



Borough of Tamworth

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AUDIT AND GOVERNANCE COMMITTEE

23 May 2017

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 1st June, 2017 at 6.00 pm**. Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'A. G. ...', written over a circular stamp or mark.

A G E N D A

NON CONFIDENTIAL

- 1 Appointment of Chair
- 2 Appointment of Vice-Chair
- 3 Apologies for Absence
- 4 Minutes of the Previous Meeting (Pages 1 - 6)
- 5 Declarations of Interest

To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.

When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.

6 Presentation on the Role of the Audit and Governance Committee

Presentation by Grant Thornton (External Auditor)

7 Fee Letter 2017/18 (Pages 7 - 10)

The Report of Grant Thornton (External Auditor)

8 Audit and Governance Committee Update

Verbal Update to be given by Grant Thornton (External Auditor)

9 Proposed Changes to the Constitution and Scheme of Delegation (Pages 11 - 12)

(The Report of the Solicitor to the Council and Monitoring Officer)

10 Regulation of Investigatory Powers Quarterly Report June 2017 (Pages 13 - 16)

(The Report of the Solicitor to the Council and Monitoring Officer)

11 Standard Allegation Complaint 1 (Pages 17 - 18)

(The Report of the Solicitor to the Council and Monitoring Officer)

12 Standard Allegation Complaint 2 (Pages 19 - 20)

(The Report of the Solicitor to the Council and Monitoring Officer)

13 Annual Governance Statement & Code of Corporate Governance (Pages 21 - 92)

(The Report of the Head of Internal Audit Services)

14 Counter Fraud Update (Pages 93 - 116)

(The Report of the Head of Internal Audit Services)

15 Financial Guidance (Pages 117 - 214)

(The Report of the Head of Internal Audit Services)

16 Internal Audit Annual /Quarterly Report (Pages 215 - 232)

(The Report of the Head of Internal Audit Services)

17 Public Sector Internal Audit Standards/Quality Assurance & Improvement Programme (Pages 233 - 278)

(The Report of the Head of Internal Audit Services)

18 Risk Management Update (Pages 279 - 284)

(The Report of the Head of Internal Audit Services)

19 Audit & Governance Committee Self-Assessment (Pages 285 - 288)

For Information only

20 Audit and Governance Committee Timetable (Pages 289 - 292)

(Discussion Item)

People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail committees@tamworth.gov.uk preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.

To Councillors: J Chesworth, C Cooke, J Faulkner, R Ford, M Greatorex, R Kingstone and M Summers

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MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 30th MARCH 2017

PRESENT: Councillors J Chesworth (Chair), C Cooke, J Faulkner, M Gant, R Kingstone and J Oates

OFFICERS: John Wheatley (Executive Director Corporate Services), Stefan Garner (Director of Finance) and Angela Struthers (Head of Internal Audit Services)

VISITORS: John Gregory and Joan Barnett (Grant Thornton)

58 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor M Summers

59 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 9 February 2017 were approved and signed as a correct record.

(Moved by Councillor J Faulkner and seconded by Councillor M Gant)

60 DECLARATIONS OF INTEREST

There were no declarations of Interest.

61 INFORMING THE AUDIT RISK ASSESSMENT FOR TAMWORTH BOROUGH COUNCIL

The Report of Grant Thornton (External Auditor) was considered

RESOLVED: That the Members endorsed the report of the External Auditor informing of the Audit Risk Assessment for 2016/17 for the Council

*(Moved by Councillor C Cooke and seconded by
Councillor J Chesworth)*

**62 AUDIT AND GOVERNANCE COMMITTEE UPDATE FOR TAMWORTH
BOROUGH COUNCIL PROGRESS REPORT AND UPDATE YEAR ENDED 31
MARCH 2017**

The Report of Grant Thornton (External Auditor) was considered

RESOLVED: That the Members received the report of the External Auditor informing of the Progress Report and Update for Year Ended 31 March 2017

*(Moved by Councillor J Faulkner and seconded by
Councillor M Gant)*

63 THE AUDIT PLAN FOR TAMWORTH BOROUGH COUNCIL

The Report of Grant Thornton (External Auditor) was considered

RESOLVED: That the Members endorsed the report of the External Auditor informing the Audit Plan for 2016/17 for the Council

*(Moved by Councillor J Oates and seconded by Councillor
M Gant)*

**64 REVIEW OF THE TREASURY MANAGEMENT STRATEGY STATEMENT,
MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL
INVESTMENT STATEMENT 2017/18 AND THE TREASURY MANAGEMENT
STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY MID-
YEAR REVIEW REPORT 2016/17**

The Executive Director Corporate Services reported on the review of the Treasury Management Strategy Statement, Minimum Revenue Provision Statement and Annual Investment Statement 2017/18 and the Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2016/17 approved by Council on 21st February 2017 and 13th December 2016 respectively was considered

RESOLVED: That the Members considered the Treasury Reports

detailed within the Executive Directors Report

*(Moved by Councillor C Cooke and seconded by
Councillor M Gant)*

65 FINAL ACCOUNTS 2016/17 – ACTION PLAN

The Director of Finance provided an outline of the corporate requirements that will need to be achieved in order to produce the Council's Annual Statement of Accounts for 2016/17 (including deadlines but not including detailed responsibilities) and to obtain corporate commitment to the action plan.

RESOLVED:

That the Members approved

- 1** the target of 26th May 2017 for closure of the final accounts and production of the Draft Statement of Accounts for 2016/17;
- 2** staffing resources be committed to the provision of appropriate information and support in order to meet the published timescales and the Committee receive progress updates;
- 3** Corporate Management Team (CMT) to receive a fortnightly update until completion of the audit; and
- 4** that the Audited Statement of Accounts be presented to the Audit and Governance Committee on 27th July 2017.

*(Moved by Councillor J Faulkner and seconded by
Councillor J Chesworth)*

66 CHANGES TO THE CIPFA CODE OF PRACTICE AND PROPOSED ACCOUNTING POLICIES 2016/17

The Director of Finance advised Members of the changes to the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and the proposed Accounting Policies for 2016/17.

RESOLVED: That the Members

approved that the changes to the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom were considered; and

proposed Accounting Policies for 2016/17 are approved

(Moved by Councillor M Gant and seconded by Councillor J Faulkner)

67 STANDARDS ALLEGATION COMPLAINT

The Solicitor to the Council and Monitoring Officer advised Members on a recent complaint received in relation to an alleged breach of the Code of Conduct which occurred under the local arrangements that were put in place to deal with Standards allegations in terms of the Localism Act 2011 by Council on 19 June 2012.

RESOLVED: That the Members endorsed the findings of the contents of the report.

(Moved by Councillor J Faulkner and seconded by Councillor M Gant)

68 AUDIT AND GOVERNANCE COMMITTEE SELF ASSESSMENT

The Head of Internal Audit Services completed a self-assessment of the effectiveness of the Audit and Governance Committee and produced an improvement action plan

RESOLVED: That the Members completed the self-assessment checklist

(Moved by Councillor J Chesworth and seconded by Councillor C Cooke)

69 INTERNAL AUDIT CHARTER AND PLAN 2017-18

The Head of Internal Audit Services advised Members of the proposed Internal Audit Charter and Plan for 2017-18 and provided Members with assurance on the appropriate operation of Internal Audit.

RESOLVED: That the Members endorsed the Internal Audit Charter and Plan 2017-18.

(Moved by Councillor M Gant and seconded by Councillor J Chesworth)

70 AUDIT AND GOVERNANCE COMMITTEE TIMETABLE

The Committee reviewed and agreed the timetable.

71 THANKS GIVEN

RESOLVED: To thank Grant Thornton and officers providing reports and to the staff working in the Accountancy and Audit Sections of the Council

Chair

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18 April 2017

Dear Tony

Planned audit fee for 2017/18

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

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

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

Scale fee

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

There are no changes to the overall work programme for local government audited bodies for 2017/18, following the recent CIPFA/LASAAC announcement that their planned introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities in 2017/18 will no longer proceed. PSAA have therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17. The Council's scale fee for 2017/18 has been set by PSAA at £49,838.

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

Scope of the audit fee

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

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

The scale fee covers:

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

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

Value for Money conclusion

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

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

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

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

Certification of grant claims and returns

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

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

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

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2017	12,459.50
December 2017	12,459.50
March 2018	12,459.50
June 2018	12,459.50
Total	49,838.00
Housing Benefit Certification	
To be announced when PSAA sets the fee	

Outline audit timetable

We will undertake our audit planning and interim audit procedures in December 2017 to March 2018. Upon completion of this phase of our work, we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in June/July 2018; and work on the whole of government accounts return at the same time (subject to receipt of documentation from Communities and Local Government).

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2017 to March 2018	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June/July 2018	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 June 2018	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	June/July 2018	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	Autumn 2018	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	January/February 2018 (dependent upon Audit Committee date)	Grant certification report	A report summarising the findings of our housing benefit certification work

Our team

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

	Name	Phone Number	E-mail
Engagement Lead	Engagement Lead	John Gregory	0121 232 5333
Engagement Manager	Joan Barnett	0121 232 5399	joan.m.barnett@uk.gt.com
In Charge Auditor	Denise Mills	0121 232 5306	denise.f.mills@uk.gt.com

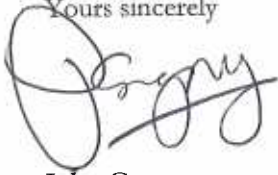
Additional work

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

Quality assurance

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Gregory', written over a faint, illegible typed name.

John Gregory
Engagement Lead
For Grant Thornton UK LLP

AUDIT AND GOVERNANCE COMMITTEE

01 JUNE 2017

REPORT OF THE SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

CONSTITUTION AND SCHEME OF DELEGATION

EXEMPT INFORMATION

None

PURPOSE

To consider the proposals put forward as amendments to the Constitution and Scheme of Delegation at Council on 16 May 2017 in terms of Article 16 paragraph 2.16.12.

RECOMMENDATIONS

It is recommended that the Committee consider the Constitution as endorsed and adopted at Council on 16 May 2017.

EXECUTIVE SUMMARY

Article 9 of the Constitution provides *inter alia* that the Audit and Governance Committee maintain an overview of the Council's Constitution. Article 16 requires *inter alia* changes to the constitution to be approved by full Council subject to consideration of any proposals in relation thereto by the Solicitor to the Council and the Audit and Governance Committee.

Under the Localism Act the Authority remains under a duty to promote and maintain high standards of governance and exercise all its powers and duties in accordance with the law. The Constitution and Scheme of Delegation assist this process. Accordingly the Audit and Governance Committee has been asked to consider the amendments made as per the appendix attached to this report.

RESOURCE IMPLICATIONS

The Amendments as required to the Constitution and the Scheme of Delegation ensure that the authority operates *intra vires* and implementation will be carried out as part of the duties of the Council, the Solicitor to the Council and staff with no additional resource implications for the Authority.

LEGAL/RISK IMPLICATIONS BACKGROUND

To have a Constitution that is not fit for purpose could lead to the Council making decisions that would be *ultra vires*. In addition an effective Constitution and Scheme of Delegation provides the mitigating action necessary to ensure that the

Council's legal obligations are met and further provides officers with the required functionality to ensure that the Council's obligations under statute are fully met.

EQUALITY IMPLICATIONS

An Equalities Impact Assessment is not required in this instance. In approving the recommendations it is envisaged that the citizens of Tamworth will benefit from robust governance which supports the active involvement of citizens in the process of local authority decision making and an open and transparent delegation regime for its officers.

BACKGROUND INFORMATION

Each year at the first business meeting of the Council the Constitution and Scheme of Delegation as reviewed require to be adopted to ensure probity and legal compliance. On 16 May 2017 it was agreed that the Constitution and Scheme of Delegation be adopted with the amendments proposed put forward by the Leader of the Council at the meeting on 16 May all of which is of course subject to further consideration by Audit and Governance Committee as required in Articles 9 and 16 of the Constitution. Please see the link below

REPORT AUTHOR

Jane M Hackett Solicitor to the Council and Monitoring Officer Tel 709258 if you would like further information or clarification prior to the meeting

LIST OF BACKGROUND PAPERS

Local Government Act 1972
Localism Act 2011

Link to the Constitution as adopted at the Council meeting on 16 May 2017
<http://tammodgov.tamworth.gov.uk/ecSDDisplay.aspx?NAME=SD366&ID=366&RPID=1542519>

AUDIT AND GOVERNANCE COMMITTEE

01 JUNE 2017

REPORT OF THE SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

REGULATION OF INVESTIGATORY POWERS ACT 2000

Purpose

The Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) specifies that quarterly reports will be taken to Audit & Governance Committee to demonstrate to elected members that the Council is complying with its own Code of Practice when using RIPA.

