inclusion of any confidential risks within the Corporate Risk Register must be sought from One legal.

The Senior Leadership Team may decide that they require additional assurance in respect of a particular confidential risk because it is not in the public domain, in which case it can be referred to the Corporate Governance group. Where they are referred they will be discussed with the risk owner and the outcome referred back to the SLT.

A process chart relating to the management of confidential risks is available on the Intranets Risk Management page.

Part 3 - Roles and Responsibilities

Everyone has a role to play in our risk management policy. Combining shared leadership with a team approach will help contribute to the success of integrated risk management.

Elected members

All elected members have risk management responsibility; they should promote the desired culture essential for successful risk management, acknowledging risk management as a strategic and operational tool to further the council's objectives. All should feel secure that, by identifying risk in their area, they are doing so within a corporate framework that is robust and easily understood.

The risk assessment included in all reports, that require a decision, that are brought to council, cabinet and committees should be used to inform decision making and should be revisited to ensure the risks are being managed.

They will also participate in training workshops to maintain an up-to-date understanding of how CBC manages risk.

Audit Committee

Audit Committee will endorse the council's corporate risk management policy, and at least annually, monitor and review the effectiveness of risk management systems and its contribution to corporate governance arrangements.

Audit Committee will also seek assurance from the internal audit team that risks are being managed in an appropriate manner and by the terms of this policy.

Cabinet and council

The Cabinet will approve the Risk management policy.

Cabinet and Council, as decision-making bodies, will be made aware of risks associated with any decision taken to them. They will have the responsibility to ensure that any risks to a report or project they sign off are managed and should request a revision of previously identified risks as and when necessary.

The Corporate Risk Register will be reported to Cabinet on a quarterly basis so that they can monitor the progress of mitigating action.

The corporate services cabinet member has risk management identified as part of their portfolio. They will have responsibility to ensure that their cabinet colleagues consider risk when setting policy and making decisions. These risks should be revisited to identify how they are being managed.

Individual cabinet members should seek assurance that the risk management process is being met in reference to their respective portfolios through discussions with Directors.

Officer responsibilities

The **Chief Executive** and **Executive Board** have strategic responsibility for the risk management policy and collectively oversee the council's effective management of risk. In their role as 'coach', they will advise and support Directors, Senior Managers, Programme and Project Managers to ensure that risk is managed consistently and in line with this policy.

The Executive Board are responsible for setting tolerance levels. The risk owner is empowered by Executive Board to make decisions about the control of the risk, depending on the risk score and what tolerance area it falls within.

They will consider corporate risk as part of developing and implementing the council business plan and corporate strategies, projects and programmes.

The **Senior Leadership Team** are collectively responsible for the management of risks recorded on the Corporate Risk Register

Directors are responsible for managing risks to the delivery of the objectives of their own division, jointly with their service managers. These risks will be managed in accordance with this policy, using the risk register template attached.

The **Director of Resources** is responsible for minimising the overall cost of insurance claims which do arise and supporting the risk management programme by supplying any advice and data to the Board.

The **Director of Resources** is responsible for monitoring the implementation and effectiveness of this risk management policy and for reviewing compliance with controls introduced by all other directors to collectively manage risks through the Senior Management Team. Any responsibilities delegated to internal audit will be covered in the annual internal audit programme.

The **Audit Partnership Manager** is responsible for ensuring that where corporate risks are identified in the Annual Audit Plan they are cross referenced to the Corporate Risk Register.

The **Client officer** for Shared or Commissioned Service(s) will be responsible for ensuring that any external organisation that provides a service(s) for the Council will have a documented Risks Management Process that is appropriate for the size and complexity of that organisation.

The Client Officer will ensure that any external organisations risk management process covered in 11.9 will include the process for that organisation to inform the Council of any risk that either impacts or could impact on the Council.

The Client Officer will make the Senior Leadership Team aware of any risk that could score 16 or above on the CBC score card or in their mind would have a significant risks to CBCs finances or reputation.

The Corporate Governance Group

The Corporate Governance Group (CGG) is consulted on proposed amendments to the Risk management policy and the Corporate Risk Register.

The Senior Leadership Team can request that the CGG review and challenge any risk or group of risks to ensure that they are being recorded, scored and monitored correctly. This additional review process which can be found on the intranet relates to confidential risks and is designed to provide additional assurance to SLT and the risk owners that they are being managed correctly.

Service managers

Service managers are responsible for identifying and managing risks to the objectives of their service team in line with this policy. The council encourages managers to identify, understand and manage risk, and learn how to accept risk within the applicable tolerance level.

They should ensure that their teams carry out risk assessment, where appropriate, as a routine part of service planning and project management, including reporting to members.

All council employees

The identification of risk relies on input from teams and individuals.

A 'Risk Owner' is the owner of a risk and will manage that risk accordingly. This will involve maintaining awareness of how control actions are progressing.

All actions identified to control a risk will be assigned to an individual officer who will be called the action 'Responsible Officer'.

Appendix 1 Risk Scorecard Risk Owners and Managers must use the following score card as a guide to accessing the impact and Likelihood of any identified risk;

Risk Scorecard Risk Owners and Managers must use the following score card as a guide to accessing the impact and likelihood of any risk.

Appendix 3

Effect	Risk Category	Impacts ***Please note*** ***When drafting a risk description always describe the cause and effect i.e If… then …***	Score
Negligible (1% - 20%)	Financial	Risk (<£50K Capital) or (Revenue <£25K p.a.) Define the value and period, in relation to revenue.	1
	Employee	Low morale is contained within team and managed.	
	Capacity	Short term capacity issue not affecting service delivery.	
	VFM	Negligible impact on value for money. (Revenue <£25K p.a.)	
	H&S wellbeing	Risk to personal health & safety and general wellbeing.	
	Business continuity	Brief interruption of service provision.	
	Contractual Governance	Minor breakdown of shared services or contracts.	
	Reputation	Negligible media coverage/minor complaints.	
	Customer satisfaction	Minimal impact on delivery customer needs.	
	Governance	Poor governance/Internal/ control but zero impact on outcomes.	
	Performance	Targets are missed with no impact on objectives/outcomes.	
	Risks to Corporate Strategy		
	Environmental outcome	Negligible impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Negligible impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
	Community outcome	Negligible impact on our community economy - People live in strong, safe and healthy communities	
	Business transformation outcome	Negligible impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents	
Low (20% - 40%)	Finance	Risk (£50K to £200K Capital) or (Revenue £25K to £50K p.a.) Define the value and period, in relation to revenue.	2
	Employee	Some hostility from staff and minor non-cooperation.	
	Capacity	Short term capacity issue affecting service provision (define term with risk description).	
	VFM	Low impact on value for money. (Revenue £25K to £50K p.a.)	
	H&S and wellbeing	Risk to personal health & safety may result in broken bones and short term illnesses.	
	Business Continuity	Slightly reduced service provision with marginal disruption.	
	Contractual Governance	Some breakdown or shared services or contracts with disruption.	
	Reputation	Adverse local media/negative local opinion/formal complaints.	
	Customer satisfaction	Some customer needs or expectations may not be met either in time or quality.	
	Governance	Governance/Internal/ control has been missed/misunderstood/not up to date resulting in poor decision making.	
	Performance	Targets are missed with low impact on objectives/outcomes.	
	Risks to Corporate Strategy		
	Environmental outcome	Low impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Low impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
	Community outcome	Low impact on our community economy - People live in strong, safe and healthy communities	
	Business transformation outcome	Low impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents	

	Category	Description	
Moderate (40% - 60%)	Finance	Risk (£200K to £1M Capital) or (Revenue £50K to £200K p.a.) Define the value and period, in relation to revenue.	**3**
	Employee	Industrial action in the short term/staff leaving.	
	Capacity	Medium term capacity issues affecting service (define term within risk description).	
	VFM	Moderate impact on value for money. (Revenue £50K to £200K p.a.)	
	H&S and wellbeing	Risk to personal health & safety includes sustained or major illness of 1 or more people.	
	Business Continuity	Services suspended in short term with noticeable disruption.	
	Contractual Governance	Collapse of at least one aspect of shared service or contract with moderate disruption or temporary suspended service.	
	Reputation	Adverse local & media/members questioned.	
	Customer satisfaction	Key customer needs or expectations may not be met either in time or quality.	
	Governance	Governance/Internal/ control arrangements failed leading to non-compliance with legislation and policy.	
	Performance	Targets are missed with impact on objectives/outcomes.	
	Risks to Corporate Strategy		
	Environmental outcome	Moderate impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Moderate impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
	Community outcome	Moderate impact on our community economy - People live in strong, safe and healthy communities	
	Business transformation outcome	Moderate impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents	
Major (60% - 80%)	Finance	Risk (>£1M to £2M Capital) or (Revenue £200K to £500K p.a.) Define the value and period, in relation to revenue.	**4**
	Employee	Prolonged industrial action/significant number of staff leaving.	
	Capacity	Long term capacity issue affecting service delivery/reputation.	
	VFM	Major failure to provide value for money with major risk and external investigation. (Revenue £200K to £500K p.a.)	
	H&S and wellbeing	Risk to personal health & safety include loss of life/large scale illness.	
	Business Continuity	Service delivery suspended/Priority 1 and Priority 2 ICT systems suspended for long term with major disruption.	
	Contractual Governance	Shared service or contract delivery fails with major disruption.	
	Reputation	Major media coverage. High level of concern from elected members/officers/public with senior staff position threatened.	
	Customer satisfaction	Customer needs or expectations are not met with significant failing in service delivery.	
	Governance	Governance arrangements have failed with major reputation/legal implication and cost to recover.	
	Performance	Targets missed continuously major impact on objectives/outcomes.	
	Risks to Corporate Strategy		
	Environmental outcome	Major impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Major impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
	Community outcome	Major impact on our community economy - People live in strong, safe and healthy communities	
	Business transformation outcome	Major impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents	

Finance	Risk (>£2M Capital) or (>Revenue £500K p.a.) The value and period, in relation to revenue	
Employee	Prolonged industrial action/permanent loss of jobs resulting in inability to deliver services.	
Capacity	Long term capacity putting at risk personnel, assets, reputation and service delivery.	
VFM	Critical failure to provide value for money with risk of external investigation and intervention. (>Revenue £500K p.a.)	
H&S and wellbeing	Risk to personal health & safety includes possibility of multiple fatalities or serious injuries and illness.	
Business Continuity	Total loss of services, ICT systems and other key assets.	
Contractual Governance	Shared service and contract delivery fails, resulting in total loss of service or the decommissioning of delivery model.	
Reputation	Significant local/national media coverage with failure to meet regulatory standard resulting in loss/fine.	
Customer satisfaction	Customer needs or expectations are not met because of complete failure in service delivery.	5
Governance	Governance/Internal/ control arrangements failed with reputation/legal/cost implication.	
Performance	If there was a critical failure to deliver on delivery of objectives/outcomes or external investigation and intervention	
Risks to Corporate Strategy		
Environmental outcome	A Critical impact on our ability to deliver our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
Economic outcome	A Critical impact on our ability to deliver our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
Community outcome	A Critical impact on our ability to deliver our community economy - People live in strong, safe and healthy communities	
Business transformation outcome	A Critical impact on our ability to deliver our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents	

(left margin, vertical text) Critical (80% - 100%)

Likelihood scorecard

Probability	Likelihood Description	Likelihood
0% - 5%	Minimal	1
5% - 15%	Very low	2
15% - 30%	Low	3
30% - 60%	Significant	4
60% - 90%	High	5
> 90%	Very high	6

The total risk score is the multiplication of impact and likelihood

Code	Risk score	Risk Management view
Red	25 - 30	Must be managed by SLT to reduce risk scores as soon as possible, or agree a contingency plan
Red	16 – 24	Must be managed down to reduce risk scores as soon as possible, or agree a contingency plan and escalated to SLT for consideration
Amber	7 – 15	Seek to improve the risk score in the short/medium term or develop a contingency plan
Green	1 – 6	Tolerate and monitor within the division

Further information

This policy and process document, the full impact scorecard and registers are all available via the Intranet.

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Risk Management Awareness

CBC on-line learning
Updated April 2015

I wonder...

- What is a risk?
- Do we record risks?
- Do we have a policy and process?
- Why do we bother about risk management?
- Who identifies risks?
- Who decides how to manage them?
- Who monitors them?
- What do I have to know and do?

The objective of this module is to give you the answers to these questions.

The outcome is that you will know what *you* need to do about risks and their management.

What is a risk?

An uncertain event or set of events which, should it occur, will have an effect upon the achievement of objectives, within the lifetime of the objective.

What is risk management?

The activities required to identify and control exposure to uncertainty which may impact on the achievement of objectives.

What's CBC's approach to risks?

The council is not risk averse, we believe that risks should be identified and then managed. This means weighing up each risk and taking appropriate action to minimise the impact on our objectives.

Risk management policy

As you might have guessed we do have a policy that governs how we identify and deal with risks at the council.

This module will outline the main points of the policy, but you can read the whole thing here.

Why bother managing risks?

Risk management is sound business practise.

Risk management helps us:
* deliver our objectives and outcomes
* deliver improvements to services
* maintain a safe and healthy environment for the public and our employees
* avoid costly mistakes and insurance claims

Managing risks impacts all of us!

It applies to CBC's stated objectives at all levels: corporate; divisional; service team; project; programme; and individual

So, what has all this got to do with me?

Managing risks supports us in achieving our aims and ambitions.

At your appraisal, each one of the actions you agree with your manager is linked to one of our corporate aims and ambitions.

What should I do?

If you spot a risk that may prevent you achieving one of your actions, bring it to the attention of your line manager, or project manager.

The risk can be assessed and recorded appropriately as it may impact the delivery of your service plan and ultimately the corporate and community strategies.

1

Page 100

In a nutshell, employees are responsible for …..

Executive Director	• Promoting the desired culture essential for effective risk management within the council and strategic partners • Assessing and managing corporate risks, including shared services and partnerships
Director	• Assessing and managing corporate and service risks, including shared services and partnerships • Maintaining divisional risk register • Reviewing register quarterly, as a minimum
Service manager	• Documenting risks to achieving team actions in the service risk register • Reviewing risks at management meeting
Employee	• Reporting risks to the delivery of your personal actions to your service manager
Project & programme manager	• Assessing project/programme risks • Documenting risks in project's/programme's risk register
Committee report author	• Including a risk assessment where decisions are required
Corporate governance group	• Reviewing the risk management policy • Reviewing the corporate risk register template and reporting procedure

In a nutshell, Members are responsible for…..

Cabinet and council	• considering any risks associated with the decisions they are asked to make
Cabinet	• considering risk when setting policy • monitoring the risk management process within their respective portfolios
Audit committee	• approving the risk management policy • monitoring appropriate management of risks, via internal audit • annually consider the risk register and make recommendations to Cabinet
Overview and scrutiny committee	• monitoring corporate risk register, as required
Elected Members	• promoting the desired culture essential for effective risk management

How we identify risks?

We operate in a world of change where both internal and external events can pose threats to the achievement of our objectives.
Here are some examples:

Internal sources of risk
• Sufficient finances
• Sufficient skilled, motivated employees
• Appropriate premises
• Technology
• Procurement
• Legal/contractual
• Partners
• Changing priorities
• Accurate information

External sources of risk
• Political change
• Economic change
• Social change
• Environmental change
• Government restructuring
• Customer needs
• Reviews and assessments
• Partnerships, shared services, outsourced services

To identify risks we must:
• consider these sources, forward think and anticipate changes
• assess the likelihood of the change occurring
• assess the potential impact on our objectives

How do we assess risks?

Well, we have two criteria for assessing risks, these are:

Likelihood

AND
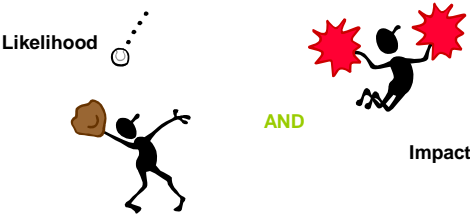
Impact

The two criteria are scored, using CBC's risk scorecard.

Risk scorecard

Take a look at the scorecard
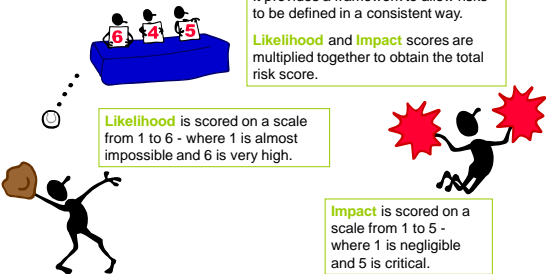
The table gives the guidelines scoring both **Likelihood** and **Impact**.

It provides a framework to allow risks to be defined in a consistent way.

Likelihood and **Impact** scores are multiplied together to obtain the total risk score.

