



CHELTENHAM

BOROUGH COUNCIL

Notice of a meeting of Audit Committee

Wednesday, 17 June 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 25 March 2015	(Pages 3 - 8)
4.	PUBLIC QUESTIONS These must be received no later than 12 noon on the fourth working day before the date of the meeting	
5.	SECTION 151 OFFICER INTERIM ARRANGEMENTS Andrew North, Chief Executive – see recommendation(s)	(Pages 9 - 14)
6.	SECTION 11 SAFEGUARDING RESPONSIBILITIES Tracy Brown, Partnership Team Leader – see recommendation(s)	(Pages 15 - 28)
7.	ICT DISASTER RECOVERY PREPARATION AND TESTING Mark Sheldon, Director Resources – see recommendation(s)	(Pages 29 - 34)
8.	ANNUAL AUDIT FEE LETTER 2015-16 Grant Thornton	(Pages 35 - 38)
9.	AUDIT COMMITTEE UPDATE Grant Thornton	(Pages 39 - 56)
10.	ANNUAL GOVERNANCE STATEMENT Bryan Parsons, Governance, Risk and Compliance Officer	(Pages 57 - 82)

		- see recommendation(s)	
11.		INTERNAL AUDIT ANNUAL OPINION Rob Milford, Head of Audit Cotswolds – see recommendation(s)	(Pages 83 - 96)
12.		COUNTER FRAUD REPORT 2014-15 Rob Milford, Head of Audit Cotswolds – see recommendation(s)	(Pages 97 - 106)
13.		WORK PROGRAMME	(Pages 107 - 110)
14.		ANY OTHER ITEM THE CHAIRMAN DETERMINES TO BE URGENT AND REQUIRES A DECISION	
15.		DATE OF NEXT MEETING 23 September 2015	

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

Audit Committee

**Wednesday, 25th March, 2015
6.00 - 7.15 pm**

Attendees	
Councillors:	Colin Hay (Chair), Matt Babbage, Flo Clucas, Dan Murch, David Prince and Pat Thornton
Also in attendance:	Peter Barber (Grant Thornton), Rob Milford (Head of Audit Cotswolds), Jackson Murray (Grant Thornton) and Mark Sheldon (Director Resources)

Minutes

1. APOLOGIES

Councillor Nelson had given his apologies.

2. DECLARATIONS OF INTEREST

Councillor Clucas declared a non-pecuniary interest in agenda item 12 (Revised RIPA procedural guide) as a serving magistrate within an area outside of Cheltenham, but given the involvement that magistrates play in the approval of the RIPA process.

3. MINUTES OF THE LAST MEETING

The minutes of the last two meetings had been circulated with the agenda.

Agenda item 3 of the minutes of the meeting held on the 14 January would be amended to show the date, 11 December 2014, rather than 11 December 2015.

Upon a vote it was unanimously

RESOLVED that the minutes of the meeting held on the 14 January 2015, as amended, and 29 January 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 the update which reported on Grant Thornton's progress in delivering their responsibilities as external auditors. The paper also included a summary of emerging national issues and developments which could be relevant to the committee. He felt that the 'All Aboard?' report may be of particular interest to members of the committee, and perhaps all members, as it looked at governance review from a councillors point of view, with the suggestion being that it could help with the formulation of the Annual Governance Statement. A link to this particular report would be emailed to all members and some copies placed in the Members' Room.

A member suggested that the committee should, at some point, consider the Grant Thornton report 'Rising to the Challenge, the evolution of Local Government'. Officers and Grant Thornton, believed that the Budget Scrutiny Working Group, were in fact the most appropriate group to consider this report, which gave analysis of the ongoing challenge and included case studies of how some authorities were meeting this challenge. The council were already doing this, with Ubico, GOSS and shared services cited as examples, but it was possible that this report could identify alternative options. The BSWG would initiate the debate and if they felt that it would be of value, a member seminar would be arranged.

6. THE AUDIT PLAN 2014-15

Peter Barber of Grant Thornton, introduced the Audit Plan for 2014-15. He explained that part of planning for the coming year, involved a detailed analysis of the challenges and opportunities facing the council. The council had a number of initiatives aimed at improving service delivery, whilst minimising costs, including the Bridging the Gap programme and as part of the VfM work, Grant Thornton would look at whether benefits were being realised. The LG Finance Settlement was likely to reduce by 14% in 2015-16 and the council were identifying ways in which to fill this budget gap. In considering the council's arrangements for financial resilience, Grant Thornton would review the Medium term Financial Plan and financial strategy and also use the 2015-16 budget setting process to inform their VfM conclusion. Grant Thornton would maintain a watching brief of the longer term plan (2020 Vision), currently being considered by the council as a means of bridging the medium term funding gap and would offer their view where it was appropriate to do so. In recognition of the GO Shared Service arrangements and to take advantage of economies and efficiencies, Grant Thornton would be undertaking shared testing with the auditors for the Forest of Dean District Council in relation to the review of Operating expenses. He noted that there had been no significant issues arising from their interim work.

In response to a query raised by a member, Grant Thornton confirmed that the desktop review of Gloucestershire Airport had been undertaken by them, but that this was simply to garner sufficient assurance that the entries relating to the Airport were accurate.

7. AUDITING STANDARDS - COMMUNICATING WITH THE AUDIT COMMITTEE

Peter Barber of Grant Thornton, introduced the item and explained that in compliance with the International Auditing Standards, Grant Thornton had written to the Chairman of the Audit Committee, on behalf of those charged with governance, and the Director of Resources, on behalf of management. It was considered good practice to share the response of the Chairman, with the wider membership of the committee and an updated version had been circulated at the start of the meeting, with the Chairman's additions marked in red.

In response to a member question, the Director of Resources confirmed that an initial response to the standard questions was drafted on behalf of the Chairman, by the Corporate Governance, Risk and Compliance officer. This was then reviewed by the Director Resources and Head of Audit Cotswolds, before being sent to the Chairman for approval and/or amendments. Peter

Barber of Grant Thornton confirmed that the questions posed to the Chairman differed slightly to those posed to the Director Resources, though there were elements of overlap.

The committee were happy for the Chairman to sign the copy of the responses which had been circulated.

8. ANNUAL INTERNAL AUDIT PLAN 2015/16

The Head of Audit Cotswolds introduced the audit plan as circulated with the agenda. The work of Audit Cotswolds; the council's internal audit service, provided assurance to the Audit Committee and SLT, as well as supporting the work of the external auditor. The plan was developed through February 2015 and listed risk based assurance work as well as setting out the allocation of days. 40 days had been allowed for the ICT review because unlike the last review, which focussed on the network, this review would involve looking at individual applications across the entire organisation. The plan also included Audit Committee Effectiveness, which had been requested by the committee at their last scheduled meeting. He referred members to the briefing note attached to the agenda and asked that all members complete the questionnaire and return it to him. Business continuity management would centre around making sure that any vulnerability was being properly managed. Consultancy work for the coming year would include support for the REST project but would be dominated by the 20:20 vision work. There was a 20 day flexible resource which would enable Audit Cotswolds to look at other projects over the coming year. The plan was flexible and monitoring reports would alert the committee to any issues that were likely to impact on the plan.

Following the discussion at the January meeting of the committee regarding safeguarding training for members, two sessions were arranged (a morning session on the 23 February and an evening session on the 25 February). The Chairman advised that the County Council had today agreed that countywide safeguarding training should be offered to members and that borough councillors should be made aware of any safeguarding issues in their ward, to aid them in responding to press enquiries. No decision had been taken regarding the guide to what members should do if they have any concerns, but he felt that the training alone would help members identify what questions it needed to ask at Audit Committee to satisfy themselves that the council was meeting its obligations in relation to safeguarding. The Head of Audit Cotswolds confirmed that a safeguarding audit would be undertaken next year and as part of this they could look at which members had received training.

9. INTERNAL AUDIT MONITORING REPORT

The Head of Audit Cotswolds introduced the monitoring report which was designed to give the Audit Committee the opportunity to comment upon the work completed by the partnership and provide 'through the year' comment and assurances on the control environment. He referred members to paragraph 3.2 of the report which stated that since the last meeting of the committee, activity had centred on the additional Art Gallery and Museum review, which was approximately 2/3 complete. The review into why the overspend had happened would take at least two more weeks to complete, due to the availability of one individual who needed to be interviewed. He had hoped to be able to schedule another meeting for mid-April but given the two week delay, he did not feel that this would be achievable. He suggested that he would look at possible dates

once the review was complete. The Chairman felt that the end of April and start of May would not be very convenient for elected members given the elections, but other members felt that they wanted to bring the issue to a conclusion as soon as possible.

The Head of Audit Cotswolds referred members to Appendix A of the report; a table which summarised progress. He was confident that the plan was deliverable in advance of the June meeting, at which he would present his Annual Internal Audit Opinion and everything was satisfactory at this the moment, but the AG&M review had slowed progress.

Appendix B provided members with an update on Counter Fraud Activity. He was pleased to be able to confirm that the DCLG bid had been successful. £408k had been awarded, staff had been recruited and implementation of the project was being taken forward.

In response to a member question, the Head of Audit Cotswolds advised that ordinarily, there would be an executive summary for each of the items on the progress summary, but given the ongoing AG&M review, there had been delays in concluding other audits hence no executive summaries for this meeting. The transparency agenda was a code that the authority was compelled to comply with and more information on this could be found on the transparency page of the council's website.

10. ANNUAL RISK MANAGEMENT REPORT AND POLICY REVIEW

The Director Resources introduced the report, as circulated with the agenda. The Risk Management Policy had been approved by the committee in March 2014, at which time members had requested an annual update on the council's risk management activities. He acknowledged that corporate risk management was an important tool but stressed that risk management was not an exact science. In the past year, further work had been undertaken to support the risk management process and help embed good practice across the council. The revised policy was rolled out to the relevant officers and this along with any guidance and advice documents had been made available on the risk management page of the intranet. The council used an online risk management module, on which all of the council's corporate risks were recorded. These risks were managed by an SLT appointed Risk Owner and Risk Manager, who would receive an automated note to review their risks on a monthly basis. SLT considered risk at each meeting, all risks with a score 16 or above, whether they be divisional or project risks, as well as any risks scoring lower, where it was felt collectively that they should be reviewed. Cabinet considered the risk register on a quarterly basis, both informally and formally and the policy was subject to annual review. The Peer Review Team had concluded that the policy was sound and fit for purpose, and the Grant Thornton Forensic Team had made no specific recommendations regarding the risk management policy in their report on the overspend at the AG&M, however, officers have re-considered the policy and scorecard and in an effort to reduce any ambiguity. They felt that there was scope for extending the criteria within the scorecard to assist with the assessment of impact in relation to four additional criteria which relate directly to the Corporate Strategy Outcomes. The ability to develop the module to capture projects risks for every project was currently being explored and the Director Resources felt that this would be the next sensible step.

The Director Resources gave the following responses to member questions;

- Online training was only one component. The council had received a lot of external support and training would be revisited and reinforced. All managers had been reminded of the importance of risk management and this was covered as part of the appraisal process.
- Project risks were managed by the Project Manager and Project Sponsor. They were also regularly reviewed by the Project Team and Cabinet Member.

Upon a vote it was unanimously

RESOLVED that;

1. **The risk management work undertaken during 2014-15 be noted.**
2. **The Risk Management Policy for 2015-16 (Appendix 2) be approved.**
3. **The amendments to the Risk Management Scorecard be approved.**

11. REVISED CODE OF CORPORATE GOVERNANCE

The Director Resources introduced the report, as circulated with the agenda. There was a requirement to review the Code of Corporate Governance on a regular basis to ensure that it remained up to date and relevant. The Code itself followed a standard model and was based upon six core principles. This year the review had been undertaken by the Corporate Governance Group and it was for the Audit Committee to consider and approve the revised Code, as well as, on this occasion, decide which Counter Fraud Statement it wished to include in the Annual Governance Statement (the two options were set out at paragraph 1.9 of the report).

Upon a vote it was unanimously

RESOLVED that;

1. **The Code be approved for use during 2015-16 and;**
2. **The Counter Fraud 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.) be included within the Annual Governance Statement.**

12. REVISED REGULATION OF INVESTIGATORY POWERS ACT (RIPA) PROCEDURAL GUIDE

The Director Resources introduced the report, as circulated with the agenda. He explained that the council's RIPA procedural guidance document had been updated following the publication of the Code of Practice by the Home Office. RIPA was the law concerning the use of covert techniques by public authorities. It required that when public authorities felt a need to use covert techniques to obtain private information about someone, that they do it in a way that is necessary, proportionate and compatible with human rights. Paragraph 2.1 of the report set out a number of considerations and tests that were applied before any authorisation could be given to proceed. Designated Officers for the purposes of RIPA were named at Appendix A of the RIPA guidance and as an Authorising Officer, the Director Resources could not recollect the last time he

had been presented with an authorisation/notice form, it was so rarely utilised by this council. He noted that the Surveillance Commissioner had last year interview all of those involved in RIPA, at the council and had been impressed by individuals understanding of the process.

The Head of Audit Cotswolds explained that to use a RIPA technique, there needed to be an element of criminality associated with the offence that was being investigated and gave the example of an individual claiming to live alone but who was suspected as living with someone. RIPA may be used to undertake surveillance of the house, but consideration would need to be given to any risk of collateral intrusion.

The Chairman did not intend to suggest that RIPA should be used more frequently but did voice concerns that the suggestion was that it was being avoided as the process was considered tortuous and that this could result in missed opportunities. The Head of Audit Cotswolds assured the Chairman that it was by no means avoided, but simply not required as part of existing work, though there may be new areas of work which the Counter Fraud Unit may consider in the future.

13. WORK PROGRAMME

Members were referred to the work plan, as a circulated with the agenda.

There were no amendments required, other than the addition of the extraordinary meeting details, which were yet to be finalised. This would be updated in due course.

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

There were no urgent items.

15. DATE OF NEXT MEETING

The next meeting was scheduled for 17 June 2015, however, there would be another extraordinary meeting scheduled before this date.

Colin Hay
Chairman

Cheltenham Borough Council
Appointments and Remuneration Committee - 9 June 2015
Audit Committee - 17 June 2015
Council - 22 June 2015
Section 151 Officer Interim arrangements

Accountable member	Councillor John Rawson, Cabinet Member for Finance
Accountable officer	Andrew North, Chief Executive
Ward(s) affected	None
Key/Significant Decision	No
Executive summary	<p>The remit of the Director of Corporate Resources includes the role of Section 151 Officer. The current post holder, Mark Sheldon, needs to free up capacity in order to deliver on key corporate projects.</p> <p>The role of Section 151 Officer is likely to be considered in the development of the 2020 vision partnership and there is the potential for a different arrangement to be considered.</p> <p>In the interim, it is proposed that the Deputy Section 151 Officer, Paul Jones, is seconded into the role of Section 151 Officer in order to release strategic capacity to progress some key corporate projects.</p>
Recommendations	Recommend to Council that the Deputy Section 151 Officer is designated, in an interim seconded capacity for 18 months, to the role of Section 151 Officer until further notice.
Financial implications	<p>GO Shared Services (GOSS) have costed the implications of the proposal at £30k per annum. This cost can be met from the Transformation Challenge Award (TCA) paid to the 2020 vision partners for which the council will receive a contribution of £52k per annum to reimburse it for the time spent by the Chief Executive in the Lead Commissioner role for the programme.</p> <p>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>

<p>Legal implications</p>	<p>The designation of an officer as Chief Finance (s151) Officer requires Council approval. Whilst it is intended that the proposed arrangement will be an interim one, the requirement for designation by Council still applies.</p> <p>The Deputy Section 151 Officer is currently in the GOSS for which there is a secondment agreement in place to provide this role back to the council and, in this respect, the post holder is an officer of the Authority A new secondment agreement will need to be agreed between the post holder, the Authority and Cotswold DC to facilitate the proposed arrangement.</p> <p>Contact officer: Peter Lewis, peter.lewis@tewkesbury.gov.uk, 01684 272012</p>
<p>HR implications (including learning and organisational development)</p>	<p>As stated in the report, the Director of Corporate Resources post includes the role of Section 151 Officer. The proposal is for the Deputy Section 151 Officer to be seconded into the role and assume the full section 151 duties for an interim period. At the end of the period the Director of Corporate Resources will resume the full duties of his substantive post.</p> <p>GOSS are well positioned to be able to support the proposal since they are the current provider of operational financial support and Deputy section 151 Officer support to the council.</p> <p>However, GOSS do not currently have the spare capacity to provide this support within the existing structure and as such, will need to appoint an additional accountant for 2 days per week. This will provide the necessary capacity to backfill GOSS officers to take on the additional statutory responsibilities. In line with agreed HR Policy officers will be paid a honorarium for the additional responsibilities</p> <p>Contact officer: Julie McCarthy, julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>
<p>Key risks</p>	<p>See appendix 1</p>
<p>Corporate and community plan Implications</p>	<p>The proposal should release some strategic capacity which will assist in the delivery of some key corporate plan objectives.</p>
<p>Environmental and climate change implications</p>	<p>None arising from this report</p>
<p>Property/Asset Implications</p>	<p>None arising from this report</p> <p>Contact officer: David Roberts@cheltenham.gov.uk</p>

1. Background

- 1.1 The remit of the Director of Corporate Resources includes the role of Section 151 Officer. The current post holder, Mark Sheldon, needs to free up capacity to deliver on key corporate projects.
- 1.2 The role of Section 151 Officer is likely to be considered in the development of the 2020 vision partnership and there is the potential for a different arrangement to be considered.
- 1.3 In April, the council made the decision to acquire new offices in order to relocate and find a joint venture partner to redevelop the Municipal Offices. The Director of Corporate Resource is the sponsor for this project and it is vital that this complex project delivers the benefits outlined in the business case as soon as possible. Now that a decision has been made to relocate, initial planning would suggest that there is considerable work to be undertaken over the next few years including planning of the space and determining our specific future needs including those of members. It will also require the design of the public services hub and customer services space and the development of a customer access strategy with our 2020 vision partners.
- 1.4 In addition, the Director of Resources and Head of Property recently commissioned some work by the Chartered Institute of Public Finance and Accountancy to review Property Services ahead of the consideration of the Asset Management Plan. This proved to be a valuable exercise which resulted in a revised Asset Management Policy being approved by council along with a revised set of Terms of Reference for the Asset Management Working Group. One of the key messages which came from the review was that the council should ensure that the existing property portfolio was delivering value for money and consider increasing its investment portfolio to help support the Medium Term Financial Strategy. This step change in approach requires a strategic lead and some additional corporate capacity and focus.
- 1.5 The Director of Resources will undoubtedly have a role to play in the transfer of existing services within his remit into the potential shared service arrangement if the council signs up to the 2020 vision with its partner councils.
- 1.6 The opportunity to use the established GO Shared Services partnership to provide the formal section 151 role for the Council is a natural extension of the current position and is in line with our direction of travel on transforming services.
- 1.7 It is proposed that the Deputy Section 151 Officer, Paul Jones, is seconded into the role of Section 151 Officer, for a period of 18 months, in order fulfil the Statutory Section 151 Officer role which will release strategic capacity to progress some key corporate projects. Paul Jones has been the designated Deputy Section 151 Officer at Cheltenham Borough Council for many years and is already fulfilling the role of Section 151 Officer for Forest of Dean District Council.
- 1.8 In addition, 2 qualified persons from within GOSS will be seconded to Cheltenham Borough Council to fulfil the 'Deputy' Section 151 Officer role in order to provide resilience and attendance at key meetings of the Council.