Recommendation

That Audit and Governance Committee endorse the quarterly RIPA monitoring report.

Executive Summary

The Office of the Surveillance Commissioner (OSC) conducted an inspection into the RIPA policy, procedures, documentation and training on 6 October 2014 utilised at the Council. The outcome of the inspection was reported to Council on 16 December 2014. The recommendations arising from the inspection have been implemented and reported back to the OSC. The policy at that time was updated in line with the recommendations of the Commissioner and has since been updated further on two occasions as a result of changes to legislation and the Codes of Practice published by the Home Office. Training took place in January 2015 for officers who previously had no RIPA training and for members with refresher training being delivered for those officers previously trained. Further training is being considered for the autumn of 2017. Training is also delivered through Netconsent.

At present the RIPA policy is up to date and reviewed to take account of changes in legislation and government guidance. The policy was submitted for approval and adoption by a separate report and the Council re-adopted the RIPA policy on 16 May 2017. The revised policy has been published and a questionnaire will be issued through Netconsent for all staff with training to take place later in the municipal year. The practice that quarterly reports on the use of RIPA powers be submitted to Audit & Governance Committee will continue.

Options Considered

Obligations arising under RIPA for the authority are statutory therefore the only option is compliance.

Resource Implications

Support for the RIPA obligations and functions are met from existing budget and existing staff resources.

Legal/Statutory and Risk Implications

The recording of applications, authorisations, renewals and cancellations of investigations using covert surveillance techniques or involving the acquisition of communications data is covered by the Regulation of Investigatory Powers Act 2000.

The Regulation of Investigatory Powers Act was introduced to regulate existing surveillance and investigation in order to meet the requirements of Article 8 of the Human Rights Act. Article 8 states: Everyone has the right for his private and family life. His home and his correspondence. There shall be no interference by a public authority with the exercise of this right except such as in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the Country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.

RIPA investigations can only be authorised by a local authority where it is investigating criminal offences which (1) attract a maximum custodial sentence of six months or more or (2) relate to the sale of alcohol or tobacco products to children.

There are no risk management or Health and Safety implications.

Sustainability Implications

The legislation requires the Authority to record and monitor all RIPA applications, keep the records up to date and report quarterly to a relevant Committee.

Background Information

The RIPA Code of Practice produced by the Home Office in April 2010 introduced the requirement to produce quarterly reports to elected members to demonstrate that the Council is using its RIPA powers appropriately and complying with its own Code of Practice when carrying out covert surveillance. This requirement relates to the use of directed surveillance and covert human intelligence sources (CHIS).

The table below shows the Council's use of directed surveillance in the current financial year to provide an indication of the level of use of covert surveillance at the Council. There have been no applications under RIPA in the period from 1 January 2017 to 31 March 2017.

The table outlines the number of times RIPA has been used for directed surveillance, the month of use, the service authorising the surveillance and a general description of the reasons for the surveillance. Where an investigation is ongoing at the end of a quarterly period it will not be reported until the authorisation has been cancelled. At the end of the fourth quarterly period for the financial period 2016/17 there were no outstanding authorisations.

There have been no authorisations for the use of CHIS.

Financial year 2016/17

Month	Service	Reason
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No applications

Background papers

None

"If Members would like further information or clarification prior to the meeting please contact Jane M Hackett Solicitor to the Council and Monitoring Officer on Ext.258"

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AUDIT & GOVERNANCE COMMITTEE

01 JUNE 2017

REPORT OF THE SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

STANDARDS ALLEGATION COMPLAINTS

Purpose

To advise Members on a recent complaint received in relation to an alleged breach of the Code of Conduct which occurred under the local arrangements that were put in place to deal with Standards allegations, in terms of the Localism Act 2011, by Council on 19 June 2012.

Recommendation

Members are requested to endorse the findings of the contents of the report.

Executive Summary

The current complaint was lodged by a member of the public on 2 March 2017.

In terms of the Policy for dealing with complaints of this nature the Monitoring Officer reviewed the complaint and applied the preliminary tests required.

In relation to the complaint the Monitoring Officer consulted with one of the Independent Persons. Additional information was required and the complainant contacted with a request for further information. This would have enabled the matter to be considered. A response was sought by 5 April 2017, the information was not forthcoming. On 20 April 2017 the complainant was written to and advised that the matter was being closed. No further contact has been received.

The action taken in relation to the complaint was in accordance with the Arrangements for Dealing with Standards Allegations under the Localism Act 2011 that were adopted at Council on 19 June 2012.

Thus the complaint was dealt with as follows:

The file was closed on 20 April 2017. The complainant was advised in writing.

Options Considered

The procedure for dealing with complaints against a Councillor for an alleged breach of the Code of Conduct requires the Monitoring Officer to report Informal Resolutions to the Audit and Governance Committee for information.

Resource Implications

As the matter has been resolved using the informal resolution process the resources utilised have been totally contained within the corporate core cost centre.

Legal/Risk Implications

Without a process to deal with complaints of this nature against members the authority would be operating ultra vires and risk legal action and/or damage to reputation. The cost in financial terms could be significant.

Sustainability Implications

The process and policy for dealing with complaints of this nature provides as robust a system as possible in the current legislative climate. The process and policy is kept under review and amended in line with Council protocols.

Background Information

Since the establishment of the new arrangements from June 2012 I can confirm that the system adopted in relation to Standards allegations has operated satisfactorily and high standards of conduct are being maintained in the authority. The legislation does not give the Council any powers to impose sanctions, such as suspension or requirements for training or an apology, on members in relation to a breach of conduct. Accordingly, where a failure to comply with the Code of Conduct is found, the range of sanctions which the authority can take in respect of the member is limited and must be directed to securing the continuing ability of the authority to systematically discharge its functions effectively, rather than “punishing” the member concerned.

Report Author

Jane M Hackett, Solicitor to the Council & Monitoring Officer (Extn: 258)

List of Background Papers

Localism Act 2011

Report to Council dated 19 June 2012 – Changes to the Standards Regime Procedure for dealing with the making of complaints against a Councillor for an Alleged Breach of the Code of Conduct.

AUDIT AND GOVERNANCE COMMITTEE

01 JUNE 2017

REPORT OF THE SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

STANDARDS ALLEGATION COMPLAINTS

Purpose

To advise Members of a recent complaint received in relation to an alleged breach of the Code of Conduct which occurred under the local arrangements that were put in place to deal with Standards allegations, in terms of the Localism Act 2011, by Council on 19 June 2012.

Recommendation

Members are requested to endorse the contents of the report.

Executive Summary

The current complaint was lodged by a member of the public on 28 March 2017.

In terms of the Policy for dealing with complaints of this nature the Monitoring Officer reviewed the complaint and applied the preliminary tests required.

In relation to the complaint informal contact was made with the member against whom the complaint had been lodged.

A resolution was proposed which was accepted thus it invoked the procedure to resolve the issue without resorting to the investigation process.

The action taken in relation to each complaint was in accordance with the Arrangements for Dealing with Standards Allegations under the Localism Act 2011 that were adopted at Council on 19 June 2012.

Thus the complaint was dealt with as follows:

On 20 April 2017 the member sent to the complainant a written apology. The complainant also received a written response from the Monitoring Officer dated 21 April 2017 setting out the resolution.

Options Considered

The procedure for dealing with complaints against a Councillor for an alleged breach of the Code of Conduct requires the Monitoring Officer to report Informal Resolutions to the Audit and Governance Committee for information.

Resource Implications

As the matter has been resolved using the informal resolution process the resources utilised have been totally contained within the corporate core cost centre.

Legal/Risk Implications

Without a process to deal with complaints of this nature against members the authority would be operating ultra vires and risk legal action and/or damage to reputation. The cost in financial terms could be significant.

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Background Information

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Report Author

Jane M Hackett, Solicitor to the Council & Monitoring Officer (Extn: 258)

List of Background Papers

Localism Act 2011

Report to Council dated 19 June 2012 – Changes to the Standards Regime Procedure for dealing with the making of complaints against a Councillor for an Alleged Breach of the Code of Conduct.

THURSDAY, 1 JUNE 2017

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

ANNUAL GOVERNANCE STATEMENT & CODE OF CORPORATE GOVERNANCE

EXEMPT INFORMATION

None

PURPOSE

To inform Members of the Committee of the process followed in producing an Annual Governance Statement and revised Code of Corporate Governance in accordance with statutory requirements, and to approve the proposed draft Annual Governance Statement and Code of Corporate Governance.

RECOMMENDATIONS

That the proposed

- a) Annual Governance Statement be agreed by the Committee as appropriate for presentation to the External Auditor and for inclusion in the Annual Statement of Accounts; and**
- b) Code of Corporate Governance be agreed.**

EXECUTIVE SUMMARY

Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require that the Authority conduct at least once in a year a review of the effectiveness of its system of Internal Control and include a statement reporting on the review with any published Statement of Accounts. This statement on the review of the effectiveness of its system of Internal Control is the Annual Governance Statement.

The preparation and publication of an Annual Governance Statement in accordance with “Delivering Good Governance in Local Government: Framework (2016) (CIPFA/SOLACE)” – The Framework would fulfil this statutory requirement. The Account & Audit Regulations 2015 stipulate that the Annual Governance Statement must be “prepared in accordance with proper practices in relation to the accounts”.

The Framework defines the principles that should underpin the governance of each Local Government organisation. It provides a structure to help individual Authorities with their approach to governance. Authorities should test their governance structures and partnerships against the principles contained in the Framework by:

- Reviewing existing governance arrangements;
- Developing and maintaining an up-to- date local code of governance, including arrangement for ensuring ongoing effectiveness;

- Reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The term “local code” essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.

To achieve good governance, each authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework. Each Authority should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out in the Framework.

Authorities are required to prepare an Annual Governance Statement in order to report publicly on the extent to which they comply with their own code of governance, which in turn, is consistent with the good governance principles in the Framework.

The key elements of the structures and process that comprise the Authority’s governance arrangements do not need to be described in detail on the Annual Governance Statement if they are already easily accessible through the Code of Corporate Governance.

The Accounts and Audit Regulations 2015 require that the Statement should be approved by a Committee of the Council – the Audit and Governance Committee is charged with this function.

The proposed Annual Governance Statement 2016/17 arising from these processes is attached as **Appendix 1** for Members’ consideration. It should be noted that the Annual Governance Statement only includes significant governance issues.

To achieve good governance, the Authority should be able to demonstrate that it is complying with the core and supporting principles contained in the Framework and should therefore develop and maintain a local Code of Corporate Governance appropriate to its circumstances and comprising the requirements for best practice as set out in the Framework. As such the Code of Corporate Governance 2016/17 has been reviewed and is attached as **Appendix 2**. The Code indicates what is expected as per the Framework (what assurance do we want) and what we have in place (what assurance do we get) to ensure that the principles of good governance are met. The review has identified minor areas for improvement which had already been recognised by the Authority and action plans to address these are already in place. **Appendix 3** provides a summary of these areas. The Authority can demonstrate that it complies with the core and supporting principles and complies with best practice.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS

Failure to produce an Annual Governance Statement would result in non-compliance with the Accounts and Audit Regulations 2015. There is a risk that failures in Governance would not be identified.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

Managers Assurance Statements

APPENDICES

Appendix 1 Annual Governance Statement 2016/17

Appendix 2 Code of Corporate Governance 2017/18

Appendix 3 Action Plan Arising From The 2016/17 Assurance Process

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Annual Governance Statement 2016/17

What is Governance?