Likelihood is scored on a scale from 1 to 6 - where 1 is almost impossible and 6 is very high.

Impact is scored on a scale from 1 to 5 - where 1 is negligible and 5 is critical.

Risk register

A risk register captures the original risk, it's score and the actions proposed to control the risk.

Once the actions have been implemented the risk is rescored and the risk owner records how any residual risk will be controlled.

CBC risk registers

We have:
• corporate risk register
• service or divisional risk registers
• project and programme risk registers

Take a look at our risk register template.

Tolerance

The risk score indicates it's tolerance level, which in turn shows how the risk should be managed.

Code	Risk score	Risk Management view
Red	25 - 30	Must be managed by SLT to reduce risk scores as soon as possible, or agree a contingency plan
Red	16 – 24	Must be managed down to reduce risk scores as soon as possible, or agree a contingency plan and escalated to SLT for consideration
Amber	7 – 15	Seek to improve the risk score in the short/medium term or develop a contingency plan
Green	1 – 6	Tolerate and monitor within the division

Responsibility

Each risk has an 'owner'.

It is the risk owner's job to record, action and monitor the risk.

What to do about risks - control

CBC has four options for risk control

- Reduce the risk
  - action that aims to decrease the impact, likelihood, or both
- Accept the risk
  - limited or no action, nothing worth while can be done
- Transfer the risk to a third party
  - action and evaluate the residual risk
- Close the risk
  - there is no longer a potential impact
  - the risk has happened and any residual risk should be treated as a new risk

The risk owner and/or senior officer must identify what action to take in relation to the risk.
The risk, it's score, tolerance and control action is entered into a risk register.

So when do we talk about risks

- 1-2-1s
- Team meetings
- Management team meetings
- Project progress meetings
- Programme board meetings
- Senior leadership team meetings
- Executive board meetings

So do I need to talk about risks?

Now, what do you know about risk management?

This last section is a question and answer session designed to evaluate your understanding of this topic.

The pass mark is 90%.

If you achieve this you can complete this module and print a certificate, if not you will be directed to review the module again.

When answering the questions that follow, please select all answers that apply

Questions

Please read the following questions and select one or more answers to review your understanding of risk management.

1. **What is a risk?**
   1. Any issue
   2. Something which may effect the achievement of an action and/or objective
   3. Anything that fits with 'resources, time, quality or outcome'

2. **What is risk management?**
   1. Activity we don't need to do at CBC
   2. Activities to identify and control exposure to uncertainty which may impact on the achievement of objectives
   3. Activities to avoid the achievement of objectives

3. **Why is risk management important?**
   1. It helps deliver our objectives and outcomes
   2. it helps improve our services
   3. It helps maintain a safe and healthy environment for the public and our employees
   4. It helps avoid difficult decisions
   5. It helps avoid costly mistakes and insurance claims

4. **Poor risk management can lead to**
   1. Bad press, complaints and poor reputation
   2. Poor value for money, high costs, wasted time and resources
   3. Reduced quality of service delivery

5. **Who identifies risks?**
   1. Any employee
   2. Only Executive board
   3. Only Service managers

6. **We record risks at CBC in…**
   1. Our heads
   2. Risk registers
   3. The risk management policy

Questions

Please read the following questions and select one or more answers to review your understanding of risk management.

5. **Where can you find the Risk Management Policy?**
   a) S Drive
   b) T Drive
   c) Corporate Risk page of the Intranet

6. **A risk is scored using a single criteria**
   1. True
   2. False

7. **What criteria are used for scoring risks**
   1. Financial cost
   2. Impact
   3. Number of people effected
   4. Likelihood

8. **Who is responsible for reviewing risks?**
   a) Managers
   b) Risk owner and manager
   c) Members

9. **CBC has a number of risk registers, please tick them**
   1. corporate risk register
   2. SLT risk register
   3. service risk registers
   4. project and programme risk registers
   5. CBC risk register

10. **How many options do we have for controlling risks?**
    1. One
    2. Six
    3. Four
    4. As many as we want

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Effect	Risk Category	Impacts *Please note When drafting a risk description always describe the cause and effect i.e If… then …*	Score
Negligible (1% - 20%)	Financial	Risk (<£50K Capital) or (Revenue <£25K p.a.) Define the value and period, in relation to revenue.	**1** Page 103
	Employee	Low morale is contained within team and managed.	
	Capacity	Short term capacity issue not affecting service delivery.	
	VFM	Negligible impact on value for money. (Revenue <£25K p.a.)	
	H&S wellbeing	Risk to personal health & safety and general wellbeing.	
	Business continuity	Brief interruption of service provision.	
	Contractual Governance	Minor breakdown of shared services or contracts.	
	Reputation	Negligible media coverage/minor complaints.	
	Customer satisfaction	Minimal impact on delivery customer needs.	
	Governance	Poor governance/Internal/ control but zero impact on outcomes.	
	Performance	Targets are missed with no impact on objectives/outcomes.	
	Risks to Corporate Strategy		
	Environmental outcome	Negligible impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Negligible impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
	Community outcome	Negligible impact on our community economy - People live in strong, safe and healthy communities	
	Business transformation outcome	Negligible impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents	
Low (20% - 40%)	Finance	Risk (£50K to £200K Capital) or (Revenue £25K to £50K p.a.) Define the value and period, in relation to revenue.	**2**
	Employee	Some hostility from staff and minor non-cooperation.	
	Capacity	Short term capacity issue affecting service provision (define term with risk description).	
	VFM	Low impact on value for money. (Revenue £25K to £50K p.a.)	
	H&S and wellbeing	Risk to personal health & safety may result in broken bones and short term illnesses.	
	Business Continuity	Slightly reduced service provision with marginal disruption.	
	Contractual Governance	Some breakdown or shared services or contracts with disruption.	
	Reputation	Adverse local media/negative local opinion/formal complaints.	
	Customer satisfaction	Some customer needs or expectations may not be met either in time or quality.	
	Governance	Governance/Internal/ control has been missed/misunderstood/not up to date resulting in poor decision making.	
	Performance	Targets are missed with low impact on objectives/outcomes.	
	Risks to Corporate Strategy		
	Environmental outcome	Low impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Low impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
	Community outcome	Low impact on our community economy - People live in strong, safe and healthy communities	
	Business transformation outcome	Low impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents	

Moderate (40% - 60%)	Finance	Risk (£200K to £1M Capital) or (Revenue £50K to £200K p.a.) Define the value and period, in relation to revenue.	
	Employee	Industrial action in the short term/staff leaving.	
	Capacity	Medium term capacity issues affecting service (define term within risk description).	
	VFM	Moderate impact on value for money. (Revenue £50K to £200K p.a.)	
	H&S and wellbeing	Risk to personal health & safety includes sustained or major illness of 1 or more people.	
	Business Continuity	Services suspended in short term with noticeable disruption.	
	Contractual Governance	Collapse of at least one aspect of shared service or contract with moderate disruption or temporary suspended service.	
	Reputation	Adverse local & media/members questioned.	
	Customer satisfaction	Key customer needs or expectations may not be met either in time or quality.	**3**
	Governance	Governance/Internal/ control arrangements failed leading to non-compliance with legislation and policy.	
	Performance	Targets are missed with impact on objectives/outcomes.	
	Risks to Corporate Strategy		
	Environmental outcome	Moderate impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Moderate impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
	Community outcome	Moderate impact on our community economy - People live in strong, safe and healthy communities	
	Business transformation outcome	Moderate impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents	
Major (60% - 80%)	Finance	Risk (>£1M to £2M Capital) or (Revenue £200K to £500K p.a.) Define the value and period, in relation to revenue.	
	Employee	Prolonged industrial action/significant number of staff leaving.	
	Capacity	Long term capacity issue affecting service delivery/reputation.	
	VFM	Major failure to provide value for money with major risk and external investigation. (Revenue £200K to £500K p.a.)	
	H&S and wellbeing	Risk to personal health & safety include loss of life/large scale illness.	
	Business Continuity	Service delivery suspended/Priority 1 and Priority 2 ICT systems suspended for long term with major disruption.	
	Contractual Governance	Shared service or contract delivery fails with major disruption.	
	Reputation	Major media coverage. High level of concern from elected members/officers/public with senior staff position threatened.	
	Customer satisfaction	Customer needs or expectations are not met with significant failing in service delivery.	**4**
	Governance	Governance arrangements have failed with major reputation/legal implication and cost to recover.	
	Performance	Targets missed continuously major impact on objectives/outcomes.	
	Risks to Corporate Strategy		
	Environmental outcome	Major impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
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	Community outcome	Major impact on our community economy - People live in strong, safe and healthy communities	
	Business transformation outcome	Major impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents	

Critical (80% - 100%)			
	Finance	Risk (>£2M Capital) or (>Revenue £500K p.a.) The value and period, in relation to revenue	
	Employee	Prolonged industrial action/permanent loss of jobs resulting in inability to deliver services.	
	Capacity	Long term capacity putting at risk personnel, assets, reputation and service delivery.	
	VFM	Critical failure to provide value for money with risk of external investigation and intervention. (>Revenue £500K p.a.)	
	H&S and wellbeing	Risk to personal health & safety includes possibility of multiple fatalities or serious injuries and illness.	
	Business Continuity	Total loss of services, ICT systems and other key assets.	
	Contractual Governance	Shared service and contract delivery fails, resulting in total loss of service or the decommissioning of delivery model.	
	Reputation	Significant local/national media coverage with failure to meet regulatory standard resulting in loss/fine.	5
	Customer satisfaction	Customer needs or expectations are not met because of complete failure in service delivery.	
	Governance	Governance/Internal/ control arrangements failed with reputation/legal/cost implication.	
	Performance	If there was a critical failure to deliver on delivery of objectives/outcomes or external investigation and intervention	
	Risks to Corporate Strategy		
	Environmental outcome	A Critical impact on our ability to deliver our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
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Likelihood scorecard

Probability	Likelihood Description	Likelihood
0% - 5%	Minimal	1
5% - 15%	Very low	2
15% - 30%	Low	3
30% - 60%	Significant	4
60% - 90%	High	5
> 90%	Very high	6

The total risk score is the multiplication of impact and likelihood

Code	Risk score	Risk Management view
Red	25 - 30	Must be managed by SLT to reduce risk scores as soon as possible, or agree a contingency plan
Red	16 – 24	Must be managed down to reduce risk scores as soon as possible, or agree a contingency plan and escalated to SLT for consideration
Amber	7 – 15	Seek to improve the risk score in the short/medium term or develop a contingency plan
Green	1 – 6	Tolerate and monitor within the division

Further information

This policy and process document, the full impact scorecard and registers are all available via the Intranet.

Cheltenham Borough Council
Audit Committee – 25 March 2015
Revised Code of Corporate Governance

Accountable member	**Councillor Steve Jordan - Leader of the Council**
Accountable officer	**Mark Sheldon - Director of Resources**
Ward(s) affected	**None**
Significant Decision	**Yes**
Executive summary	The Council has a Code of Corporate Governance (the Code) that is based upon a SOLACE and CIPFA model; there is a requirement to review it on a regular basis to ensure that it remains up to date and relevant then approved by Members. This year the review was undertaken by the Corporate Governance Group.
Recommendations	I recommend that: **Audit Committee consider the Code, suggest any further changes that they feel are appropriate and approve for use during 2015-16.** **Audit Committee consider the 2 options within paragraph 1.9 and decides which Counter Fraud Statement it wishes to be included within the Annual Governance Statement**

Financial implications	Good corporate governance arrangements assist in protecting both the Councils and taxpayers assets from financial loss. The policy continues to demonstrate that the Council ensures that this is an important principle embedded in the organisation. There are no specific financial implications arising from this report. Contact officer: Director of Corporate Resources, Mark Sheldon. *Email: mark.sheldon@cheltenham.gov.uk Tel: 01242 264123*
Legal implications	None specific arising from the recommendation' Contact officer: Head of Legal Services Email; peter.lewis@tewkesbury.gov.uk, Tel; 01242 272012

HR implications (including learning and organisational development)	The HR implications are as detailed in the Code of Corporate Governance. Contact officer: Carmel Togher *Email; carmel.togher@cheltenham.gov.uk,* *01242 775215*
Key risks	If the code of Corporate Governance is not kept up to date then there is a risk that we will not meet policy and legislative requirements. If the Council does not maintain a robust governance framework then there is an increased risk to it not doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. If the Council does not have an effective governance framework then there is an increased risk of error, fraud and corruption. A risk template is attached at appendix 1.
Corporate and community plan Implications	***Effective corporate governance supports the Councils Corporate Strategy, MTFS and partnership working arrangements.***
Environmental and climate change implications	**None**

1.   Background

1.1   The current Code was approved by the Audit Committee March 2014, this report informs the Audit Committee of revisions/amendment's and asks members to make further consideration so that any additional suggestions can be included. The draft Code is included at appendix 2.

Role of the Code of Corporate Governance

1.2   The Code is a public statement setting out the governance standards the Council will meet to ensure it is doing the right things, in the right way and operating in an inclusive, open, honest and accountable manner. It provides the organisation and internal and external auditors with assurance that the Council's governance standards are fit for purpose and up to date.

1.3   The Code sets out the Council's standards relating to internal audit, financial control, responding to external audit recommendations, recommendations from formal inspections, and maintaining the internal control environment. The Code also refers to the Constitution and the role of Audit Committee and other committees in providing democratic oversight of the Council's governance arrangements.

1.4   Local authorities are required under the Accounts and Audit (England) Regulations 2011 to prepare an Annual Governance Statement. CIPFA, the Chartered Institute of Public Finance and Accountancy, have produced a local framework entitled 'Delivering Good Governance in Local Government' which recommends both that local authorities produce and maintain a local code of governance and that their annual governance statement reports on the extent to which the code has been complied with. The Council's Code of Corporate Governance is based on the six core principles of the framework, these being:

- Principle 1 - Focusing on the purpose of the Council and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

- Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- Principle 3 - Promoting the values of the Council and demonstrating the values of good governance through behaviour.

- Principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- Principle 5 - Developing the capacity and capability of Members and officers to be effective.

- Principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability.

1.5   The Code of Corporate Governance was reviewed by the Corporate Governance Group on the 5th March 2015. The Code has been revised to reflect the comments from the Corporate Governance Group and it is attached as appendix 2 to this report.

Reviewing the Code of Corporate Governance

1.6   CIPFA urges local authorities to ensure their Code of Corporate Governance remains up to date. Since the last refresh of the Code the local government landscape has shifted considerably leading to many new governance issues, for which it is important that the organisation sets out its standards. These include the provisions of the Localism Act 2011, the government's data transparency agenda and the growing awareness of the importance of protecting information.

1.7   In December 2012 CIPFA published a new guidance note for Local Authorities on delivering good governance. The note draws attention to new governance issues, describes how their governance framework should be adhered to following the changes to local government, and includes examples of good governance practices amongst local authorities in responding to these issues. The Code of Corporate Governance takes these issues into account.

1.8   The document refers to a number of track changes to the Council's controls in a number of governance areas which have arisen since the publication of the last Code.

Cipfa - Code of practice for managing the risk of fraud and corruption

1.9   Principle 6 of the Code of Corporate Governance refers to the Counter Fraud, Corruption and Bribery policy (approved by audit committee January 2013). This policy will need to be revised this year because of the new Counter Fraud Unit but also because of the Cipfa Code of practice for managing the risk of fraud and corruption. Cipfa's new Code of Practice recommends that the body responsible for Annual Governance Statement approves an additional Counter Fraud statement to be included within it. This statement should one of the following two choices;

- **Statement 1** Having considered all the principles, I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. Or

- **Statement 2** Having considered all the principles, I am satisfied that, subject to the actions identified below, the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

1.10   Actions to be taken to manage the risk of fraud as mentioned in Statement 2 include Actions,

Responsibility and a Target date

1.11 It is recommended that Audit Committee approve Statement 1 for inclusion within the Annual Governance Statement. This is because the risk of fraud detail needed to address Statement 1 has already been assessed as part of the business case for the establishment of the Counter Fraud Unit approved by Cabinet on the 10th February 2015. Any further development activity or actions set out in the business case will be reported to this committee as part of the new reporting framework for the Counter Fraud Unit.

2.   Reasons for recommendations

2.1   The Code of Corporate Governance should be up to date and as relevant as possible with the approval of Members.

3.   Alternative options considered

3.1   None

4.   Consultation and feedback

4.1   Consultation was undertaken with One Legal, members of the Senior leadership Team and the Corporate Governance group.

5.   Performance management –monitoring and review

5.1   The Corporate Governance will review and update the Code as required and report back to Audit Committee on an annual basis.