2. Delivery of statutory duties

- 2.1 Section 151 Officer (Chief Finance Officer) has a number of statutory duties. CIPFA has issued guidance on the role of the Section 151 Officer which can be summarised as follows:
 - Leading the development of a medium term financial strategy and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery;
 - Promotion of financial management, value for money and the safeguarding of public money;

- Provision of professional financial advice;
- Production and sign-off of the annual Statement of Accounts;
- Leading and directing the finance function through a ‘business partnering’ ethos (including treasury management, accounts payable, accounts receivable, insurance and procurement) so that it makes a full contribution to and meets the needs of the business;
- Compliance with the statutory requirements for accounting ;
- Compliance with the statutory requirements for internal audit which is provided by Audit Cotswolds.

2.2 Article 12 of the Constitution and in particularly 12.4.2 states that The Section 151 Officer has responsibility for the administration of the financial affairs of the Council and will ensure that an adequate and effective internal audit system is maintained. As Head of Paid Service, I am comfortable that the interim arrangements to be put in place will ensure that the statutory function will continue to be delivered.

3. Reasons for recommendations

3.1 The proposal will release strategic capacity in order to support the delivery of the corporate plan.

4. Alternative options considered

4.1 Maintenance of the current arrangements was considered but which could impact on the delivery of some key corporate objectives.

5. Consultation and feedback

5.1 The appointment and remuneration committee and audit committee will be consulted prior to the Council decision.

6. Performance management –monitoring and review

6.1 Performance will be monitored via 121 meetings and through the normal appraisal process.

Report author	Contact officer: Andrew North, andrew.north@cheltenham.gov.uk, 01242 264100
Appendices	1. Risk Assessment
Background information	None

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the council does not ensure adequate Section 151 resource then there is a risk that the council may not fulfil the statutory responsibilities covered by this role.	Andrew North	28/5/15	5	2	10	Reduce	Council to ensure there is an appropriate appointment to the role of Section 151 officer with access to adequate resources.	22/6/15	Mark Sheldon	
	Any environmental risks										
<p>Explanatory notes</p> <p>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)</p> <p>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)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											

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Cheltenham Borough Council Audit Committee – 17 June 2015 Section 11 Safeguarding Responsibilities

Accountable member	Councillor Peter Jefferies
Accountable officer	Tracy Brown, Partnerships Team Leader
Ward(s) affected	All
Key/Significant Decision	No
Executive summary	Under section 11 of the Children Act Cheltenham Borough Council has a duty to co-operate to safeguard children. This report sets out those duties and how they are implemented at the Council. It also highlights the local Safeguarding Board's process for checking compliance regarding these duties.
Recommendations	<ul style="list-style-type: none"> • That the Committee note the Council's responsibilities and the associated implementation of those duties • The Committee decides what future role it would like to undertake in terms of the section 11 process.

Financial implications	None as a result of this report Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gcsx.gov.uk, 01242 264123
Legal implications	Section 11 of the Children Act places a duty on organisations including district councils to co-operate in order to safeguard children and young people. Contact officer: Vikki Fennell, vikki.fennell@tewkesbury.gov.uk, 01684 272015
HR implications (including learning and organisational development)	None as a direct result of this report. GO Shared Service HR Team work closely with the Council's Partnership Team Leader to support the implementation of the Safeguarding standards. Contact officer: Julie McCarthy, julie.mccarthy@cheltenham.gov.uk, 01242 264355

Key risks	If safeguarding arrangements are not fully implemented it could result in a failure to safeguard a child.
Corporate and community plan Implications	The Safeguarding Children and Vulnerable Adult Policy supports the council's outcome that people should live in strong, safe and healthy communities.
Environmental and climate change implications	Neutral
Property/Asset Implications	None Contact officer: David Roberts@cheltenham.gov.uk

1. Background

1.1 It is widely acknowledged that to keep children safe from deliberate harm organisations must work together as no single organisation will have the information or resources to do so alone. The key message that safeguarding children is everyone's responsibility is enshrined in section 11 of the Children Act. The Children Act places a duty on organisations including district councils to co-operate in order to safeguard children and young people. Guidance on how to implement this duty is published in the Government's Working Together document. Working Together sets out the statutory requirement for local safeguarding children boards to be established, to co-ordinate and oversee the effectiveness of each organisation's safeguarding arrangements. It also provides the guidance that forms the basis of the section 11 audit that the Gloucestershire Safeguarding Children Board carries out bi-annually. The audit is completed by all organisations that are members or are represented on Gloucestershire Safeguarding Children Board (GSCB).

2. Summary of responsibilities under Section 11 of the Children Act

2.1 The Council's responsibilities under section 11 are broken down into eight separate sections that cover:

- senior management commitment,
- clear statement of responsibility,
- clear accountability,
- service development,
- information sharing,
- work with families,
- staff training
- staff recruitment.

Each section has various sub standards within it, the number of which depend on the overarching standard. As these responsibilities apply to all agencies cited in section 11 of the act some are more or less relevant to the Council and some are not applicable. In Appendix 1 there is a description of each standard that the Council is expected to fulfil, how the GSCB defines what

good looks like, what Cheltenham Borough Council does to fulfil these standards, what checks we have in place to ensure that the standard is being met and what next steps we need to take to ensure we continue to comply or move our practise forward.

2.2 Following the most recent review by the GSCB of the section 11 audits at the start of 2015 Cheltenham Borough Council is fully meeting all standards except one sub section of Standard 2 clear line of responsibility and a sub section of standard 4 service development. Both these sub sections are partially met subject to the Council demonstrating we can prove the measures we have in place are effective, then they will be fully met.

3. Partnership working

3.1 One of the most effective ways for Cheltenham Borough Council to support the safeguarding of children is through partnership working. The Council is an active member of Gloucestershire Safeguarding Board and jointly facilitates a local safeguarding forum to ensure the key messages from the board reach frontline practitioners in the Borough. The Council is also working with other districts to share good practice and proactively develop the district role in terms of safeguarding.

3.2 The Council also works with partners to run safeguarding awareness weeks on topics of concern within the Town. The next such week will take place in September 2015 and will have the theme 'be a good friend and neighbour'.

4. Section 11 Audit

4.1 The Gloucestershire Safeguarding Board carries out a full section 11 audit for all of its members and represented agencies every two years. The audit is a self-assessment document that agencies submit to the Board who then review the evidence submitted to ensure consistency. Agencies are then given moderated scores. An action plan must be submitted for any sections or sub sections that aren't fully met. Reviews of the audit are then undertaken at regular intervals. The Safeguarding Board collates the results and any areas that are weak across the whole partnership are addressed.

4.2 All six district councils are working together to develop a peer review system whereby on a regular basis the districts could check progress to support the continued development of our safeguarding practice. This would then provide strong evidence for future section 11 audits.

Report author	Contact officer: Tracy Brown, tracy.brown@cheltenham.gcsx.gov.uk, 01242 264142
Appendices	1. Summary of responsibilities and CBC implementation 2. Risk Assessment
Background information	None

Standard	What good looks like	What we do	How we check	Any next steps
Standard 1 – Senior Management Commitment				
A Safeguarding Children Champion is named.	Champion named, taken on the role and operating. There is a named safeguarding champion within the organisation (please provide name and job role in the evidence/comments field).	We have three champions: Elected member safeguarding champion: Councillor Jefferies Officer Safeguarding Champion: Andrew North Allegations Management Champion: Tracy Brown	Every time a new cabinet is formed an elected safeguarding Champion is agreed. The other safeguarding roles are within the remit of the Chief Executive and Partnerships Team Leader respectively	No further action
Safeguarding Champion is identifiable within the organisation by all staff.	Staff are aware that there is a champion and they are aware of the champion's role	The information about who is the champion is on the intranet and given out in an induction booklet We now have a communications timetable to ensure regular safeguarding messages are sent out staff are reminded via the intranet about the role of champion	Once a year we will do a random staff survey to ask question about safeguarding and this will be included	First survey planned for September We now have a communications timetable to ensure regular safeguarding messages are sent out across the organisation.
Senior Management Team monitors Safeguarding actions of staff.	Safeguarding actions of staff are monitored appropriately as regards to their role and the organisations.	Safeguarding is a standing item on the SLT agenda. Reports are made as require but always following GSCB audits. This reporting may include issues related to staff.	Evidence through minutes of meetings	No further action
There is a safeguarding children item on the Senior Management Team agenda.	Safeguarding children is a standing item on every SMT agenda. There are robust discussions in	Safeguarding is a standing item on the SLT agenda. Reports are made as require but always following	Evidence through minutes of meetings	No further action

	relation to safeguarding responsibilities and all Senior Managers are kept up to date with both local and national safeguarding guidance.	GSCB audits.		
Standard 2 – Clear Statement of Responsibility available to all staff and effective Inter-agency working				
The importance of safeguarding and promoting the welfare of children is communicated to all staff.	There are a range of communication tools in place that regularly reinforce the importance of safeguarding and promoting the welfare of children.	Safeguarding messages are given to staff and elected members in the following ways: Intranet Special events Email To ensure regular messages are sent out regarding safeguarding we now have a communication plan A safeguarding awareness fortnight is planned in September 2015	Once a year we will do a random staff survey to ask question about safeguarding to ensure that communications are getting the correct messages across	First survey planned for September
Staff are aware of and working to the South West Child Protection Procedures and statutory guidance.	Staff are made aware of the South West Child Protection Procedures as part of the induction process. There are clear instructions on how to access SWCPP and compliance is monitored through internal audits and supervision arrangements.	Corporate induction includes safeguarding. All staff sign a declaration to say they have understood and will adhere to their safeguarding responsibilities as set out in the safeguarding handbook.	It is tracked on the learning gateway to ensure all staff attend corporate induction and have signed the declaration	Declarations are now being moved forward through the ICT Metacompliance software programme that automates the awareness raising/compliance process. A new induction leaflet which include reference to Prevent and safeguarding is being produced.
A single agency child protection policy is in place	There is a policy in place for this agency, staff are made aware of the policy and they are informed	Cheltenham Borough Council has a joint safeguarding policy for children and vulnerable	Policy is reviewed and formally adopted by cabinet every three years	The policy will need to be reviewed in light of changes to both child and adult services over the coming

	of updates.	adults. Any changes to the policy are communicated through the designated officer group and the intranet.		year
Staff, children and families are aware of how to make complaints when responsibilities are not met (provide a copy of the complaints policy).	There is a clear and easy to understand complaints policy in place, which staff, children and families are made aware of and a) the policy is readily accessible and b) complaints are responded to in a timely manner.	The Council has an advertised complaints procedures and this is monitored and reported on. The officers responsible for dealing with complaints are sensitive to the needs of vulnerable groups	Information around complaints is regularly reported on.	To undertake any reviews necessary in light of feedback from serious case reviews or vulnerable groups.
Staff understand how to raise safeguarding concerns about the practice of other agencies.	All appropriate staff within the organisation are aware of the resolution of professional's disagreements policy. Use of the policy within the organisation is reported back to the GSCB.	The policy is highlighted in the Safeguarding handbook and induction. Support to staff to use it is given by Partnership team Leader and safeguarding champion.	Formal escalations are reported through the Partnerships Team Leader The staff survey will include questions about escalation so we can ensure it is used appropriately	From the survey results take actions necessary to support staff to use the escalation policy more confidently.
Standard 3 – Clear line of Accountability				
A designated individual has overall responsibility for safeguarding.	There is a named individual with overall responsibility for safeguarding within the organisation. (please provide name and job role in the evidence/comments field).	Andrew North Chief Executive has overall responsibility Tracy Brown Partnerships Team Leader is responsible for supporting implementation	No further action	No further action
There are established lines of accountability up through the organisation.	There are clear lines of accountability up through the organisation to the person with ultimate accountability for children's	In addition to the roles already mentioned the organisation also has designated officers who support the implementation	Staff are asked to sign to say they understand the safeguarding roles and responsibilities within the organisation.	Staff were originally signing up to the policy through a learning gateway flipbook however this has been halted so that they can sign

	welfare. Staff are fully informed of the lines of accountability and there is evidence that noncompliance is addressed.	of the policy in their areas of work. The roles and responsibilities of staff regarding safeguarding are set out in the Safeguarding policy handbook.	When relevant managers should discuss safeguarding at team meetings and 1.2.1's	through meta compliance. This needs to be reviewed and depending on timescales for meta compliance the flipbook needs to be restarted.
Standard 4 – Service Development				
Safeguarding is included in service planning (e.g.Business Plans include Safeguarding).	Business Plans include Safeguarding. Needs Analysis is undertaken to determine priorities and actions designed to improve outcomes for children and young people in the local area.	Cheltenham Borough Council facilitates a partnership needs analysis that includes children and young people information. This then informs the Partnership action plan which CBC supports. The action plan currently contains a number of strands that directly impact safeguarding. Currently individual services do not include it in service plans as it is not proportionate to objectives of the service	The Strategic leadership group of Cheltenham Partnerships monitors the action plan	Continue to review if any in house services need to include specific safeguarding outcomes in their plans
Service development plans are informed by the views and experiences of children and families.	Children and families are actively involved in the design, development and delivery of services.	Where applicable council services ask the views of families to inform services The Councils also uses the online pupil service to inform its needs analysis which supports development of partnership work.	None at present	This needs to be kept under review.
FOR COMMISSIONING	Compliance with S11	In recent contracts the	This is monitored through	Review following the first

<p>ORGANSIATIONS ONLY: PVI organisations commissioned to provide services, are compliant with S11 standards and these are monitored through contract monitoring arrangements.</p>	<p>Standards are fully regulated through the contract monitoring arrangements. Any noncompliance is addressed and actions are put in place to ensure full compliance with the standards. The organisation has a demonstrable understanding that it is their responsibility to ensure that organisations providing services on their behalf are compliant with Section 11. The GSCB Guidance for Contractors is used to ensure compliance with S11 standards.</p>	<p>Borough has incorporated relevant parts of the GSCB contractor's guidance.</p>	<p>the contract monitoring process that is established.</p>	<p>year of the contract to make sure that we have effective ways to capture compliance.</p>
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Standard 5 – Effective Information Sharing