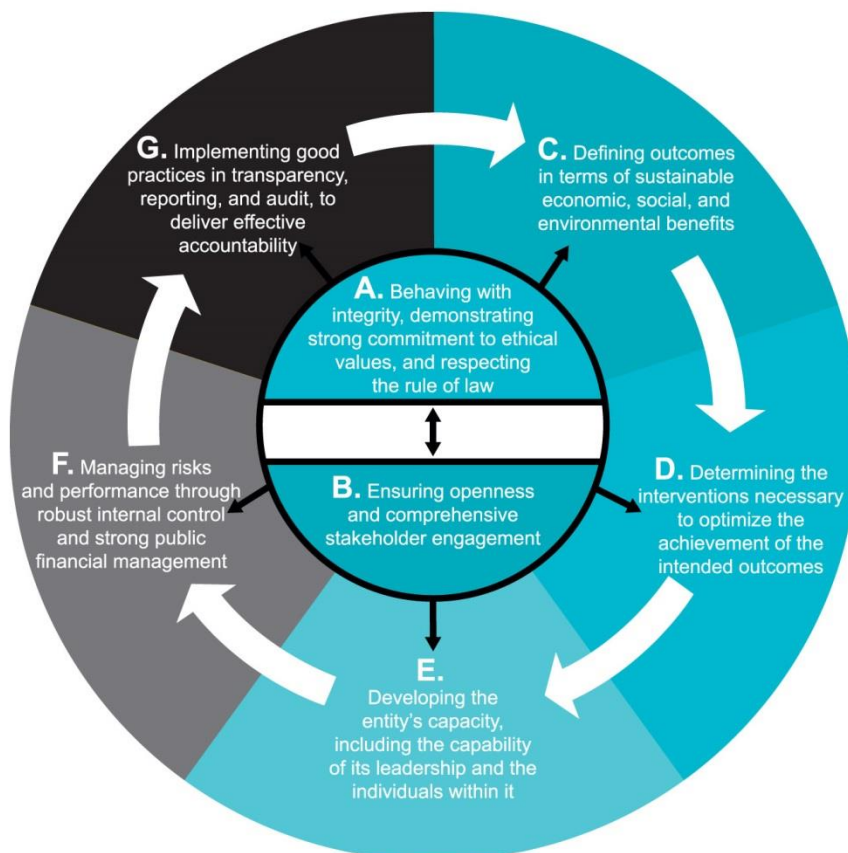
Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance in the Authority, both governing bodies (Members) and individuals working for the Authority must try to achieve the Authority's objectives whilst acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The Core Principles of Good Governance

The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC. 2014) (the "International Framework"), illustrates the various principles of good governance in the public sector and how they relate to each other.



Responsibility

The Authority is responsible for ensuring that its business is completed in line with the law and statutory legislation, and that public money is spent wisely and properly accounted for. We will ensure that we continually improve the way we provide our services whilst taking into account value for money.

We will ensure that we put in place proper arrangements to ensure our risks are managed, and that controls and the governance process are in place.

We have approved and adopted a Code of Corporate Governance which is consistent with principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Code demonstrates the supporting principles which underpin the core principles and identifies the assurance as outlined in the Framework. It also demonstrates what level of assurance we get and thus, identifies any areas for improvement. This forms the assurance framework for good governance and demonstrates that we know our governance arrangements are working. Links to all supporting evidence identified in the assurance framework are contained within the Code of Corporate Governance and are not repeated in this statement.

Our Outcomes

Our desired outcomes for 2017-20 are detailed in the **Corporate Plan**. The Corporate Plan details our Vision and sets out our Thematic Priorities.

Our Vision is:

“One Tamworth, Perfectly Placed – Open for business since the 7th century AD”

Our thematic priorities are:

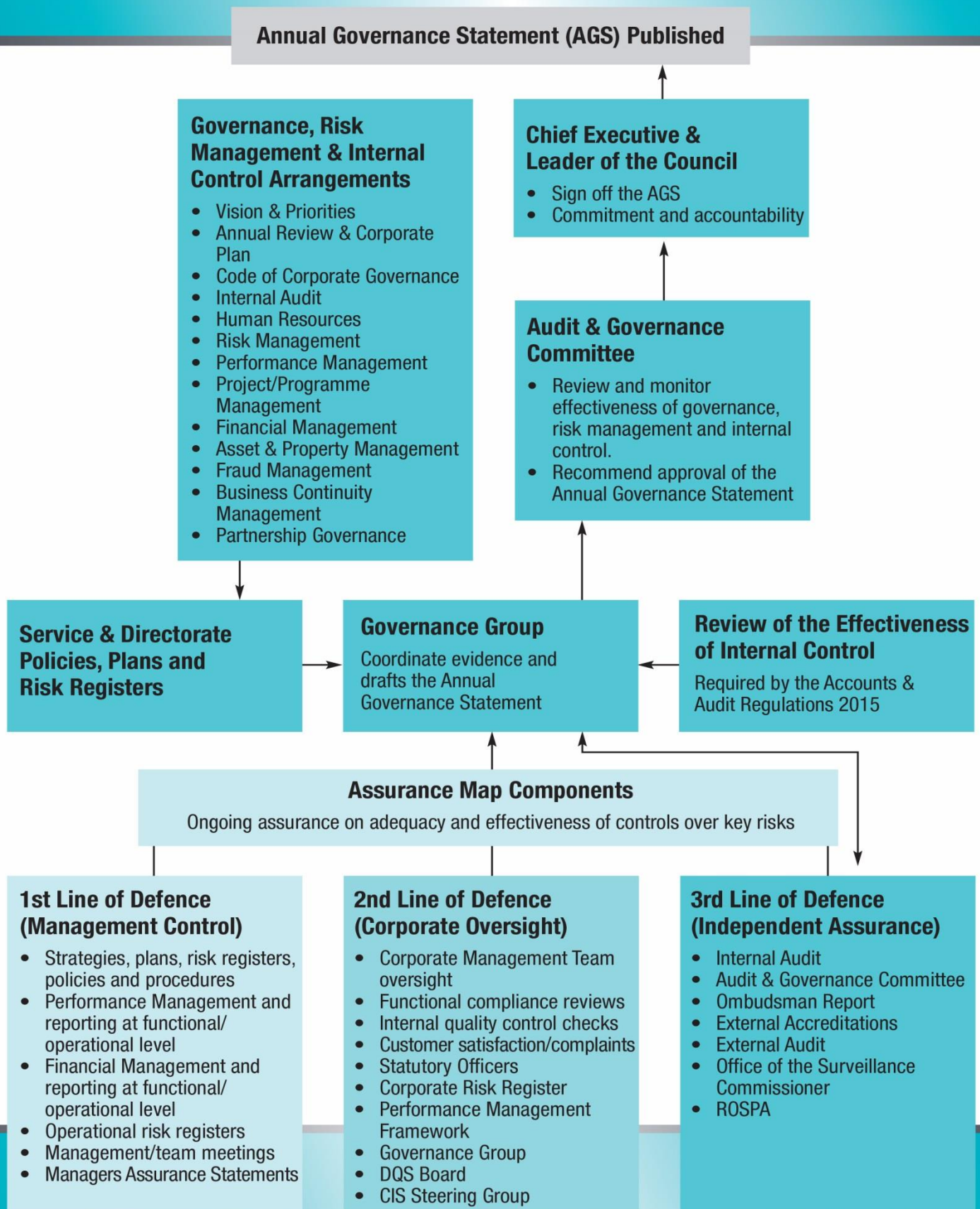
Living a Quality Life in Tamworth
Growing Stronger Together in Tamworth
Delivering Quality Services in Tamworth.

Under each thematic priority, we detail our ambitions and how we are going to realise these. All outcomes we aim to achieve, along with changes we want to see and supporting information are detailed in the Corporate Plan.

For each activity or process we complete, we ensure that the appropriate governance arrangements are in place.

The Assurance Framework

The diagram below shows how the Assurance Framework is made up



What have we done to monitor and evaluate the effectiveness of our governance arrangements during 2016/17.

The Authority has the responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of the effectiveness of the system of internal control is informed by:

- The work of internal audit which is detailed in the Head of Internal Audit Services Annual Report;
- Responsibility of Corporate Management Team for the development and maintenance of the internal control environment;
- Reports received from our External Auditors and any other review agencies or inspectorates.

During 2016/17, the following actions have contributed to the evaluation of the effectiveness of the governance arrangements;

- The Governance Group has reviewed and updated against the Code of Corporate Governance in line with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*;
- Both the CIPFA Statement on the Role of the Chief Finance Officer and the CIPFA Statement on the Role of the Head of Internal Audit were reviewed and updated. Both officers comply with expected roles;
- The Head of Internal Audit Services reports to the Audit & Governance Committee on a quarterly basis and provides an opinion on the overall effectiveness of the system of internal control based upon the work completed. The statement for the 2016/17 financial year is as follows:

“I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation’s risk management, control and governance processes. Overall in my opinion, based upon the reviews performed during the year, the Authority has:

- adequate and effective risk management arrangements;
- adequate and effective governance; and
- has adequate and effective control processes.

- From the 1st April 2013, Internal Audit is required to comply with the Public Sector Internal Audit Standards. As part of this requirement, Internal Audit are required to complete an annual self-assessment against the Standards and produce a Quality Assurance & Improvement Programme(QAIP) which identifies areas for improvement both to ensure compliance with the Standards and other quality areas. The self-assessment against the standards and the QAIP are reported to the Audit & Governance Committee. An external verification of the self-assessment has been completed in 2016/17 and confirms that the service complies with the Standards;
- Our External Auditor’s report to each Audit & Governance Committee. In their Annual Audit Letter, they gave an unqualified opinion on the Statement of

Accounts, an unqualified conclusion in respect of the Authority securing economy, efficiency and effectiveness, and an unqualified opinion on the production of the Whole of Government Accounts;

- The Ombudsman report on the enquiries and complaints they received in 2015/16 was reported to the Audit & Governance Committee;
- Managers Assurance Statements have been completed by Directors and Heads of Service and have not identified any significant control issues;
- The Corporate Risk Register is owned and reviewed on a quarterly basis by the Corporate Management Team and reported in the Quarterly Healthcheck to Cabinet and also reported in the risk management update to the Audit & Governance Committee. There are no significant risks on the Corporate Risk Register;
- The Performance Management Framework ensures that the Financial Healthcheck is reported to Cabinet on a quarterly basis and made readily available on the Authority's website;
- The Authority retained The Code of Connection Certificate after completing an annual assessment against the Code which included assessments against governance, service management and information assurance conditions. Compliance with the Code of Connection ensures access to the Public Services Network;
- In July 2014, the Office of the Surveillance Commissioner completed an assessment of the Authority's RIPA policy and procedures, the results of which were reported to Council. In May 2015, staff were issued the Policy for acceptance and understanding. The Policy was reviewed and updated and approved by full Council in February 2016. A quarterly update report is presented to the Audit & Governance Committee on the use of RIPA powers. During the 2016/17, no RIPA authorisations were made;
- Financial Regulations, Contract Standing Orders and Financial Guidance are reviewed on a regular basis with the last review being approved by the Audit & Governance Committee in March 2016 and issued to staff;
- No issues were raised through the Counter Fraud and Corruption and Whistleblowing Policies;
- There were no data security breaches/lapses during the financial year;
- To assist in a more co-ordinated approach to managing projects, a Corporate Project Management template and process has been devised and made available to Officers;
- The governance framework for Information Services has been reviewed and updated;

- We have put in place an action plan for the introduction of the General Data Protection Rules which come into force in 2018;
- A self-assessment of the Audit & Governance Committee's effectiveness was completed on the 30th March 2017;
- The Chairs of the Audit & Governance and Scrutiny Committees submitted their Annual Reports to Full Council;
- The Authority complies with the Transparency Code;
- Counter fraud work continues to be completed with the retained expertise of in-house staff to investigate corporate fraud;
- Internal Audit completes an annual assessment of the risk of fraud which is reported to the Audit & Governance Committee. Assessments against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, the Fighting Fraud & Corruption Strategy & Checklist have been completed. Having considered all of the principles, we are satisfied that the Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud;
- The Authority has both a moral and legal obligation to ensure a duty of care for children and adults with care and support needs across its services. We are committed to ensuring that all children and adults with care and support needs are protected and kept safe from harm whilst engaged in services organised and/or provided by the Council. We do this by:
 - Having a Safeguarding Children & Adults at Risk of Abuse & Neglect Policy and procedures in place;
 - Having Safeguarding Children & Adults Processes which give clear, step-by-step guidance if abuse is identified;
 - Safeguarding training programme in place for staff and members;
 - Carrying out of the appropriate level of Disclosure and Barring Service (DBS) checks on staff and volunteers;
 - Working closely with Staffordshire Safeguarding Children's Board & Staffordshire & Stoke-on-Trent Adult Safeguarding Partnership.
- The Authority recognises that it has a responsibility to take a robust approach to slavery and human trafficking. In addition to the Authority's responsibility as an employer, it also acknowledges its duty as a Borough Council to notify the Secretary of State of suspected victims of slavery or human trafficking as introduced by section 52 of the Modern Slavery Act 2015. The Authority is committed to preventing slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking. The Authority has included modern slavery and human trafficking information within the corporate safeguarding policy and training. The Council will continue to develop and strengthen its approach to modern slavery and trafficking in 2017/18.

Declaration

We have been advised on the implications of the result of the review of the effectiveness of the Governance Framework by the Audit & Governance Committee and that the arrangements continue to be regarded as fit for purpose. The significant governance issues highlighted in the 2015/16 Annual Governance Statement still remain the significant issues during 2016/17 and are detailed at **Annex 1** with actions completed to date to address the issues. Other minor issues highlighted through the assurance gathering process have been noted with planned actions to address these issues. Monitoring of the completion of all these issues will be completed through reporting to the Audit & Governance Committee.