Report author	**Corporate Governance, Risk and compliance officer** **Contact officer; bryan.parsons@cheltenham.gov.uk,** **01242 264189**
Appendices	1. Risk Assessment 2. Draft Code of Corporate Governance 2015-16

Risk Assessment   **Appendix 1**

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likeli-hood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the code of Corporate Governance is not updated and implemented then there is a risk that we will not meet policy and legislative requirements.	Director of Corporate Resources	25/03/2015	3	1	3	Reduce	Directors to ensure that any key internal Policies are maintained and used in line with the constitution, Financial Rules and Legislation .	01/04/2015	Corporate Governance, Risk and Compliance officer	No
	If the council does not maintain a robust governance framework then there is an increased risk to it not doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.	Director of Corporate Resources	25/03/2015	3	1	3	Reduce	Review and revise Code of Corporate Governance	01/04/2015	Corporate Governance, Risk and Compliance officer	No
	If the council	Director of	25/03/2015	3	1	3	Reduce	Revise	01/04/2015	Corporate	No

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does not have an effective Governance framework then there is an increased risk of error, fraud and corruption.	Corporate Resources						assurance check lists to measure changes introduced through amendments to the constitution and report within the 2012/13 annual governance statement		Governance, Risk and Compliance officer	

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

CHELTENHAM
BOROUGH COUNCIL

Code of Corporate Governance

Audit Committee Approved Version
April 20142015

1.   Introduction

What do we mean by Governance?

Governance is about how we ensure that we are doing the right things, in an open, honest and accountable manner.

Good governance comprises the systems, processes, cultures and values we follow so that we can pursue our vision and objectives effectively, while minimising the risks involved. At Cheltenham, we aim to meet the standards of the best and ensure that our governance arrangements are sound.

Good Governance runs through every level of the organisation, it must be owned by all stakeholders, including senior management and members. It forms the essential core values of the Council and should remain embedded in the culture of the Council.

Delivering Good Governance

Good governance is important to all officers and members of this Council. It is a key responsibility of our Leader, our Chief Executive, the Cabinet, the Senior Leadership Team and the full Council, in particular the Audit Committee who are responsible for monitoring and providing assurance on our governance arrangements.

The Council has in place a process of continual review of its internal control arrangements. Rules The Priciples of Good Governance are embedded into the Constitution of the Council, under the term Corporate Governance. Good Corporate Governance underpins credibility and confidence in the Council and this Code of Corporate Governance promotes accountability, effectiveness, openness, integrity and inclusivity in all of our business.

This Code, the systems that support it and the overall Corporate Governance arrangements are all subjected to an annual audit inspection by the Councils external auditors.

This Local Code also provides a mechanism for the continued development of Corporate Governance arrangements, summarising the principles and how this Council will comply with the Corporate Governance Framework, with Risk Management and with Performance Management.

Testing Our Arrangements

We test our arrangements by:
- Annually reviewing the local code of governance.
- Regular review of our existing governance arrangements against this code.
- Preparing an annual governance statement in order to report publicly on compliance with this code, over the past year.
- Reporting any planned governance changes in the coming period.

In order to review our current arrangements, we:
- Collect assurance statements from Directors on compliance with policies, systems, processes.
- Ensure management and reporting arrangements are in place to monitor governance effectiveness.
- Identify the issues that have not been addressed adequately and consider how they should be addressed.
- Prepare a Significant Issues Action Plan to address issues.
- Ensure appropriate risk and performance management arrangements are in place and are operating effectively.
- Ensure systems of control are working effectively through challenge by Internal Audit.

Background

The Principles of Conduct
There are seven Principles of Public Life which form an important part of the Governance Framework for Members, Officers and partners.

The principles of conduct are:-
- **Selflessness:** Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.
- **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- **Objectivity:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

➢ **Openness:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and actions and restrict information only when the wider public interest clearly demands.

➢ **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

➢ **Leadership:** Holders of public office should promote and support these principles by leadership and example.

Cheltenham Borough Council's Member Code of Conduct

This Council's Code of Conduct incorporates the principles outlined above and also covers:

➢ General principles in relation to behaviour and equal treatment of people.
➢ Confidentiality and openness - the treatment of confidential information and access to information
➢ Criminal offences and bringing the authority into serious disrepute.
➢ The prohibition of members from using their office/position to obtain advantage or from using local authority resources for the benefit of political parties.
➢ Compliance with key policies.
➢ Decision making - the requirement for members to act reasonably.
➢ Disclosable Pecuniary Interest - restrictions on participation in meetings by members with an interest in matters under consideration.
➢ The registration of members' interest - and gifts and/or hospitality received.
➢ Other significant interest.

Code of Conduct for all employees

Every employee has to acknowledge that they have read and understood this Code of Conduct which incorporates the principles outlined above and also covers:

➢ Corruption
➢ Criminal Charges, Convictions and Misconduct
➢ Reporting Breaches of the Code and Whistleblowing
➢ Line manager responsibilities,
➢ All employees have to make an annual declaration of Interest to meet the requirements of section 117 of the Local Government Act.

How do we use the Core Governance Principles to maintain our Code of Corporate Governance?

Development of the Principles of Governance

In 2007 the CIPFA/SOLACE joint working group issued a framework based upon six Core Governance principles this was called Delivering good Governance in Local Government. This was aimed at helping Local Authorities develop and maintain their own codes of governance.

Those six core governance principles are to:-

1. focus on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
2. ensure that Members and Officers work together to achieve a common purpose with clearly defined functions and roles;
3. promote the values of good governance through upholding high standards of conduct and behaviour;
4. take informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. develop the capacity and capability of members and officers to be effective; and
6. engage with local people and other stakeholders to ensure robust public accountability.

Core Governance Principles
The Council can demonstrate how it complies with these six core principles through a range of specific policies, guidance and internal controls.

2. Compliance with the Six Principles

Principle 1 - Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area

To support the requirements of this principle the Council is committed to undertaking the following:-

In order to exercise strategic leadership the Council will:-	This will be achieved through:-
• Develop and promote the authority's ambition, key priorities and values. • Review on a regular basis the authority's ambition for the local area and its impact on the authority's governance arrangements. • Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties. • Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.	➢ Corporate Strategy and annual action plan ➢ People and Organisation Development Strategy ➢ Annual Performance Report ➢ Cheltenham Partnership annual action plan
In order to ensure users receive quality services whether directly, in partnership or by commissioning the Council will:-	**This will be achieved through:-**
• Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available. • Put in place effective arrangements to identify and deal with failure in service delivery.	➢ Corporate Strategy and annual action plan ➢ Commissioning Protocol ➢ Annual Performance Report and quarterly updates to SLT ➢ Appropriate governance frameworks i.e. Limited company, trust or mutual ➢ Effective client management arrangements
In order to ensure the Council makes best use of resources and that taxpayers and service users receive excellent value for money the Council will:-	**This will be achieved through:-**

• Decide how value for money is to be measured and make sure that the authority or any partnership arrangements which the authority has made, has the information needed to review value for money and performance effectively. • Measure the environmental impact of policies, plans and decisions.	➢ Procurement Strategy ➢ Medium Term Financial Plan ➢ Corporate strategy objectives ➢ Analysing complaints against its decisions

Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles

To support the requirements of this principle the Council is committed to undertaking the following:-

In order to ensure effective leadership throughout the organisation the Council will: -	This will be achieved through:-
• Set out a clear statement of the respective roles and responsibilities of Members both in terms of committee and individual responsibilities and the authority's approach towards putting this into practice. • Set out a clear statement of the respective roles and responsibilities of senior officers. • Establish clear roles and responsibilities for the Scrutiny Committee.	➢ Local Code of Conduct for Members and Co-opted Members ➢ Code of Conduct for Officers ➢ Constitution ➢ Terms of reference for Committee ➢ Protocol for Member/Officer Relations ➢ People and Organisation Development Strategy ➢ Commissioning Protocol ➢ Job specifications and descriptions ➢ Effective and relevant training
In order to ensure a constructive working relationship exists between members and officers the Council will: -	This will be achieved through:-

• Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required.	➢ Member/Officer Protocol ➢ Scheme of Delegation to Officers
• Make the Chief Executive responsible and accountable to the authority for operational management in the role as Head of Paid Service.	➢ Constitution
• Develop protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.	➢ Terms of reference for the Head of Paid Service
• Make the Section 151 Officer responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.	➢ Defined functions for the Section 151 Officer
• Make the Monitoring Officer responsible to the authority for ensuring that agreed procedures are followed and that all applicable UK and EU statutes and regulations are complied with.	➢ Constitution and Financial regulations ➢ Defined Functions for Monitoring Officer
In order to ensure its relationships with its partners and the public are clear, the Council will:-	**This will be achieved through:-**
• Develop protocols to ensure effective communication between members and officers in their respective roles. • Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective job evaluation process for officers' remuneration and a remuneration panel for members. • Ensure that effective mechanisms exist to monitor service delivery. • Ensure that its ambition, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated. • When working in partnership ensure that members are clear about their roles and responsibilities, both individually and collectively, in relation to the partnership and to the authority.	➢ Member/Officer Protocol ➢ Members Allowances Scheme ➢ Terms and Conditions of Employment for employees ➢ Pay and grading framework ➢ Performance Appraisal process for employees ➢ Disciplinary and Grievance Procedures ➢ Performance Management Framework ➢ Consultation Strategy ➢ ~~Local Development Framework~~ Development Plan ➢ Debt Management Policy ➢ HB/CTB Overpayments policy

• When working in partnership: - ensure that there is clarity about the legal status of the partnership - ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.	➢ Commissioning Protocol ➢ Commissioning toolkit ➢ Legal agreements between each party

Principle 3 - Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

To support the requirements of this principle the Council is committed to undertaking the following:-

In order to ensure members and officers exemplify good standards of conduct the Council will:-	
• Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect • Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols • Put in place arrangements to ensure that members and staff are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice	➢ Counter-Fraud and Corruption Strategy ➢ Whistle-Blowing Policy ➢ Staff Satisfaction Surveys ➢ Local Code of Conduct for Members ➢ ~~Code of Conduct for Officers~~ Code of Conduct for all employees ➢ Register of Member Interests and Gifts and Hospitality ➢ Declaration of Members interests ➢ Registers of Officers Interests ➢ ~~and~~ Register of Gifts, Hospitality and Sponsorship ➢ Equality Policy ➢ Safeguarding ~~children and vulnerable people~~ policy Handbook
In order to ensure organisational values are put into practice the Council will:-	

• Develop and maintain, articulate and communicate corporate and leadership values both for the organisation and staff, reflecting public expectations and communicate these with members, staff, the community and partners. • Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice. • Develop and maintain an effective standards committee.	➢ Corporate values ➢ 5 year Corporate Plan ➢ Annual Action Plan ➢ Constitution ➢ Terms of Reference of the Standards Committee ➢ People and Organisation Development Strategy ➢ Organisational competencies
• Use its corporate values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority. • In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.	➢ Corporate values ➢ Commissioning Protocol

Principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

To support the requirements of this principle the Council is committed to undertaking the following:-

In being rigorous and transparent about how decisions are taken the Council will:-	**This will be achieved through:-**

• Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and the performance of any organisation which it scrutinises • Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based • Put in place arrangements to safeguard members and staff against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice. • Put in place effective transparent and accessible arrangements for dealing with complaints	➢ Overview and Scrutiny Procedure Rules ➢ Agendas and Minutes ➢ Access to Information Procedure Rules ➢ Guidance on decision making and recording of decisions ➢ Registers of Member Interests and Gifts and Hospitality ➢ Register of Officer decisions ➢ Registers of Officers Interests ➢ Register of Gifts, Hospitality and Sponsorship ➢ Complaints Procedures ➢ Freedom of Information ➢ Publication scheme ➢ Transparency Policy ➢ Terms of Committee Reference ➢ Promotion of Openness and Honesty Culture
In order to ensure the Council has good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs it will:-	**This will be achieved through:-**
• Ensure that those making decisions whether for the authority or a partnership are provided with information that is fit for the purpose, relevant, timely and gives clear explanations of technical issues and their implications. • Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	➢ Committee reporting guidelines ➢ Consultation with finance, HR and legal built into report template
In order to ensure there is an effective system of risk management the Council will:-	**This will be achieved through:-**

• Ensure that risk management is embedded into the culture of the organisation, with members and managers at all levels recognising that risk management is part of their job • Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the authority have access.	➢ Risk Management Policy ➢ Business Continuity Strategy ➢ Counter-Fraud and Corruption Strategy ➢ Whistle-Blowing Policy ➢ Promotion of Openness and Honesty Culture
In order to use its legal powers for the full benefit of the community the Council will:-	**This will be achieved through:-**
• Actively recognise the limits of lawful activity placed on them by, for example the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities. • Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law. • Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice into its procedures and decision making processes.	➢ Constitution ➢ Corporate Strategy and annual action plan ➢ Medium Term Financial Strategy ➢ Defined roles and responsibilities for the Head of Paid Service ➢ Defined roles and responsibilities for the section 151 officer ➢ Defined roles and responsibilities for the Monitoring Officer

Principle 5 - Developing the capacity and capability of members and officers to be effective

To support the requirements of this principle the Council is committed to undertaking the following:-

In order to make sure members and officers have the necessary skills and resources the Council will:-	**This will be achieved through:-**
• Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.	➢ Members induction and training programme ➢ Corporate Appraisal scheme

• Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation.	➢ Personal Development Plans ➢ Annual Budget
In order to develop the capability of people with governance responsibilities the Council will:-	**This will be achieved through:-**
• Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively • Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed • Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and agreeing an action plan which might for example aim to address any training or development needs	➢ Commissioning Protocol ➢ Members induction and training programme ➢ Self assessments of committees effectiveness ➢ Annual Performance Report and quarterly updates to SLT ➢ Prince project methodology includes performance review ➢ Lessons learnt exercises carried out following significant projects
In order to encourage new members of the authority the Council will:-	**This will be achieved through:-**
• Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority. • Ensure that support is in place for members and officers to encourage participation and development.	➢ The Cheltenham Partnership ➢ Elected Members development plan ➢ Briefing Seminars

April 2015

Principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability

To support the requirements of this principle the Council is committed to undertaking the following:-

In order to exercise leadership through a robust scrutiny function the Council will:-	This will be achieved through:-
• Make clear to all stakeholders and the community to whom it is accountable and for what. • Consider those institutional stakeholders to whom it is accountable and assess the effectiveness of the relationships and any changes required. • Produce an annual report on scrutiny function activity.	➢ Constitution ➢ Complaints Procedures ➢ Freedom of Information requests ➢ Counter Fraud, Corruption and Bribery Policy ➢ Whistle-Blowing Policy ➢ External and Internal Audit reports ➢ Commissioning Protocol
In order to take an active approach to dialogue with accountability to the community, it will ensure effective and appropriate service delivery either directly by the Council, in partnership or through commissioning by:-	**This will be achieved through:-**
• Ensuring that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively. • Holding meetings in public unless there are good reasons for confidentiality. • Ensuring arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands. • Establishing a clear policy on the types of issues it will meaningfully consult on or engage with the public and service users, including a feedback mechanism for those consultees to demonstrate what has changed as a result. • Publishing an annual report giving information on the authority's ambition, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous	➢ Customer Services Strategy ➢ Access to Information Procedure Rules (FOI) ➢ Equality and Diversity ➢ Commissioning Protocol ➢ Annual Performance Report and quarterly updates to SLT ➢ ICT Strategy

period. • Ensuring that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	Transparency Policy
In order to make best use of human resources the Council will:-	**This will be achieved through:-**
• Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.	➢ A People and Organisational Development Strategy ➢ Policy for consultation on Health and Safety and welfare ➢ Joint consultative committee arrangements ➢ Workforce Change Protocol

3. Monitoring compliance with the framework

The Corporate Governance Group will, in line with its terms of reference consider and monitor on a regular basis any issues placed on its significant issues action plan (SIAP) to strengthen the Council's governance arrangements. Progress against the SIAP will be monitored by the Corporate Governance Group and reported to the Senior Leadership Team and the Audit Committee, which will assist in the completion of the Annual Governance Statement.

4. Annual Assurance Assessment

Although the review of the corporate governance arrangements will be an ongoing process, each year the Directors will be required to sign an Annual Governance Certificate assessing the effectiveness of their divisions corporate governance arrangements, the results of which will form the basis of the Annual Governance Statement.

The Annual Governance Statement will be agreed by the Audit Committee and then included in the Annual Report and Statement of Accounts to be agreed by full council.

The Annual Governance Statement will be informed by, and based upon the work undertaken by the Corporate Governance Group which is chaired by the Chief Executive, and attended by other senior officers including the Section 151 Officer, the Monitoring Officer and the Head of Internal Audit.