<p>Staff are aware of how to access multi-agency guidance on information sharing.</p>	<p>There are information sharing procedures/guidance in place. Staff understanding of the procedures/guidance is monitored through internal audit and supervision checks.</p>	<p>There is an information management training programme and reference group within the Council that disseminates messages to staff and monitor compliance regarding appropriate sharing and storage of data.</p>	<p>Monitored through the information management group.</p>	<p>Review any arrangements in light of new information sharing protocols or recommendations from serious case reviews.</p>
<p>All staff and volunteers who come into contact with children understand the purpose of information sharing in order to</p>	<p>Staff and volunteers who become aware of issues relating to child protection fully understand the importance of information</p>	<p>Information sharing guidance specific to safeguarding is available on the intranet and through safeguarding training which</p>	<p>This will be monitored in the future through a staff survey to ensure understanding</p>	<p>First survey planned for September</p>

safeguard children	sharing in order to safeguard children.	can be accessed by all staff.		
Standard 6 – Work with individual children and their families				
The diversity needs of children are met, and there is equality of opportunity.	Individual needs based on race, language, religion, faith, gender and disability are taken into account when working with a child and their family. There is an equality and diversity policy and action plan in place which is monitored and updated on a regular basis	We have a corporate equality and diversity policy.	This needs to be reviewed	This needs to be reviewed
Vulnerable groups of children and young people are identified by the organisation and their particular needs are being addressed. Vulnerable groups include: LAC, CWD, BME, Bullied Children, CP Plan, Children Missing – Missing Education, EHE, those with a parent in prison.	Vulnerable groups of children and young people are identified by the organisation and there is evidence that their particular needs are being identified and addressed.	Cheltenham Borough Council facilitates a needs analysis of Cheltenham that identifies vulnerable groups and community needs. This is then used in partnership with other agencies to find ways to address these needs For more information see partnership action plan	Partnership action plan is regularly reviewed and any additional needs identified incorporated	Cheltenham Partnership is working to ensure that the evaluation of the action plan measure the direct impact on families in Cheltenham.
Standard 7 – Staff Training				
Staff induction, includes safeguarding information appropriate to their role and responsibilities.	An induction process is in place which includes safeguarding information. All staff receive an introduction to the organisations child protection policy and local reporting processes. The induction always takes	Corporate induction includes safeguarding. All staff sign a declaration to say they have understood and will adhere to their safeguarding responsibilities as set out in the safeguarding handbook.	It is tracked on the learning gateway to ensure all staff attend corporate induction and have signed the declaration	Declarations are now being moved forward through the ICT meta compliance programme. A new induction leaflet which include reference to Prevent and safeguarding is being produced.

	place within the first 6 months of employment			
Appropriate levels of Safeguarding training are accessed by all members of staff which includes; in-house single agency training and as appropriate multi-agency specialist training.	All staff within the organisation have received appropriate levels of safeguarding training or are due to receive the training.	Clear guidelines are available for which level of training staff should have. Managers are able to request additional training for staff if needed	Reports are produced through the learning gateway and noncompliance is addressed with managers. At the last report around 80% of staff had completed training.	Turnover of staff and additional training requirements mean this needs to be regularly reviewed. A new report is being produced and any issues will then be addressed.
Relevant staff have access to safer recruitment training.	Relevant staff have undertaken safer recruitment accredited training, either via the DfE website or from an alternative source (e.g. GSCB safer recruitment training).	Staff have undertaken DfE online training	Records are kept on the learning gateway	Due to staff turnover this needs to be reviewed regularly.
Learning from system reviews, relevant to the organisation have been disseminated and embedded. They might include Serious Case Review's (SCR) and other systems review, Child Death Overview Panel,(CDOP), Critical learning review (Youth Justice Board).	Systematic dissemination of learning from reviews relevant to the organisation and of embedding the learning into the organisational culture.	Messages from serious case reviews and other reviews are disseminated following publication. Informal review messages are disseminated following discussion at GSCB	The reviews so far have not had any implications that need us to changes systems so we have not had to check if they have been embedded.	In Cheltenham there are currently two case reviews being carried out. They are at various stages of completion but following each one we will review the recommendations and take appropriate action.
Standard 8 – Safe recruitment, vetting and allegations procedures				
Interview panels include someone trained in safer recruitment when appropriate.	When appropriate Interview panels always include at least one member who is trained is Safer Recruitment – either	CBC does not currently have any posts that have a statutory requirement to have someone on the interview panel trained	N/A	Continue to review this position and offer safer recruitment training to staff as necessary.

	through the DfE or the GSCB safer recruitment training			
Where appropriate references are taken up prior to interview in accordance with safer recruitment practice. Where organisation guidelines do not stipulate that references must be taken up prior to interview, all recruitment guidelines are followed (e.g. NHS, Police)	References are always taken up prior to interview in accordance with safer recruitment practice. Where organisational guidelines state that references are taken up after interview, this is always the case and staff are not appointed unless a satisfactory reference has been received	References are taken up before an appointment takes place.	GO services monitor this and ensure references are received and satisfactory before appointment is made.	No further action
Regulated activity under DBS has been agreed and checks undertaken.	The organisation undertakes DBS checks on all staff and volunteers who work with children in regulated activity.	There is a risk assessment template that manager carry out to decide what checks a post needs. All relevant posts receive a DBS check before employment is commenced.	Monitoring of this is undertaken by HR. Every three years when the safeguarding policy is formally reviewed we carry out a review of all posts to ensure consistency across the organisation.	Review of all posts early 2016
Risk assessments have been undertaken for activities that no longer meet the regulated activity definition.	For activities that no longer meet the definition of regulated activity, risk assessments have been undertaken and these have been fully documented.	There is a risk assessment template that manager carry out to decide what checks a post needs.	Monitoring of this is undertaken by HR. Every three years when the safeguarding policy is formally reviewed we carry out a review of all posts to ensure consistency across the organisation.	Review of all posts early 2016
The organisation participates in allegations management	The organisation gives full consideration and has arrangements in place to	Tracy Brown is named officer.	The procedure has been used so it is tested.	Staff survey in September

processes.	<p>safeguard children when an allegation is made against a member of staff or volunteer.</p> <p>There is a named officer to whom allegations and concerns are reported.</p> <p>The named person is easily contactable and there are cover arrangements in place if the named person is not available.</p>	<p>If unavailable any designated officer can be contacted.</p> <p>There is a clear procedure set out to report concerns.</p>	<p>As part of the start survey we will include questions to ensure that there is understanding of allegations management.</p>	
The organisation has clear criteria for referring to the DBS.	<p>Staff within the organisation fully understand their responsibility in relation to referring cases to the DBS.</p>	<p>It is laid out in the safeguarding handbook.</p>	<p>As part of the staff survey we will check understanding</p>	<p>Staff survey in September</p>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If services commissioned by the Council do not meet the safeguarding standards required the Council may not meet its statutory duties	Deputy Chief Executive		4	2	8	Accept	Continue to monitor safeguarding compliance through Section 11 audit and review practice as necessary.	Ongoing	Tracy Brown	
	If services commissioned by the Council do not meet the required safeguarding standards there may be a failure to safeguard a child or vulnerable adult using those services	Deputy Chief Executive		4	2	8	Accept	Continue to monitor safeguarding compliance through Section 11 audit and review practice as necessary.	Ongoing	Tracy Brown	
	If services areas fail to engage with the safeguarding agenda fully the council may not meet its statutory duties.	Partnerships Team Leader		4	2	8	Accept	Continue to monitor safeguarding compliance through Section 11 audit and review practice as necessary.	Ongoing	Tracy Brown	
	If services areas fail to engage with the safeguarding agenda fully there may be a failure to safeguard a child or vulnerable adult in our care	Partnership Team Leader		4	2	8	Accept	Continue to monitor safeguarding compliance through Section 11 audit and review practice as necessary.	Ongoing	Tracy Brown	
<p>Explanatory notes</p> <p>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)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6</p>											

(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 Audit Committee – 17 June 2015

ICT Disaster Recovery Preparation and Testing Assurance Report

Accountable member	Cabinet Member Corporate Services, Councillor Jon Walklett
Accountable officer	Director of Resources, Mark Sheldon
Ward(s) affected	None
Key Decision	No
Executive summary	<p>At the Audit Committee meeting on 26 March 2014 Members received an assurance report on ICT Disaster Recovery arrangements.</p> <p>Robust ICT disaster recovery and business continuity arrangements are essential to meet the business needs of this Council and this report identifies the progress made since the previous report and the actions proposed to give further assurance on ICT disaster recovery and testing.</p>
Recommendations	The Audit Committee considers the report and the audit findings and makes comment on its content as necessary.

Financial implications	<p>There are no direct financial implications arising from this report.</p> <p>Contact Officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	None
HR implications (including learning and organisational development)	There are no additional HR implications arising from this report.
Key risks	<p>The councils corporate risk register includes the risk (reference CR77) which says if the new reciprocal ICT business continuity arrangements with FODDC are not put in place then there is a risk that key councils services in the event of an emergency or an unplanned event will not be effective. The progress made in delivering improved BCP arrangements has helped significantly towards mitigating this risk.</p>
Corporate and community plan Implications	Good governance helps to deliver the Councils aspirations to be an excellent, efficient and sustainable Council.
Environmental and climate change implications	None
Property/Asset Implications	None

1. Background

- 1.1 Cheltenham Borough Council provides a range of services to a large number of people, some of whom are the most vulnerable in our community. Any sustained disruption to these services could have serious consequences to individuals or groups of people, so robust plans need to be in place to cope with unexpected events that cause disruption to normal service delivery.
- 1.2 The Council's Annual Governance Statement (AGS) for 2013/14 identified Business Continuity Testing as an area for focus during 2014/15 in its Significant Issues Action Plan.
- 1.3 Audit Committee received a progress update from the ICT Shared Service in March 2014 and requested an annual assurance review on ICT business continuity and testing.

2. ICT Disaster Recovery Framework

- 2.1 An effective IT Disaster Recovery (DR) Strategy captures all of the necessary plans and processes to support the response to recover IT assets and applications in the event of a major incident that disrupts the critical business processes of the Council and its customers.
- 2.2 The primary objective of the DR program is to survive an incident and/or disaster and to re-establish normal business operations quickly and efficiently. In order to survive, IT Shared Service must assure that it can react appropriately and in a timely manner if an incident or disaster strikes so critical operations can resume normal processing within a reasonable time frame based upon an objective business impact analysis.
- 2.3 The DR Framework that is progressing will aim to:
 - Balance the protection and recovery cost versus the risk to the business;
 - Ensure that Council invests only what is crucial for protection and recovery;
 - Identify weaknesses and implement a disaster prevention program;
 - Minimise the duration of a serious disruption to operational service delivery;
 - Facilitate effective co-ordination of recovery tasks;
 - Reduce the complexity of the recovery effort.
- 2.4 The development of a viable recovery strategy needs to be a joint effort between IT Shared Service and the business units who use IT services. Its successful and cost effective completion will need close cooperation and involvement from all areas.
- 2.5 Service business continuity plans should allow for continuation of each business area while the ICT disaster recovery plan is put in to operation and applications brought back up in a priority order which has been informed by business impact assessments. These assessments focus on the impact of a service not operating at a given point in time. Whilst the four tiers of recovery described in the previous report are still recognised, the order of recovering applications within a given tier may vary depending on the time of the month e.g. benefit payment run or council tax collection.

3. Annual progress review

- 3.1 Appendix 1 provides a more detailed overview of progress since the last report and against some of the specific action areas identified at the last review.
- 3.2 External support was commissioned in October 2014 to provide a robust and objective IT Disaster Recovery review and to help develop a new framework.

3.3 As part of this process and the ongoing governance framework an annual scorecard is completed, using the red/amber/ green summary status. In addition, an assessment is made of the IT Disaster Recovery (ITDR) maturity level, which is summarised in the table below.

3.4 At October 2014 the scorecard status was red and the maturity level assessed as 1 - 2. At March 2015 the status had progressed to amber and the maturity level assessed as 3. On the basis that one of the primary points of our ITDR framework is to balance the protection and recovery cost versus the risk to the business our maximum maturity level target is 4.

0 Vulnerable	The business does not have an understanding of ITDR and how to apply it and any IT disruption will have a business impact
1 Developing	The business is in the process of learning and developing a greater understanding of ITDR and how to effectively apply it within the organisation
2 Reactive	The business has a basic understanding of the requirements for ITDR and processes need to be formalised and embedded
3 Managed	The business has a good understanding of ITDR and has a clear roadmap for applying and managing the various ITDR elements
4 Proactive	All elements of ITDR are in place, are being applied and are integrated with service areas
5 Resilient	The business uses processes and approaches that extend ITDR elements to increase business resilience by developing new concepts and ideas

3.5 The focus areas for the next twelve months will be:

- Complete the final ITDR framework
- Test the ITDR operational plan
- Test ITDR integration with service business continuity plans
- Complete the new storage architecture for the enhanced DR data centre

4. Consultation and feedback

4.1 Joint Security Working Group, ICT JMLG and the senior leadership team at each partner organisation will be consulted.

5. Performance management – monitoring and review

5.1 Joint Security Working Group and ICT JMLG.

Report author	Contact officer: Andy Barge, Group Manager – Customer Services andy.barge@fdean.gov.uk , 01594 812383
Appendices	1. ICT infrastructure assurance

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Appendix 1 – Progress since March 2014

Position at March 2014	Status at June 2015
A number of Tier 0 and Tier 1 business applications have not been virtualised, which makes recovery time significantly longer	All Tier 0 and Tier 1 business applications are now virtualised
There is a risk of power failure at the Coleford data centre disrupting Cheltenham service delivery	A diesel generator has been installed and tested, ensuring continuity of power supply to the Coleford data centre
The Cheltenham 'hub and spoke' network design has multiple single points of failure	A new 'routed ring' has been designed, with up to ten times the capability of the old network. Implementation is in two phases, with the first almost complete and the second currently being commissioned. The target completion date for the two phases is October 2015
Overall prioritised list of business applications	Review of business impact analysis complete, with recovery times and critical operational impacts identified. Reprioritised lists to be signed off by partner organisations of the IT shared service
Business continuity strategies formalised and documented but no documented DR plan	Disaster recovery documentation has been drafted and covers: <ul style="list-style-type: none"> • Configuration management database (what we have and where it is) • Back up and data replication assurance • Business impact assessments • DR strategy • DR framework • DR operational plan • DR testing schedule • DR governance framework • DR scorecard
IT DR plans and service area business continuity plans have not been tested	A testing schedule has been drafted, which will require input and support from service areas. Ahead of this testing, business areas should be encouraged to complete testing of their service specific business continuity plans with a focus on the period that would exist between major incident and IT availability. The elections service has been tested and proved to be successful and will be used as a template for testing of other services / business applications.
Shared service has not identified business critical departments for priority hardware	Prioritised lists to be signed off by partner organisations of the IT shared service
The disaster recovery centre is based in the Cheltenham office with a small risk of overheating in the event of air conditioning failure	Working with our partners in Cotswold and West Oxfordshire a new storage architecture is being implemented, which will become our disaster recovery centre
Business interruption insurance	Cover now in place

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Andrew North
 Chief Executive
 Cheltenham Borough Council
 Municipal Offices
 Promenade
 Cheltenham
 GL50 9SA

Grant Thornton UK LLP
 Hartwell House
 55-61 Victoria Street
 Bristol
 BS1 6FT
 T +44 (0)117 305 7600
 www.grant-thornton.co.uk

14 April 2015

Dear Andrew

Cheltenham Borough Council - Planned audit fee for 2015/16

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. In this letter we set out details of the audit fee for Cheltenham Borough Council along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The Council's scale fee for 2015/16 has been set by the Audit Commission at £49,406, which compares to the audit fee of £65,874 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission's closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/ and on the Public Sector Audit Appointments PSAA website psaa.co.uk

The audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

The scale fee covers:

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

Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

Certification of grant claims and returns

The Council's indicative grant certification fee has been set by the Audit Commission at £8,361.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2015	12,351.50
December 2015	12,351.50
March 2016	12,351.50
June 2016	12,351.50
Sub Total	49,406
Grant Certification	
December 2016	8,361
Total	57,767

Outline audit timetable

We will undertake our audit planning and interim audit procedures between November 2015 to March 2016. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed between July to September 2016 and work on the whole of government accounts return in September 2016.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2015- February 2016	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	July to September 2016	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January to September 2016	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2016	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2016	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2016	Grant certification report	A report summarising the findings of our grant certification work

Our team

The key members of the audit team for 2015/16 are:

	Name	Phone Number	E-mail
Engagement Lead	Peter Barber	0117 305 7897	Peter.A.Barber@uk.gt.com
Engagement Manager	Jackson Murray	0117 305 7859	Jackson.Murray@uk.gt.com
In Charge Auditor	Katie Haines	0117 305 7697	Katie.V.Haines@uk.gt.com

Additional work

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

Quality assurance

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

Yours sincerely



Peter Barber

Engagement Lead

For Grant Thornton UK LLP

cc Mark Sheldon (Director of Resources)

Audit Committee Update

Year ended 31 March 2015

June 2015

Peter Barber

Director

T +44 (0)117 305 7784

E Peter.A.Barber@uk.gt.com

Jackson Murray

Manager

T +44 (0)117 305 7859

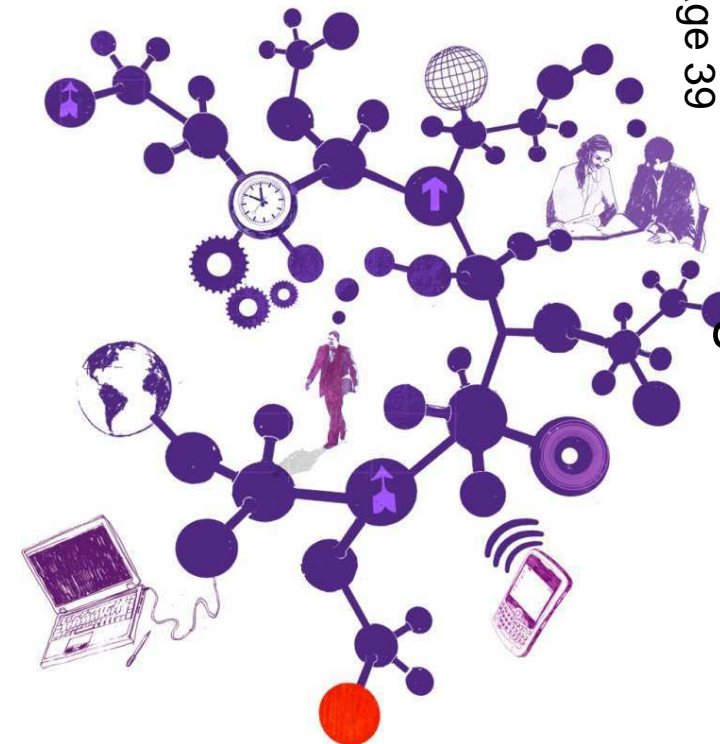
E Jackson.Murray@uk.gt.com

Katie Haines

Executive

T +44 (0)117 305 7697

E Katie.V.Haines@uk.gt.com



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Agenda Item 9

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

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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:

- All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- 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 7784 **M** 07880 456122 Peter.A.Barber@uk.gt.com
Jackson Murray, Audit Manager **T** 0117 305 7859 **M** 07825 028920 Jackson.Murray@uk.gt.com

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

Progress at May 2015

Work	Planned date	Complete?	Comments
<p>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.</p>	March 2015	Yes	Presented to Audit Committee in March 2015
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	December 2014 to February 2015	Yes	The interim accounts audit visit has been completed and the work informed our Audit Plan.
<p>2014-15 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2014-15 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July to August 2015	No	The final accounts audit is currently planned for completion during July and August 2015.