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

Signed

D Cook

A E Goodwin

Leader

Chief Executive

Date

On behalf of the Authority

This information can be produced on request in other formats and languages. Please contact Internal Audit Services on 01827 709234 or email enquiries@tamworth.gov.uk

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Corporate Services

Significant Governance Issues 2016/17

The significant governance issues identified in relation to the Authority achieving its vision in 2016/17 are:

No	Issue	Action 2015/16	Update 2016/17
1	<p>Medium Term Financial Strategy (MTFS)</p> <p>Whilst actions have been taken to ensure that the MTFS remains balanced, this is still a significant risk to the Authority. Revenue Support grant will be removed around 2020. Opportunities and risks associated with the 100% Business Rates Retention will need to be identified. The increasing demands of our customers also need to be considered.</p>	<p>Review on a regular basis the plans in place to deliver the MTFS to ensure that plans remain realistic and achievable including development of the Sustainability Strategy to address future financial constraints.</p> <p>Work with the Local Government Association (LGA) responses to the Department for Communities & Local Government (DCLG) on how the Business Rate Retention Scheme will work.</p>	<p>Sustainability Strategy savings targets approved as part of the Policy Changes on an annual basis are reviewed as part of the MTFS and Budget setting process each year.</p> <p>Quarterly updates are also provided to Cabinet as part of the Performance Management Framework and include the delivery of planned savings, additional National Non Domestic Rates (NNDR) income and government grants.</p> <p>The development of the 100% Business Rate Retention scheme is progressing – with regular briefings / meetings held with the LGA and DCLG.</p> <p>Technical consultations are expected during 2017/18. The impact for the Council will become clear when the scheme is finalised during 2018 (in preparation for implementation from 2019/20).</p>

No	Issue	Action 2015/16	Update 2016/17
2	<p data-bbox="271 284 600 355">Regeneration/Capital Projects</p> <p data-bbox="271 395 707 611">The Authority needs to ensure that capital projects are managed effectively to ensure that they are delivered and grant monies are spent appropriately and timely.</p> <p data-bbox="271 651 707 794">There is a risk that developers will not develop timely in accordance with the Local Plan need.</p>	<p data-bbox="730 395 1279 539">Maintain and review project plans on a regular basis to ensure that they can be delivered in accordance with the Capital Programme.</p>	<p data-bbox="1312 395 2051 611">Cabinet have received updates on the Commercial Investment Strategy (CIS), and have approved a steering group be formed comprising Members and Officers to oversee the implementation of projects delivered within the CIS. The initial meeting of this group is in May 2017.</p> <p data-bbox="1312 651 1984 794">Cabinet have also received regular updates on projects that sit outside of the CIS such as the Tinkers/Kerria regeneration and the Enterprise Quarter project.</p> <p data-bbox="1312 834 2051 946">Work has commenced on an inward investment strategy which will assist in encouraging growth and development within the borough.</p>

No	Issue	Action 2015/16	Update 2016/17
3	<p>Better Care Fund & Disabled Facilities Grants</p> <p>There is a risk that the Authority will not be fully funded to deliver the need for Disabled Facilities Grants.</p>	<p>Assessment of needs to be linked to the grant money received.</p>	<p>Staffordshire County Council undertook to fund the final year of the HIA Contract until 31.03.2017 as part of the Supporting People arrangements.</p> <p>A fundamental Review of the DFG Allocation process is scheduled to be reported back to Leaders and CEOs in April 2017.</p> <p>Staffordshire County Council has been informed by DCLG that it does not have the powers to top slice DFG Funding.</p> <p>The Council agreed to support a 12 month extension of the HIA Contract in order to facilitate the review of DFG Allocations. This review included 'assessment of need' as a fundamental consideration.</p>

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TAMWORTH BOROUGH COUNCIL

CODE OF CORPORATE GOVERNANCE 2017/18

Introduction

Good Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the “International Framework”), states that:

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

Our Commitment

The Authority is committed to upholding the highest possible standards of good corporate governance, as good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council and ultimately good results.

Good governance flows from shared values, culture and behaviour and from sound systems and structures. This Code of Corporate Governance is a public statement which sets out the framework through which the Council meets its commitment to good corporate governance and is based on the following principles;

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the entity’s capacity of its leadership and the individuals within it;
- Managing risks and performance through robust internal control and strong public financial management, and
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

This Code describes how the Council demonstrates its commitment to these seven principles and indicates what the Council has completed to achieve the commitment. It shows our own governance structure underpinned by the principles and demonstrated how we operate effectively.

Core Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principle	Ensuring members and officers behave with integrity and lead culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
What Assurance Do We Want	Codes of Conduct Individual sign off with regard to compliance with code Induction for new members and staff on standard of behaviours expected Performance appraisals
What Assurance Do We Get	<p>There is a Members' Code of Conduct which forms part of the Constitution and is approved on an annual basis. Each member is required to sign two copies of the Code, retain one for themselves and one is held by Democratic Services. The Code of Conduct for employees is also in the Constitution. Members' are required to sign up to the Code of Conduct on annual basis. The Code of Conduct for officers is issued to employees through NetConsent on an annual basis.</p> <p>There is a protocol for Member/Officer relations detailed in the Constitution.</p> <p>The Constitution details Rules of Procedures for Committee meetings. Codes and protocols are also included in the Gifts & Hospitality Policy and Register of Interests.</p> <p>Key Officers and Members are required to complete an annual disclosure regarding any related party interests as part of the annual statement of accounts process.</p> <p>There is a Corporate training matrix detailing mandatory training required for all officers.</p> <p>Members have at least one training event each year which relates to Conduct. They have access to the Monitoring Officer at all times.</p> <p>Other protocols included in the Constitution relate to Pre-Election, Member involvement in Commercial Transactions, use of Council facilities, printing and postage, Dealing with Planning Matters and Monitoring Officer Protocol.</p> <p>The Audit and Governance Committee remit includes review of Standards of Conduct for Members as required by the Localism Act 2011 – reports are produced to the Audit and Governance Committee.</p> <p>There is a Chief Officer conduct committee and a Statutory Officer conduct committee.</p> <p>There is an E-induction programme in place which is currently being reviewed.</p> <p>There is a personal development review process in place which is currently being reviewed.</p>
What is missing	<p>Review of E-induction programme to be completed (Low)</p> <p>The Personal Development Review process is currently being reviewed (Low)</p>

Supporting Principle	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).
What Assurance Do We Want	Communicating shared values with members, staff, the community and partners.
What Assurance Do We Get	<p>The Members Code of Conduct is built upon the Seven Principles of Public Life. The Code of Conduct is included in the Constitution.</p> <p>The Corporate Plan identifies that corporate values will be co-designed by employees across the organisation and customers service standards will be co-designed with service users and will be addressed by the current development of a Unified Community Offer project and the revision of the Organisational Development Strategy.</p> <p>In addition to the activity planned for the Tamworth Listens process / State of Tamworth debate, consultation is planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made.</p> <p>The consultation is carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector.</p> <p>The online residents survey is promoted using social networking/media sites and through email contact databases.</p> <p>The business survey is promoted through business social networking sites and business email contact databases. The voluntary and community sector survey is promoted through email contact databases.</p> <p>The Customer Service strategy is under review. Survey in March 2017 to identify what can be done to improve customer service.</p>
What is missing	Nothing identified

Supporting Principle	Leading by example and using these standard operating principles or values as a framework for decision making and other actions.
What Assurance Do We Want	Decision making practices Declaration of interests made at meetings Conduct at meetings Shared values guide decision making Develop and maintain an effective standards committee
What Assurance Do We Get	Rules of procedure for Committee meetings detailed in the Constitution . Report format set out to ensure key information is provided to Members to inform decision making. Declarations of interests completed at all Committee meetings and recorded on the website. Annual declarations made by members – register of Interests. Nolan principles (values) detailed with the Code of Conduct. The Audit & Governance Committee takes on the role of Standards Committee and independent members sit on the Committee for Standards matters. Monitoring Officer dedicated to member issues with early intervention and resolution practised leading to good Member/Officer relationships. The Council's commitment to equality and diversity is demonstrated in its policy and plan (2015-19)
What is missing	Nothing identified

Page
10

Supporting Principle	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.
What Assurance Do We Want	<p>Anti-fraud and corruption policies are working effectively</p> <p>Up-to-date register of interests (members and staff)</p> <p>Up-to-date register of gifts and hospitality</p> <p>Whistleblowing policies are in place and protect individuals raising concerns</p> <p>Whistleblowing policy has been made available to members of the public, employees, partners and contractors</p> <p>Complaints policy and examples of responding to complaints about behaviour</p> <p>Changes/improvements as a result of complaints received and acted upon</p> <p>Members and officers code of conduct refers to a requirement to declare interests</p> <p>Minutes show declarations of interest were sought and appropriate declarations made.</p>
What Assurance Do We Get Page 41	<p>The Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes are reviewed and updated on an annual basis. They are approved by the Audit & Governance Committee. The Policy is made available on the intranet and issued through NetConsent for staff acceptance.</p> <p>All staff and members are required to Register their interests. Members interest are made public on the website.</p> <p>Gifts and hospitality register is maintained by the Monitoring Officer. Reminders are sent to Members and Officers on the requirement to Register Gifts & Hospitality.</p> <p>The Whistleblowing Policy is reviewed and updated on an annual basis and made available on the intranet.</p> <p>The Tell Us Policy is made available on the website and details the comments, complaints and complements process. The Tell Us Policy is currently being reviewed to include a feedback mechanism to ensure that the action is completed. Training will be completed for staff on the adoption of the new Policy.</p> <p>The delivering Quality Services programme identifies changes to working practices through customer demand transformation.</p> <p>Codes of Conduct require members and officer to declare interests</p> <p>Committee meeting minutes detail declarations made</p> <p>Ombudsman Investigations are reported to Audit & governance Committee.</p> <p>There is an Anti-Money Laundering Policy in place that was reviewed and approved in October 2016.</p>
What is missing	The Tell Us Policy is currently being reviewed to incorporate a feedback mechanism to ensure that action has been taken (Medium)

Supporting Principle	Seeking to establish, monitor and maintain the organisation's ethical standards and performance
What Assurance Do We Want	Scrutiny of ethical decision making Championing ethical compliance at governing body level
What Assurance Do We Get	<p>The Council has in place two Scrutiny Committees - Aspire and Prosper and Healthier and Safer which provide effective scrutiny to the achievement of the strategic priorities. The Scrutiny Committees join together to scrutinise the Budget.</p> <p>The Scrutiny Committees have the right to "call in" decisions made by the Executive. The Scrutiny Committee make use of the Forward Plan to shape projects and improve accountability and decision making. The Scrutiny Committee function is currently being reviewed for effectiveness by the Constitution Working Group.</p> <p>Agendas and minutes for the Scrutiny Committees are made available on the Council's website and reported to the Full Council.</p> <p>Each chair of the Scrutiny Committee reports annually to Full Council.</p> <p>There is an Audit and Governance Committee with the roles as required by the CIPFA/Solace framework (as well as the Standards function).</p> <p>The Deputy leader of the Council and Portfolio holder for Assets & Finance is the Governance lead in the Authority.</p>
What is missing	On-going review of the effectiveness of the Scrutiny Committees (Medium)

Supporting Principle	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
What Assurance Do We Want	Provision of ethical awareness training
What Assurance Do We Get	Members receive induction training which covers expected behaviours and ethics. Complaints received about Members Conduct are administered by the Monitoring Officer. Following the Localism Act, the Standards Committee has been abolished and all the functions relating to standards of conduct as provided in the Localism Act are now dealt with by the Audit & Governance Committee . Two independent persons have been appointed. Training is provided on a periodic basis for: Equalities (MERIT); Situational awareness / HAT; Customer Service; RESPECT
What is missing	Nothing identified
Supporting Principle	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.
What Assurance Do We Want	Appraisal processes take account of values and ethical behaviour Staff appointments policy Procurement policy
What Assurance Do We Get	PDR's take into account corporate priorities. The PDR process identifies training needs required by the officer for continued professional development and in order to deliver the vision and priorities of the Authority. A staff Annual General Meeting is held which is well attended and positive feedback is received from staff. New and vacant post procedure in place. Recruitment processes are carried out by trained officers. Procurement Policy in place which requires compliance standards that apply to procurement, including: <ul style="list-style-type: none"> • Compliance with National and European legislation; all procurement will be undertaken in accordance with UK and European statutes and regulations; • Financial regulations external and internal; all procurement will be undertaken in accordance with the Council's Standing Orders and Financial Regulations; • Health & Safety standards;