April 2015

Cheltenham Borough Council
Audit Committee – 25 March 2015
REGULATION OF INVESTIGATORY POWERS (RIPA)
REVISED POLICY GUIDELINES

Accountable member	**Councillor Jon Walklett, Cabinet member corporate services.**
Accountable officer	**Director Resources, Mark Sheldon**
Ward(s) affected	**None**
Key Decision	**No**
Executive summary	To update Audit Committee on the new Home Office Code of Practice on the Regulation of Investigatory Powers Act (RIPA) 2000 that has been used to update the Councils own RIPA Procedural Guidance document. The Cheltenham Borough Council (CBC) RIPA Procedural Guidance summarise the new duties and responsibilities based upon the Codes of Practice and will be used by all officers involved in this activity.
Recommendations	1. **To note the changes to the RIPA Procedural Guidance; and** 2. **To agree the revised RIPA Policy Guidelines.**

Financial implications	There are no direct financial implications arsing from this report. Where initiated, the RIPA process may support the safeguarding of public funds. **Contact officer: Mark Sheldon** **Email: mark.sheldon@cheltenham.gov.uk Tel: 01242 264123**
Legal implications	The Council may, where it is necessary and proportionate, need to undertake surveillance. RIPA provides a legal framework for the control and regulation of surveillance and information techniques which public authorities undertake as part of their duties. The Council's procedural guide will provide information and advice to those seeking authorisation and those officers granting authorisation. It will also provide the public with information about how the Council approaches the use of surveillance **Contact officer: Vikki Fennell** **Email: vikki.fennell@tewkesbury.gov.uk Tel: 01684 272015**

HR implications (including learning and organisational development)	**Officers of the Council must comply with the CBC RIPA Procedural Guidance when involved in this activity and effective management and guidance will be provided to the officers concerned.** **Contact officer: Carmel Togher** **Email: carmel.togher@cheltenham.gov.uk Tel: 01242 775215**
Key risks	*If surveillance is carried out without due regard to RIPA, Ministry of Justice Codes of Practice and the CBC procedural guidance then there are risks to an individual's rights and to the council's reputation.*
Corporate and community plan Implications	None
Environmental and climate change implications	None

1.   Background

1.1   The Regulation of Investigatory Powers Act 2000 (RIPA) is the law concerning the use of covert techniques by public authorities.

1.2   It requires that when public authorities need to use covert techniques to obtain private information about someone, they do it in a way that is necessary, proportionate and compatible with human rights.

1.3   Members will be aware from previous reports in respect of the Council's use of RIPA powers, that it must have in place a system of authorising, recording and reviewing any surveillance that it carries out that is covered by the Act.

2.   RIPA Authorisations

2.1   The Council is included within the RIPA framework with regard to the authorisation of both directed surveillance and of the use of Covert Human Intelligence Sources (CHIS). The Council is only able to authorise surveillance under RIPA if it is for the purpose of preventing, or detecting crime or preventing disorder subject to the "serious offence test". Before giving authorisation an Authorising Officer must be satisfied that the reason for the request is for the prevention and detection of crime and that the crime attracts a custodial sentence of a maximum of 6 months or more, or is an offence relating to the underage sale of alcohol or tobacco under sections 146, 147 or 147A of the Licensing Act 2003 or section 7 of the Children and Young Persons Act 1933. one of the permitted reasons under the Act and permitted under the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2003 i.e.

- the desired result of the covert surveillance cannot reasonably be achieved by other means;

- the risks of collateral intrusion have been properly considered, whether the reason for the surveillance is balanced proportionately against the risk of collateral intrusion;

- there must also be consideration given to the possibility of collecting confidential

personal information. If there is a possibility of collecting personal information the matter should be passed to the Chief Officer for consideration.

3. Revised RIPA Policy Guidelines

3.1 A copy of the revised CBC RIPA Guidance is attached at Appendix 2. The changes take account of the recently published Home Office guidance on the judicial approval process. They also include guidance to officers in relation to:

Internet Investigations

3.2 The use of the internet as an investigative method is now becoming routine. However, just because the information being obtained is from the internet staff must still consider all the normal rules and guidance applicable to any type of enquiry conducted within a criminal investigation, such as, the Data Protection Act (DPA), Criminal Procedures Investigations Act (CPIA) and RIPA. In the Surveillance Codes of Practice issued December 2014 there is now a section dealing with these types of enquiries.

Reporting errors

3.3 There is now a requirement to report all covert activity that was not properly authorised to the OSC in writing as soon as the error is recognised. This would be known as an error. This includes activity which should have been authorised but wasn't or which was conducted beyond the directions provided by the authorising officer.

Surveillance Outside of RIPA

3.4 Amendments to the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) mean that a local authority can now only grant an authorisation under RIPA where the local authority is investigating criminal offences which attract a maximum custodial sentence of at least six months or criminal offences relating to the underage sale of alcohol or tobacco.

3.5 As a result of the changes in legislation, it is envisaged that surveillance may be required which falls outside of RIPA (for example in the case of anti-social behaviour offences which do not attract a maximum custodial sentence of at least six months imprisonment). This guidance covers that eventuality.

Equipment

3.6 All equipment capable of being used for Directed Surveillance such as cameras etc. should be approved for that purpose by the Authorising Officer.

Joint Agency Surveillance

3.7 In cases where one agency is acting on behalf of another, it is usually for the tasking agency to obtain or provide the authorisation. For example, where surveillance is carried out by Council employees on behalf of the Police, authorisation would be sought by the Police. If it is a joint operation involving both agencies the lead agency should seek authorisation.

4. Reasons for recommendations

4.1 It is essential that these powers are used for the proper purpose and in the correct way, this guidance will ensure that that happens and that elected members are kept fully informed.

4.2 If authorisation is given for the use of RIPA then a briefing informing the Audit Committee of what

action has been taken will be made as soon as possible. It should be noted that the Council use these powers very sparingly and only when there is no other alternative.

5. Alternative options considered

5.1 None

6. Consultation and feedback

6.1 The Corporate Governance Group, Audit Cotswold and officers involved in investigation and surveillance activities work have been consulted. Advice has also been sought from One Legal.

7. Performance management – monitoring and review

7.1 There will be reports to the Audit Committee on the use of RIPA.

Report author	Contact officer: Bryan Parsons
	Email: bryan.parsons@cheltenham.gov.uk Tel: 01242 264189
Appendices	1. Risk Assessment 2. RIPA guidance

Risk Assessment

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likeli-hood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If surveillance is carried out without due regard to RIPA, Codes of Practice and the CBC procedural guidance then there are risks to an individual's rights and to the Councils reputation.	Borough Solicitor	25/03/2015	4	2	8	Accept	• Put in place effective management and guidance. • Promote the guidance with Service managers and investigation staff.	Ongoing	Borough Solicitor	

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

Regulation of Investigatory Powers Act (RIPA) Procedural Guide

(Including additional guidance on Non - RIPA surveillance)

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Review Period: Annual

Reviewed by: Corporate Governance Group

Version Number	Version Date	Summary of Changes
1.0	**16/04/2013**	**Revised Guidance**

This document is owned by:

Name	Job Title	Version
Mark Sheldon	Director Resources	1.1

This document has been distributed to:

Name	Job Title	Version
All CBC employees, Members, and on the Public website		1.0

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Forward:

This revised guidance reflects two significant legislative changes.

1. **Approval of RIPA Authorisations by a Justice of the Peace:** The amendments in the Protection of Freedoms Act 2012 mean that the authorisations and notices under RIPA for the use of particular covert techniques can only be given effect once an order approving the authorisation or notice has been granted by a Justice of the Peace (JP).

2. **Directed surveillance crime threshold:** Amendments to the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 means that we can only grant an authorisation under RIPA for the use of directed surveillance when investigating particular types of criminal offences. These are criminal offences which attract a maximum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco.

This guidance provides advice on how Cheltenham Borough Council can best approach these changes in law and the new arrangements that need to be put in place to implement them effectively. It is supplementary to the legislation and to the statutory Codes of Practice. If there any doubts about the guidance then the RIPA coordinator or One Legal should be consulted.

This guidance is intended for investigation officers that may use covert techniques, including Environmental Health, Benefit Fraud Officers and Enforcement Officers. However, it will also be of use to authorising officers and designated persons and to those who oversee the use of investigatory techniques including elected members.

Surveillance outside of RIPA
There may be a necessity for the Council to undertake surveillance which does not meet the criteria to use the RIPA legislation such as in cases of serious disciplinary investigations or for overt operations this guidance provides some advice on the process for those situations.

The Council must still meet its obligations under the Human Rights Act and any surveillance outside of RIPA must still be necessary and proportionate having taken account of the intrusion issues. The decision making process and the management of such surveillance must be well documented.

There is also a requirement for the Council's Senior Responsible Officer (SRO) to regularly monitor surveillance outside of RIPA. Therefore before any such surveillance takes place advice must be sought from Legal Services. Guidance is contained within this policy for this type of surveillance.

The Human Rights Act means that the Council by law has to respect the rights of everyone. In particular Article 8 guarantees everyone the right to respect for their private and family life, their home and correspondence. This right can only be interfered with when the interference is in accordance with the law and necessary. RIPA provides the framework for public authorities to carry out surveillance and the lawful means whereby rights can be infringed by the Council.

Cheltenham Borough Council undertakes to use these powers in line with the law, only when necessary and proportionately.

Steve Jordan. Leader.
Cheltenham Borough Council

1   INTRODUCTION

1.1   RIPA presents some difficult judgments which must be made from time to time. Whilst individual services can and do operate their own procedures, this is an issue which affects the Council corporately and staff will never be criticised for seeking advice.

1.2   The first point to emphasise is that any person who is unsure about whether to seek authorisation or unsure about whether to issue an authorisation, must seek immediate advice before acting. For those seeking authorisation, advice may initially be sought from their line manager, but it is always appropriate to seek the advice of a member of One Legal. RIPA is a piece of legislation with serious human rights implications whenever it is engaged. The Council is concerned about an individual's rights, but it is also concerned to guard against serious reputational risk.

1.3   The purpose of this document is to ensure that the Council complies with the Regulation of Investigatory Powers Act 2000 (RIPA).

1.4   This document provides guidance on the regulation of any covert surveillance that is carried out by council officers. This includes the use of undercover officers, informants and private investigators and other agents of the Council.

1.5   Any covert surveillance will have to be authorised and conducted in accordance with RIPA, the statutory codes of practice (issued in December 2014) and this Guide and shall only be for one of the purposes set out in this Guide and for a purpose which the Council is legally required or empowered to investigate as part of its functions.

1.6   Covert surveillance will only be used by the Council where it judges such use to be necessary and proportionate to the seriousness of the crime or matter being investigated,

1.7   Before requesting authorisation Investigating Officers will have regard to this document and the statutory Codes of practice issued under section 71 RIPA (current version issued in December 2014). The Codes of practice are available from the RIPA Co-ordinator and direct from the Office of Surveillance website at http://www.surveillancecommissioners.gov.uk/ or the Home Office at http://security.homeoffice.gov.uk/ripa/.

1.8   Before authorising covert surveillance Authorising Officers will have regard to this Guide and the statutory Codes of Practice. The Codes of Practice are available from the Home Office, CBC RIPA Co-ordinator and direct from the Office of Surveillance website or the Home Office.

1.9   Authorising Officers will have to consider whether it is necessary and proportionate for Investigating Officers to undertake covert surveillance and whether it is possible to obtain the evidence through other means. The role of the authorising officer is covered in greater detail within paragraph 4.2 of this doicument.

1.10   Authorising Officers must give detailed consideration to the risk of collateral intrusion i.e. the risk of intruding into the privacy of others while watching someone else. This consideration and how the intrusion should be reduced and managed will need to be recorded within the application form.

1.11 There must be no situation where a council officer engages in covert surveillance without obtaining authorisation in accordance with the procedures set out in this document, the statutory Codes of Practice and from RIPA.

1.12 Any queries concerning the content of the document should be addressed to the RIPA Co-ordinator (Governance, Risk and Compliance officer CBC).

2 THE REGULATION OF INVESTIGATORY POWERS ACT (RIPA)

2.1 The background to RIPA

RIPA provides a legal framework for the control and regulation of surveillance and information techniques which public authorities undertake as part of their duties. As was highlighted in the introduction to the Guide the need for such control arose as a result of the Human Rights Act 1998. Article 8 of the European Convention on Human Rights states that:-

1) Everyone has the right of respect for his private and family life, his home and his correspondence.

2) There shall be no interference by a public authority with the exercise of this right except such as in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health and morals or for the protection of the rights and freedoms of others.

2.1.1 The right under Article 8 is a qualified right and authorities can interfere with this right for the reasons given in paragraph 2 of Article 8. RIPA provides the legal framework for lawful interference.

2.2 The scope of this Guide

2.2.1 This Guide intends to cover the surveillance and information gathering techniques which are most likely to be carried out by the Council.

2.2.2 Neither RIPA nor this Guide covers the use of any overt surveillance, general observation that forms part of the normal day to day duties of officers, the use of equipment to merely reinforce normal sensory perception such as binoculars or circumstances where members of the public who volunteer information to the Council.

2.2.3 RIPA does not normally cover the use of overt CCTV surveillance systems since members of the public are aware that such systems are in place.

2.2.4 There may however be times when the Council uses CCTV for a specific investigation or operation. This Guide does not cover in detail the use of surveillance via the Town Centre CCTV system. In such cases authorisation for directed surveillance may be required. If the CCTV is to be used for surveillance, Investigating Officers should consult and adhere to the provisions of RIPA and the Cheltenham Town Centre Closed Circuit Television Operating Procedures and the Cheltenham Town Centre Closed Circuit Television Codes of practice jointly set up by Cheltenham Borough Council and Gloucestershire Constabulary.

2.2.5   If an Investigating Officer envisages using any other CCTV system they should contact the RIPA Co-ordinator concerning any clarification on the administrative process or seek legal advice from One Legal before they conduct any surveillance.

2.3   Consequences of not following RIPA

2.3.1   Section 27 of RIPA provides that surveillance shall be lawful for all purposes if authorised and conducted in accordance with an authorisation granted under RIPA.

2.3.2   Lawful surveillance is exempted from civil liability.

2.3.3   Although not obtaining authorisation does not make the authorisation unlawful per se, it does have some consequences: -

i.   Evidence that is gathered may be inadmissible in court;

ii.   The subjects of surveillance can bring their own proceedings or defeat proceedings brought by the Council against them on human rights grounds i.e. we have infringed their rights under Article 8;

iii.   If a challenge under Article 8 is successful the Council could face a claim for financial compensation;

iv.   A complaint could be made to the Office of Surveillance Commissioners; and

v.   The Government has also introduced a system of tribunal. Any person who believes that their rights have been breached can have their complaint dealt with by way of a tribunal.

2.4   The Surveillance Commissioner

2.4.1   The Government has appointed a Surveillance Commissioner to review the way in which public authorities implement the requirements of RIPA. The Commissioner has a wide range of powers of access and investigation. The Council will receive periodic visits from the Office of the Surveillance Commissioners. They will check to see if the Council is complying with RIPA.

2.4.2   It is important that the Council can show it complies with this Guide and with the provisions of RIPA.

3   COVERT SURVEILLANCE

There are three categories of covert surveillance: -

1. Directed Surveillance;
2. Covert Human Intelligence Sources; and
3. Intrusive surveillance (Local Authorities are not permitted to carry out intrusive surveillance). but tThe information is included in this procedural guide to avoid inadvertent use of intrusive surveillance. Intrusive surveillance is defined in RIPA as surveillance in respect of anything taking place on residential premises or in a private vehicle, involving the presence of an investigator on those premises/vehicles or carried out through a surveillance device.

3.1   Directed Surveillance (DS)

3.1.2   The majority of covert surveillance that will be undertaken by the Council will fall under the heading of Directed Surveillance (DS).

3.1.3   DS is defined as surveillance which is covert, but not intrusive, and is undertaken:

a)   For the purpose of a specific investigation or operation

b)   In such a manner as it is likely to result in obtaining private information about a person (whether or not that person is the target of the investigation or operation) and

c)   In a planned manner and not by way of an immediate response, whereby it would not be reasonably practicable to obtain an authorisation prior to the surveillance being carried out.

3.1.4   Any car park where Automated Number Plate Recognition (ANPR) is installed for either payment or enforcement purposes or it is intended to use that equipment to monitor a particular vehicle or person beyond that purpose then the use of RIPA legislation should be considered.

3.1.5   It is irrelevant where the subject of the DS is being observed.

If you intend to instruct an agent to carry out the DS the agent must complete and sign the form marked "agent's agreement form" contained in Appendix C. The agent will be subject to RIPA in the same way as any employee of the Council would be. They may also be inspected by the OSC in respect of that particular operation. This should be pointed out during the instruction and contract stage. The Authorising Officer should ensure that the agents are qualified or have the necessary skills to achieve the objectives. They should also ensure that they understand their obligations under RIPA. If advice is required please contact One Legal.

3.1.6   The flow chart in Appendix D Table 1 and 2 provides guidance on the council's procedure for making an application to a Justice of the Peace (JP) seeking an order to approve the grant of a RIPA authorisation or Notice.