Progress at May 2015

Work	Planned date	Complete?	Comments
Value for Money (VfM) conclusion The scope of our work to inform the 2014/15 VfM conclusion comprises: <ul style="list-style-type: none">• an initial risk assessment;• a detailed review of arrangements against the criteria;• bringing forward knowledge from previous audits;• reviewing key documents; and• discussion with officers.	April / May 2015	No	Work has begun on the VfM conclusion and meetings have been held with client officers. Conclusions and final documentation remain on-going.

Stronger futures: development of the LGPS

Grant Thornton

Our second review on governance in LGPS funds in England and Wales is based on comprehensive research with pension fund senior officers, supported by insights from pension fund auditors.

With the local government pensions scheme (LGPS) continuing to face significant change and challenge, there is a clear commitment to ensuring its survival and the provision of affordable pension benefits for the future. Following the implementation of a career average pension scheme in 2014, administering authorities are preparing for significant changes in governance arrangements effective from April 2015.

Some of the key messages from the report are:

there are increasing strong examples of innovation and increased collaborative working across the LGPS to achieve reduced costs and improved use of specialist skills and knowledge;

implementation of the career average scheme from April 2014 went well and demonstrated good project management and effective communication with members and employers; and

there have been several other positive trends across the LGPS since our 2013 review particularly around the widening scope of reporting to Pension Committees including performance reporting, risk management and internal audit reviews.

However, we saw a wide variation in practice, including a concentration of risk reporting on investment risk, over half of funds have not implemented the CIPFA knowledge and skills framework as part of their member training, 45 per cent of Pension Committees do not receive internal audit reports and 15 per cent do not have full audit coverage, and nearly half of funds have no information around the value of their liabilities in between the triennial valuations.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Stronger futures:
development of the LGPS

Improving governance in local government pension schemes
February 2015



Easing the burden – the impact of welfare reform on local government and the social housing sector

Grant Thornton

Our national report, 'Easing the burden – the impact of welfare reform on local government and the social housing sector', was published in May.

This is our second welfare reform report and it follows on from our initial report 'Reaping the benefits?', to provide insight into the impact of welfare reform on English local authority and social housing organisations over the past two years.

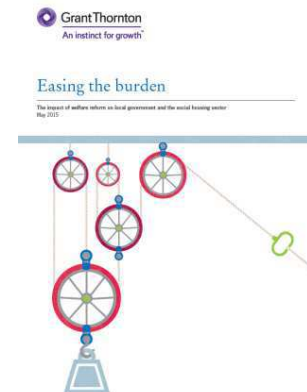
It focuses on:

- the governance and management arrangements being put in place nationally across the two sectors to deliver reform
- the early signs of how successful the reforms have been
- the upcoming issues and risks on the reform agenda in the wider context of social impact.

The key findings from our review include:

- The cumulative effect of various welfare reforms is putting a significant financial strain on those needing support
- The majority of local authorities and housing associations surveyed had seen a rise in average council tax and rent arrears since 2012/13
- Local authorities are becoming reliant on Discretionary Housing Payments (DHP) to plug the gap for those unable to pay.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Inspection into the governance of Rotherham Council

Local government issues

On 4 February 2015 the Secretary of State for Communities and Local Government, Eric Pickles announced the publication of Louise Casey's report. Her inspection of the exercise of functions on governance, children and young people and taxi and private hire licensing states:

"Rotherham Metropolitan Borough Council is not fit for purpose. It is failing in its legal obligation to secure continuous improvement in the way in which it exercises its functions. In particular, it is failing in its duties to protect vulnerable children and young people from harm."

It summarises the following serious failings:

- a council in denial about serious and on-going safeguarding failures
- an archaic culture of sexism, bullying and discomfort around race
- failure to address past weaknesses, in particular in Children's Social Care
- weak and ineffective arrangements for taxi licensing which leave the public at risk
- ineffective leadership and management, including political leadership
- no shared vision, a partial management team and ineffective liaisons with partners
- culture of covering up uncomfortable truths, silencing whistle-blowers and
- paying off staff rather than dealing with difficult issues

The report has had widespread press coverage and in a statement in the House of Commons the Secretary of State confirmed that he is considering exercising his powers of intervention in relation to Rotherham.

Challenge question

Have members been briefed on:

- the headline messages from the inspection of aspects of Rotherham MBC's governance arrangements?
- whether there are any lessons to be learned by the authority and actions that need to be taken to strengthen its overall governance arrangements in response to the risk of child sexual abuse, including the robustness of member oversight, challenge and scrutiny?

Response: Following publication of the report work is ongoing at Gloucestershire Safeguarding board level to ensure any relevant are incorporated into the partnerships existing Child exploitation strategy. Members will then be briefed on any relevant lessons or actions relating to Cheltenham Borough council.

Help into work programmes

Local government issues

In its press release of 12 January 2015 the LGA reported that more than one million unemployed people are falling through cracks in national work schemes that are failing to reach some of the most vulnerable jobseekers. It warned that whilst councils are being left to pick up the pieces to prevent more vulnerable people slipping further into long-term unemployment and disengagement they cannot afford to continue resolving the failings of these national schemes in their communities without the appropriate funding.

As a remedy the LGA calls on the next government to commit to devolving all nationally-run education, skills and employment schemes to local areas so councils can join-up services to support their most vulnerable residents. A report published by the National Institute of Economic and Social Research (NIESR), commissioned by the LGA, explores in detail how a sample of councils across the country have provided a safety net for their most vulnerable and hardest to reach residents. The NIESR report's lead author, Dr Heather Rolfe, said:

"Local authorities have a unique position in their communities, are able to bring services together, forging partnerships and strengthening referral networks. It is through such work that they are able to help unemployed people who are beyond the reach of national programmes."

Challenge question

Have members been briefed on the headline messages from the NIESR report and its implications for the authority's strategies around community engagement, employment, regeneration and economic development?

Management response: In approving the budget for 2015/16, Members supported an initiative to increase the number of apprentices. In progressing this, the council will consider the implications / funding opportunities arising from the NIESR report.

DCLG – Build to rent scheme

Local government issues

Housing Minister Lewis Brandon announced on 10 January 2015 a £55 million deal to provide nearly 800 homes for private sector rent in Manchester and Salford as part of the government's wider £1 billion Build to Rent scheme, which has the objective of building 10,000 new homes for private rent. The Chief Executive of the Homes and Communities Agency (HCA) Andy Rose said:

"this is a major investment in the private rented sector in Manchester. It demonstrates how the HCA, working closely with partners, is combining financial and local expertise to increase the private rented choice in areas where there is a high demand for homes".

As part of its strategy of creating a bigger and better private rented sector the government has also

- published a 'How to rent' guide, so tenants and landlords know their rights and what to expect when renting privately
- published a model tenancy agreement, so tenants who want to ask for longer tenancy agreements have the opportunity to do so;
- introduced a new requirement for letting agents to belong to one of three redress schemes, so the minority of tenants and landlords who get a raw deal have somewhere to go with their complaint

Challenge question

Have members been briefed on the government's Build to Rent scheme and other aspects of its initiative to increase the private sector housing market and its implications for the authority's housing strategy?

Management response: A briefing note has been prepared for circulation to all members and is included at the end of this report.

Provision for Business Rates Appeals

Accounting and audit issues

Unlodged appeals

The Chancellor's Autumn Statement included a change to the rules relating to business rates appeals. As a result we do not expect to see any provisions for unlodged appeals in local authorities' 2014/15 accounts, although we will expect this to be re-considered for 2015/16 accounts.

The change restricts the backdating of Valuation Office Agency (VOA) alterations to rateable values. Only VOA alterations made before 1 April 2016 and ratepayers' appeals made before 1 April 2015 can now be backdated to the period between 1 April 2010 and 1 April 2015. The aim is to put authorities in the position as if the revaluation had been done in 2015 as initially intended, before the deadline was extended to 2017.

There may be some fluctuations in provisions at 31 March 2015 as unlodged appeals provisions are released. However, there may also be increased numbers of appeals lodged prior to 31 March 2015. These appeals may be more speculative in nature and therefore authorities may need to consider whether prior year assumptions remain valid in estimating their provisions.

Utilisation of provision

As part of the provisions disclosures in the accounts, local authorities need to disclose additional provisions made in the year, the amounts used (i.e. incurred and charged against the provision) during the year and unused amounts reversed during the year.

We understand that the software used for business rates may not provide values for the amounts charged against the provision during the year and that there is no simple software solution for this for 2014/15. Local authorities will need to consider available information and make an estimate of the amount for appeals settled in the year.

Challenge questions

- Has your Director of Resources reassessed the methodology for making the business rates provision?
- Has your Director of Resources got arrangements in place for the estimation of appeals to be charged against the provision?

Management response: The Revenues Manager, in consultation with the Section 151, reviews the appeals position regularly and considers it with the county wide Chief Finance Officers in monitoring of the county wide pooling arrangements. Any financial implications will be included in the financial reports (budget and outturn reports) to council.

Early payment of pension contributions

Accounting and audit issues

During 2014/15 some local authorities paid pension fund deficit contributions covering three years (2014/15 to 2016/17). By doing this the local authority benefits from a discount on the total amount payable resulting in a lower overall charge.

Due to the amounts involved, some authorities are seeking to spread the impact of the payment over the three-year period. In doing so, they must be satisfied that the amounts charged to the general fund in a financial year are the amounts payable for that year as defined by regulation 30 of The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

We expect authorities that are spreading the impact of pension deficit contributions to obtain legal advice (either internally or externally) to determine the amounts that are chargeable to the general fund. The accounting judgements and treatment should reflect the advice received and should be documented accordingly.

Where an authority has received legal advice that the up-front payment can be recognised in the general fund over three years, based on our understanding of the arrangement we would expect the total amount to be reflected in the pension fund liability. This means that the pension reserve will not equal the pension liability. We expect the background to the transactions and the reason for the difference to be disclosed in a note to the accounts.

Challenge question

- Has your authority paid pension fund contributions covering more than one year and if so has your Director of Resources obtained legal advice and documented their judgement on accounting for the early payment of pension contributions?

Management response: The council has not made payments covering future years.

Earlier closure and audit of accounts

Accounting and audit issues

Legislation was recently passed to bring forward the deadlines for the preparation and audit of Local Government financial statements from 2017/18 onwards. The timeframes for the preparation of the financial statements and their subsequent audit will be reduced by one month and two months respectively as follows:

- Deadline for preparation of financial statements – 31 May (currently 30 June)
- Deadline for audit completion – 31 July (currently 30 September)

Although July 2018 is over 3 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.

Auditors are already working on bringing forward more testing to before the financial statements are prepared and will be discussing further changes with local authorities including greater use of estimates in the accounts which will enable the audits to be brought forward further.

Some authorities currently produce their financial statements ahead of the current deadline, or have plans to do so in 2014/15, and some audits are completed before 31 July.

We will be assessing how this has been achieved and will share our findings in a national report, expected in early 2016.

Management response: GOSS are considering how the May 2018 deadline can be achieved including increased use of Purchase Order Management (POM) and monthly rather than annual accounting for fixed assets as well as adopting best practice. GOSS will work with Grant Thornton to ensure a robust plan for early closedown taking into account Grant Thornton's own resourcing implications.

References

References

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

- Stronger futures: development of the LGPS - <http://www.grant-thornton.co.uk/Publications/2015/Stronger-futures-development-of-the-LGPS/>
- Easing the burden – the impact of welfare reform on local government and the social housing sector - <http://www.grant-thornton.co.uk/en/Publications/2015/Easing-the-Burden/>
- Report of inspection of Rotherham metropolitan borough council - <https://www.gov.uk/government/publications/report-of-inspection-of-rotherham-metropolitan-borough-council>



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Build to Rent Scheme

Housing Minister Lewis Brandon announced on 10 January 2015 a £55 million deal to provide nearly 800 homes for private sector rent in Manchester and Salford as part of the government's wider £1 billion Build to Rent scheme, which has the objective of building 10,000 new homes for private rent. The Chief Executive of the Homes and Communities Agency (HCA) Andy Rose said:

"this is a major investment in the private rented sector in Manchester. It demonstrates how the HCA, working closely with partners, is combining financial and local expertise to increase the private rented choice in areas where there is a high demand for homes".

As part of its strategy of creating a bigger and better private rented sector the government has also –

- published a 'how to rent' guide, so tenants and landlords know their rights and what to expect when renting privately
- published a model tenancy agreement, so tenants who want to ask for longer tenancy agreements have the opportunity to do so;
- introduced a new requirement for letting agents to belong to one of three redress schemes, so the minority of tenants and landlords who get a raw deal have somewhere to go with their complaint

Challenge question

Have members been briefed on the government's Build to Rent scheme and other aspects of its initiative to increase the private sector housing market and its implications for the authority's housing strategy?

Management response: The government's Build to Rent Scheme continues to remain open for developers seeking loan funding, on a commercial footing, to kick start the delivery of large scale private rented accommodation.

1. What is the Scheme trying to achieve?

The aim of the scheme is to increase the provision of private rented accommodation, with a view to meeting increased demand from households who struggle to be able to purchase homes of their own.

2. How will it work?

Once built, the homes will be sold on to large institutional investors, who are looking primarily to attract an ongoing revenue stream. The developer is also required to have in place a strategy for the ongoing management of these homes, either by parcelling them off to Lettings Agents or potentially Registered Providers.

3. Role of the Local Authority

The council could assist the market either by providing subsidised land to developers and/or placing a covenant on the land so that it can only be used for private rented purposes. The council could also work with Registered Providers to identify possible interest in either the development and/or management of these schemes.

4. Potential benefits of the Scheme

- It could help meet the growing demand of the private rented sector
- If a good management agent takes control of the scheme, such as a Registered Provider, this can provide long term security and well managed homes for residents who can't afford to buy a home of their own.
- Secure, well-managed private rented accommodation could help to change perceptions of the market, which may in the future transform the sector into a tenure of choice for residents.
- Increased provision of private rented accommodation could increase competition, and thereby raise standards.

5. Risks/Challenges

- This is an emerging market, and with this come some significant financial uncertainties, such as:
 - How quickly will the properties be let? Investors will need assurances that they will get a return on their investment as quickly as possible. Delivering a very large number of private rented accommodation on one site is a new concept. It is therefore uncertain how quickly they'll be taken up.
 - A balance will need to be struck between the costs of delivering a management service against the rate of return on the investment. A housing management service that charges a 10% management fee for instance will be less attractive to investors than a management company charging 5%. The trade-off is that a lower-cost management service may be lighter in terms of the services it provides. This could potentially price out some the benefits that an RP could bring with a stronger management service.
- The private rented sector has more doubled in the past 10 years – and continues to grow. Despite this, the number of private rented homes failing to meet minimum health and safety standards has also grown, both in absolute terms and in relative terms. The theory that increasing the provision of private rented accommodation will improve standards does not therefore appear to be borne out in practice.
- It is unclear what a community would look like that is made up purely of those living in private rented accommodation. Will it be highly transient or settled? We are used to building 'balanced' communities of mixed tenure, so this would be step in a very different direction.
- Some Registered Providers are taking an interest in providing private rented homes, however the Homes & Communities Agency is considering changing the Regulatory Framework which governs RPs, which could financially dis-incentivise further access into this market.
- More private rented homes mean fewer homes for home ownership, which is currently the aspiration for most households.
- Institutional investment in the residential market could push up the price of homes further, pricing more households out of the home ownership sector.