	<ul style="list-style-type: none"> • Environmental Impact and Sustainability; the Council will aim to procure from suppliers and to use goods and services which have the least impact on the environment and minimise energy consumption whilst maintaining quality and value for money; • Equality and Diversity – the Council is committed to eliminating inequalities in all areas of activity including procurement, and the procurement process will not discriminate on the grounds of age, disability, gender, race, religion or sexuality; • Safeguarding Children & Adults at Risk of Abuse & Neglect standards <p>Social Value is included within the Procurement Strategy which requires Officers to consider social value issues in the procurement of major works or services i.e. impact on local labour, local economy/businesses, apprenticeships etc.</p>
What is missing	Nothing identified
Supporting Principle	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.
What Assurance Do We Want	<p>Agreed values in partnership working:</p> <ul style="list-style-type: none"> - Statement of business ethics communicates commitment to ethical values to external suppliers - Ethical values feature in contracts with external service providers <p>Protocols for partnership working</p>
What Assurance Do We Get	<p>Conditions of contract for provision of service details bribery and corruption. This is available on the website Partnership Guidance Policy and toolkit in place</p> <p>This is designed to help the Council work with its partners to ensure that all partnerships have good systems of governance. We define governance as the processes, procedures and policies that deal with important issues like accountability, probity and audit. It is crucial that all members of partnerships should conform to codes of practice for the good of all involved. The toolkit ensures that:</p> <p>The Council is clear about its purpose and can clearly define its expected outcomes for the people of Tamworth when entering into partnerships;</p> <p>The Council's own agreed priorities and objectives are being met;</p> <p>There is clarity about accountability and responsibility for outcomes;</p> <p>Partnership activity and outcomes are monitored, reviewed and evaluated;</p> <p>Risks for the Council and for the Partnership are assessed and agreed;</p>

	<p>Each Partnership has a clear focus during its lifetime and has in place an effective exit strategy; Partnerships are empowered and their legal status understood; Reviews are undertaken to evaluate success and promote progression and improved effectiveness. The Seven Principles of Public Life are detailed within the Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes which has been issued to staff through NetConsent. They are also detailed in the Members Code of Conduct.</p>
What is missing	Nothing identified

Supporting Principle	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.
What Assurance Do We Want	Statutory provisions Statutory guidance is followed Constitution
What Assurance Do We Get	The Solicitor to the Council provides legal advice to the Authority and has access to additional Legal support from neighbouring authorities and private practice. . Monitoring Officer and Section 151 Officer roles in place – and review key decisions for legal and financial compliance. Legal updates from officers regarding changes to legislation, regulations, codes of practice, etc. are provided Statutory guidance is followed by all departments. The Constitution, which includes the Scheme of Delegation to Officers is reviewed and approved annually by Full Council. Any substantial amendments required are approved by the Full Council.
What is missing	Nothing identified
Supporting Principle	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.
What Assurance Do We Want	Job descriptions/specifications Compliance with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2015) Terms of reference Committee support
What Assurance Do We Get	Job descriptions and personal specifications in place Compliance with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government Statutory officers terms of reference detailed with the Constitution Democratic support provided for Committee including a Scrutiny Officer to support Members.
What is missing	Nothing identified

Supporting Principle	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
What Assurance Do We Want	Record of legal advice provided by officers
What Assurance Do We Get	Details of legal advice provided to officers is recorded Committee reports require legal and risk implications to be identified as part of the decision making process. All Cabinet Reports are approved by the Monitoring Officer and the S151 Officer.
What is missing	Nothing identified
Supporting Principle	Dealing with breaches of legal and regulatory provisions effectively
What Assurance Do We Want	Monitoring officer provisions Record of legal advice provided by officers Statutory provisions
What Assurance Do We Get	The Solicitor to the Council is the designated Monitoring Officer for member issues. The postholder is also responsible for legal operation of the Council. Committee reports require legal and risk implications to be identified as part of the decision making process.
What is missing	Nothing identified

Supporting Principle	Ensuring corruption and misuse of power are dealt with effectively.
What Assurance Do We Want	Effective anti-fraud and corruption policies and procedures Local test of assurance (where appropriate)
What Assurance Do We Get	<p>The Counter Fraud and Corruption Policy Statement, Strategy and & Guidance Notes are reviewed and updated on annual basis and approved by the Audit & Governance Committee. The document is made available on the Authority's website and the Intranet and has been issued to staff through NetConsent (Policy acceptance system)</p> <p>The Whistleblowing Policy is approved on an annual basis by the Audit & Governance Committee and made available on the Authority's website and the intranet.</p> <p>Managers are required to complete annual assurance statements to confirm compliance or otherwise with laid down expected principles and policy.</p>
What is missing	Nothing identified

Core Principle 2: Ensuring openness and comprehensive stakeholder engagement

Supporting Principle	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
What Assurance Do We Want	Annual report Freedom of Information Act publication scheme Online council tax information Authority's goals and values Authority website
What Assurance Do We Get	<p>The Corporate Plan is published on the website</p> <p>There is a publication scheme in place. FOI disclosures are recorded on the website.</p> <p>On-line Council Tax information is made available – as well as published financial information in line with the Transparency Code of Practice (Accounts, budget, pay Policy etc.)</p> <p>The Authority's goals and values are detailed in the performance information and Corporate Plan.</p> <p>The share vision "One Tamworth, Perfectly Placed" – Open for business since the 7th Century A.D. and corporate priorities have been developed with our partner organisations so that the strategic priorities of all organisations are more closely aligned to the needs of the community based upon the most recent data and intelligence provided by each organisation. In addition, the views of Tamworth residents helped shape the priorities. During 2015/16, the vision and corporate priorities and objectives were reviewed and updated to give the Authority direction and focus.</p> <p>Each service area develops a business plan with outcomes, and performance indicators linked to the vision and priorities.</p> <p>The website is fully functional and has available information to aid citizens.</p>
What is missing	Nothing identified

Supporting Principle	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping s decision confidential should be provided.
What Assurance Do We Want	Record of decision making and supporting materials
What Assurance Do We Get	All agenda items (reports) are made available on the website 5 working days prior to the meeting. Minutes are published on the website; All reports identify restrictions on publication; An Annual Report from the Leader of the Council detailing any reports that have not met the required notice is made in accordance with the Access to Information Regulations; and The budget process aims to be open and transparent with an initial Process Plan approved in July, detailed base budget in November and Policy changes to arrive at the following years budget approved in February.
What is missing	Nothing identified
Supporting Principle	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rational and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.
What Assurance Do We Want	Decision making protocols Report pro-formas Record of professional advice in reaching decisions Meeting reports show detail of advice given Discussions between members and officers on the information needs of members to support decision making Agreement on the information that will be provided and timescales Calendar of dates for submitting, publishing and distributing timely reports is adhered to
What Assurance Do We Get	All decisions are made in accordance with the protocol as per the Constitution Report formats are set on ModGov including key information to make informed decisions The report author is noted on the report and is normally an officer. Reports require legal and financial sign off. Portfolio holders / Cabinet are required to sign off the reports before publication / consideration – following discussions / agreement. A Forward Plan is produced detailing the key decisions that will be made over the following one to four months. The forward plan is published on the 1 st of every month. A calendar of meetings is published annually.
What is missing	Nothing identified

Supporting Principle	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/course of action.
What Assurance Do We Want	Community strategy Use of consultation feedback Citizen survey
What Assurance Do We Get	<p>Tamworth Strategic Partnership in place</p> <p>The Tamworth Strategic Partnership (TSP) brings together key local organisations from the public, private, voluntary and community sectors. All organisations work together to address the often complicated challenges needed to improve the quality of life for Tamworth communities.</p> <p>The partnership provides a platform to discuss, debate and progress issues and it is structured to deliver our Vision and Priorities for Tamworth. The TSP also works to the Tamworth Strategic Plan.</p> <p>Various consultations exercises are completed throughout the year. Details of the consultations are made available on the website and the results are published.</p> <p>Citizens panel in place.</p> <p>Tamworth Question Time event – an annual event which a panel of local leaders attend and members of the public can ask questions. These are then fed into the State of Tamworth Debate</p> <p>In addition to the activity planned for the Tamworth Listens process / State of Tamworth debate, consultation is planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made.</p> <p>The consultation is carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector.</p> <p>The online residents survey is promoted using social networking/media sites and through email contact databases.</p> <p>The business survey is promoted through business social networking sites and business email contact databases. The voluntary and community sector survey is promoted through email contact databases.</p> <p>The Customer Service strategy is under review. Survey in March 2017 to identify what can be done to improve customer service.</p> <p>Social media channels are being used to encourage more participation.</p> <p>There is a Tenant Involvement Strategy in place and various forms of tenant involvement takes place throughout the year.</p> <p>Statement of Community Involvement in place for the Local Plan.</p> <p>There is a Community Safety Website for the Community Safety Partnership</p>
What is missing	Nothing identified

Supporting Principle	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably
What Assurance Do We Want	Communication strategy
What Assurance Do We Get	Tenant Involvement and Consultation Strategy in place in Housing Communication Strategy currently being reviewed Partnership guidance Policy and toolkit in place This is designed to help the Council work with its partners to ensure that all partnerships have good systems of governance. We define governance as the processes, procedures and policies that deal with important issues like accountability, probity and audit. It is crucial that all members of partnerships should conform to codes of practice for the good of all involved.
What is missing	Communication Strategy currently being reviewed (Medium)
Supporting Principle	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.
What Assurance Do We Want	Database of stakeholders with whom the authority should engage and for what purpose and a record of an assessment of the effectiveness of any changes
What Assurance Do We Get	There is a citizen's panel in place and citizens can join the panel at any time. The panel is actively encouraged to take part in consultation exercises throughout the year. Partnership guidance Policy and toolkit in place This is designed to help the Council work with its partners to ensure that all partnerships have good systems of governance. We define governance as the processes, procedures and policies that deal with important issues like accountability, probity and audit. It is crucial that all members of partnerships should conform to codes of practice for the good of all involved.
What is missing	Nothing identified

Supporting Principle	<p>Ensuring that partnerships are based on:</p> <ul style="list-style-type: none"> - Trust - A shared commitment to change - A culture that promotes and accepts challenge among partners <p>And that the added value of partnership working is explicit</p>
What Assurance Do We Want	<p>Partnership framework Partnership protocols</p>
What Assurance Do We Get	<p>Memorandum of understanding Lichfield Tamworth Strategic Partnership LEP Combined authority Partnership guidance Policy and toolkit in place This is designed to help the Council work with its partners to ensure that all partnerships have good systems of governance. We define governance as the processes, procedures and policies that deal with important issues like accountability, probity and audit. It is crucial that all members of partnerships should conform to codes of practice for the good of all involved.</p>
What is missing	Nothing identified
Supporting Principle	<p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</p>
What Assurance Do We Want	<p>Record of public consultations Partnership framework</p>
What Assurance Do We Get	<p>Results of Public consultations are made available on the website. Tamworth Strategic Partnership Partnership guidance Policy and toolkit in place This is designed to help the Council work with its partners to ensure that all partnerships have good systems of governance. We define governance as the processes, procedures and policies that deal with important issues like accountability, probity and audit. It is crucial that all members of partnerships should conform to codes of practice for the good of all involved.</p>
What is missing	Nothing identified

Supporting Principle	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
What Assurance Do We Want	Communications strategy
What Assurance Do We Get	<p>Tamworth Strategic Partnership in place</p> <p>The Tamworth Strategic Partnership (TSP) brings together key local organisations from the public, private, voluntary and community sectors. All the organisation's work together to address the often complicated challenges needed to improve the quality of life for Tamworth communities.</p> <p>The partnership provides a platform to discuss, debate and progress issues and it is structured to deliver our Vision and Priorities for Tamworth. The TSP also works to the Tamworth Strategic Plan</p> <p>Various consultations exercises are completed throughout the year. Details of the consultations are made available on the website and the results are published.</p> <p>Citizens panel in place.</p> <p>Tamworth Question Time event – an annual event which a panel of local leaders attend and members of the public can ask questions. These are then fed into the State of Tamworth Debate</p> <p>In addition to the activity planned for the Tamworth Listens process / State of Tamworth debate, consultation is planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made.</p> <p>The consultation is carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector.</p> <p>The online residents survey is promoted using social networking/media sites and through email contact databases.</p> <p>The business survey is promoted through business social networking sites and business email contact databases. The voluntary and community sector survey is promoted through email contact databases.</p> <p>The Customer Service strategy is under review. Survey in March 2017 to identify what can be done to improve customer service.</p> <p>Social media channels are being used to encourage more participation.</p> <p>There is a Tenant Involvement Strategy in place and various forms of tenant involvement takes place throughout the year.</p> <p>Statement of Community Involvement in place for the Local Plan.</p>
What is missing	Nothing identified