3.2   Covert Human Intelligence Sources (CHIS)

This involves the establishment or maintenance of a personal or other relationship with a person for the covert purpose of obtaining or disclosing private information. A CHIS is a person who: -

a)   S/He establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph b) or c);

b)   S/He covertly uses such a relationship to obtain information or to provide access to any information to another person; or

c)   S/He covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

3.2.1   A relationship is established or maintained for a covert purpose if and only if it is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.

3.2.2   A relationship is used covertly, and information obtained is disclosed covertly, if and only if the relationship is used or the information is disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.

3.2.3   Covert human intelligence sources may only be authorised if the following arrangements are in place:

• that there will at all times be an officer within the council who will have day to day responsibility for dealing with the source on behalf of the authority, and for the source's security, (the handler) the investigation officer

• that there will at all times be another officer within the council who will have general oversight of the use made of the source; (controller) i.e. the responsible line manager.

• that there will at all times be an officer within the council who has responsibility for maintaining a record of the use made of the source; and

• that the records relating to the source maintained by the council will always contain particulars as laid down by the Covert Human Intelligence Sources codes of practice (current version issued in December 2014)

3.2.4   Legal advice should always be sought where consideration is given to the use of CHIS.

3.2.5   Special consideration must be given to the use of vulnerable individuals for CHIS. A 'vulnerable individual' is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself, or unable to protect himself against significant harm or exploitation. Any individual of this description, or a juvenile as defined below, should only be authorised to act as a source in the most exceptional circumstances and only then when authorised by the Chief Executive (or, in his absence, the Deputy Chief Executive).

3.2.6   Before you undertake any surveillance involving a vulnerable individual (CHIS) you must consult One Legal before authorisation is sought.

3.2.7   Special safeguards also apply to the use or conduct of juvenile sources; that is sources under the age of 18 years. On no occasion should the use or conduct of a source under 16 years of age be authorised to give information against his parents or any person who has parental responsibility for him.

3.2.8   In other cases, authorisations should not be granted unless the special provisions contained within The Regulation of Investigatory Powers (Juveniles) Order 2000; SI No. 2793 are satisfied. Authorisations for juvenile sources should be granted by Chief Officers. Before you undertake any surveillance involving a juvenile you **must** consult the RIPA Co-ordinator concerning any clarification on the administrative process or seek legal advice from One Legal.

3.2.9   If you intend to instruct an agent to be the CHIS, the agent must complete and sign the form marked "agent's agreement form" contained in Appendix C. The agent will be subject to RIPA in the same way as any employee of the Council would be. They may also be inspected by the OSC in respect of that particular operation. This should be pointed out during the instruction and contract stage. If advice is required please contact either the RIPA Co-ordinator or One Legal.

3.2.10   The flow chart in Table 1 below provides guidance on the council's procedure for making an application to a Justice of the Peace seeking an order to approve the grant of a RIPA authorisation or Notice.

Table 2 is a copy of the guidance provided to JP/Magistrate s on the process for dealing with an application from the council.

Appendix E provides additional information about the process the RIPA application and authorisation process by a JP/Magistrate

Table 1:

LOCAL AUTHORITY PROCEDURE: APPLICATION TO A JUSTICE OF THE PEACE SEEKING AN ORDER TO APPROVE THE GRANT OF A RIPA AUTHORISATION OR NOTICE

Local authority investigator wants to use a RIPA technique (directed surveillance, CHIS (covert human intelligence source) or communications data).

Does investigator intend to use directed surveillance?
- Yes
- No

Is the local authority investigating an offence and does that offence attract a maximum custodial sentence of 6 month or more?
- No
- Yes

Is the offence being investigated either:
- Section 146/147/147A of the Licensing Act 2003, or
- Section 7 of the Children and Young Persons Act 1993.
- No
- Yes

- Complete RIPA authorisation/ notice form, and seek approval of authorising officer/designated person as per current arrangements.
- Complete application part of the judicial application/order form for JP.

Within Office Hours
Local authority investigator to contact Her Majesty's Courts & Tribunals Service (HMCTS) administration at the magistrates' court to arrange a hearing.

Attend court with:
- counter-signed RIPA authorisation/ or notice (for CD authorisations/ notices the signatures may be electronic signatures).
- the accompanying judicial application/order form.
- any other relevant reference or supporting material.

Outside usual office hours:

A JP may consider an authorisation out of hours in **exceptional** circumstances. If the authorisation is urgent and cannot be handled the next working day then you should:
- Phone the court's out of hours HMCTS legal staff contact. You will be asked about the basic facts and urgency of the authorisation. If the police are involved in the investigation you will need to address why they cannot make a RIPA authorisation.
- If urgency is agreed, then arrangements will be made for a suitable JP to consider the application. You will be told where to attend and give evidence.
- Attend hearing as directed with two copies of both the counter-signed RIPA authorisation form or notice and the accompanying judicial application/order form.

Outcome

Investigator may **not** use directed surveillance. The case should be investigated by other means. Continue to assess if threshold is met **if** further offences come to light as the case progresses.

Refuse to approve the grant or renewal and quash the authorisation or notice.

Refuse to approve the grant or re-newal of an authorisation or notice.

Approve the grant or re-newal of an authorisation or notice.

This may be appropriate if the JP considers that an application is fundamentally flawed. The local authority must be given at least 2 business days in which to make representations before the authorisation is quashed. In these circumstances a local authority cannot use the technique and will need to seek fresh authorisation internally before reapplying.

The grant or renewal of the RIPA authorisation or notice will not take effect and the local authority may **not** use the covert technique. Local authority may wish to address, for example, a technical error and reapply.

Technique may be used in this case. Investigator to resubmit to the JP any renewal or authorisation for the use of a different technique in this case.

Obtain signed order and retain original RIPA authorisation/notice.
For CD authorisations or notices, local authority investigator to provide additional copy of judicial order to the SPoC.
If out of hours, a copy of the signed order to be provided to the court the next working day.

Table 12

PROCEDURE: LOCAL AUTHORITY APPLICATION TO A JUSTICE OF THE PEACE SEEKING AN ORDER TO APPROVE THE GRANT OF A RIPA AUTHORISATION OR NOTICE

IN COURT HOURS

The local authority will contact Her Majesty's Courts and Tribunals Service (HMCTS) administration, who will schedule a hearing.

↓

Local authority representative will attend the hearing with the original:

- counter-signed RIPA authorisation or notice form;
- the accompanying judicial application/order and;
- any other relevant reference material.

↓

JP ensures that sufficient privacy is given to the hearing commensurate with the covert nature of the investigation (ie. no press, public, subject or legal representative present or court staff apart from Legal Adviser).

↓

JP will consider papers presented by local authority, asking any additional questions in order to conclude whether an order to approve the grant of a RIPA authorisation or notice should be made. The papers by themselves make the case. It is not sufficient for the JP to rely solely on oral evidence where this is not reflected or supported by the form/papers.

OUT OF COURT HOURS

A JP may consider an authorisation out of hours, in exceptional circumstances:

- The local authority will call the court out of hours HMCTS legal staff who will ask for the basic facts and assess the urgency of the authorisation/notice. If the police are involved in the authorisation, the local authority will need to address why they cannot make the RIPA authorisation;

- If urgency is agreed, then HMCTS will arrange for local authority to attend a suitable location;

- Two copies of the forms and supporting material should be available so that one set can be retained by the JP.

↓

The JP must be satisfied that:

- there were 'reasonable grounds' for the local authority to believe the authorisation or renewal was both 'necessary' and 'proportionate', including whether all reasonable alternatives have been considered;

- the reasonable grounds as articulated by the local authority continue to apply and the authorisation/notice continues to be necessary and proportionate;

- the local authority authorisation has been authorised by an appropriate designated person;

- there is no breach of any other restrictions imposed by order, see paragraphs 55-58, 72-73 and 83 of this guidance.

Refuse to approve the grant or renewal and quash the authorisation or notice.	Refuse to approve the grant or renewal of the authorisation or notice.	Approve the grant or renewal of the authorisation or notice.
The court must not exercise its power to quash an authorisation or notice unless the applicant has had at least 2 business days from the date of the refusal in which to make representations.	The grant or renewal of the RIPA authorisation or notice will not take effect and the local authority may not use the covert technique. Local authority may reapply addressing for example, a technical error.	Technique may be used. Local authority to resubmit any renewal or authorisation for the use of a different technique in this case.

Provide local authority representative with a copy of the signed order and return original RIPA form and any papers.
Legal Adviser or JP delivers copy order and authorisation to court admin office. Orders are kept securely and retained for 6 years.
Complete court hardcopy court log [do NOT enter details on LIBRA].
Court maintains a copy of the court order and will send a yearly return to MOJ.

Table 2

13

3.3 **Intrusive surveillance**

Intrusive surveillance is defined as covert surveillance that: -

a) is carried out in relation to anything taking place on any residential premises or in any private vehicle; and

b) involves the presence of any individual on the premises or in the vehicle or is carried out by means of a surveillance device.

c) If the device is not located on the premises or in the vehicle, it is not intrusive surveillance unless the device consistently provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle. Operatives will need to be aware of using high powered zoom lenses or CCTV that may fall into this category.

3.3.1 *Local authorities are not authorised to conduct intrusive surveillance*

3.3.2 If you are considering conducting surveillance and the surveillance might fall within the scope of intrusive surveillance you **must** contact the RIPA Co-ordinator concerning any clarification on the administrative process or seek legal advice from One Legal before you undertake any surveillance.

4 **PROCEDURE FOR OBTAINING AUTHORISATIONS**
4.1 **The Senior Responsible Officer:-**

Role:

4.1.1 The nominated Executive Director is the Senior Responsible Officer (SRO) with responsibilities for:

4.1.2 (a) ensuring the integrity of the Council's RIPA processes;

(b) ensuring compliance with RIPA legislation and the Home Office RIPA Codes of practice;

(c) engaging with the OSC when its inspector conducts an inspection;

(d) overseeing the implementation of any post – inspection plans;

(e) ensuring that all Authorising Officers are of an appropriate standard in light of any recommendations made by the OSC inspection reports;

(f) ensuring that concerns are addressed, where OSC inspection reports highlight

(g) concerns about the standards of Authorising Officers.

(h) must regularly monitor covert surveillance activity which takes place outside of RIPA as mentioned in the OSC Procedures and Guidance document.

4.2 **Authorising Officers**

4.2.1   The role of the Authorising Officers is to authorise, review, renew and cancel directed surveillance.

4.2.2   Authorising Officers should not be responsible for authorising investigations or operations in which they are directly involved. Where an Authorising Officer authorises such an investigation or operation the Central Record of Authorisations should highlight this and it should be brought to the attention of a Commissioner or Inspector during their next inspection.

4.2.3   The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 prescribes that for local authorities the Authorising Officer shall be a Director, Head of Service, Service Manager or equivalent as distinct from the officer responsible for the conduct of an investigation.

4.2.4   A designated Authorising Officer must qualify **both** by rank and by competence. Officers who wish to be designated must have been trained to an appropriate level so as to have an understanding of the Act and the requirements that must be satisfied before an authorisation can be granted.

Appendix A lists the officers within the Council who can grant authorisations all of which are at Strategic or Director level.

4.2.5   Authorisations must be given in writing by the Authorising Officer. They must complete the relevant section on the application form and explain exactly what they are authorising, against who, in what circumstances, where etc. It is important that this is very clear as the surveillance operatives are only allowed to carry out what is authorised. This will assist with avoiding errors. They must believe the surveillance is **proportionate** to what it seeks to achieve, taking into account the **collateral intrusion** issues, and that the level of the surveillance is appropriate to achieve the objectives.

4.2.6   If any equipment such as covert cameras, video cameras is to be used, the Authorising Officer should know the capability of the equipment before Authorising its use. This will have an impact on collateral intrusion, necessity and proportionality. They should not rubber-stamp a request. It is important that they consider all the facts to justify their decision. They may be required to justify their actions in a court of law or some other tribunal.

4.2.7   Authorising Officers are also responsible for carrying out regular reviews of applications which they have authorised and also for the cancellation of authorisations.

4.2.8   Authorised Officers must acquaint themselves with the relevant Codes of Practice issued by the Home Office regarding RIPA (current version issued December 2014 and the latest Procedures and Guidance from the Office of Surveillance Commissioner (OSC). This latter document details their latest guidance to be followed and Authorising Officers are required to hold their own copy.

4.3   Authorising Officers – What you need to do before authorising surveillance

4.3.1   Before giving authorisation an Authorising Officer **must** be satisfied that the reason for the request is for the **prevention and detection of crime and that** the crime attracts a custodial sentence of a maximum of 6 months or more (Table 1 page 11)Appendix D Flowchart, or is an offence relating to the underage sale of alcohol or tobacco under sections 146, 147 or 147A of the Licensing Act 2003 or section 7 of the Children and Young Persons Act 1933. one of the permitted reasons under the Act and permitted under the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2003 i.e.

- the desired result of the covert surveillance cannot reasonably be achieved by other means
- the risks of collateral intrusion have been properly considered, whether the reason for the surveillance is balanced proportionately against the risk of collateral intrusion
- there must also be consideration given to the possibility of collecting confidential personal information. If there is a possibility of collecting personal information the matter should be passed to the Chief Officer for consideration

4.3.2   An Authorising Officer **must** also be satisfied the surveillance in each case is **necessary** and **proportionate in those particular circumstances and demonstrate by completing the relevant section of the authorisation how they reached their decision.**

Nessity and Proportionality are defined as:~~This is defined as:~~

Necessity

Obtaining an authorisation under the 2000 Act, the 1997 Act and 1994 Act will only ensure that there is a justifiable interference with an individual's Article 8 rights if it is necessary and proportionate for these activities to take place.   The 2000 Act first requires that the person granting an authorisation believe that the authorisation is necessary in the circumstances of the particular case for one or more of the statutory grounds which, for Local Authorities is the **prevention and detection of crime and that** the crime attracts a custodial sentence of a maximum of 6 months or more or for the purpose of preventing or detecting specified criminal offences relating to the underage sale of alcohol and tobacco ~~in section 28(3) of the 2000 Act for directed surveillance and in section 32(3) of the 2000 Act for intrusive surveillance.~~

The applicant and Authorising Officers must also be able to demonstrate that there were no other means of obtaining the same information in a less intrusive method.

Proportionality

Then, if the activities are necessary, the person granting the authorisation must believe that they are proportionate to what is sought to be achieved by carrying them out. This involves balancing the intrusiveness of the activity on the target and others who might be affected by it against the need for the activity in operational terms. The activity will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means. All such activity should be carefully managed to meet the objective in question and must not be arbitrary or unfair.

When explaining proportionality the Authorising Officer should explain why the methods and tactics to be adopted during the surveillance is not disproportionate.

4.3.3   The codes provide guidance relating to proportionality which should be considered by both applicants and Authorising Officers:

- balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
- explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;
- evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented.

4.3.4 When the Authorising Officer has considered if the surveillance is necessary and proportionate they must complete the relevant section of the form explaining why in his/her opinion the surveillance is necessary and proportionate. They should also detail the exact activity being authorised, who against etc. in the relevant authorisation section on the form.

4.3.5 The applicant will now be required to complete the relevant forms and attend Magistrates' Court to seek a JP's approval (see Appendices D,E or G F on the RIPA Application and Authorisation Process)
Appendix I G provides the contact details for Her Majesty's Courts and Tribunal Service

4.4   Investigating Officers – What you need to do before applying for authorisation

4.4.1 Investigating Officers should think about the need to undertake DS or CHIS before they seek authorisation. Investigating Officers need to consider whether they can obtain the information by using techniques other than covert surveillance. There is nothing that prevents an Investigating Officer discussing the issue of surveillance beforehand.

4.4.2 Appendix E provides guidance on the full application and authorisation procedure, including the application process to seek approval from a Justice of the Peace. This should be read by all staff. procedure for making an application to a Justice of the Peace seeking an order to approve the grant of a RIPA authorisation or Notice.

4.4.3 The applicant or some other person must carry out a feasibility study as this may be required to be seen by the Authorising Officer. The person seeking the authorisation should then complete the application form having regard to the guidance given in this Guide and the statutory Codes of Practice.

4.4.4 The form should then be submitted to the Authorising Officer for authorisation.

5   DURATION, REVIEW, RENEWAL AND CANCELLATION OF AUTHORISATIONS

5.1   Duration

5.1.1 Directed Surveillance (DS) authorisations will cease to have effect after three months from the date of approval by the magistrate unless renewed or cancelled. They do not expire, they must be cancelled when the surveillance is no longer proportionate or necessary.

5.1.2 Authorisations should be given for the maximum duration but reviewed on a regular basis and formally cancelled when no longer needed.