**Cheltenham Borough Council
Audit Committee – 17 June 2015
Annual Governance Statement**

Accountable member	Councillor Jon Walklett - Cabinet member Corporate Services
Accountable officer	Mark Sheldon - Director of Resources
Ward(s) affected	None
Key Decision	No
Executive summary	<p>The Council has a statutory duty to prepare an Annual Governance Statement (AGS) (appendix 2) to be approved as part of the annual statement of accounts</p> <p>The AGS is for the period 1st April 2014 to 31st March 2015 and indicates how the Council is complying with the Accounts and Audit (England) Regulations 2011 regulation 4 and its Code Of Corporate Governance including the internal control arrangements and management of risk.</p> <p>The Audit Committee needs to satisfy itself that the AGS fairly reflects the arrangements within the Council, and that the suggested action plan will address the significant governance issues identified by the review.</p>
Recommendations	<ol style="list-style-type: none"> 1. That Audit Committee approve the AGS so that it is included within the statement of accounts, and 2. recommend to the Leader and Chief Executive Officer that they sign the AGS,

Financial implications	<p>None arising directly from this report.</p> <p>Contact officer: Mark Sheldon</p> <p>Email: mark.sheldon@cheltenham.gov.uk Tel; 01242 264123</p>
Legal implications	<p>None arising directly from this report.</p> <p>Contact officer: Sara Freckleton</p> <p>Email; sara.freckleton@tewkesbury.gov.uk</p> <p>Tel. 01684 272011</p>

HR implications (including learning and organisational development)	<p>The HR implications are as outlined in the Annual Governance Statement for the financial year 2014/2015</p> <p>Contact officer: Carmel Togher</p> <p>Email: carmel.togher@cheltenham.gov.uk Tel: 01242 775215</p>
Key risks	<p>If the Council fails to have an effective review of its governance arrangements especially during a period when it is continually modernising and improving its services then there is a risk that it will not maintain its good conduct and high ethical standards.</p>
Corporate and community plan Implications	<p>Good governance helps to deliver the Councils aspirations to be an excellent, efficient and sustainable Council. It also ensures that risks are identified and managed to protect its assets and workforce.</p>
Environmental and climate change implications	<p>None</p>

1. Background

- 1.1 The Accounts and Audit (England) Regulations 2011 regulation 4 requires council's to conduct an annual review of the effectiveness of their system of internal control, including the arrangements for the management of risk. Following the review the Council must approve an Annual Governance Statement (AGS).
- 1.2 This AGS should be prepared and be included as part of the Financial Statements; and that it be authorised by the Leader of the Council and Chief Executive
- 1.3 A draft AGS for the 2014/15 financial year relating to the governance of the Council is attached at Appendix 2. It has been drawn up with regard to the Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice (SORP). It also has regard to guidance issued by CIPFA/SOLACE in its publication 'Delivering Good Governance in Local Government including its 2012 addendum' and the Council's Code of Corporate Governance.
- 1.4 The AGS highlights where progress has been made in reducing risks within the Council over the period 2014/15 or where further work is planned in 2015/16. This included a review of the Code of Corporate Governance which was approved in March 2015 by the Audit Committee.
- 1.5 The Code of Corporate Governance is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (December 2012).
- 1.6 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 1.7 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies,

aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Cheltenham Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

1.8 The Audit Committee reviewed the council's Risk Management policy which was approved by Cabinet in March 2015.

1.9 The 2014/5 Annual Review of Effectiveness

1.10 Every local authority has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive directors within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

1.11 Each March, assurance statements and evidence tables are issued to the Executive Directors for completion. The evidence tables act as internal control checklists which confirm/review the existence and adequacy of governance and control arrangements, and any significant absence of, or weakness in, the control. The areas covered by the checklist are not exhaustive and any other significant weaknesses must be reported in the Certificate of Assurance.

1.12 In addition to the Executive Directors review, Client officers also undertake a review for the services provided by Cheltenham Borough Homes, GO shared Service, ICT Shared Service, OneLegal, The Cheltenham Trust, and UBICO. The outcome of these reviews is discussed by the Client officer with the Executive Director responsible for the commissioning. If necessary an action plan is agreed with the service provider to address any weakness, the commissioner then signs an assurance statement.

1.13 Once complete, the evidence tables and the certificates are reviewed by Audit Cotswolds Head of Internal Audit and the Governance, Risk and Compliance Officer to identify any governance or control improvements which should be included in the significant issues action plan (appendix 3) for the forthcoming year. They also draw on evidence from internal and external audit reports, and other relevant evidence including external reviews. The AGS is considered by the Senior Leadership Team and the Corporate Governance Group before it is submitted to this committee ahead of its for approval as part of the process for preparation of the Statement of Accounts.

1.14 The AGS is a high level statement regarding the review of governance that has been undertaken and a description of the governance frameworks in place such as the work of the Audit Committee, internal and external audits and external reviews,

1.15 The review of effectiveness identified a number of control issues, and these are highlighted in the AGS action plan which will be addressed by the respective Directors and Service. The Corporate Governance Group will monitor progress and will report back to the Audit Committee.

2. Reasons for recommendations

2.1 The AGS will form part of the Annual Statement of Accounts that will be considered by the Audit Committee for approval on the 23rd September 2015.

3. Alternative options considered

3.1 None

4. Consultation and feedback

4.1 The results of the annual assurance review have been considered by the Senior Leadership Team and the Corporate Governance Group.

5. Performance management – monitoring and review

5.1 A monitoring report will be brought to Audit Committee in January 2016.

Report author	Contact officer: Bryan parsons Email; bryan.parsons@cheltenham.gov.uk, Tel; 01242 264189
Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Annual Governance Statement3. Significant Issues Action Plan
Background information	<ol style="list-style-type: none">1. None

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the Audit Committee fails to recommend the approval of an Annual Governance Statement then it could delay the publishing of the Councils annual accounts.	Director of Corporate Resources	17/6/2015	3	2	6	Reduce	Prepare an Annual governance Statement based upon the review of its governance framework	18/6/2015	Corporate Governance, Risk and Compliance officer	
<p>Explanatory notes</p> <p>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)</p> <p>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)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											

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ANNUAL GOVERNANCE STATEMENT FOR THE FINANCIAL YEAR 2014/15

Scope of responsibility

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

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

Cheltenham Borough Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (December 2012)*. A copy of the code is on the council's website along with a copy of the Council's Constitution. This statement explains how the council has complied with the Accounts and Audit (England) Regulations 2011 Regulation 4.

The purpose of the governance framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Cheltenham Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Cheltenham Borough Council throughout the year ended 31st March 2014 and up to the date of approval of the Annual Report and Statement of Accounts.

The Governance framework

The 16 key elements of Cheltenham Borough Council's governance framework are summarised below:

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.

- (a) A Corporate Strategy revised in March 2014 to reflect the Vision, Objectives and Priorities of the Council.

- (b) The Council and NHS Gloucestershire, together with the Police and other partners have worked together to identify the needs of the area including Health matters and have published a Joint Strategic Needs Assessment.
- (c) The Cheltenham Partnership Action Plan which includes working with a wide range of partners including Gloucestershire County Council, Gloucestershire Police and County NHS organisations to identify local needs and deliver priorities.
- (d) A Medium Term Financial Strategy (MTFS) which is regularly updated to support the delivery of the Council's corporate objectives.
- (e) A performance management framework which includes performance reports that are reported to Cabinet.
- (f) Consultation with the public through public meetings and other mediums on a regular basis.
- (g) As part of its budget setting process the Council consults with a public panel to gain an understanding of the communities' views.
- (h) The Council communicates with employees and all stakeholders via regular internal and external updates using promotional material, the web, the intranet and formal and informal briefings and 1-2-1s with their managers.
- (i) 2014/15 Statement of Accounts for the year ended 31st March 2014.

2. Arrangements for reviewing the authority's vision and its implications for the authority's governance arrangements.

- (a) Consultation events were used to inform the development and review of the authority's vision, objectives and financial priorities.
- (b) The Audit Committee considered and approved a revised version of the Code of Corporate Governance which is published on the website.
- (c) The budget setting process includes detailed scrutiny of proposals by elected Members and their links to the Council's vision, priorities and stakeholder views, together with equalities impact assessments.
- (d) The Council is also very mindful that staff are also key stakeholders and as such, senior officers and Members have taken part in consultation events and senior manager briefings. Internal communication approaches have been reviewed to ensure all staff are aware of all issues and new policies and practices. There are positive working relationships with trades unions through formal meetings with GOSS HR and informal regular briefings to the entire workforce by the Chief Executive.

3. Arrangements for measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources.

- (a) Cheltenham Borough Council is a commissioning authority and a high proportion of its services are delivered by either a shared service or a standalone organisation, for example housing is delivered by Cheltenham Borough Homes, Waste Management is delivered by UBICO, Leisure and Culture Services are delivered by The Cheltenham Trust. There are

specific and detailed contracts and agreements in place with each of these organisations which include the arrangements for performance measurement and reporting.

- (b) The commissioning team monitor key performance measures within the contract and report findings to the Senior Leadership Team. The delivery organisations also monitor performance including quality and the outcome of this monitoring is reported in annual reports which are published.
- (c) The council records performance information using performance-reporting software and action on areas of poor performance is closely scrutinised, by the Senior Leadership Team (SLT) and reported to Cabinet. Where quarterly performance reports to SLT highlight a concern, appropriate corrective action will be considered, implemented and monitored.
- (d) Corporate Risks are identified recorded and monitored through an on-line system; performance against the mitigation of these risks is monitored by SLT on a monthly basis and then reported informally to Cabinet. Audit Committee receive an annual Risk Management report which includes performance data; this is reported on the council's website.
- (e) The Council uses a range of benchmarking information, including the Audit Commission comparative data set, the National Health Service (NHS) data and *Inform* the Gloucestershire Research and Intelligence service. It also uses the Cipfa benchmarking data to measure performance against comparators and to identify authorities from whom the Council could learn, and to identify potential areas of focus for budget reductions.
- (f) There is also a range of consultation and feedback mechanisms for obtaining feedback from customers.

4. Arrangements for defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.

- (a) The Constitution sets out how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.
- (b) This includes the publication of a monthly Forward Plan containing all key decisions.
- (c) The Constitution includes Rules of Procedures, Financial Regulations , Responsibility for Functions, Contract Procurement Rules and the Budget and Policy Framework. These are underpinned by Codes of Conduct for officers and Members, Gifts and Hospitality rules, local protocols and by the Authority's Code of Corporate Governance.
- (d) Council consists of 40 elected members and is chaired by the Mayor and is responsible for setting the budget, constitutional amendments and decisions not delegated to Cabinet. It also elects the Mayor and makes appointments to committees.
- (e) The Cabinet is the part of the Council which is responsible for most day-to-day decisions.
- (f) The Cabinet consists of the Leader and up to seven councillors appointed by the Leader. Upcoming items for consideration are published in the Cabinet's Forward Plan except where urgency procedures are applicable. Cabinet meetings are held in public save for where confidential or exempt information is to be discussed.

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- (g) The Cabinet , Cabinet Members and Officers are required to make decisions within the Council approved Budget and Policy Framework; any decision outside that Framework may only be made within prescribed urgency procedures or with the agreement of Council.
- (h) There are circumstances in which Cabinet Members may make individual executive decisions and these are set out in the constitution.
- (i) Matters outside of the Budget and Policy Framework are referred to Council for decision.
- (j) There is an Overview and Scrutiny committee (O&S) which aims to promote open and transparent decision-making, democratic accountability and to hold the Cabinet to account for its actions.
- (k) The O&S is responsible for ensuring that the overview and scrutiny process is operating effectively and is making a difference for local people. The committee's role includes commissioning scrutiny task groups.
- (l) The work of O&S Committee is led by elected members, who carry out work both in committee and outside of the formal committee process. O&S members are not members of the Council's Cabinet and do not make decisions which bind the Authority, but they set their own agenda and can make recommendations to Cabinet/Council for policy development and improvement.
- (m) Scrutiny not only looks at the way the Council does things, it can look at anything that affects the lives of people in Cheltenham and allows the opportunity for residents to have a greater say on issues of local concern.
- (n) There is an Audit Committee which is responsible for all internal and external audit matters along with some other governance associated matters.
- (o) The Audit Committee provides a broad based audit role across all areas of the Council. The committee promotes and ensures effective internal control and independent assurance mechanisms, including: Internal Audit; External Audit; Risk Management; Annual Statement of Accounts; Corporate Governance Framework.
- (p) There are also Regulatory Committees i.e. Licensing and Planning.
- (q) All meetings are open to the public save for exempt / confidential matters which are considered in private when the press and public are formally excluded from meetings. It is the Council's objective to conduct its business in public wherever possible and to keep exempt discussions and documentation to a minimum This ensures open and transparent decision making is undertaken at all times. Council officers provide appropriate advice at the points of consideration and decision, and report to Members on progress and outcomes of decisions taken.
- (r) The Authority has developed a number of Local Codes and protocols e.g. Transparency and Commissioning, all in line with good Corporate Governance.
- (s) The Council has a Code of Members' and co-opted Members' Conduct.

5. Arrangements for developing, communicating and embedding codes of conduct, defining the standards of behavior for members and staff

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- (a) The Council's intranet contains a range of policies, procedures and guidance for all staff including Human Resources (HR) policies, ilearn training modules, Information Security Policy, Freedom of Information Policy and Data Protection Policy and the Corporate Plan and Constitution.
- (b) The council's key policies stipulate roles and responsibilities for both elected Members and employees; these are reviewed and refreshed on a regular basis.
- (c) Legislative changes are monitored and reported to SLT and communicated to staff as required.
- (d) Corporate induction courses are run by GOSS HR on a regular basis. Managers are responsible for local induction arrangements. Officers in politically restricted posts and those responsible for negotiating contracts are required to register their personal interests; all employees complete these declarations on an annual basis.
- (e) The Council has a Counter Fraud, Corruption and Bribery Policy which is reviewed by Internal Audit regularly and has been communicated to all staff and is available on the Council's Intranet, this was approved by the Cabinet.
- (f) The Council has a Standards Committee to help maintain and promote high standards of conduct, assist Members and Co-opted Members of the Borough Council to observe the Code of Conduct and monitor the operation of the Code. The Committee is made up of 7 Borough Councillors and 2 Independent Persons who are co-opted on to the Committee and do not have voting rights.

6. Arrangements for reviewing and updating Standing Orders and Financial Regulations; a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.

- a. The Council's Constitution is reviewed each year by the Constitution Working Group to ensure the Council's governance arrangements reflect best practice.
- b. Directors and Service Managers are responsible for managing risk within their departments.
- c. The Director of Corporate Resources is responsible for the implementation and monitoring of the Risk Management Policy which is monitored by the Audit Committee and approved by Cabinet.
- d. There is a Corporate Risk Register which identifies strategic risks with clearly identified measures for mitigation. Divisional, Service and Project Risks are monitored and managed by Directors and Service Managers. Any risk that has corporate implications or scores 16 or over must be referred to SLT for consideration for inclusion on the Corporate Risk Register.
- e. The Council or Cabinet, when considering any matter, will have a risk assessment within the report.
- f. The Council fully recognises the need to manage risks in all projects and, where appropriate Prince II and MSP methodologies are applied.

7. Ensuring the Authority's financial management arrangements conform to the governance arrangements of the CIPFA statement on the role of the Chief Finance Officer (CFO) in local government.

- (a) The Council's Financial Rules and Constitution are approved by Council and published on the website.
- (b) The Council ensures;
- compliance with the Financial Procedure Rules set out in the Constitution; it has designated the Director of Corporate Resources as Section 151 officer (Chief Finance Officer). It is able to confirm that it conforms to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
 - that the s151 Officer is qualified and a substantially and suitably experienced accountant, who is responsible for the proper administration of the Council's financial affairs and for ensuring the lawfulness and financial prudence of financial transactions
 - that the s151 Officer is a member of the Executive Board and Senior Leadership Team with responsibility for, leading and advising on the strategic financial decisions impacting on the Council's delivery of its objectives, ensuring continuing effective financial controls and risk management, management of the Corporate Finance function, which is appropriately resourced with professionally qualified management.
- (c) All reports to Members include resource implications; prior to publication these implications are considered and approved by the CFO or one of his senior staff. These reports also cover value for money and benchmarking implications where appropriate.
- (d) The Council approves the Treasury Management Strategy on an annual basis and all Members are briefed on key financial issues.
- (e) The CFO has responsibility for ensuring that the Council operates secure and reliable financial and accounting systems. Audit Cotswolds' undertake the role of auditing these systems to give the assurance needed.
- (f) The Council has a Medium Term Financial Strategy, which is reviewed and approved annually to take into account new information, changing circumstances and new priorities; this is used to inform reports to Members. Detailed forecasts are also produced as part of the annual budget process. These represent strategic objectives and service priorities through which financial and operational performance are monitored.

8. Undertaking the core functions of an Audit Committee, as defined in CIPFA's Audit Committee's – Practical Guidance for Local Authorities.

- (a) The Council has a standalone Audit Committee which meets on a quarterly basis (or as required in exceptional circumstances) where reports from both Internal and External Audit are considered as well as risk and associated matters.
- (b) The role of the Audit Committee is defined within the Constitution together with the responsibilities of the Chairman, Councillors and Lead officers.
- (c) The Audit Committee provides a broad based audit role across all areas of the Council. The committee promotes and ensures effective internal control and independent assurance mechanisms, including: Internal Audit; External Audit; Risk Management; Annual Statement of Accounts; Corporate Governance Framework.

- (d) It approves internal and external audit plans, the annual accounts, and the Code of Corporate Governance; it also reviews and recommends to Cabinet for approval the Risk Management Policy.
- (e) The Chairman of the Audit Committee has direct access to the Section 151 officer and the Head of Internal Audit (Audit Cotswolds).

9. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

- (a) The system of internal financial control is based on a coherent accounting and budgeting framework including Financial Regulations, Contract Standing Orders, Scheme of Delegation and accountability.
- (b) The Medium-term Financial Strategy covers both revenue and capital spend which provides a framework for the planning and monitoring of resource requirements. These also link in with the business development proposals and Project Assessment Tool (PAT).
- (c) The Asset Management Plan and Capital Strategy aims to ensure that investment is linked to strategic objectives. Bids for capital and other asset management funding require an effective 'business case' and a PAT linked to strategic objectives and progress in delivering key projects is formally monitored by the Senior Leadership Team, Councillors and Commissioners. The Asset Management Plan also ensures that assets are only retained for effective business purposes.
- (d) Financial stewardship in respect of both capital and revenue proposals are reviewed and challenged by the Budget Support Working Group, and considered regularly by the Strategic Leadership Team. Service\Cost Centre Managers also consider their respective budgets on a regular basis. This is supported and challenged by the Bridging the Gap program, an established budget monitoring process by managers and Finance staff and the electronic distribution of budget monitoring reports to all managers.
- (e) Grant Thornton were commissioned to undertake a forensic investigation of the Art gallery and Museum project to identify the reasons why and how the overspend arose. The results of the investigation were reported by Grant Thornton to Audit Committee on the 29 January 2015. This report concluded with a range of recommendations relating to various aspects of the project all of which were accepted by the Senior Leadership Team and an action plan was put in place to deliver compliance. Reference to this has been added to the Significant Issues Action as part of this report.
- (f) One of the grant Thornton recommendations related to an internal control process, this was to consider how the Council operates its purchase order system on capital projects to ensure that any significant revision to a project budget is communicated to the appropriate persons immediately. Since that recommendation was made a new process for authorising expenditure for capital projects has been introduced to ensure that purchase orders are raised and authorised before payment.
- (g) The s151 officer has requested that compliance checks in relation to the Purchase Order management system instigated across the organisation in 2015 to ensure that this process is being followed. This has been added to the Significant Issues Action Plan as part of this report.

- (h) In addition to the Grant Thornton report into the Art gallery and Museum overspend the Audit committee commissioned Audit Cotswolds to undertake a further more detailed review into *Why* the failings occurred. This will be reported back to Audit Committee before September 2015.
- (i) Directors are required to produce an Annual Statement of Internal Control for their Divisions which include statements about risk and the internal control framework. Any significant issues arising from the annual assessment are reported to Audit Committee. This is supported by Internal Audit who deliver targeted assurance and cyclical audits and help embed risk management and other management initiatives.

10. Arrangements for whistle-blowing and for receiving and investigating complaints from the public.

- (a) The Counter Fraud, Corruption and Bribery Policy, and the Whistle Blowing Policy are owned and revised periodically by Internal Audit and GOSS HR. The policies are available on the council's website, intranet and direct from GOSS HR or Internal Audit.
- (b) If an employee has concerns about any manager or director they are encouraged to contact the GOSS HR Manager who will undertake an independent investigation.
- (c) The Council has a three stage complaints procedure which is managed by the Customer Relations Team for dealing with customer complaints and provides the means for customers to feedback concerns or issues. The process and on-line form are available on the Council's website or at Municipal office.
- (d) Complaints are investigated and analysed and reported back to managers along with the actions taken.

11. Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.

- (a) All Members have an induction and training program, corporate training needs are identified through the Democratic Services Team.
- (b) The Member Development Program provides a structured approach to member development to ensure all members are supported in their role.
- (c) The Council has strongly supported staff development which is delivered by GOSS Learning and Development Team, through programs such as Institute of Leadership and Management.

12. Arrangements for establishing clear channels of communication with all sections of the local community and stakeholders, ensuring accountability and encouraging open consultation.

- (a) Consultation events are held with public and voluntary services, Cheltenham Business partnership and The Cheltenham Partnership. Other consultation and feedback surveys are also undertaken as required throughout the year.
- (b) The Council has published a Statement on Community Involvement which sets out the opportunities by which the public and organisations can engage with the planning system, including the procedures and methods we use to consult on planning applications.

- (c) The website also has a dedicated webpage providing information about current and past consultation events on subjects affecting the budget, licensing and major capital expenditure.
- (d) The Council's website also has a 'Report It' facility where the public can report issues concerning the delivery of services or make complaints. They can also access over 50 on line forms and documents enabling quicker, more effective, service delivery.
- (e) The website provides access to information on the Councillor's, directors and senior managers together with a description of their portfolios, roles, responsibilities and contact details.
- (f) The Council also uses and funds the Cheltenham Fiesta which is a free event that brings together many of the town's voluntary organisations enabling them to raise and promote their profile of working with the council.

13. Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

- (a) The Council's Code of Corporate Governance is reviewed annually by the Audit Committee and is available on its website.
- (b) The Leader of Cheltenham Borough Council is a Board member of Gloucestershire Local Enterprise Partnership (LEP) whose key aim is to support growth and the creation of private sector jobs in the area. The partnership covers the district council areas of Cheltenham, Cotswold, Forest of Dean, Gloucester, Stroud and Tewkesbury.
- (c) The Cheltenham Development Task Force brings together the private, public and voluntary sectors in partnership, as a way to progress the challenges and opportunities to improve the town for its citizens and businesses. The Task Force is led by its Managing Director who is an employee of Cheltenham Borough Council. The Council's Chief Executive chairs the Task Force Risk and Accountability Group which monitors the management of the Task Force key strategic risks. These risks are managed by the Task Force Managing Director who ensures that any risks scoring over 16 which impact on CBC are brought to the attention of the Senior Leadership Team.
- (d) Appropriate governance arrangements in respect of service specific partnerships are approved by Cabinet or Council and published on the website. These include the Gloucestershire Waste Partnership, Gloucestershire Airport Ltd, The Cheltenham Trust, Audit Cotswolds, One Legal, ICT, Building Control and GO which manages the delivery of the Council's Finance and HR support services.

14. Review of effectiveness

- (a) Cheltenham Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Executive Board who have responsibility for the development and maintenance of the governance environment, the Head of Audit Cotswold's (Internal Audit) annual report, and also by comments made by the External Auditors and other review agencies and inspectorates.
- (b) Overall responsibility for the governance framework, including the system of internal control rests with the Council Leader and Chief Executive and they receive reports from the Section

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151 Officer on financial issues and the Monitoring Officer on legal issues as and when appropriate. This includes regular budget monitoring information and the Medium Term Financial Strategy.

- (c) The Council carries out its review of the effectiveness of the framework on an annual basis. All executive directors and directors complete an Annual Statement of Assurance which outlines the key control areas to which their division should comply. The outcome of this assessment is considered by the Senior Leadership Team who approve any appropriate action.
- (d) There are two significant Issues carried forward to this year's action plan from 2014/15;
1. To review, business continuity plans to ensure that they are robust enough to mitigate the identified Service Delivery risks for the Council and its partner organisations (CBC responsibility)
 2. Provide annual refresher training for all members and staff on information security (ICTSS responsibility) and to

Undertake a review of operational processes related to maintaining a register which identifies the training needs that relate to child protection and safeguarding for each appropriate post in the Council. (Partnership Team Leader).
- (e) The Councils approved Code of Corporate governance was reviewed in March 2014 by the Audit committee and it has established a Corporate Governance Group with Terms of Reference that include the considering of the outcome from the Annual Assurance review.
- (f) In addition to the internal review of the effectiveness of the governance framework we also drew on evidence from Commissioning and Client Officers in respect of compliance with agreements with Ubico, Cheltenham Borough Homes, ICT Shared Services, the GOSS Partnership and Gloucestershire Airport.
- (g) A new process for recording declarations of interest from employees was introduced in 2014 with a 98 % compliance (long-term sick and maternity leave accounted for the 2%). Applications for accepting any gift, hospitality and sponsorship need to be approved by the appropriate line manager before they can be accepted; and a register of these applications is held centrally and reported to SLT.
- (h) In addition to this there is also an annual review of Internal Audit by the Section 151 Officer which reviews compliance with the CIPFA Code of Practice and the effectiveness of the audit service. 2014-15 saw the fifth year of operation of the Audit Cotswold partnership between Cheltenham Borough Council and Cotswold District Council. As in previous years the service undertook certain assurance work on behalf of the Council to give assurance to the external auditors as part their audit opinion. The external auditors raised no concerns about the standard of work performed by the Audit Cotswolds' Partnership. No major issues were identified and the service has maintained the level of assurance it is able to provide to management.
- (i) Cheltenham Borough Council operates a Leader and Cabinet system of governance and the Council's Constitution is continually reviewed throughout the year by the Democratic Services Manager. The Constitution defines the responsibilities of the Council, the Leader, Overview and Scrutiny Committee, Audit Committee and Statutory Officers. This also includes the

Council Functions, Committee Functions, Officer Non-Executive Functions and Executive Functions as well as Codes of Conduct.

- (j) All members are inducted into the importance and processes of good governance and have informal and if required, formal ways of raising governance issues with the Monitoring Officer, Chief Executive and s151 Officer. Additional training is provided to members of the Audit Committee based upon need.
- (k) The Cabinet is the part of the Authority which is responsible for most day-to-day decisions.
- (l) The Cabinet has to make decisions which are in line with the Council's Budget and Policy Framework, unless urgency procedures are applicable or Council approves the departure. Cabinet Members may make individual executive decisions and these are set out in the Constitution and guidance provided to Cabinet Members.
- (m) The Audit Committee and Overview and Scrutiny Committee operate to provide assurance and call the Executive to account, through decisions in the forward plan, performance management and risk and the use of 'call in' where appropriate. Both Committees have their own work plan and there are briefings with the chairman to consider agenda items prior to every meeting.
- (n) Risk is embedded in culture of the organisation and supports the decision making process at Council and Cabinet and can therefore be challenged through the Cabinet, Audit Committee and Overview and Scrutiny.
- (o) The Standards Committee continues to be part of the successful operation of the council's governance, maintaining and promoting high standards of conduct with Members and Co-opted Members of the Borough Council.
- (p) There is also the whistle blowing mechanism which can be used to raise concerns which can include governance matters.
- (q) The council's s151 officer holds regular meetings with the Head of Internal Audit to discuss all on-going and planned work and any issues which arise. The Head of Internal Audit reports to the Audit Committee setting out work undertaken and the planned work for the year. This will include reporting on audits and work undertaken where there are concerns over practice or systems of internal control and sets out how these will be addressed.

15. Internal Audit

- a. The Audit Cotswolds' partnership is managed by the Head of Audit Cotswolds' whose role has been defined in the s101 agreement and a job description; both of which help to ensure that the requirements of the CIPFA 'Role of the Head of Internal Audit' standard are delivered.
- b. The Audit Cotswolds' partnership began in 2009 with an agreement between Cheltenham Borough Council and Cotswold District Council to combine their Audit services. West Oxfordshire District Council then joined the partnership in 2010. The partnership is constituted under a s101 agreement. It also delivers internal audit functions for GO Shared Service, Cheltenham Borough Homes, UBICO and The Cheltenham Trust.
- c. The Council's Internal Audit Plan, which is risk based, is agreed following consultation with senior officers across the council it is agreed annually with the s151 officer and approved by the Council's Audit Committee. This provides the basis for the review of internal control and governance within the Council and includes the following: -

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- Annual reviews of the Council's key financial systems by Internal Audit against known and evolving risks;
 - Cyclical reviews by Internal Audit of internal controls in operation within each service area against known and evolving risks based on a detailed risk assessment which considers the strategic and operational risks identified in the Corporate Risk Register; and
 - includes consideration of materiality, sensitivity and previous audit and inspection findings;
 - Work in relation to the prevention of fraud and corruption and an allowance for the investigation of any potential irregularities identified either from audit work or through the Council's whistle-blowing policy;
 - Assurance advice and support to key projects and programs to ensure safeguards are applied when implementing new systems of working;
 - Value for Money work in relation to assessing the efficiency, economy and effectiveness of the Council's operations and recommending improvements as necessary;
 - Achievement of the Audit Plan is reported to the Audit Committee; this report also includes an opinion and assurance about the system of internal control throughout the Council;
 - Regular meetings were also held between the s151 officer and a representative of the Cotswolds' Audit Partnership to discuss specific issues that have arisen
- d. Changes to the Department of Work and Pensions, Benefit Fraud Investigation requirements – Single Fraud Investigation Service (SFIS) have led to Cabinet agreeing an evolutionary approach for the establishment of a Counter Fraud Unit to be managed by the internal audit provider Audit Cotswolds. This will entail the s151 officer putting in place an agreement with Cotswold District Council (as host authority for Audit Cotswolds) to enable the establishment of the Counter Fraud Unit.

16. Significant governance Issues

- (a) The Annual Assurance Review and the work of the Audit Cotswolds' assurance work throughout the year have identified the following issues which need to be addressed;
- Introduce effective testing of the new ICT disaster recovery (DR) plan; (ICTSS responsibility)
 - Ensure service area disaster recovery and business continuity plans link to the DR plan (ICTSS and CBC shared responsibility)
 - To review business continuity plans to ensure that they are robust enough to mitigate the identified service delivery risks for the Council and its partner organisations (carried forward from 2014/15) (CBC responsibility)
 - Review of operational processes related to maintaining a register which identifies the training needs that relate to child protection and safeguarding for each appropriate post in the Council. (carried forward from 2014/15) (Partnership Team Leader)

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- Hold a register of acknowledgements for all employees, casual staff, volunteers and elected members that they have read and understood the Safeguarding Children and Vulnerable Adults handbook. (carried forward from 2014/15) (Partnership Team Leader)
- Purchase Order Management System compliance (S151 officer).

(b) A Significant Issues Action Plan* has been developed to address these issues Appendix 3.

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

*Additional details are included in Appendix 1

Signed Andrew North Chief Executive

Signed..... Steve Jordan, Leader

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Significant Issues Action Plan – Review June 2015

Action	Deadline as per AGS	Action planned and EoY position	Lead officer
<p>To review, develop and test ICT Business Continuity Plan to ensure that it is robust enough to mitigate the identified risks for the Council and its partner organisations</p>	<p>March 2015</p>	<p>Deliver ICT Business Continuity back up arrangements through ICT shared service with FoDDC that have been tried and tested.</p> <p>March 2015 position. Business Continuity plans for the ICT Shared Service have been reviewed by South West Audit Partnership (SWAP).</p> <p>Senior officers from both authorities are reviewing the arrangements for individual authorities and developing a shared approach to Business Continuity.</p> <p>ICTSS installed and tested a back-up generator at the Coleford site this has been installed commissioned and tested.</p> <p>ICT SS commissioned a Disaster recovery/ Business Continuity action plan for ICTSS</p> <p>Action Plan 2015/16 Close this Issue and manage within three new work streams</p>	<p>Director of Corporate Resources</p>

Action	Deadline as per AGS	Action planned and EoY position	Lead officer
<p>Work stream 1</p> <ul style="list-style-type: none"> Deliver effective testing of the new ICT disaster recovery (DR) plan; (ICTSS responsibility) 	TBA	ICTSS to brief Audit Committee June 2015	Director Resources
<p>Work stream 2</p> <ul style="list-style-type: none"> Ensure service area disaster recovery and business continuity plans link to the DR plan (ICTSS and CBC shared responsibility) 	TBA	Service specific Business Continuity Plans will be updated during 2015/16 to align with the Corporate Business Continuity Plan and the ICTSS Disaster Recovery Plan once the ICTSS Disaster Recovery Plan has been finalised.	Director Resources

Action	Deadline as per AGS	Action planned and EoY position	Lead officer
<p>Work stream 3</p> <ul style="list-style-type: none"> To review business continuity plans to ensure that they are robust enough to mitigate the identified service delivery risks for the Council and its partner organisations (carried forward from 2014/15) (CBC responsibility) 	TBA	Consult with directors and service managers to ensure that all Service specific Business Continuity Plans are updated to align with the Corporate Business Continuity Plan and the ICTSS Disaster Recovery Plan	Director Resources
<p>Safeguarding Children and Vulnerable Adults</p> <ol style="list-style-type: none"> Review of operational processes related to maintaining a register which identifies the training needs that relate to child protection and safeguarding for each appropriate post in the Council. Hold a register of acknowledgements for all employees, casual staff, volunteers and elected members that they have read and understood the Safeguarding Children and Vulnerable Adults handbook. 	September 2015	<p>The Learning and organisational Development Team will upload the suitable declarations to the Learning gateway and the appropriate declaration for the 'level' of training needed by each member of staff will be added to their development plans by the service manager</p> <p>December position The manager reports that the declaration process is in place and that training records are being pulled together but are not complete.</p> <p>A self-assessment to comply with s11 in respect of its safeguarding practices and processes is being undertaken by the Service manager. The result of this will be considered by the Corporate Governance Group</p> <p>Action Plan 2015/16</p>	Strategy and Engagement Manager

Action	Deadline as per AGS	Action planned and EoY position	Lead officer
<p>Car Parking An internal Audit Assurance report has identified a number of issues relating to the management of the car parking services impacting on income and operational effectiveness</p>	<p>September 2015</p>	<p>December position</p> <p>Cabinet has made budgetary provision for investment in car parking equipment,</p> <p>In addition, the service is reviewing the effectiveness of the Automatic Number Plate Recognition (ANPR) system in Regent Arcade car park and the experience of customers through feedback monitoring.</p> <p>The outcome of the review was reported to Cabinet in February 2015, with recommendations regarding any further proposed investment.</p> <p>Action Plan 2015/16 Invitation to Tender documents for a Pay and Display solution for the Regent Arcade Car Park have been sent out to 5 interested companies under an ESPO Framework. Closing date for applications is 26th June. On site survey meetings will take place within this time frame as and when requested. It is hoped that replacement will take place in October/ November 2015. The Tender process for a new Pay by Phone contract has been completed and a new contract will be drawn up in due course.</p>	<p>Head of Public Protection</p>

Action	Deadline as per AGS	Action planned and EoY position	Lead officer
Purchase Order Management System compliance	September 2015	Internal Audit to undertake compliance testing of the Purchase Order management System and to report findings to Audit Committee	Director of Resources

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**Cheltenham Borough Council
Audit Committee – 17 June 2015
Internal Audit Annual Opinion**

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	<p>This Annual Report gives my opinion as the Head of Internal Audit and therefore the officer responsible for the delivery of the internal audit function, which includes assessing the adequacy and effectiveness of internal control within Cheltenham Borough Council. My opinion is based on the adequacy of control, noted from a selection of risk-based audits carried out during the year and, other advice work on control systems including the proactive work of the service as it supports the control arrangements within change projects. The results of any external inspections also inform the opinion.</p> <p>Throughout the year we have measured the degree of control assurance within the systems or elements of systems we have audited or supported by way of control advice. Overall, it is my opinion that a satisfactory assurance level can be given for the controls in place, within the areas where audit activity has taken place, to safeguard these systems which in turn support the delivery of the Council's overall business objectives.</p> <p>Where operational control issues were raised, these are subject to agreed action plans that mitigate risk or the auditors control advice is incorporated within the risk management arrangements for projects and system development or change.</p>
Recommendations	That the Committee considers the report and notes the opinion

Financial implications	<p>None specific arising from the recommendation</p> <p>Contact officer: Mark Sheldon, Chief Finance Officer mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p>None directly arising from the recommendations in this report</p> <p>Contact officer: Peter Lewis, Head of Legal Services, One Legal peter.lewis@teWKesbury.gov.uk, 01684 272012</p>

HR implications (including learning and organisational development)	None specific arPage 84 ^e recommendation Contact officer: Julie McCarthy , julie.mccarthy @cheltenham.gov.uk, 01242 264355
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	<i>“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).</i> Therefore the internal audit activity impacts on corporate and community plans.
Environmental and climate change implications	None.