Supporting Principle	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.
What Assurance Do We Want	Communications strategy Joint strategic needs assessment
What Assurance Do We Get	<p>There is a citizen's panel in place and members are invited to take part in surveys. Typically, those citizens that will contribute to the survey are from the older generation.</p> <p>Tamworth Strategic Partnership in place</p> <p>The Tamworth Strategic Partnership (TSP) brings together key local organisations from the public, private, voluntary and community sectors. All organisations work together to address the often complicated challenges needed to improve the quality of life for Tamworth communities.</p> <p>The partnership provides a platform to discuss, debate and progress issues and it is structured to deliver our Vision and Priorities for Tamworth. The TSP also works to the Tamworth Strategic Plan</p> <p>Various consultations exercises are completed throughout the year. Details of the consultations are made available on the website and the results are published.</p> <p>Citizens panel in place.</p> <p>Tamworth Question Time event – an annual event which a panel of local leaders attend and members of the public can ask questions. These are then fed into the State of Tamworth Debate which discussed securing services for future generations</p> <p>In addition to the activity planned for the Tamworth Listens process / State of Tamworth debate, consultation is planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made.</p> <p>The consultation is carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector.</p> <p>The online residents survey is promoted using social networking/media sites and through email contact databases.</p> <p>The business survey is promoted through business social networking sites and business email contact databases. The voluntary and community sector survey is promoted through email contact databases.</p> <p>The Customer Service strategy is under review. Survey in March 2017 to identify what can be done to improve customer service.</p> <p>Social media channels are being used to encourage more participation.</p> <p>There is a Tenant Involvement Strategy in place and various forms of tenant involvement takes place throughout the year.</p> <p>Statement of Community Involvement in place for the Local Plan.</p>
What is missing	Nothing identified

Supporting Principle	Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account
What Assurance Do We Want	Communications strategy
What Assurance Do We Get	<p>Tamworth Strategic Partnership in place</p> <p>The Tamworth Strategic Partnership (TSP) brings together key local organisations from the public, private, voluntary and community sectors. All the organisations work together to address the often complicated challenges needed to improve the quality of life for Tamworth communities.</p> <p>The partnership provides a platform to discuss, debate and progress issues and it is structured to deliver our Vision and Priorities for Tamworth. The TSP also works to the Tamworth Strategic Plan</p> <p>Various consultations exercises are completed throughout the year. Details of the consultations are made available on the website and the results are published.</p> <p>Citizens panel in place.</p> <p>Tamworth Question Time event – an annual event which a panel of local leaders attend and members of the public can ask questions. These are then fed into the State of Tamworth Debate</p> <p>In addition to the activity planned for the Tamworth Listens process / State of Tamworth debate, consultation is planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made.</p> <p>The consultation is carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector.</p> <p>The online residents survey is promoted using social networking/media sites and through email contact databases.</p> <p>The business survey is promoted through business social networking sites and business email contact databases. The voluntary and community sector survey is promoted through email contact databases.</p> <p>The Customer Service strategy is under review. Survey in March 2017 to identify what can be done to improve customer service.</p> <p>Social media channels as well as e-enabled services are being used to encourage more participation.</p> <p>There is a Tenant Involvement Strategy in place and various forms of tenant involvement takes place throughout the year.</p> <p>Statement of Community Involvement in place for the Local Plan.</p>
What is missing	Nothing identified

Supporting Principle	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
What Assurance Do We Want	Processes for dealing with competing demands within the community, for example a consultation
What Assurance Do We Get	Tamworth Listens includes consultation with residents, businesses, and the voluntary sector (including budget consultation). Promotion of the consultation exercise is completed through press releases, active promotion on the website, and through social media. The citizens panel are invited and businesses and the voluntary sector are emailed to encourage them to participate. The majority of the responses came from residents and were over representative of the over 55 age group.
What is missing	
Supporting Principle	Taking accounts of the interests of future generations of tax payers and service users
What Assurance Do We Want	Reports Joint strategic needs assessment
What Assurance Do We Get	Citizens panel in place. Tamworth Question Time event – an annual event which a panel of local leaders attend and members of the public can ask questions. These are then fed into the State of Tamworth Debate In addition to the activity planned for the Tamworth Listens process / State of Tamworth debate, consultation is planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made. The consultation is carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector. The online residents survey is promoted using social networking/media sites and through email contact databases. The business survey is promoted through business social networking sites and business email contact databases. The voluntary and community sector survey is promoted through email contact databases. There is a Joint Strategic Needs Assessment (JNSA) in place.
What is missing	Nothing identified

Core Principle 3: Defining outcomes in terms of sustainable economic, social and environmental benefits

Supporting Principle	Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators which provides the basis for the organisation’s overall strategy, planning and other decisions
What Assurance Do We Want	Vision used as a basis for corporate and service planning
What Assurance Do We Get	<p>The revised strategic framework is designed to ensure that the Authority is an “outcome focused”, efficient corporate identity where customers are key. It sets out our vision “One Tamworth, Perfectly Placed” – Open for business since 7th Century A.D. and three strategic priorities aligned under “Living, Growing and Delivering in Tamworth”</p> <ul style="list-style-type: none"> • Living a quality life in Tamworth • Growing strong together in Tamworth • Delivering quality services in Tamworth <p>These priorities are underpinned by specific objectives, our core purpose, customer service standards and corporate values details which can be found in the Corporate Plan.</p> <p>As detailed above, one of the three revised Corporate Priorities that will enable us to deliver the vision is ‘Delivering Quality Services in Tamworth’. This priority will be delivered primarily through a project that will bring about the biggest change in the delivery of customer services that the authority has seen. Running alongside the changes in customer services, work has begun on Tranche II of Agile working. These two projects are being delivered as part of a corporate Continual Improvement Programme (previously the Corporate Change Programme).</p> <p>From talking and listening to our customers, and from capturing the demand placed on our services we know that:</p> <ul style="list-style-type: none"> • we need to change the way we deliver customer services • customers want to access our services in a variety of ways and at a time and place that suits them • we have inconsistencies in the levels and types of service we provide to our customers • some of our high demand services are costly to deliver and we need to make them more efficient • we do not have a clear picture of the demand our customers place on us – what we do know is that customers rarely come in with one single request, invariably they have multiple requests for service in their ‘shopping basket’. <p>During the financial year, the “My Staffs” app was launched, providing people with another way to access council services on the move and a time to suit them.</p>

The Webchat service was also launched, so that anyone with an enquiry about a TBC service can get in touch with the Council through the new “chat” window on the website.

Work is underway to capture the demand on services, which will give us a priority list for the development of the CRM processes to ensure that the most appropriate processes are transferred first.

We will work with our partners through facilitation and challenge, to improve the customer experience especially where the Authority is not the direct provider.

The Authority has seen an incremental shift away from the “command and control” top down management style and culture to one of a fully empowered organisation with clear lines of responsibility and accountability leading to a more outcome focused, customer driven and efficient way of working. The use of efficiency models and demand management techniques has resulted in the Authority becoming a multi-economy or hybrid organisation.

The Authority continues to work with others by using alternative delivery models for service provision. A Memorandum of Understanding has been adopted with Lichfield District Council to replace an existing informal arrangement for options of pursuing shared service arrangement with each other.

Every year, the Authority undertakes [consultation](#) with local people on a wide range of issues. During 2016/17, [consultation](#) was completed on the budget, Local Council Tax Reduction Scheme, Tamworth Conservation Area Appraisal Management Plan & Listing Consultation and Target Hardening Policy.

[“Tamworth Listens”](#) is another consultation exercise of which the results feed into the [“State of Tamworth Debate”](#). The consultation exercise for the 2016/17 budget process was completed to gauge residents’, business and other core stakeholders’ views on the Council’s priorities to achieve the “Vision” considering areas of spending or where savings could be potentially be made. As part of this consultation exercise, a question time event was held for residents to attend and ask questions.

There are dedicated [Business Advice](#) and [Visit Tamworth](#) websites.

In terms of the Councils own housing stock and in compliance with the regulatory framework members have approved a regulatory framework ensuring tenants are plugged into the democratic process and have the opportunity to inform, share and influence key strategic decisions

There is a [Tenant Involvement and Consultation Strategy](#) in place. A Tenants Conference also took place in March 2014 and normally takes place bi-annually. Due to the changes in welfare reform and the introduction of services charges, local event have been organised around these issues. The next Tenant Conference is scheduled for 2018. As part of the Tenant participation, there are formal groups for [Tenant Consultation](#) and Tenant Involvement and several informal groups in place. [Open House](#) is now communicated by way of an e-newsletter on a bi-monthly basis. It is still advertised on our website and will be available on request as a hard copy. A small number of hard copies will be made available in prominent places i.e. reception/TIC etc and a small number delivered to the 11 Housing Sheltered schemes around the Borough.

The [Vision](#) is used as a basis for the Corporate Plan and service delivery plans which are reviewed on an

	<p>annual basis.</p> <p>There is a Communication Strategy which details the way that the Authority communicates with the local community to better informed regarding their needs and aspirations.</p> <p>The Tamworth Strategic Partnership (TSP) is an umbrella partnership that brings together key local agencies from the public, private, voluntary and community sectors. The TSP has terms of reference, vision and priorities, workstreams, a commissioning framework. Agenda and minutes are made available on the Authority's website.</p> <p>The Authority produces an Annual Review and Corporate Plan. Performance against the Corporate Plan is reported on a quarterly basis. The Statement of Accounts and the Annual Audit Report are made available on the website.</p> <p>The Medium Term Financial Strategy (MTFS) outlines how finances will be used over the coming three years detailing how capital and revenue expenditure will be used to support the delivery of the corporate priorities and ensure that appropriate resources are focused on the Vision Statement, Priority Themes, Corporate Priorities and Outcomes. The Authority has been proactive in the design and implementation of innovative and effective measures for driving efficiency and reducing cost within the MTFS. In August 2013, Cabinet endorsed "Planning for a Sustainable Future" as the overarching strategy for meeting the challenges forecast for the Council's Medium Term Financial Strategy and a series of workstreams designed to deliver savings & efficiencies to mitigate grant & income reductions in the coming years. This includes exploring new and innovative ideas and to be more commercial in our approach to business.</p> <p>A quarterly performance report is presented to Cabinet which provides information on:</p> <ul style="list-style-type: none"> • Corporate Plan scorecard of performance indicators • High level corporate plan actions • Performance Management Framework • Corporate risks • Financial matters. • Live performance data via the customer dashboard on the Councils website
What is missing	Nothing identified

Supporting Principle	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer
What Assurance Do We Want	Community engagement and involvement Corporate and service plans Community strategy
What Assurance Do We Get	<p>Every year, the Authority undertakes consultation with local people on a wide range of issues. During 2016/17, consultation was completed on the budget, Local Council Tax Reduction Scheme, Tamworth Conservation Area Appraisal Management Plan & Listing Consultation and Target Hardening Policy.</p> <p>“Tamworth Listens” is another consultation exercise of which the results feed into the “State of Tamworth Debate”. The consultation exercise for the 2016/17 budget process was completed to gauge residents’, business and other core stakeholders’ views on the Council’s priorities to achieve the “Vision” considering areas of spending or where savings could be potentially be made. As part of this consultation exercise, a question time event was held for residents to attend and ask questions.</p> <p>There are dedicated Business Advice and Visit Tamworth websites.</p> <p>In terms of the Councils own housing stock and in compliance with the regulatory framework members have approved a regulatory framework ensuring tenants are plugged into the democratic process and have the opportunity to inform, share and influence key strategic decisions</p> <p>There is a Tenant Involvement and Consultation Strategy in place. A Tenants Conference also took place in March 2014 and normally takes place bi-annually. Due to the changes in welfare reform and the introduction of services charges, local event have been organised around these issues. The next Tenant Conference is scheduled for 2018. As part of the Tenant participation, there are formal groups for Tenant Consultation and Tenant Involvement and several informal groups in place. Open House is now communicated by way of an e-newsletter on a bi-monthly basis. It is still advertised on our website and will be available on request as a hard copy. A small number of hard copies will be made available in prominent places i.e. reception/TIC etc and a small number delivered to the 11 Housing Sheltered schemes around the Borough.</p> <p>The Vision is used as a basis for the Corporate Plan and service delivery plans which are reviewed on an annual basis.</p> <p>There is a Communication Strategy which details the way that the Authority communicates with the local community to better informed regarding their needs and aspirations.</p> <p>The Tamworth Strategic Partnership (TSP) is an umbrella partnership that brings together key local agencies from the public, private, voluntary and community sectors. The TSP has terms of reference, vision and priorities, workstreams, a commissioning framework. Agenda and minutes are made available on the Authority’s website.</p> <p>The Authority produces a Corporate Plan. Performance against the Corporate Plan is reported on a quarterly basis. The Statement of Accounts and the Annual Audit Report are made available on the website.</p>