5.1.3 CHIS authorisations will cease to have effect after twelve months from the date of approval.

5.1.4 Investigating Officers should indicate within the application the period of time that they estimate is required to carry the surveillance, this will be proportionate to the objectives of the investigation and give due consideration to collateral intrusion

5.1.5　For CHIS authorisations, legal advice must be sought, particularly those that involve the use of juveniles (for which the duration of such an authorisation is one month instead of twelve months).

5.1.6　It is the responsibility of the Investigating Officer to make sure that the authorisation is still valid when they undertake surveillance.

5.2　Review

5.2.1　An Investigating Officer must carry out a regular review of authorisations. If an authorisation is no longer required or considered to be no longer *necessary* or *proportionate* it **must** be cancelled.

5.2.2　The results of any review must be included on the review form Appendix B

5.2.3　The Authorising Officer also has a duty to review authorisations that have been granted when it is necessary or practicable to do so. Particular attention should be given to authorisations involving collateral intrusion or confidential material.

5.2.4　The Authorising Officer should keep a copy of the review form and a copy should be given to the Investigating Officer. The original copy of the review form must also be sent to the RIPA Co-ordinator.

5.3　Renewals

5.3.1　An Investigating Officer must ask an Authorising Officer to grant a renewal of an authorisation before it would cease to have effect. The approval of a Justice of the Peace (JP) is required prior to undertaking any covert activity as detailed within the renewal form (Appendix B) authorised by the Authorising Officer for a renewal to take affect.

5.3.2　Applications for renewals should not be made until shortly before the original authorisation period is due to expire but the applicant must take account of factors which may delay the renewal process (e.g. intervening weekends or the availability of the relevant Authorising Officer and a JP to consider the application).

5.3.3　Applications for renewal must not be made more than 3 working days before the authorisation is due to expire.

5.3.4　A renewal can last for up to three months, effective from the date that the previous authorisation would ceased to have effect.

5.3.5　An Authorising Officer can grant more than one renewal as long as the request for authorisation still meets the requirements for authorisation. An Authorising Officer must still consider all of the issues that are required for a first application before a renewal can be granted. Each renewal will need the approval of a JP.

5.3.6　If the reason for requiring authorisation has changed from its original purpose it will not be appropriate to treat the application as a renewal. The original authorisation should be cancelled and a new authorisation should be granted.

5.3.7　An application for a renewal must be completed on the appropriate form.
Appendix B

5.3.8   The Authorising Officer and applicant should retain a copy of the renewal and the judicial application / order form. A copy of the original renewal form and the judicial application/order form must also be sent to the RIPA Co-ordinator for the Central Register

5.4   Cancellations

5.4.1   If the reason for requiring the authorisation no longer exists, the authorisation **must** be cancelled and in any event as soon as the operation for which an authorisation was sought ceases to be necessary or proportionate. This applies to both original applications and renewals.

5.4.2   Authorisations **must** also be cancelled if the surveillance has been carried out and the original aim has been achieved.

5.4.3   As soon as the decision is taken that directed surveillance should be discontinued, the applicant or other investigating officer involved in the investigation should inform the Authorising Officer. The Authorising Officer will formally instruct the investigating officer to cease the surveillance, noting the time and date of their decision. This will be required for the cancellation form Appendix B. The date and time when such an instruction was given should also be recorded in the central record of authorisations.

5.4.4   The Investigating Officer submitting the cancellation should complete in detail the relevant sections of the form and include the period of surveillance and what if any images were obtained and any images containing third parties. The Authorising Officer should then take this into account and issues instructions regarding the management and disposal of the images etc.

5.4.5   Authorisations **must** also be cancelled if the surveillance has been carried out and the original aim has been achieved. Authorising Officers will ensure that authorisations are either cancelled or renewed at the end of the appropriate statutory period.

5.4.3   An authorisation must be cancelled by using the form in Appendix B. An Investigating Officer should complete the details required on the first page, sections 1 and 2 of the cancellation form. The form should then be submitted to the Authorising Officer who will complete sections 3, 4 and 5.

5.4.4   It is the responsibility of the Investigating and Authorising Officers to monitor their authorisations and cancel them where appropriate.

5.4.5   The Authorising Officer should keep a copy of the cancellation form and a copy should be given to the Investigating Officer. A copy of the original cancellation form must also be sent to the RIPA Co-ordinator.

5.4.6   Authorising Officers must review upon cancellation of an application whether or not the objectives were achieved. Any issues identified by the review will be reported to the senior responsible officer.

5.5   Review of Policy and Procedure

i   The Audit Committee will receive reports following the use of RIPA. Those reports will contain information on;
- Where and when the powers had been used
- The objective
- The authorisation process
- The job title of the Authorising Officer
- The outcome including any legal court case
- Any costs

ii   The Corporate Governance Group will review any use of RIPA and report to Audit Committee on an annual basis.

6   THE RIPA CO-ORDINATOR

6.1   Role

6.1.1   All original applications for authorisations and renewals including those that have been refused must be passed to the RIPA Co-ordinator as soon as possible after their completion with copies retained by the Authorising Officer and the Applicant.

6.1.2   All cancellations must also be passed to the RIPA Co-ordinator.

6.1.3   The RIPA Co-ordinator will: -

    i.   Keep the copies of the forms for a period of at least 3 years;

    ii.   Keep a register of all of the authorisations, renewals and cancellations; and Issue the unique reference number.

    iii.   Keep a database for identifying and monitoring expiry dates and renewal dates.

    iv.   Along with, Directors, Service Managers, Authorising Officers, and the Investigating Officers must ensure that any electronic and paper records relating to a RIPA investigation are used, retained or destroyed in line with the Councils Information Management policies, departmental retention schedules and the Data Protection Act 1998. (DPA)

    v.   Provide administrative support and guidance on the processes involved.

    vi.   Not provide legal guidance or advice.

    vii.   Monitor the authorisations, renewals and cancellations so as to ensure consistency throughout the Council;

    viii.   Monitor each department's compliance and act on any cases of non compliance;

    ix.   Provide training and further guidance on and awareness of RIPA and the provisions of this Guide; and

    x.   Review the contents of the Guide.

6.1.4   It is however the responsibility of the Investigating Officer, the Authorising Officer and the Senior Responsible Officer to ensure that: -

i. Authorisations are only sought and given where appropriate;

ii. Authorisations are only sought and renewed where appropriate;

iii. Authorisations are cancelled where appropriate; and

iv. They act in accordance with the provisions of RIPA.

7.0   Legal advice

i One Legal will provide legal advice to staff making, renewing or cancelling authorisations

ii Requests for legal advice will be in writing and copied to the RIPA Co-ordinator to keep on file

iii   Reponses to requests for legal advice will be in writing and copied to the RIPA coordinator to keep on file.

8.0   Internet Investigations

8.1 The use of the internet as an investigative method is now becoming routine. However, just because the information being obtained is from the internet staff must still consider all the normal rules and guidance applicable to any type of enquiry conducted within a criminal investigation, such as, the Data Protection Act (DPA), Criminal Procedures Investigations Act (CPIA) and RIPA. In the Surveillance Codes of Practice issued December 2014 there is now a section dealing with these types of enquiries.. ~~Therefore~~ T~~t~~he paragraph titled Online Covert Activity ~~at section 2.29~~within the Codes of Practice is ~~has been~~ replicated below at ~~8.2~~ and should be taken into consideration should staff wish to carry out internet open source enquiries, particularly where Social Networking Sites are involved.

8.2   ~~2.29~~ The use of the internet may be required to gather information prior to and/or during an operation, which may amount to directed surveillance. Whenever a public authority intends to use the internet as part of an investigation, they must first consider whether the proposed activity is likely to interfere with a person's Article 8 rights, including the effect of any collateral intrusion. Any activity likely to interfere with an individual's Article 8 rights should only be used when necessary and proportionate to meet the objectives of a specific case. Where it is considered that private information is likely to be obtained, an authorisation (combined or separate) must be sought as set out elsewhere in this code. Where an investigator may need to communicate covertly online, for example, contacting individuals using social media websites, a CHIS authorisation should be considered.

8.3   If staff wish to conduct internet enquiries, particularly Social Networking Sites they must consider the intrusion issues on the subject of the enquiries and other innocent people (collateral intrusion) and when obtaining the evidence this must be stored in line with the Data Protection Act. They must also consider whether they are monitoring in line with the surveillance definition. If so, and they are likely to obtain private information they are likely to require authorisation under the RIPA legislation. These activities are forming part of the RIPA inspections and will also be audited internally.

9.0   Reporting Errors

9.1   There is ~~no~~ a requirement to report all covert activity that was not properly authorised to the OSC in writing as soon as the error is recognised. This would be known as an error. This includes activity which should have been authorised but wasn't or which was conducted beyond the directions provided by the authorising officer.   It is therefore important that when an error has been identified it is brought to the attention of the SRO in order to comply. This will require a report detailing any remedial action taken.   The Council also has a responsibility to report to the Inspector at the commencement of an inspection all activity which should have been authorised but wasn't. This is to confirm that any direction provided by the Chief Surveillance Commissioner has been followed. This will also assist with the oversight provisions of the Councils' RIPA activity.

9.2 This does not apply to covert activity which is deliberately not authorised because an authorising officer considers that it does not meet the legislative criteria, but allows it to continue. This would be surveillance outside of RIPA.

Urgent Authorisations

23

As from 1 November 2012 there is ~~now~~ no provision under RIPA for urgent

10.0 10.0 Surveillance Outside of RIPA

10.1 Amendments to the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 mean that a local authority can now only grant an authorisation under RIPA where the local authority is investigating criminal offences which attract a maximum custodial sentence of at least six months or criminal offences relating to the underage sale of alcohol or tobacco.

10.2 As a result of the changes in legislation, it is envisaged that surveillance may be required which falls outside of RIPA (for example in the case of anti-social behaviour offences which do not attract a maximum custodial sentence of at least six months imprisonment). The Office of Surveillance Commissioners Procedures and Guidance 2011 states that it is prudent to maintain an auditable record of decisions and actions to use covert surveillance without the protection of RIPA and that such activity should be regularly reviewed by the SRO. The SRO will therefore maintain an oversight of non RIPA surveillance in her role as SRO to ensure that such use is compliant with Human Rights legislation. The RIPA Monitoring Officer will maintain a central record of non RIPA surveillance.

10.3 As part of the new process of formally recording and monitoring non RIPA surveillance, a non RIPA surveillance application form (see appendix H) should be completed and authorised by at least a tier 4 level manager. A copy of the non RIPA surveillance application form can be found on the Intranet or is available from the RIPA Monitoring Officer.

10.4 Non RIPA surveillance also includes staff surveillance which falls outside of RIPA. Any surveillance of staff must be formally recorded on the non-RIPA surveillance Application Form and authorised by the Head of Service in consultation with the Head of Internal Audit. A central record of staff surveillance is also maintained by the SRO.

11.0 Equipment

11.1   All equipment capable of being used for Directed Surveillance such as cameras etc. should be for their purpose by the Authorising Officer, fit for purpose for which they are intended and the correct time and date applied where necessary. The equipment should be logged on the central register of equipment held by the RIPA Co-Ordinator. This will require a description, Serial Number, an explanation of its capabilities..

11.2 When completing an Authorisation the applicant must provide the Authorising Officer with details of any equipment to be used and its technical capabilities. The Authorising Officer will have to take this into account when considering the intrusion issues and proportionality. The Authorising Officer must make it clear on the Authorisation exactly what equipment if any they are authorising and in what circumstances.

112.0   Joint Agency Surveillance

12.1 In cases where one agency is acting on behalf of another, it is usually for the tasking agency to obtain or provide the authorisation. For example, where surveillance is carried out by Council employees on behalf of the Police, authorisation would be sought by the Police. If it is a joint operation involving both agencies the lead agency should seek authorisation.

12.2 Council staff involved with joint agency surveillance are to ensure that all parties taking part are authorised on the authorisation page of the application form to carry out the activity. When staff are operating on another organisation's authorisation they are to ensure they see what activity they are authorised to carry out and make a written record. They should also provide a copy of the authorisation to the RIPA Monitoring Officer. This will assist with oversight of the use of Council staff carrying out these types of operations.

APPENDIX A

Designated Officers

The following officers are the Senior Responsible Officer and the Authorising Officers for the purposes of RIPA

<u>Senior Responsible Officer</u>

Executive Director Pat Pratley

<u>Authorising Officers</u>

Chief Executive; Andrew North, Executive Director G Lewis,
Director Resources; M Sheldon.
Where the guidance states the Senior Responsible Officer but is unavailable then the Chief Executive will undertake the duties of the Senior Responsible Officer.

RIPA Co-ordinator
Corporate Governance, Risk and Compliance Officer. B Parsons

APPENDIX B

AUTHORISATION FORMS

All of the forms necessary for RIPA are available from the Home Office website.

www.gov.uk/government/collections/ripa-forms--2

These forms are a mandatory part of the process and must be used in line with the guidance.

All decisions about using regulated investigatory powers must be recorded as they are taken on the required form.

This is the case for:

- applicants seeking authority to undertake regulated conduct
- Authorising Officers and designated persons who consider and decide whether to grant authority or give notice for that conduct

Select the form that you require from the hyperlinked lists below;

Directed Surveillance
1. Application for the use of directed surveillance
2. Renewal of directed surveillance
3. Review of the use of directed surveillance
4. Cancellation of the use of directed surveillance

Covert Human Intelligence Sources
5. Application for the use of covert human intelligence sources
6. Renewal of authorisation to use covert human intelligence sources
7. Reviewing the use of covert human intelligence sources
8. Cancellation of covert human intelligence sources

Reporting errors to the IOCCO
9. Reporting an error by a CSP to the IOCCO
10. Reporting an error by a public authority to the IOCCO

APPENDIX C

REGULATION OF INVESTIGATORY POWERS ACT 2000

AGENT'S AGREEMENT FORM

I …………………………………………………………..(insert Agent's name) of ….. …………………………………………………………………..(address) confirm that in relation to ………………………………………………………………………………… ………………………………………………………………………………………….. ………………………………………………………………………………………….. ………………………………………………………………………………………….. ………………………………………………………………………………………… …………………………………………………………………………………………… ………………………………………………….(name or description of the surveillance) I agree to comply with the Regulation of Investigatory Powers Act 2000, with all statutory provisions, <u>statutory Codes of practice</u> and with Cheltenham Borough Council's Procedural Guide when undertaking any and all surveillance authorised by Cheltenham Borough Council under the Regulation of Investigatory Powers Act 2000. I acknowledge receipt of a copy of the Council's Authorisation Form reference number …………………...dated the ……………………. and I agree not to carry out any surveillance that is contrary this authorisation.

Signed………………………………………………
                  Dated…………………………………………………..

APPENDIX D

Particulars to be contained in records when a COVERT HUMAN INTELLIGENCE SOURCE (CHIS) is used.

The following matters are specified for the purposes of paragraph (d) of section 29(5) of the 2000 Act (which must be included in the records relating to each CHIS):

(a)   the identity of the source;

(b)   the identity, where known, used by the source;

(c)   any relevant investigating authority other than the authority maintaining the records;

(d)   the means by which the source is referred to within each relevant investigating authority;

(e)   any other significant information connected with the security and welfare of the source;

(f)   any confirmation made by a person granting or renewing an authorisation for the conduct or use of a source that the information in paragraph (d) has been considered and that any identified risks to the security and welfare of the source have where appropriate been properly explained to and understood by the source;

(g)   the date when, and the circumstances in which, the source was recruited;

(h)   the identities of the persons who, in relation to the source, are discharging or have discharged the functions mentioned in section 29(5)(a) to (c) of the 2000 Act or in any order made by the Secretary of State under section 29(2)(c);

(i)   the periods during which those persons have discharged those responsibilities;

(j) the tasks given to the source and the demands made of him in relation to his activities as a source;

(j)   all contacts or communications between the source and a person acting on behalf of any relevant investigating authority;

(k)   the information obtained by each relevant investigating authority by the conduct or use of the source;

(l)   any dissemination by that authority of information obtained in that way; and

(m)   in the case of a source who is not an undercover operative, every payment, benefit or reward and every offer of a payment, benefit or reward that is made or provided by or on behalf of any relevant investigating authority in respect of the source's activities for the benefit of that or any other relevant investigating authority.

In addition, records or copies of the following, as appropriate, should be kept by the relevant authority:

(a)   a copy of the authorisation together with any supplementary documentation and notification of the approval given by the Authorising Officer;

(b)   a copy of any renewal of an authorisation, together with the supporting documentation submitted when the renewal was requested;

(c)   the reason why the person renewing an authorisation considered it necessary to do so;

(d)   any authorisation which was granted or renewed orally (in an urgent case) and the reason why the case was considered urgent;

(e)   any risk assessment made in relation to the source;

(f)   the circumstances in which tasks were given to the source;

(g)   the value of the source to the investigating authority;

(h)   a record of the results of any reviews of the authorisation;

(i)   the reasons, if any, for not renewing an authorisation;

(j)   the reasons for cancelling an authorisation.