1. Background

- 1.1 The report outlines how the Internal Audit function has supported the Council in meeting the requirements of Regulation 4 the Accounts and Audit Regulations 2011. These state that:

“The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk.”

“The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.”

- 1.2 Under the CIPFA Public Sector Internal Audit Standards the chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme

2. Reasons for recommendations

- 2.1 The environment in which Cheltenham BC and other Local Authorities now operates has

presented significant drivers for change. Page 85 al effort to meet the organisational objectives within a constrained budget has resulted ... systems coming under review for change e.g. the GO Programme impacting on core financial systems, Shared Services impacting on core governance arrangements, etc.

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 move to a more flexible and risk based plan. The opinion takes into account this more flexible approach.

3. Annual Internal Audit Opinion

3.1 **Satisfactory assurance** can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. Some weakness in the design and/or inconsistent application of controls have been identified, recommendations made and improvement plans agreed

Report author	Robert Milford, Head of Audit Cotswolds, 01242 775058 robert.milford@cheltenham.gov.uk
Appendices	Appendix A of this report sets out the Annual Internal Audit Opinion
Background information	Internal Audit Monitoring reports presented to the Audit Committee throughout 2014/15

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'Working in partnership for a sustainable, high quality service'



INTERNAL AUDIT REPORT
Cheltenham Borough Council

Annual Internal Audit Opinion 2014-15

Introduction

In April 2012 Cheltenham Borough Council and West Oxfordshire District Council delegated their Internal Audit services to Cotswold District Council. This partnership is known as 'Audit Cotswolds' and provides the internal audit services for the Council. This service is required by statute. A significant part of the modern role of the service is the provision of a broad control evaluation function, by either offering or supporting control assurances gained through activities like risk management, performance management, complaints systems and external inspection.

Good practice guidance suggests that the Internal Audit Annual Report should include the key areas of;

- An opinion on the overall adequacy and effectiveness of the control environment,
- A summary of the work from which the opinion is derived,
- Comment on compliance with the Code of Practice for Internal Audit,
- A summary of service performance against its performance measures,
- Detail the internal audit quality assurance process and results.

This report makes comment on each of these and a number of other matters.

Responsibilities

It is a management responsibility to develop and maintain the internal control framework and to ensure compliance with it. The Audit Committee is responsible for obtaining assurance in respect of the control environment operating, part of which comes from the work and opinion of internal audit.

Opinion on the overall adequacy and effectiveness of the control environment

This Annual Report gives my opinion as the Head of Internal Audit and therefore the officer responsible for the delivery of the internal audit function, which includes assessing the adequacy and effectiveness of internal control within Cheltenham Borough Council. My opinion is based on the adequacy of control, noted from a selection of risk-based audits carried out during the year and, other advice work on control systems including the proactive work of the service as it supports the control arrangements within change projects. The results of any external inspections also inform the opinion.

Throughout the year we have measured the degree of control assurance within the systems or elements of systems we have audited or supported by way of control advice. Overall, it is my opinion that a **satisfactory assurance** level can be given for the controls in place, within the areas where audit activity has taken place, to safeguard these systems which in turn support the delivery of the Council's overall business objectives.

Where operational control issues were raised, these are subject to agreed action plans that mitigate risk or the auditors control advice is incorporated within the risk management arrangements for projects and system development or change.

A formal opinion statement is included in **Appendix 1**.

The Council's Annual Governance Statement (AGS)

The opinion of the Head of Internal Audit on the control environment forms part of the evidence supporting the Council's Annual Governance Statement. The primary basis for this opinion, the work undertaken during the year, is detailed within Appendix A. There were matters arising from the work during the year that are deemed a significant control weakness by a 'limited assurance' opinion, these are detailed below. In these

areas, the risks associated with the control issues raised in the audit reports are being actively managed by the responsible Management.

Compliance with the Internal Audit Code of Practice

As well as offering an opinion based on the work undertaken during the year, the Annual Report should also provide the Senior Management and the Audit Committee with assurance that the internal audit service complies with professional internal auditing standards.

It is a requirement of the Accounts and Audit Regulations that Local Authorities undertake an annual review of the effectiveness of its internal audit provision.

In 2014-15 the Audit Cotswold partnership was restructured. The restructure was, in part, informed by an external review of our compliance with the new CIPFA Public Sector Internal Audit Standards. The restructure has now enabled the partnership to demonstrate compliance with the new standards.

Quality Assurance Arrangements and Performance

There is a two stage review process to ensure the quality of the service. The first stage has been briefly mentioned above and is in the form of the Audit Partnership Board. The Audit Partnership Board operates under a Terms of Reference that was adopted on the 1st April 2012 as part of the Section 101 Agreement. The Terms of Reference clearly identify under the section 'Responsibility' that there is a requirement for the Partnership Board to monitor performance and effectiveness. The Audit Partnership Board members are the S151 Officers and act as our client officers to ensure quality of service.

The second stage relates to specific audit review work. There is a robust quality assurance process in place for all audit review work that includes the following:

- The Head of the Audit Partnership is responsible for:
 - Developing an annual risk based plan in consultation with senior management
 - Ensure that the plan remains relevant through the year by realigning to new and emerging risks if necessary
 - Escalation of significant audit issues to the appropriate level to ensure risks are appropriately mitigated in line with management's risk appetite
 - Provision of training to audit staff to ensure continual professional development requirements are delivered and any specialist areas identified in the plan can be resourced e.g. environmental auditing.
- New Manager positions in the structure are tasked with:
 - Conducting periodic meetings with the auditor during site work,
 - Review and approval of the draft report,
 - Review and assessment of the working file,
 - Agreement of the 'points forward', the issues for consideration at next audit review or for the next audit plan

Further quality assurance is provided through the use of formal appraisal schemes and other staff based codes and programmes.

Effectiveness of Internal Audit

Although the above sections of this report outline compliance with national standards there is no national measurement of effectiveness. Indications are that we provide an effective service, actual measurements and evidence is provided through locally driven feedback and comparison through membership of the CIPFA benchmarking group, and that management are proactive in audit planning and responsive to recommendations and advice. We have an Audit Charter and work to an approved annual plan, there is now a directing audit strategy, with the main drivers coming from the business case objectives. The Audit Charter and the Annual Plan demonstrates what the Council wishes from its internal audit service, for example the relationship or balance between financial, governance, and operational assurance, consultancy type work, value for money activity and counter fraud work. Whereas the Strategy provides details on the resources needed to meet these service requirements

During the year we received feedback from the S151 Officer stating:

“The Audit Partnership was one of the early shared services created between councils in Gloucestershire and was initially set up to deliver an improved service, provide better resilience and savings in response to funding pressures.

The partnership has gone from strength to strength and has had to develop quickly in response to the rapid changes in the way in which our councils now do business. As neighbouring councils, we have created a number of shared services, wholly owned companies and independent Trusts which have considerably changed the nature of the audit support required.

The Partnership has responded admirably to this very different environment and has adapted its business model to one of a flexible service which covers a range of clients with different needs. It continues to be very forward thinking and plays a key role in shaping our future thinking around further, even more innovative, partnership working.

Mark Sheldon. Director of Resources (Section 151 Officer) – Cheltenham Borough Council.”

Developing the Internal Audit planning process

The Audit Plan for 2014-15 was developed using a risk based process. In accordance with professional best practice there has been an increasing link between audit activity and the Council’s risk management process and several reviews were undertaken on areas identified in risk registers. Although the audit plan approved at the start of the year is the basis for the year’s activities the service needs to be responsive to emerging risks. Examples in 2014-15 of unplanned work include the investigation into the Art Gallery and Museum project.

Resourcing

The service is delivered by Audit Cotswolds. This partnership has enhanced the resilience and skills base of the service. The service through 2014-15 was delivered by a team with the following professional institute backgrounds:

- Chartered Institute of Public Finance and Accountancy (CIPFA)
- Chartered Institute of Internal Auditors (IIA)
- Chartered Management Institute (CMI)
- Chartered Institute of Management Accountants (CIMA)
- Institute of Management Services (IMS)
- Association of Accounting Technicians (AAT)
- Association of Chartered Certified Accountants (ACCA)

Furthermore there is now a considerable amount of internal audit experience available, many of these gained at senior management level and drawn from both the public and private sectors.

A supportive network has developed in recent years between the Internal Audit Sections across the Gloucestershire Districts. We have provided audit assurance to the GO Shared Service with a working relationship with the Internal Audit team at the Forest of Dean DC.

There is within the new structure the ability for the partnership to call on specialist consultants if necessary. The service also has the ability to agree “extraordinary work”, whereby the client can request us to undertake specific work outside of the agreed annual audit plan. This is funded by agreement with the client.

Training undertaken during the year

Audit work demands a sound understanding of all sectors of the organisation, of professional standards, of developing and emerging trends, and of issues both with the profession (including professional requirements

for continuing professional development (CPD)) and local government for the services provided to the Council. During the year the following training was undertaken:

- Continuing professional development – CIPFA audit training seminars
- IIA professional update sessions and attendance at the South West region conference
- Attendance at the CIPFA annual audit conference
- One member of the team completed their second year of the 'MSc Audit Management and Consultancy' which embodies the Chartered Institute of Internal Auditors professional qualification. They also gained the CMIIA designation
- Attendance and presentation to the Institute of Internal Auditors International Conference July 2014
- One member of the team is two years into a PhD on Shared Service Governance in Local Authorities

Looking forward

The past year has seen the establishment of multiple shared service models which require different internal audit skills. Therefore the training programme has focused on expanding the skills necessary to engage in the different roles required for the different shared services. This will include further development of working practices and audit related ICT systems. This will ensure a sustainable, high quality service will continue to be delivered for the Council.

Conclusion

During the year, Audit Cotswolds delivered a programme of work and responded to emerging issues. The service continues to make a valuable contribution to an improving control environment and culture within the Council.

The work, support and advice provided by Audit Cotswolds will be key in relation to the controls and their effectiveness in the management of risk as the Council seeks to; meet efficiency targets, reduce its budget, review its methods and approach to service delivery levels, embraces new challenges, increase partnership working and engages the shared services agenda.

Robert Milford MA PGDip CMgr FCMI CMIIA MMS

Head of Audit Cotswolds (Head of Internal Audit)

AuditCotswolds
The logo for AuditCotswolds features the text 'AuditCotswolds' in a bold, sans-serif font. Below the text is a stylized green wave graphic that starts under 'Audit' and ends under 'Cotswolds'.

Cheltenham Borough Council

Cheltenham Borough Council

Audit Partnership Manager & Head of Internal Audit

Opinion on the effectiveness of the system of Internal Control for the year ended 31 March 2015

Roles and responsibilities

The whole Council is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement (AGS), is an annual statement from the Chief Executive and the Leader of the Council, on behalf of the Council, setting out the governance control environment, the review of its effectiveness, the control issues and the actions planned to further improve the control environment.

The Council's control assurance framework should bring together all of the evidence required to support the Annual Assurance Statement requirements.

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon, and limited to, the work performed, on the overall adequacy and effectiveness of the organisation's control arrangements. This is achieved through a risk-based programme of activities, agreed with management and approved by the Audit Committee, which should provide a level of assurance across a range of Council activities. The opinion does not imply that the internal audit service has reviewed all risks and controls relating to the Council or the systems it reviews.

The Head of Internal Audit Opinion

The purpose of my annual Head of Internal Audit Opinion is to contribute to the assurances available to the Chief Executive and the Council which underpin the Council's own assessment of the effectiveness of the authority's system of internal control. This opinion is one component that the Council must take into account when completing its Annual Assurance Statement.

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion;
3. Commentary.

My **overall opinion** is that

Satisfactory assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. Some weakness in the design and/or inconsistent application of controls have been identified, recommendations made and improvement plans agreed.

The **basis** for forming my opinion is as follows:

1. An awareness of the design and operation of the processes which underpin the overall control framework, and
2. An assessment of the range of individual opinions arising from risk-based internal audit assignments, contained within internal audit's risk-based plan that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.

Additional areas of work that support my opinion;

3. The outcome of other external inspections of internal control systems throughout the year, for example reports provided by Grant Thornton
4. The Grant Thornton report on the Art Gallery and Museum project

The **commentary** below provides the context for my opinion.

The range of individual opinions arising from risk-based audit assignments, contained within the annual plan that have been reported throughout the year.

A table of internal audit work in 2014-15 is detailed in **Appendix (i)**

This has been an extraordinary year for change in this authority. The control environment within key financial systems has undergone significant changes and that of other front line services such as refuse collection. There is still scope to improve the arrangements for some of the key governance activities examined and these are being actively progressed both through the management arrangements, which is supported by agreed action plans, following internal audit reviews.

There were several areas where a 'Limited Assurance' opinion was deemed appropriate or that showed a significant change in governance that warrants further detail in this report:

- The Art Gallery and Museum project was found to be significantly overspent and resulted in the CEO requesting a review to be undertaken by Grant Thornton. This review was presented to the Audit Committee in January 2015. The report outlined a series of recommendations to improve the control system. A further review was then requested by the Audit Committee for Audit Cotswolds to investigate the 'why' element of the Art Gallery and Museum issue i.e. why did it happen. This work is still on-going. Therefore only the results of the Grant Thornton report have influenced my opinion.
- The establishment of The Cheltenham Trust (TCT) was also completed within the 2014-15 year. Audit Cotswolds provided support to the change programme that developed the trust. This included performing such roles as: independent chair for gateway reviews at key milestones and providing independent on-going advice to the programme team. The TCT went 'live' on the 1st October 2014 and as such, my opinion only considers the control framework up to this date as the TCT became a separate entity from that point forward. On-going internal audit reviews will now be focused to the systems Cheltenham BC has in place to ensure the TCT delivers on the agreed outcomes for Cheltenham BC.

In 2014-15 audit monitoring reports were presented to the Audit Committee. These reports provided details of audit activity quarterly through the year. Within these reports details of all full audit reports were provided for Audit Committee comment along with information relating to the service.

For the some areas identified in the table below no formal assessment in relation to control activity is made, but the general observation and advice given as part of this work feeds into my assessment of the overall control environment. Our observations and the acceptance of advice has, I feel, further enhanced the control environment.

The assessments reported from other inspection processes

In formulating our overall opinion on internal control, Internal Audit were aware of the work undertaken by other sources of assurance, their findings and their conclusions:

- External Audit (Grant Thornton) – various reviews
- Internal Audit at Forest of Dean with regards to the GO Shared Services

Other assessments considered

The Certificates of Assurance (control self assessments by management)

The other control assurance statements and supporting evidence which are considered in the completion of the Annual Governance Statement.