	Corporate and service plans are reviewed and updated annually. They include actions to be completed
What is missing	Nothing identified
Supporting Principle	Delivering defined outcomes on a sustainable basis within the resources that will be available
What Assurance Do We Want	Regular reports on progress
What Assurance Do We Get	<p>The quarterly performance report details performance indicators, collections rates, an update on the sustainability strategy, progress against the corporate plan and the corporate risk register. The performance report is reported quarterly to Cabinet.</p> <p>The Authority has in place a Tell Us scheme which provides an avenues for service users to provide feedback on the services provided. This can either be I the form of comments, compliments or complaints. Guidance available about complaints refers to referrals to the Ombudsman. Guidance is made available to members of the public if they wish to make a complaint against a member of the Council. Complaints against members of the Council are dealt with by the Monitoring Officer in the first instance and ultimately reported to the Audit & Governance Committee.</p> <p>The Customer Service strategy is under review. Survey in March 2017 to identify what can be done to improve customer service.</p> <p>One of the three revised corporate priorities that will enable us to deliver the vision is “Delivering Quality Services in Tamworth”. This priority will be delivered primarily through the on-going project that will bring about the biggest change in the delivery of customer services.</p>
What is missing	Nothing identified

Supporting Principle	Identifying and managing risks to the achievement of outcomes
What Assurance Do We Want	Performance trends are established and reported upon Risk management protocols
What Assurance Do We Get	Performance trends are reported in the quarterly performance report. Risks are identified at a corporate and operational level and are monitored on a regular basis in line with the Risk Management Policy. The Corporate Risk Register is reported to the Audit & Governance Committee on a quarterly basis. The annual audit plan is developed around the audit risk assessment and through consultation with members of the Corporate Management team who identify emerging risks within their service areas.
What is missing	Nothing identified
Supporting Principle	Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available
What Assurance Do We Want	An agreed set of quality standard measures for each service element and included in service plans Processes for dealing with competing demands within the community
What Assurance Do We Get	Each service plan has actions plans and performance indicators. Corporate plan actions aligned to the strategic priorities have action plans in place which are updated on a quarterly basis. The council has implemented a Demand Management model which aims to eliminate waste in processes
What is missing	Nothing identified

Supporting Principle	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision
What Assurance Do We Want	Capital investment is structured to achieve appropriate life spans and adaptability for future use or that resources (eg land) are spent on optimising social, economic and environmental wellbeing: <ul style="list-style-type: none"> - Capital programme - Capital investment strategy
What Assurance Do We Get	There is a 3 year capital programme in place which identifies capital spend and financing. The Capital Investment Strategy, Capital process guidance, full capital appraisal forms and outline capital bid forms are available on the intranet. Business plans are informed by Corporate Plan and take into account PEST impacts.
What is missing	Nothing identified
Supporting Principle	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints
What Assurance Do We Want	Discussion between members and officers on the information needs of members to support decision making Record of decision making and support materials
What Assurance Do We Get	Full reports are prepared by officers and members (Portfolio Holders) can discuss any issues prior to the committee meeting with the relevant officer. All agenda items and minutes are available on the website with the exception of restricted agenda items. The Local Authorities (Executive Arrangements) (Meeting and Access to Information) Regulations 2012 requires that the Leader of the Council makes one report annually to the authority to include particulars of each urgent executive decision made and a summary of matters in respect of which each decision was made. For the period 1 st May 2015 to 30 th April 2016, the Leader of the Council reported that no such decisions had been taken by the Executive under Regulation 11, cases of special urgency. Resource and Legal/Risk implications are identified in Committee reports
What is missing	Nothing identified

Supporting Principle	Determining the wider public interest associated with balance conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.
What Assurance Do We Want	Record of decision making and supporting materials Protocols for consultation
What Assurance Do We Get	All Committee decisions are recorded in the minutes. Minutes and agendas are made available on the website. Where Officers have made decisions which are approved Portfolio holders, these are made available on the website. All consultation undertaken is made available on the website so that citizens can participate. Protocol for Budget consultation approved annually by Cabinet.
What is missing	Nothing identified
Supporting Principle	Ensuring fair access to services
What Assurance Do We Want	Protocols ensure fair access and statutory guidance is followed
What Assurance Do We Get	Equalities assessments undertaken Website accessibility W3C1.0 compliance Font sizes can be changed Alternate formats and languages. Hard copies of Committee agendas are made available on request. Hardcopy of each agenda taken to the meeting for public use.
What is missing	Nothing identified

Core Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes

Supporting Principle	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.
What Assurance Do We Want	Discussion between member and officers on the information needs of members to support decision making Decision making protocols Options appraisals Agreement of information that will be provided and timescales
What Assurance Do We Get	Leadership team meetings between members and officers are in place. (Executive Management Team). Regular updates with Portfolio holders in place. The Constitution details the decision making protocols and format of reports. Various options are required to be detailed in the Committee reports so that members can make informed decisions. There is a set timetable in place for the production of agendas prior to the meeting taking place. Scrutiny Officer in place to support the Scrutiny function.
What is missing	Nothing identified

Supporting Principle	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.
What Assurance Do We Want	Financial strategy
What Assurance Do We Get	<p>Budget consultation is completed on an annual basis with citizen input which informs the financial strategy</p> <p>Tamworth Question Time event – an annual event which a panel of local leaders attend and members of the public can ask questions. These are then fed into the State of Tamworth Debate</p> <p>In addition to the activity planned for the Tamworth Listens process / State of Tamworth debate, consultation is planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made.</p> <p>The consultation is carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector.</p> <p>The online residents survey is promoted using social networking/media sites and through email contact databases.</p> <p>The business survey is promoted through business social networking sites and business email contact databases. The voluntary and community sector survey is promoted through email contact databases.</p> <p>MTFS approved annually takes into account budget consultation feedback – reported annually to Cabinet.</p>
What is missing	Nothing identified
Supporting Principle	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
What Assurance Do We Want	Calendar of dates for developing and submitting plans and reports that are adhered to
What Assurance Do We Get	<p>There is a performance management reporting cycle in place which timetables the performance reporting cycle.</p> <p>The Forward Plan is published on the website detailing the expected agenda items for the following four months.</p>
What is missing	Nothing identified

Supporting Principle	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
What Assurance Do We Want	Communication strategy
What Assurance Do We Get	<p>Tamworth Question Time event – an annual event which a panel of local leaders attend and members of the public can ask questions. These are then fed into the State of Tamworth Debate</p> <p>In addition to the activity planned for the Tamworth Listens process / State of Tamworth debate, consultation is planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made.</p> <p>The consultation is carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector.</p> <p>The online residents survey is promoted using social networking/media sites and through email contact databases.</p> <p>The business survey is promoted through business social networking sites and business email contact databases. The voluntary and community sector survey is promoted through email contact databases.</p> <p>Joint Scrutiny Committee (Budget) held annually to feedback Member concerns from residents.</p>
What is missing	Nothing identified

Supporting Principle	Considering and monitoring risks facing each partner when working collaboratively including shared risks
What Assurance Do We Want	Partnership framework Risk management protocol
What Assurance Do We Get	Partnerships risks are identified and monitored – risk registers are in place. Partnership guidance Policy and toolkit in place This is designed to help the Council work with its partners to ensure that all partnerships have good systems of governance. We define governance as the processes, procedures and policies that deal with important issues like accountability, probity and audit. It is crucial that all members of partnerships should conform to codes of practice for the good of all involved. Risks are identified at a corporate and operational level and are monitored on a regular basis in line with the Risk Management Policy. The Corporate Risk Register is reported to the Audit & Governance Committee on a quarterly basis.
What is missing	Nothing identified
Supporting Principle	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances
What Assurance Do We Want	Planning protocols
What Assurance Do We Get	Protocols in place (constitution) to ensure annual delivery of: <ol style="list-style-type: none"> 1) MTFS; 2) Budget Consultation; 3) Tamworth Listens events; 4) State of Tamworth debate; 5) KPIs / Service Plans; 6) Corporate Plan
What is missing	Nothing identified

Supporting Principle	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured
What Assurance Do We Want	KPIs have been established and approved for each service element and included in the service plan and are reported upon regularly
What Assurance Do We Get	Key performance indicators are in place within Service Plans and the Corporate Plan and monitored and reported on a regular basis through quarterly reports to Cabinet.
What is missing	Nothing identified
Supporting Principle	Ensuring capacity exists to generate the information required to review service quality regularly
What Assurance Do We Want	Reports include detailed performance results and highlights areas where corrective action is necessary
What Assurance Do We Get	A quarterly performance report is reported to Cabinet . The report details progress against performance indicators with a red, amber, green traffic light scenario to prompt remedial actions.
What is missing	Nothing identified
Supporting Principle	Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan
What Assurance Do We Want	Evidence that budgets, plans and objectives are aligned
What Assurance Do We Get	Budgets are set following budget consultation with citizens. Budgets are aligned to the corporate objectives A joint report is approved annually by Council which approves the Vision, Corporate Priorities and MTFS aligning resource demands in support of the corporate priorities.
What is missing	Nothing identified
Supporting Principle	Informing medium and long term resource planning by drawing up realistic estimates of revenues and capital expenditure aimed at developing a sustainable funding strategy.
What Assurance Do We Want	Budget guidance and protocols Medium term financial plan Corporate plans
What Assurance Do We Get	Budget guidance and protocols are in place and approved annually by Cabinet in July each year. There is a medium term financial plan in place with budgets balanced for 3 years (with a 5 year forecast position reported to Cabinet and Joint Scrutiny Committee). The Corporate Plan is reviewed and updated on an annual basis
What is missing	Nothing identified

Supporting Principle	Ensuring the medium term financial strategy integrates and balance service priorities, affordability and other resource constraints.
What Assurance Do We Want	Feedback surveys and exit/decommissioning strategies Changes as a result
What Assurance Do We Get	Budget consultation completed on an annual basis consultation is planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made. The consultation is carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector. The online residents survey is promoted using social networking/media sites and through email contact databases. The business survey is promoted through business social networking sites and business email contact databases. The voluntary and community sector survey is promoted through email contact databases. Joint Scrutiny Committee (Budget) held annually to feedback Member concerns from residents.
What is missing	Nothing identified
Supporting Principle	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.
What Assurance Do We Want	Budgeting guidance and protocols
What Assurance Do We Get	Medium term financial strategy Budget setting process approved by Cabinet in July each year – including a robust process for capital investment and policy changes which requires business cases to be prepared for consideration by EMT. Budget consultation through Tamworth Listens
What is missing	Nothing identified

Supporting Principle	Ensuring the medium term financial strategy sets the context for ongoing decisions on significantly delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved whilst optimising resource usage
What Assurance Do We Want	Financial Strategy
What Assurance Do We Get	Medium term financial strategy and associated forecasts are considered by CMT, EMT and Cabinet prior to review/scrutiny by Members at the Joint Scrutiny Committee (Budget). These consider the need for any ongoing decisions on significant issues and appropriate budget changes made through the policy changes process or capital programming process. In year changes can be made using virements procedures (for both Officers and Cabinet) outlined within financial guidance (as well as use of contingencies). Financial impact assessment are included in reports to Committees.
What is missing	Nothing identified
Supporting Principle	Ensuring the achievement of “social value” through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is “the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes”
What Assurance Do We Want	Service plans demonstrate consideration of “social value” Achievement of “social value” is monitored and reported upon
What Assurance Do We Get	Social Value is included within the Procurement Strategy which requires Officers to consider social value issues in the procurement of major works or services i.e. impact on local labour, local economy/businesses, apprenticeships etc.
What is missing	Nothing identified

Core Principle 5: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Supporting Principle	Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness.
What Assurance Do We Want	Regular reviews of activities, outputs and planned outcomes
What Assurance Do We Get	Quarterly reviews of operational business plans are in place which have performance indicators. As part of the capital programme, annual consideration of need for asset maintenance e.g. use of office space, regular stock condition surveys, asset usage (asset acquisition and disposal policies – e.g. golf course).
What is missing	Nothing identified
Supporting Principle	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.
What Assurance Do We Want	Utilisation of research and benchmarking exercise
What Assurance Do We Get	Research and benchmarking exercises are completed in appropriate areas. CIPFA benchmarking for corporate services completed annually. Housing Benchmarking undertaken through Housemark. Review of assets use through the One Public Estate programme and liaison with Staffordshire County Council.
What is missing	Nothing identified