(k)   the date and time when any instruction was given by the Authorising Officer to cease using a source.

The records kept by public authorities should be maintained in such a way as to preserve the confidentiality of the source and the information provided by that source. There should, at all times, be a designated person within the relevant public authority who will have responsibility for maintaining a record of the use made of the source.

APPENDIX E

RIPA Application and Authorisation Process

As from 1 November 2012 two significant changes came into force that effects how local authorities use RIPA.

- **Approval of Authorisations under RIPA by a Justice of the Peace**: The amendments in the Protection of Freedoms Act 2012 mean that the council's authorisations under RIPA for the use of Directed Surveillance or use of Covert Human Intelligence sources (CHIS) can only be given effect once an order approving the authorisation has been granted by a Justice of the Peace (JP). **This applies to applications and renewals only, not reviews and cancellations.**

- **Directed surveillance crime threshold**: Amendments to the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 ("the 2010 Order") mean that the council can now only grant an authorisation under RIPA for the use of Directed Surveillance where the council is investigating criminal offences which attract a maximum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco under sections 146, 147 or 147A of the Licensing Act 2003 or section 7 of the Children and Young Persons Act 1933.

- This crime threshold, as mentioned, is only for Directed Surveillance.

Application, Review, Renewal and Cancellation Forms

No covert activity covered by RIPA or the use of a CHIS should be undertaken at any time unless it meets the legal criteria (see above) and has been authorised by an Authorising Officer and approved by a JP/Magistrate as mentioned above. The activity conducted must be in strict accordance with the terms of the authorisation.
The effect of the above legislation means that all applications and renewals for covert RIPA activity will have to have a JP's approval. It does not apply to Reviews and Cancellations which will still be carried out internally.

The procedure is as follows;

All applications and renewals for Directed Surveillance and use of a CHIS will be required to have a JP's approval.

The applicant will complete the relevant application form ensuring compliance with the statutory provisions shown above.   The application form will be submitted to an Authorising Officer for consideration. If authorised, the applicant will also complete the required section of the judicial application/order form (Appendix D F Flow Chart)

Although this form requires the applicant to provide a brief summary of the circumstances of the case on the judicial application form, this is supplementary to and does not replace the need to supply the original RIPA authorisation as well. All applications need to be made in consultation with One Legal.

It will then be necessary within Office hours to arrange with Her Majesty's Courts & Tribunals Service (HMCTS) administration at the Magistrates' Court to arrange a hearing.   The hearing will be in private and heard by a single JP.

Officers who may present the application at these proceedings will need to be formally designated by the Council under section 223 of the Local Government Act 1972 to appear, be sworn in and present evidence or provide information as required by the JP. If in doubt as to whether you are able to present the application seek advice from One Legal

Upon attending the hearing, the officer must present to the JP the partially completed judicial application/order form, a copy of the RIPA application/authorisation form, together with any supporting documents setting out the case, and the original application/authorisation form.

The original RIPA application/authorisation should be shown to the JP but will be retained by the council so that it is available for inspection by the Commissioners' offices and in the event of any legal challenge or investigations by the Investigatory Powers Tribunal (IPT).

The JP will read and consider the RIPA application/ authorisation and the judicial application/order form Appendix H F. They may have questions to clarify points or require additional reassurance on particular matters. These questions are supplementary to the content of the application form. **However the forms and supporting papers must by themselves make the case. It is not sufficient for the council to provide oral evidence where this is not reflected or supported in the papers provided**.

The JP will consider whether he or she is satisfied that at the time the authorisation was granted or renewed, there were reasonable grounds for believing that the authorisation was necessary and proportionate. They will also consider whether there continues to be reasonable grounds. In addition they must be satisfied that the person who granted the authorisation or gave the notice was an appropriate designated person within the council and the authorisation was made in accordance with any applicable legal restrictions, for example that the crime threshold for directed surveillance has been met.

The JP may decide to:

Approve the Grant or renewal of an authorisation
The grant or renewal of the RIPA authorisation will then take effect and the council may proceed to use the technique in that particular case.

Refuse to approve the grant or renewal of an authorisation
The RIPA authorisation will not take effect and the council may **not** use the technique in that case.

Where an application has been refused the applicant may wish to consider the reasons for that refusal. If more information was required by the JP to determine whether the application/authorisation has met the tests, and this is the reason for refusal the officer should consider whether they can reapply, for example, if there was information to support the application which was available to the council, but not included in the papers provided at the hearing.

For, a technical error (as defined by the JP/Magistrate), the form may be remedied without going through the internal authorisation process again. The officer may then wish to reapply for judicial approval once those steps have been taken.

Refuse to approve the grant or renewal and quash the authorisation or notice

This applies where the JP refuses to approve the application/authorisation or renew the application/authorisation and decides to quash the original authorisation or notice. However the court must not exercise its power to quash the application/authorisation unless the applicant has had at least 2 business days from the date of the refusal in which to make representations. If this is the case the officer will inform the One Legal who will consider whether to make any representations.

Whatever the decision the JP will record their decision on the order section of the judicial application/order form. The court administration will retain a copy of the council's RIPA application and authorisation form and the judicial application/order form. The officer will retain the original application/authorisation and a copy of the judicial application/order form.

If approved by the JP, the date of the approval becomes the commencement date and the three months duration will commence on this date, the officers are now allowed to undertake the activity.

The original application and the copy of the judicial application/order form should be forwarded to the Central Register and a copy retained by the applicant and if necessary by the Authorising Officer.

The council may only appeal a JP decision on a point of law by judicial review. If such a concern arises, One Legal will decide what action if any should be taken.

All the relevant forms for authorisation through to cancellation must be in writing using the standard forms which are available from the Intranet site, but officers must ensure that the circumstances of each case are accurately recorded on the application form.

If it is intended to undertake both directed surveillance and the use of a CHIS on the same surveillance subject, the respective applications forms and procedures should be followed and both activities should be considered separately on their own merits.

An application for an authorisation must include an assessment of the risk of any collateral intrusion or interference. The Authorising Officer will take this into account, particularly when considering the proportionality of the directed surveillance or the use of a CHIS.

Applications

All the relevant sections on an application form must be completed with sufficient information for the Authorising Officer to consider Necessity, Proportionality and the Collateral Intrusion issues. Risk assessments should take place prior to the completion of the application form. Each application should be completed on its own merits of the case. **Cutting and pasting or using template entries should not take place as this would leave the process open to challenge.**

All applications will be submitted to the Authorising Officer via the Line Manager of the appropriate enforcement team in order that they are aware of the activities being undertaken by the staff. The Line Manager will perform an initial quality check of the application. However they should not be involved in the sanctioning of the authorisation. Completed application forms are to be initialed by Line Managers to show that the quality check has been completed. The form should then be submitted to the Authorising Officer.

Applications whether authorised or refused will be issued with a unique number (obtained from the RIPA Coordinator) by the Authorising Officer, taken from the next available number in the Central Record of Authorisations which is held by the RIPA Coordinator.

If authorised the applicant will then complete the relevant section of the judicial application/order form and follow the procedure above by arranging and attending the Magistrates' Court to seek a JP's approval. (See procedure above RIPA application and authorisation process)

Duration of Applications

- Directed Surveillance   3 Months
- Renewal   3 Months
- Covert Human Intelligence Source   12 Months
- Juvenile Sources   1 Month
- Renewal   12 months

All Authorisations must be cancelled by completing a cancellation form. They must not be left to simply expire. (See cancellations page 16)

Reviews

When an application has been authorised regular reviews must be undertaken to assess the need for the surveillance to continue. The results of a review should be recorded on the central record of authorisations. Particular attention is drawn to the need to review authorisations frequently where the surveillance provides access to confidential information or involves collateral intrusion.

The reviews are dealt with internally by submitting the review form (which is available through the link in appendix B) to the Authorising Officer. There is no requirement for a review form to be submitted to a JP.

In each case the Authorising Officer should determine how often a review should take place. This should be as frequently as is considered necessary and practicable and they will record when they are to take place on the application form. This decision will be based on the circumstances of each application. However reviews will be conducted on a monthly or less basis to ensure that the activity is managed. It will be important for the Authorising Officer to be aware of when reviews are required following an authorisation to ensure that the applicants submit the review form on time.

Applicants should submit a review form by the review date set by the Authorising Officer. They should also use a review form for changes in circumstances to the original application so that the need to continue the activity can be reassessed. However if the circumstances or the objectives have changed considerably, or the techniques to be used are now different a new application form should be submitted and will be required to follow the process again and be approved by a JP. The applicant does not have to wait until the review date if it is being submitted for a change in circumstances.

Service mangers of applicants should also make themselves aware of when the reviews are required to ensure that the relevant forms are completed on time.

Renewal

A renewal form is to be completed by the applicant when the original authorisation period is about to expire but directed surveillance is still required

Should it be necessary to renew a Directed Surveillance or CHIS application/authorisation this must be approved by a JP. The renewal forms can be found by following the links in appendix B

Applications for renewals should not be made until shortly before the original authorisation period is due to expire but the applicant must take account of factors which may delay the renewal process (e.g. intervening weekends or the availability of the relevant Authorising Officer and a JP to consider the application).

The applicant should complete all the sections within the renewal form and submit the form to the Authorising Officer.

Authorising Officers should examine the circumstances with regard to Necessity, Proportionality and the Collateral Intrusions issues before making a decision to renew the activity. A CHIS application should not be renewed unless a thorough review has been carried out covering the use made of the source, the tasks given to them and information obtained. The Authorising Officer must consider the results of the review when deciding whether to renew or not. The review and the consideration must be documented.

If the Authorising Officer refuses to renew the application the cancellation process should be completed. If the AO authorises the renewal of the activity the same process is to be followed as mentioned earlier for the initial application.

A renewal takes effect on the day on which the authorisation would have ceased and lasts for a further period of three months.

Cancellation

The cancellation form Appendix B is to be submitted by the applicant or another investigator in their absence. The Authorising Officer who granted or last renewed the authorisation must cancel it if they are satisfied that the directed surveillance no longer meets the criteria upon which it was authorised. Where the Authorising Officer is no longer available, this duty will fall on the person who has taken over the role of Authorising Officer or the person who is acting as Authorising Officer

As soon as the decision is taken that directed surveillance should be discontinued, the applicant or other investigating officer involved in the investigation should inform the Authorising Officer. The Authorising Officer will formally instruct the investigating officer to cease the surveillance, noting the time and date of their decision. This will be required for the cancellation form. The date and time when such an instruction was given should also be recorded in the central record of authorisations.**.**

The Investigating Officer submitting the cancellation should complete in detail the relevant sections of the form and include the period of surveillance and what if any images were obtained and any images containing third parties. The Authorising Officer should then take this into account and issues instructions regarding the management and disposal of the images etc.

The cancellation process should also be used to evaluate whether the objectives have been achieved and whether the applicant carried out what they stated was necessary in the application form. This check will form part of the oversight function. Where issues are identified they will be brought to the attention of the line manager and the Senior Responsible Officer (SRO). This will assist with future audits and oversight.

Appendix F

Application for judicial approval for authorisation to obtain or disclose communications data, to use a Covert Human Intelligence Source or to conduct directed surveillance. Regulation of Investigatory Powers Act 2000 sections 23A, 23B, 32A, 32B.

Local
authority:..

Local authority
department:..

Offence under
investigation:...

Address of premises or identity of
subject:...

....
....

....
....

Covert technique requested: (tick one and specify details)

Communications Data ☐

Covert Human Intelligence Source ☐

Directed Surveillance ☐

Summary of details

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....

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Note: this application should be read in conjunction with the attached RIPA authorisation/RIPA application or notice.

Investigating
Officer:..
....

Authorising Officer/Designated
Person:..

Officer(s) appearing before
JP:...

Address of applicant

37

department:..

....

....

Contact telephone
number:...

Contact email address
(optional):..

Local authority
reference:...
.

Number of
pages:...
....

Order made on an application for judicial approval for authorisation to obtain or disclose communications data, to use a covert human intelligence source or to conduct directed surveillance. Regulation of Investigatory Powers Act 2000 sections 23A, 23B, 32A, 32B.

Magistrates'
court:...
......

Having considered the application, (tick one):

I am satisfied that there are reasonable grounds for believing that the requirements of the Act were satisfied and remain satisfied, and that the relevant conditions are satisfied and I therefore approve the grant or renewal of the authorisation/notice. ☐

I refuse to approve the grant or renewal of the authorisation/notice. ☐

I refuse to approve the grant or renewal and quash the authorisation/notice. ☐

Notes
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Reasons
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Signed:

Date:

Time:

Full name:

Address of magistrates' court:

Appendix G

Contact details for Her Majesty's Courts and Tribunal Service (HMCTS) Gloucestershire

During normal office hours, the court support section should be contacted either by phone or email. There number is 01452 420174 and email is gs-glosmcadmin@hmcts.gsi.gov.uk.

The police have lists of those legal advisers that are contactable out of hours and in the unlikely situation when an application needs to be made urgently details can be obtained from the custody suites at Cheltenham and Gloucester and also the control room at Waterwells.

Appendix H

Non RIPA Surveillance Application Form

Public Authority *(including full address)*		Unique NO.	

Name of Applicant		Department	

Contact Details	
Investigation/Operation Name (if applicable)	
Investigating Officer (if a person other than the applicant)	

1. DETAILS OF APPLICATION

Describe the purpose of the specific operation or investigation e.g. Internal Disciplinary Investigation. Provide details of the investigation and intelligence case to date to include enquiries already undertaken and their result.

2. DETAILS OF SURVEILLANCE

Describe in detail the surveillance operation to be authorised and expected duration, including any premises, vehicles or equipment (e.g. camera, binoculars, video recording equipment) that may be used.

Explain the information that it is desired to obtain as a result of the directed surveillance.

3. SUBJECT OF SURVEILLANCE

The identities, where known, of those to be subject of the directed surveillance. Should include where known name, address, D.O.B. or approximate age.
If persons unknown please provide any description's or other information that may be known.

4. MISDEMEANOR UNDER INVESTIGATION

Provide details of what offences or malpractice is under investigation, e.g.. Gross Misconduct against. Disciplinary Regulations.

5. INTRUSION AND PRIVACY ISSUES

Detail whether <u>Confidential Information</u> **such as information relating to legal privilege, health, spiritual counselling or other sensitive information is likely to be obtained against any persona s a result of the surveillance activity.**

Supply details of any <u>Collateral Intrusion</u>.
Why the intrusion is unavoidable.
Describe precautions you will take to minimise and manage the collateral intrusion.

6. NECESSITY AND PROPORTIONALITY

Explain why it is necessary to use the covert methods applied for, can the evidence be obtained by less intrusive methods and explain why this surveillance is proportionate to what it seeks to achieve. How intrusive might it be on the subject of surveillance or on others? And why is this intrusion outweighed by the need for surveillance in operational terms or can the evidence be obtained by any other means?

7. APPLICANTS DETAILS

Name (print)		Tel No:	
Grade/Position		Date Submitted	
Signature			

AUTHORISATION SECTION

8. AUTHORISED YES OR NO? (see below)

If rejected detail the reason why.

If authorised state exactly what activity is being authorised by whom and if necessary what equipment they are authorised to use and in what circumstances. This should include any specific instructions such as the management of any images which may be obtained. Cover who, what, where, when and how.

9. NECESSITY AND PROPORTIONALITY

Explain why you believe the surveillance is necessary and proportionate to what is sought to be achieved by carrying out the covert activity.

10. CONFIDENTIAL INFORMATION

If confidential information is likely to be obtained (see box 5) state how the information will be managed and disposed of. (Seek advice from legal section and data controller if required). May require a higher level of authority.