Robert Milford MA PGDip CMgr FCMI CMIIA MMS

Head of Audit Cotswolds (Head of Internal Audit)



Cheltenham Borough Council

Table of internal audit work in 2014-15

Appendix (i)

AUDIT ACTIVITY / REVIEW AREAS & ASSURANCE LEVELS				
The table below provides a summary of the internal audit service activities and assurances gained.				
Audit Activity	Assurance Opinion (if relevant)	Status	Type	
Core Audit Areas				
Annual Governance Statement	Validation report	Final	Assurance	
Performance Management	On-going		Assurance	
Risk Management – reallocated to other risk works (AG&M)	N/A	Reallocated		
Governance Compliance – Members Allowances	On-going		Assurance	
ICT Review - reliance on PSN/JSWG for 2014~15	N/A	Final	Consultancy	
Housing and Council Tax Benefits	satisfactory	Final	Assurance	
Council Tax	satisfactory	Final	Assurance	
National Non Domestic Rates	satisfactory	Final	Assurance	
<i>GO Shared Services (GO Module Audits and Client Testing)</i>				
- Budgetary Control and Capital Accounting	High	Final	Assurance	
- Treasury Management	High	Final	Assurance	
- Bank Reconciliations	satisfactory	Final	Assurance	
- Main Accounting	High	Final	Assurance	
- Payroll	satisfactory	Final	Assurance	
- Accounts Payable	Satisfactory	Final	Assurance	
- Accounts Receivable	High	Final	Assurance	
Other Risk Based Work 2014/15				
Change Management – Cheltenham Trust	N/A	Final	Consultancy	
Change Management - 2020 Vision	N/A	On-going	Consultancy	
Change Management - REST project	N/A	On-going	Consultancy	
Payment Channels and Income Streams	satisfactory	Final	Assurance	
Environmental Audit	N/A	Final	Consultancy	
Data Protection and Control of Data	On-going			
Transparency Agenda (follow up)	N/A	Final	Assurance	
Social Networking	On-going			
Housing – Disabled Facilities Grants	satisfactory	Final	Assurance	
Car Parking (Follow-up)	satisfactory	Final	Assurance	
AGM review – new work at CEO request	On-going		Assurance	
Entertainments	N/A	Final	Consultancy	
Miscellaneous Advice	N/A	On-going	Consultancy	

	National Fraud Initiative	Review	On-going	Consultancy
	Follow-up	N/A	On-going	Assurance
	Counter Fraud Unit Business Case – phase 1	Project	Final	Consultancy

End.

Cheltenham Borough Council Audit Committee – 17 June 2013 Counter Fraud Report 2014-15

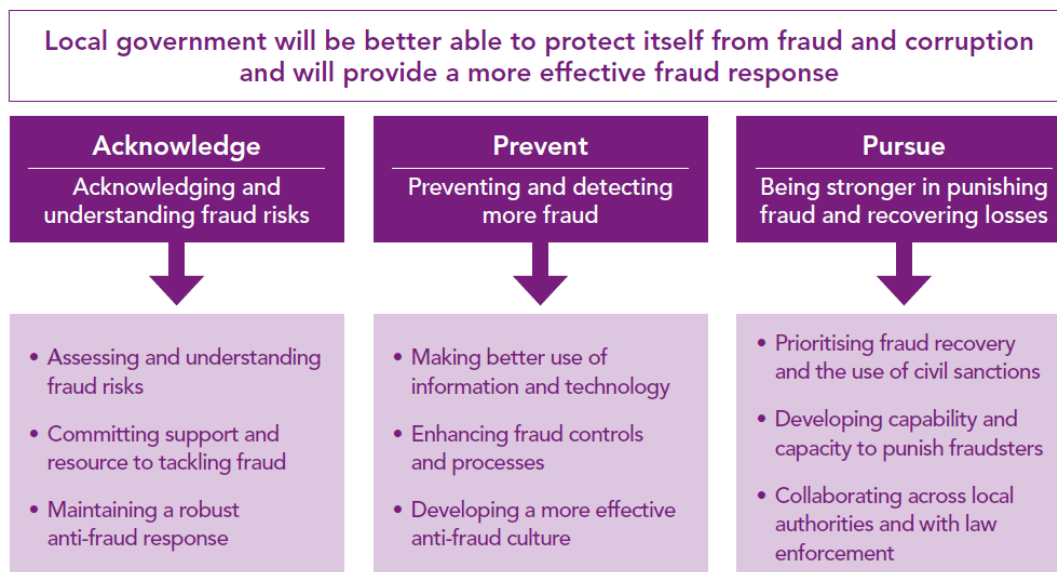
Accountable member	Cabinet member corporate services
Accountable officer	Head of Audit Cotswolds – Robert Milford
Ward(s) affected	All
Key Decision	No
Executive summary	<p>The Chartered Institute of Public Finance and Accountancy (CIPFA) published a paper “<i>Delivering good governance in Local Government; Addendum, December 2012</i>”. In this paper there is a table of elements that are recognised as key in an authority’s governance framework. One of these elements is:</p> <p style="text-align: center;"><i>“ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.”</i></p> <p>This report sets out the Counter Fraud work conducted through 2014-15.</p>
Recommendations	That the Committee considers the report and makes comments as necessary.

Financial implications	<p><i>There are no direct financial implications arising from this report.</i></p> <p>Contact officer: Mark Sheldon, Chief Finance Officer mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p><i>None specific arising from the report recommendation.</i></p> <p>Contact officer: Peter Lewis, peter.lewis@tewkesbury.gov.uk, 01684 272012</p>
HR implications (including learning and organisational development)	<p><i>No additional HR implications arising from this report.</i></p> <p>Contact officer: Julie McCarthy, HR Operations Manager julie.mccarthy@cheltenham.gov.uk, 01242 26 4355</p>

Key risks	That the authority is unable to fraud, corruption and bribery due to insufficient controls in place to Acknowledge, Prevent and or Pursue counter fraud activity.
Corporate and community plan Implications	In administering its responsibilities; this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor. The Council is committed to an effective Counter Fraud and Corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities. Thus supporting corporate and community plans.

1. Background

1.1 In 2011 the Local Government Fraud Strategy “Fighting Fraud Locally” was published that sets out the approach to fraud that is now expected of Local Government. The stated vision is that “*by 2015 Local Government will be better able to protect itself from fraud and have in place a more effective fraud response.*” It goes on to indicate three areas of focus as shown in the table below:



1.2 The Audit Commission published their document “Protecting the Public Purse 2014” which sets out a series of recommendations that Councils should inter alia “*maintain a capability to investigate non-housing benefit related fraud, proportionate to the risk*” and “*assess the potential benefits and cost savings of greater joint working with other Councils.*”

1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a paper “*Delivering good governance in Local Government; Addendum, December 2012*”. In this paper there is a table of elements that are recognised key in an authority’s governance framework. One of these elements is:

“ensuring effective counter-fraud and anti-corruption arrangements are developed and

CIPFA also produced in 2014 the Code of Practice on “Managing the risk of fraud and corruption.”

1.4 This Counter Fraud Report for this authority sets out the counter-fraud and anti-corruption arrangements in this authority and the results of activity for 2014-15 set out in terms of:

- Acknowledgement,
- Prevent and
- Pursue.

1.5 Although the focus of these reports is on the criminal level fraud it is considered good practice to approach any possible ‘fraud’ investigation with the criminality element fully considered even if the final result is disciplinary only. Therefore the results of any disciplinary action of this nature have also been included.

2. Reasons for recommendations

2.1 The Audit Committee is the group charged with governance responsibilities at this authority and as such should receive reports on the governance framework as mentioned in 1.3.

3. Annual Counter Fraud Report

3.1 A report highlighting the areas reviewed is shown in Appendix 1

Report author	Robert Milford, Head of Audit Cotswolds, 01242 775174, Robert.milford@cheltenham.gov.uk
Appendices	Appendix 1 ~ Counter Fraud Report 2014-15
Background information	None

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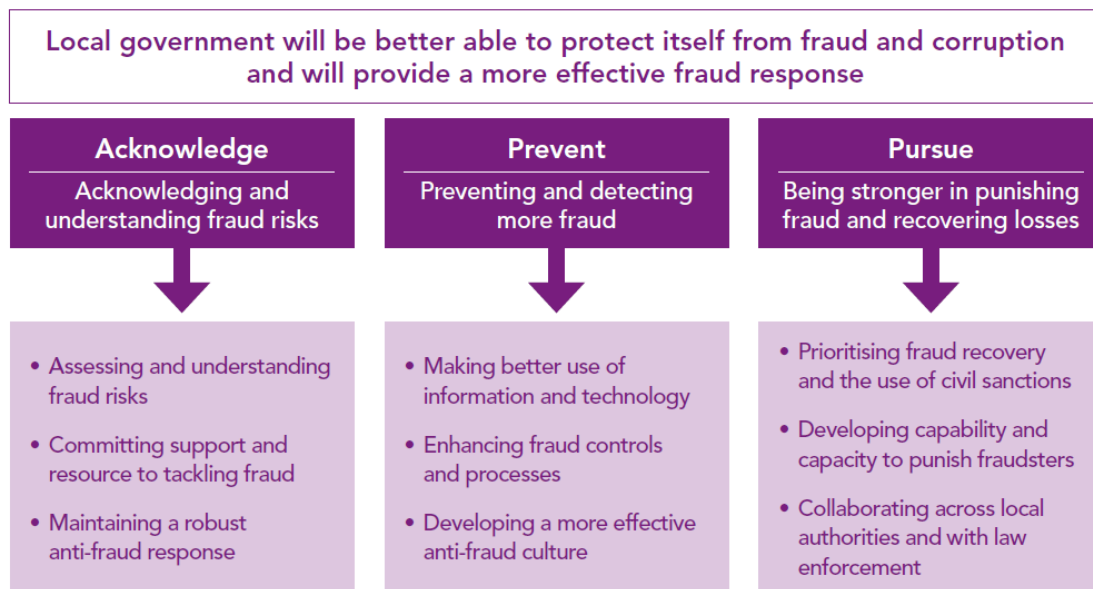


COUNTER FRAUD REPORT 2014-15
Cheltenham Borough Council

Counter Fraud Report 2014-15

1. Introduction

1.1 In 2011 the Local Government Fraud Strategy “Fighting Fraud Locally” was published that sets out the approach to fraud that is now expected of Local Government. The stated vision is that “*by 2015 Local Government will be better able to protect itself from fraud and have in place a more effective fraud response.*” It goes on to indicate three areas of focus as shown in the table below:



1.2 The Audit Commission published their document “Protecting the Public Purse 2014” which sets out a series of recommendations that Councils should inter alia “*maintain a capability to investigate non-housing benefit related fraud, proportionate to the risk*” and “*assess the potential benefits and cost savings of greater joint working with other Councils.*”

1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a paper “*Delivering good governance in Local Government; Addendum, December 2012*”. In this paper there is a table of elements that are recognised key in an authority’s governance framework. One of these elements is:

“ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.”

CIPFA also produced in 2014 the Code of Practice on *“Managing the risk of fraud and corruption.”* The code requires the authority to consider the principles set out in the code and determine if the authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

1.4 This Counter Fraud Report for this authority sets out the counter-fraud and anti-corruption arrangements in this authority and the results of activity for 2014-15 set out in terms of:

- Acknowledgement,
- Prevent and
- Pursue

It also considers the five key principles from the CIPFA code:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify fraud and corruption risks
- Develop an appropriate counter fraud corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption

2. Acknowledgement

2.1 In April 2012 the Government outlined the Fighting Fraud Locally Strategy and with it came the Local Government Fraud Strategy, which recognised that fraud cost the UK in the region of £73 billion per year. The strategy outlined that Local Government needed to “Acknowledge, Prevent and Pursue” fraud which in itself accounted for £2.2 billion.

2.2 Since then the Government has established other initiatives to combat fraud. These included the Department of Work and Pensions (DWP) Single Fraud Investigation Service (SFIS) which would take on the benefit fraud investigation work that was originally done by Local Government. This was formerly announced in February 2013 and would impact directly on the

benefit fraud investigators within this authority. The DWP SIFIS would be 'live' from 1st April 2015 and would have resulted in the transfer of two experienced fraud investigators to the DWP.

- 2.3 However, in February 2015 a report was presented to Cabinet (via Audit Committee in January 2015) that looked at the impact of SFIS and the possible requirements for changes to Cheltenham Borough Council's structure to continue "Acknowledging, Preventing and Pursuing" fraud in all its guises post SIFS. The decision taken by Cabinet was to retain counter fraud expertise and focus on other aspects of fraud and corruption impacting on this authority.
- 2.4 The Cabinet decision in February 2015 was also recognising that in December 2014 the authority (via the Section 151 Officer) had supported a bid to the Department of Communities and Local Government (DCLG) for funding to establish a Gloucestershire-wide Counter Fraud Hub. The bid had been prepared by the Head of Audit Cotswolds on behalf of the region. The bid was successful and £403,000 was awarded to the project.
- 2.5 In preparing the DCLG bid a risk assessment of fraud and corruption was undertaken. This identified that there remained a risk of fraud to the authority even after the transfer of benefit fraud to the DWP SFIS.
- 2.6 Furthermore, the bid recognised the need for appropriate tools to tackle fraud in a more pro-active manner. Therefore the bid focused on the use of data warehousing and matching to generate intelligence to locate possible frauds for investigation. This would supplement the existing data matching exercises, such as the National Fraud Initiative (NFI) that the Audit Services and Consultancy Manager from Audit Cotswolds administers. It would also enhance the referral mechanism e.g. hotline, website link and whistleblowers policy.
- 2.7 The above paragraphs addresses how the authority "*Acknowledges Responsibility and Identifies Fraud Risk*".

3. Prevent

- 3.1 Audit Cotswolds acts as the key contact for NFI, which is a data matching exercise that matches data from multiple sources that may indicate possible fraudulent activity. For example, payroll to data can be matched to indicate if someone is fraudulently claiming benefits.
- 3.2 The key element arising from the PPP14 was the general breadth of fraud issues and that authorities were now having success in tackling these different areas of fraud. Although there are controls in place at this authority to prevent fraud there is always a potential for fraud to occur. The new Counter Fraud Hub is being implemented to help prevent the fraud as well as react to the frauds that are found. For example, the development of the business case for retaining counter fraud staff helped to raise awareness of the risk of fraud but also through the feasibility work conducted in 2014-15 identified the new powers to tackle the fraud.
- 3.3 A key new power is the Prevention of Social Housing Fraud Act 2013 that only Local Authorities have these powers. This legislation is there to help local authorities tackle the tenancy fraud and application fraud within housing.
- 3.4 Furthermore, on successful prosecution of fraud cases and the success of the DCLG funding bid, this authority has publicised the results. This acts as a deterrent to would be fraudsters.
- 3.4 Overall the development of the business case to retain resources at the authority and the bid to DCLG highlights that the authority has a "*strategy*" to counter fraud and corruption in all its forms.

4. Pursue

- 4.1 The focus of 2014-15 activity has been to resource and prepare for a more proactive approach to counter fraud activity in 2014-15. This has included liaison with Human Resources and Legal Services with the aim to be prepared that if more proactive work triggers more reporting of possible frauds then the counter fraud service will pursue.

- 4.2 In terms of pursuing fraud for 2014-15, the benefits fraud continued to be tackled until 31st March 2015.
- 4.3 From the 1st March 2015 former benefit fraud investigators transferred to the new Counter Fraud Officers positions managed by the Head of Audit Cotswolds as approved by Cabinet in February 2015. Their role has now widened to address all types of fraud and corruption potentially impacting on the authority. This has also included continued investigative provision to Cheltenham Borough Homes where, as publicised 11th January 2015, two cases of tenancy related fraud were successfully prosecuted.
- 4.4 This demonstrated that the authority “*provides resources*” and “*takes action*” in relation to fraud and corruption.

5. Conclusion

- 5.1 The successes discussed above will help to ensure that the Gloucestershire-wide Counter Fraud Hub will develop over the next two years. Cheltenham BC is playing an active role in developing this hub.
- 5.2 The activity outlined above demonstrates our compliance with the CIPFA principles for managing the risk of fraud and corruption.

Robert Milford MA PGDip CMgr FCMI CMIIA MMS

Head of Audit Cotswolds (Head of Internal Audit)

AuditCotswolds


Cheltenham Borough Council

Audit Committee 2014-2015 work plan

Item	Officer	Decision / Discussion / Information
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17 June 2015		
Briefing (to agree agenda): w/c 4 May 2015	Complete reports by: 5 June 2015	
Audit committee update	Grant Thornton	Discussion
Annual Audit Fee Letter 2015-16	Grant Thornton	Discussion
Internal Audit annual opinion 2014-15	Rob Milford	Discussion
Counter fraud report 2014-15	Rob Milford	Discussion
Annual governance statement	Bryan Parsons	Decision
Section 11 Safeguarding Responsibilities (what questions should the audit committee be asking in order to be able to fulfil its responsibility for assurance on safeguarding at the council)	Tracy Brown	Discussion
ICT disaster recovery preparation and testing assurance report	Andy Barge / Simon Walker	Discussion
Section 151 Officer interim arrangements	Mark Sheldon	Decision
23 September 2015		
Briefing (to agree agenda): w/c 10 August 2015	Complete reports by: 11 September 2015	
Audit committee update	Grant Thornton	Discussion
Audit highlights memorandum - ISA 260 (for the previous year) and financial resilience (for current year)	Grant Thornton	Discussion
Internal audit monitoring report	Rob Milford	Discussion
Review of annual statement of accounts	Finance Team	Tbc
Leisure and Culture Trust – 12 month review of governance arrangements	Tbc	October 2015
13 January 2016		
Briefing (to agree agenda): w/c 30 November 2015	Complete reports by: 1 January 2016	
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

Audit Committee 2014-2015 work plan

Item	Officer	Decision / Discussion / Information
Annual governance statement – significant issues action plan	Bryan Parsons	Decision
23 March 2016		
Briefing (to agree agenda): w/c 8 February 2016	Complete reports by: 11 March 2016	
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
15 June 2016		
Briefing (to agree agenda): w/c 2 May 2016	Complete reports by: 3 June 2016	
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 for the coming year	Grant Thornton	Discussion
Annual counter fraud report	Rob Milford	Tbc

Items to be added at a future date (future dates will not be agreed until March 2015)		
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

Audit Committee 2014-2015 work plan

Item	Officer	Decision / Discussion / Information
Corporate Governance arrangements for Glos Airport following further work by the JASWG and recs arising	Mark Sheldon	Tbc
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
	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

Audit Committee 2014-2015 work plan

Item	Officer	Decision / Discussion / Information	
	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