11. DATE OF FIRST REVIEW

Set a review date taking into account all the circumstances. The review date should be no longer than a month to demonstrate that the process is being managed effectively

Date	

12. AUTHORISING OFFICER DETAILS			
Name (Print)		**Grade/Position**	
Signature		**Time and Date**	

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Audit Committee 2014-2015 work plan

Item	Officer	Decision / Discussion / Information
25 March 2015		
Briefing (to agree agenda): 11 Feb 2015 (room 233)	**Complete reports by:** 13 March 2015	
Audit Committee update	Grant Thornton	Discussion
The Audit Plan 2014/15	Grant Thornton	Discussion
Auditing Standards – communicating with the Audit Committee	Grant Thornton	Decision
Annual internal audit plan 2015/16	Rob Milford	Decision
Internal audit monitoring report	Rob Milford	Decision
Annual Risk Management Report and Policy review	Bryan Parsons (MS presenting)	Decision
Revised Code of Corporate Governance	Bryan Parsons (MS presenting)	Decision
Revised regulation of investigatory powers act (RIPA) procedural guide	Bryan Parsons (MS presenting)	Decision
Policy review timetable (briefing note)	Bryan Parsons	Information
Effectiveness checklist (briefing note)	Rob Milford	Information
17 June 2015		
Briefing (to agree agenda): w/c 5 May 2015	**Complete reports by:** 5 June 2015	
Audit committee update	Grant Thornton	Discussion
Internal audit opinion (for the previous year)	Rob Milford	Discussion
Internal audit monitoring report	Rob Milford	Discussion
Annual governance statement	Bryan Parsons	Decision
Annual Audit Fee Letter 2015/16	Grant Thornton	Discussion
Annual counter fraud report	Rob Milford	Tbc
Poss 'role of audit committee' training beforehand?	Tbc	Tbc
Section 11 Safeguarding Responsibilities briefing	Tracy Brown	Discussion

Items to be added at a future date (future dates will not be agreed until March 2015)

Agenda Item 13

Audit Committee 2014-2015 work plan

Item	Officer	Decision / Discussion / Information
Corporate Strategy – consideration of governance issue	Rob Milford	Tbc
Joint training session with Cotswold, West Oxford and F.O.D councillors – governance of shared services (tbc)	Rob Milford / Mark Sheldon	n/a
Policy review timetable (briefing note)	Bryan Parsons	
Requirements of the Localism Act (re: local audit)	Rob Milford	Tbc
Corporate Governance arrangements for Glos Airport following further work by the JASWG and recs arising	Mark Sheldon	Tbc
Leisure and Culture Trust – 12 month review of governance arrangements	Tbc	October 2015
Revenue and benefits commissioning review (governance arrangements)	Mark Sheldon	Tbc

ANNUAL ITEMS (standing items to be added to the work plan each year)			
January	Audit committee update	Grant Thornton	Discussion
	Annual audit letter (for the previous year)	Grant Thornton	Discussion
	Certification of grants and returns (for the previous year)	Grant Thornton	Discussion
	Internal audit monitoring report	Rob Milford	Discussion
	Annual governance statement – significant issues action plan	Bryan Parsons	Decision
March	Audit committee update	Grant Thornton	Discussion
	Audit plan (for the current year)	Grant Thornton	Discussion
	Auditing Standards – communicating with the Audit Committee	Grant Thornton	Decision
	Annual plan (for the upcoming year)	Rob Milford	Tbc
	Internal audit monitoring report	Rob Milford	Discussion
	Annual review of risk management policy	Bryan Parsons	Decision
	Approval of the Code of Corporate Governance	Bryan Parsons	Decision
June	Audit committee update	Grant Thornton	Discussion
	Internal audit opinion (for the previous year)	Rob Milford	Discussion
	Internal audit monitoring report	Rob Milford	Discussion

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Audit Committee 2014-2015 work plan

	Item	Officer	Decision / Discussion / Information
	Annual governance statement	Bryan Parsons	Decision
	Annual Audit Fee letter for the coming year	Grant Thornton	Discussion
	Annual counter fraud report	Rob Milford	Tbc
September	Audit committee update	Grant Thornton	Discussion
	Audit highlights memorandum - ISA 260 (for the previous year)	Grant Thornton	Discussion
	Financial Resilience report (for current year)	Grant Thornton	Discussion
	Internal audit monitoring report	Rob Milford	Discussion
	Review of annual statement of accounts	Finance Team	Tbc

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Briefing Note

Audit committee – 25 March 2015

Responsible officer: Corporate Governance, Risk and Compliance officer

Email: bryan.parsons@cheltenham.gov.uk

Tel: 01242 264189

This note contains information to keep Members informed of matters relating to the work of the Cabinet or a committee but where no decisions from Members are needed.

Policy Table

The Councils Constitution includes a Policy Table; this lists policies identified by the Constitution Working Group as being important to the Councils governance arrangements.

They requested that the Audit Committee be provided with an annual update as to when individual policies were reviewed and updated.

Audit committee were last briefed on the policy table March 2014.

If Members have any questions relating to the policy table, they are asked to contact the Officer indicated.

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Name	Description	Lead Cabinet Member	Lead officer	Division/Service Responsible for update	Approving body or individual	Date of last approval	Next review date
Acceptable use policy	This document defines what is acceptable use of the council's information and Communications facilities	Corporate Services	ICT SS infrastructure Manager	Resources	Director Resources	Dec 2011	under review with ICT Shared service
Arts development strategy	Currently under review	Sport and Culture	Director - Wellbeing & Culture	Wellbeing and Culture	Cabinet	April 2004	March 2013 Not CBC, this now the responsibility of TCT
Asset Management Plan	Asset management plan outline's how property assets link into longer term service and financial strategies and the approach to property management.	Finance	Head of Property Services	Resources	Cabinet	2010	February 2015 with new plan due to Cabinet and CouOUncil in March 2015September 2013 Under review for approval by Cabinet / Council in July 2014)
Corporate Business Continuity plan	Provides a framework to assess and respond to incidents that could effect normal business	Finance and Community Development	Executive DirectorDirector Corporate rResources	Strategic	Executive Director	April 2013	Under review
Car parking strategy (draft)	Currently being drafted	Built Environment	Director of Env. And Reg Services	Executive Board	Cabinet		June 2014March 2016 Check dates on this with MR
Commissioning Protocol	This protocol describes the principles that govern the	Corporate Services	Director Commissioning	Commissioning	Director Commissioning	February 2012	As and when required

Name	Description	Lead Cabinet Member	Lead officer	Division/Service Responsible for update	Approving body or individual	Date of last approval	Next review date
	approach to commissioning and provides a description of the context in which commissioning is undertaken.						
Corporate Health And Safety Policy	This policy is used to develop a positive health and safety culture	Corporate services	Chief Executive	GO Shared Service H&S	Cabinet	September 2014	September 2017
Corporate Risk Management Policy	This policy is used to manage negative and positive risks to deliver objectives and reduce costs	Leader	Director Corporate Resources	Resources	~~Director Resources~~Audit Committee	March 2015	March 2016
Corporate Strategy (*PF)	Key corporate document that describes the councils objectives and outcomes for a five year period	Leader	Strategy and Engagement Manager	Commissioning	Council	March 2015	March 2016
Crime And Disorder Reduction Strategy (*PF)	Strategic assessment to provide knowledge and understanding of community safety problems (through the Positive Participation Partnership)	Housing and Safety	Strategy and Engagement Manager	Commissioning	Council	2008	~~Under review~~Community Safety commitment set out within corporate strategy
Counter Fraud and Corruption Policy (Formally Anti Fraud and Corruption Policy)	Framework to prevent fraud and corruption with the council	Corporate Services	Head of Internal Audit	Resources	Cabinet	March 2013	September 2015
Data Protection Policy	To provide guidance to ensure personal data is	Corporate Services	Corporate Governance,	Resources	Director Resources	December 2014	December 2017

Name	Description	Lead Cabinet Member	Lead officer	Division/Service Responsible for update	Approving body or individual	Date of last approval	Next review date
	processed fairly and lawfully		Risk and Compliance Officer				(under review)
Records Management And Data Quality Policy	To provide guidance on the safe and legal storage and use of data	Corporate Services	Corporate Governance, Risk and Compliance Officer	Resources	Director Resources	March ~~2013~~2015	March ~~2015~~2017
Debt Management Policy	Provides a framework for a consistent and sensitive approach to the collection of debt	Finance and Community Development	Revenues Manager	Resources	Director Resources	Jul-10	~~July 14~~June 15 Currently under review
Economic Development Strategy	This strategy provides a framework to support the business community, with economic development and business growth	Leader	Director Env. and Reg Services	Planning	Cabinet	2007	2017
Corporate Enforcement Policy	The policy covers the enforcement activities across all of the council's Regulatory services	~~Built Environment~~ Development and safety	Director Env. and Reg Services	Enforcement	Covered above	July 2013	July ~~2014~~2016
Equality And Diversity Policy (Mar 2008)	Overarching strategy focusing on promoting equality issues to ensure the elimination of discrimination and disadvantage~~d~~	Corporate Services	Strategy and Engagement Manager	Commissioning	Cabinet	Mar-08	Equality commitment as set out within corporate strategy~~Under review~~
Access To Information Policy	Provides guidance on how to handle information requests covered by the FOI act and the EI legislation	Corporate Services	Client Officer and Customer Relations ~~and Research~~	Commissioning	Director Commissioning	Dec 2012	~~December 2014~~April 2015

Name	Description	Lead Cabinet Member	Lead officer	Division/Service Responsible for update	Approving body or individual	Date of last approval	Next review date
			Manager				
Housing and Homeless Strategy	Overarching strategy to encompass all aspects of housing	Housing ~~and Safety~~	Director Env. And Reg Services	Housing and communities	Cabinet	July 2012	2017
Information Security Policy	The purpose of the policy is to allow the council's information assets to be held, used, stored and when appropriate, disposed of in a secure manner	Corporate Services	ICT SS infrastructure Manager~~ICT Infrastructure Manager~~	Resources	Director Resources	Dec 2011	~~Currently under review by ICT Cabinet March 2015shared services~~
ICT strategy	This provides a framework for the identification and delivery of the best and most efficient way to deliver communication and it services	Corporate Services	ICT SS infrastructure Manager~~ICT Manager~~	ICT Shared service	SLT	ICT review October 2012	As necessary by ICT shared service
Information Management Strategy	The strategy and supporting polices provide a framework for the use and disposal of information in Line with good practice	Corporate Services	Corporate Governance, Risk and Compliance Officer	Resources	SLT	Oct2011	~~Under review~~As necessary by SLT
Licensing policy statements (Licensing Act 2003 and Gambling Act 2005) (*PF)	Licensing policy in respect of the sale of alcohol, public entertainment and late night refreshment	Housing and Safety	Director Env. and Reg Services	Licensing Services	Council	Feb -12	~~Feb~~April-15
Local development plan/framework	The JCS is a co-ordinated strategic development plan for the area involving	Leader	Director Env. and Reg Services	Planning	Council	Jun-06	April 2015

Name	Description	Lead Cabinet Member	Lead officer	Division/Service Responsible for update	Approving body or individual	Date of last approval	Next review date
(*PF)	Tewkesbury Gloucester City and Cheltenham						
Medium Term Financial Strategy	This is key policy document which provides an estimate of the budget requirement and council tax for future years	Finance and Community Development	Director Resources	Resources	Council	February ~~Mar~~ 201~~5~~4	February ~~Mar~~ 1~~6~~5
Procurement Strategy	The overarching aim of the strategy is to ensure procurement activities are undertaken legally, efficiently and economically	Corporate Services	GO SS Procurement Manager	Resources	Cabinet	Cabinet 2010	Under review
Public Art Strategy	Under review	Sport and Culture	Director Env. and Reg Services	Townscape	Cabinet	December 2004	Under review
Safeguarding Children and Vulnerable Adults **Handbook**	To ensure effective ~~child protection~~ safeguarding measures are in place, ~~we work with the Gloucestershire safeguarding children's board (gscb) and this policy is designed to function within their child protection and policies and procedures~~	Housing and Safety	Partnership Team Leader	Commissioning	Cabinet	February 2013	As required
Treasury management strategy (*pf)	Treasury Management Strategy Statement, stating the policies, objectives and approach to risk management of its treasury management activities	Finance and Community Development	Director Resources	Resources	Council	February 201~~5~~	February ~~Mar~~ 201~~6~~5

Name	Description	Lead Cabinet Member	Lead officer	Division/Service Responsible for update	Approving body or individual	Date of last approval	Next review date
Whistle Blowing Policy	This policy sets out the way in which individuals may raise any concerns that they have and how those concerns will be dealt with	Corporate services	Chief Executive Officer (GOSS HR Partner)	GO Shared Service HR	Chief Executive	2010	2015

*PF refers to those plans, strategies and policies that form the Policy Framework

Briefing Notes

Audit Committee

Date: 25 March 2015

Responsible Officer: Rob Milford (Head of Audit Cotswolds)

This note contains information to keep Members informed of matters relating to the work of the Audit Committee but where no decisions from Members are needed.

If Members have questions relating to matters shown, they are asked to contact the Officer indicated.

The Committee's forward plan included, for March, a review of key aspects of the Audit Committee's role. This briefing note provides a summary checklist of the key components of the Audit Committee framework for initial review by Members.

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Background: In January 2012 the Head of Audit Cotswolds provided a report on the effectiveness of the Audit Committee. In the January 2015 meeting Members requested that this exercise was repeated with the aim of the Audit Committee reviewing its own effectiveness and helping to develop a targeted training programme.

Action: Members therefore are requested to complete the attached checklist (Appendix 1) and return responses to the Head of Audit Cotswolds via the email address shown below. Responses should be returned by 10th April 2015 please.

If there are any questions relating to the table then please contact the Head of Audit Cotswolds on the contact information below.

Contact Officer: Robert Milford, Head of Audit Cotswolds
Tel No: 01242 775058
Email: robert.milford@cheltenham.gov.uk

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Audit Committee
Checklist

Question	Yes	No	N/A	Comments/action
1. Role and remit				
Does the audit committee have written terms of reference?				
Do the terms of reference cover the core functions of an audit committee (as identified in CIPFA guidance)?				
Are the terms of reference approved by the council and reviewed periodically?				
Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?				
Can the audit committee access other committees and full council as necessary?				
Does the authority's Annual Governance Statement include a description of the audit committee's establishment and activities?				
Does the audit committee periodically assess its own effectiveness?				
Does the audit committee make a formal annual report on its work and performance during the year to full council?				
2. Membership, induction and training				
Has the membership of the audit committee been formally agreed and a quorum set?				
Is the chair independent of the executive function?				
Has the audit committee chair either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?				
Are new audit committee members provided with an appropriate induction?				
Have all members' skills and experiences been assessed and training given for identified gaps?				
Has each member declared his or her business interests?				
Are members sufficiently independent of the other key committees of the council?				
3. Meetings				
Does the audit committee meet regularly?				
Do the terms of reference set out the frequency of meetings?				
Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?				
Are members attending meetings on a regular basis and if not, is appropriate action taken?				

Are meetings free and open without political influences being displayed?				
Does the authority's S151 officer or deputy attend all meetings?				
Does the audit committee have the benefit of attendance of appropriate officers at its meetings?				
4. Risk Management and Internal Control				
Does the audit committee satisfy itself that the organisation's main risk areas are being reviewed by internal and external audit?				
Does the audit committee consider the findings of the Annual Governance Statement (AGS), including a review of the effectiveness of the system of risk management and internal control?				
Does the audit committee have responsibility for review and approval of the AGS and does it consider it separately from the accounts?				
Does the audit committee consider how meaningful the AGS is?				
Does the audit committee satisfy itself that the system of internal control, risk management and corporate governance has operated effectively throughout the reporting period?				
Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?				
Does the audit committee ensure that the risk of fraud is being appropriately monitored and managed, and that measures are being put in place to counter fraud and corruption?				
Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?				
Does the audit committee review the authority's strategic risk register at least annually?				
Does the audit committee monitor how the authority assesses its risk?				
Do the audit committee's terms of reference include oversight of the risk management process?				
5. Financial Reporting and Regulatory Matters				
Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?				
Does the audit committee consider specifically: • The suitability of accounting policies and treatments • Major judgements made • Large write-offs • Changes in accounting treatment • The reasonableness of accounting estimates				

• The narrative aspects of reporting?				
Is an audit committee meeting scheduled to receive the external auditors report, including a discussion of proposed adjustments to the accounts and other issues arising from the audit?				
Does the audit committee review management's letter of representation?				
Does the audit committee annually review the accounting policies of the authority?				
Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?				
Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?				
6. Internal Audit				
Does the audit committee approve, annually and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?				
Does internal audit have an appropriate reporting line to the audit committee?				
Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?				
Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?				
Does the audit committee hold periodic private discussions with the Head of Internal audit?				
Is there appropriate cooperation between the internal and external auditors?				
Does the audit committee review the adequacy of internal audit staffing and other resources?				
Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal Audit in Local Government in the UK?				
Are internal audit performance indicators monitored by the audit committee?				
Has the audit committee considered the information it wishes to receive from internal audit?				
7. External Audit				
Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?				
Does the audit committee hold periodic private discussions with the external auditor?				
Does the audit committee review the external auditor's annual report?				
Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?				

Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?				
Does the audit committee assess the performance of external audit?				
Does the audit committee consider and approve the external audit fee?				
8. Agenda Management				
Does the audit committee have a designated secretary from Committee/ Member Services?				
Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?				
Are outline agendas planned one year ahead to cover issues on a cyclical basis?				
Are inputs for Any Other Business formally requested from committee members, relevant officers, internal and external audit?				
9. Agenda Management				
Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?				
Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?				
10. Agenda Management				
Are minutes prepared and circulated promptly to the appropriate people?				
Is a report on matters arising made and minuted at the audit committees next meeting?				
Do action points indicate who is to perform what and by when?				
11. General Comments				