Supporting Principle	Recognising the benefits of partnerships and collaborative working where added value can be achieved.
What Assurance Do We Want	Effective operation of partnerships which deliver agreed outcomes
What Assurance Do We Get	Partnerships are in place for the delivery of some services. There is a Memorandum of Understanding in place with Lichfield District Council for the sharing of services Partnership guidance Policy and toolkit in place This is designed to help the Council work with its partners to ensure that all partnerships have good systems of governance. We define governance as the processes, procedures and policies that deal with important issues like accountability, probity and audit. It is crucial that all members of partnerships should conform to codes of practice for the good of all involved.
What is missing	Nothing identified
Supporting Principle	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.
What Assurance Do We Want	Workforce plan Organisational development plan
What Assurance Do We Get	There are training and development plans in place for members and officers. Officers training and development is identified through the Personal Development Review (PDR). The recruitment process ensures that skills and knowledge are measured and tested appropriately. There is an E-Induction programme in place which is available to both officers and members. Job descriptions and personal specifications are in place for all posts and reviewed as required. All Statutory Officers are members of CMT. Job descriptions for members are included in the recently revised Constitution . They detail the purpose, duties & responsibilities and skills required for all Councillors, Leader & Deputy Leader, Members of the executive, Chairs of Committees and the Leader and Deputy Leader of the Opposition. Service reviews are informed by the Delivering Quality Service process.
What is missing	Workforce plan to be presented to CMT May 2017. (Medium) Organisational development plan to be presented to CMT May 2017. (Medium)

Supporting Principle	Developing protocols to ensure that elected and appointed leaders negotiate their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.
What Assurance Do We Want	Job descriptions Chief Executive and Leader pairings have considered how best to establish and maintain effective communication.
What Assurance Do We Get	Job descriptions are in place for both members and officers. The Chief Executive and the Leader hold regular meetings. Corporate Management Team and the Cabinet form together to form the Executive Management Team. Training and development plan which is developed through the PDR process. This process is in place for all officers Members' training is provided on induction and in specialist areas. Regular training is provided for the Regulatory Committees.
What is missing	Nothing identified

Supporting Principle	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.
What Assurance Do We Want	Scheme of delegation reviewed at least annually in the light of legal and organisational changes. Standing orders and financial regulations which are reviewed on a regular basis.
What Assurance Do We Get	The scheme of delegation is reviewed at least annually. Financial guidance is reviewed and updated on an annual basis
What is missing	Nothing identified
Supporting Principle	Ensuring the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.
What Assurance Do We Want	Clear statement of respective roles and responsibilities and how they will be put into practice.
What Assurance Do We Get	The Constitution details the roles and responsibilities of the leader and the Chief Executive
What is missing	Nothing identified

Supporting Principle	<p>Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> - -ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirement is available and encouraged - Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis. - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.
<p>What Assurance Do We Want</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 77</p>	<p>Access to update courses/information briefing on new legislation Induction programme Personal development plans for members and officers For example, for members this may include the ability to:</p> <ul style="list-style-type: none"> - Scrutinise and challenge - Recognise when outside expert advice is required - Promote trust - Work in partnership - Lead the organisation - Act as a community leader <p>Efficient systems and technology used for effective support Arrangements for succession planning</p>
What Assurance Do We Get	<p>PDR process identifies training needs CPD/membership of professional bodies for up to date information/changes to legislation Networking and membership of professional bodies encouraged PDR process in place for members and officers Members induction and training programme in place (e.g. finance, treasury management, planning, licensing). e-learning solution to be rolled out which cover a number of areas</p>
What is missing	Nothing identified

Supporting Principle	Ensuring that there are structures in place to encourage public participation.
What Assurance Do We Want	Resident's panels Stakeholder forum terms of reference Strategic partnership frameworks
What Assurance Do We Get	Tenant participation Citizens panel Community safety partnership Partnership frameworks in place for joint working
What is missing	Nothing identified
Supporting Principle	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer reviews and inspections.
What Assurance Do We Want	Reviewing individual member performance on a regular basis taking account of their attendance and considering any training or development needs Peer reviews
What Assurance Do We Get	PDR process in place for members
What is missing	Nothing identified
Supporting Principle	Holding staff to account through regular performance reviews which take account of training or development needs.
What Assurance Do We Want	Training and development plan Staff development plans linked to appraisals Implementing appropriate human resource policies and ensuring that they are working effectively
What Assurance Do We Get	Training identified as part of the PDR process Conduct and capability Procedures Training for managers HR policies in place and updated as required.
What is missing	Nothing identified

Supporting Principle	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.
What Assurance Do We Want	Human resource policies
What Assurance Do We Get	<p>Health and safety policies</p> <p>Healthshield benefits</p> <p>Childcare vouchers</p> <p>Counselling service</p> <p>HR policies – some are out of date</p> <p>Well-being policy developed</p> <p>TBC signed up to national initiative 'Time for change'</p> <p>On-site counselling service available for all staff</p> <p>Mental Health First Aiders appointed</p> <p>Mental Health champions to be trained</p> <p>Robust management of attendance with support from Occupational Health Specialists</p> <p>Regular updates with Trade unions and / or representatives</p>
What is missing	Nothing identified

Core Principle 6: Managing risks and performance through robust internal control and strong public financial management

Supporting Principle	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
What Assurance Do We Want	Risk management protocol
What Assurance Do We Get	Risk Management Policy – reviewed and updated annually and approved by Audit & Governance Committee . There is a Corporate Risk register which is owned by Corporate Management team which is updated on a quarterly basis and reported to the Audit & Governance Committee . Operational risk register are owned by managers and recorded on the Covalent system and linked to performance and service plans. Internal Audit work with managers to help them identify their risks and record them on the Covalent system. The Internal Audit plan takes into account the identified risks on the risk registers. All decisions made by Members have the risks identified
What is missing	Nothing identified
Supporting Principle	Implementing robust and integral risk management arrangements and ensuring that they are working effectively.
What Assurance Do We Want	Risk management strategy/policy formally approved and adopted and reviewed and updated on a regular basis.
What Assurance Do We Get	Risk Management Policy – reviewed and updated annually and approved by Audit & Governance Committee . All decisions made by Members have the risks identified
What is missing	Nothing identified
Supporting Principle	Ensuring that responsibilities for managing individual risks are clearly allocated.
What Assurance Do We Want	Risk management protocol
What Assurance Do We Get	Risk registers are in place for service areas as well as a corporate risk register. Owners of the risks are assigned
What is missing	Nothing identified

Supporting Principle	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.
What Assurance Do We Want	Performance map showing all key activities have performance measures Benchmarking information Cost performance (using inputs and outputs) Calendar of dates for submitting, publishing and distributing timely reports that are adhered to.
What Assurance Do We Get	The corporate plan 2016-20 identifies key performance indicators aligned to the strategic priorities Benchmarking information is used for some services where appropriate/available Performance management cycle identifies the timetable for the submission of performance reports
What is missing	Nothing identified
Supporting Principle	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.
What Assurance Do We Want	Discussion between members and officers on the information needs of members to support decision making Publication of agendas and minutes of meetings Agreement on the information that will be needed and timescales
What Assurance Do We Get	Portfolio holder meetings with staff All agenda and minutes published on the website The forward plan is a list of the council's key decisions that will be made over the next one to four months. These decisions will be made by either the Cabinet or by officers who have been delegated authority by the Cabinet. The forward plans are published on the first working day of the month. The plan includes a short description of the decision to be made; who will make it; when the decision will be taken; details of the planned consultation with local people and other stakeholders; and contact details for further information (including reports and background papers).
What is missing	Nothing identified

Supporting Principle	Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible. (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.
What Assurance Do We Want	The role and responsibility for scrutiny has been established and is clear Agenda and minutes of scrutiny meetings Evidence of improvements as a result of scrutiny Terms of reference Training for members Membership
What Assurance Do We Get	The roles and responsibilities for Scrutiny Committees are detailed in The Constitution Agendas and minutes are made available on the website. Scrutiny chairs report annually to full Council on their workplan. Terms of reference are detailed within the Constitution Training is provided for members Under the remit of the Scrutiny Committees , they can call in decisions
What is missing	Nothing identified
Supporting Principle	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
What Assurance Do We Want	Calendar of dates for submitting, publishing and distributing timely reports that are adhered to
What Assurance Do We Get	There is a calendar of dates for the submission and publishing reports
What is missing	Nothing identified

Supporting Principle	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)
What Assurance Do We Want	Financial standards, guidance Financial regulations and standing orders
What Assurance Do We Get	Financial regulations, contract standing orders and financial guidance are in place and reviewed and updated annually.
What is missing	Nothing identified
Supporting Principle	Aligning the risk management strategy and policies on internal control with achieving the objectives
What Assurance Do We Want	Risk management strategy Audit plan Audit reports
What Assurance Do We Get	The risk management strategy is reviewed, updated and approved annually by the Audit & Governance Committee . The Audit plan is based on an internal audit risk assessment and approved by the Audit & Governance Committee . Quarterly reports of progress against the plan are submitted to the Audit & Governance Committee
What is missing	Nothing identified
Supporting Principle	Evaluating and monitoring the authority's risk management and internal control on a regular basis
What Assurance Do We Want	Risk management strategy/policy has been formally approved and adopted and is reviewed and updated on a regular basis
What Assurance Do We Get	The Risk Management Policy/Strategy is reviewed, updated and then approved by the Audit & Governance Committee on an annual basis. Quarter updates of the risk management action plan are also submitted to the Committee.
What is missing	Nothing identified

Supporting Principle	Ensuring effective counter fraud and anti-corruption arrangements are in place
What Assurance Do We Want	Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014)
What Assurance Do We Get	Internal Audit measure against Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption and this is reported to the Audit & Governance Committee
What is missing	Nothing identified
Supporting Principle	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
What Assurance Do We Want	Annual Governance Statement Effective internal audit service is resource and maintained
What Assurance Do We Get	The Annual Governance Statement is produced in accordance with the guideline alongside the Code of Corporate Governance. The Annual Governance Statement is signed by the Leader and the Chief Executive.
What is missing	Nothing identified
Supporting Principle	Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> - Provides further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment - That its recommendations are listened to and acted upon
What Assurance Do We Want	Audit committee complies with best practice. See Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013) Terms of reference Membership Training
What Assurance Do We Get	The terms of reference for the Audit & Governance Committee are detailed within the Constitution . Members of the Committee are independent of the Cabinet and the Chair reports annually to Full Council. The Audit & Governance Committee receive quarterly update reports on Risk management which include a review of the Corporate Risk Register, an update of the risk management action plan and they approve the Risk management Policy on an annual basis. Any recommendations made by the Audit & Governance Committee are recorded in the minutes and acted upon.
What is missing	Nothing identified

Supporting Principle	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to Safeguard personal data
What Assurance Do We Want	Data management framework and procedures Designated data protection officer Data protection policies and procedures
What Assurance Do We Get	The Authority has in place a Corporate Data Register which details all the data held. We have various policies and procedures in place around data issues including: <ul style="list-style-type: none"> • Data Protection Policy, • Security Policy, • Access Control Policies and Procedures, • Asset Management Policies and procedures, • Human Resources security, • Business Continuity Management, • Physical and Environmental Security, • Systems and Acquisitions, development and maintenance, • Data Quality
What is missing	Nothing identified
Supporting Principle	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
What Assurance Do We Want	Data sharing agreement Data sharing register Data processing agreements
What Assurance Do We Get	Individual data sharing agreements are in place for areas within Revenues & Benefits, Economic Development, and Housing. These are detailed on the data sharing page on the intranet (data sharing register).
What is missing	Nothing identified
Supporting Principle	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring
What Assurance Do We Want	Data quality procedures and reports Data validation procedures
What Assurance Do We Get	Auditing of data is completed in accordance with the risk based internal audit plan. Data is validated as part of the internal controls in place
What is missing	Nothing identified

Supporting Principle	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
What Assurance Do We Want	Financial management supports the delivery of services and transformational change as well as securing good stewardship
What Assurance Do We Get	Medium term financial strategy in place
What is missing	Nothing identified
Supporting Principle	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls
What Assurance Do We Want	Budget monitoring reports
What Assurance Do We Get	Budget monitoring reports are available monthly and ad hoc as required.
What is missing	Nothing identified

Core Principle 7: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principle	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
What Assurance Do We Want	Website Annual report
What Assurance Do We Get	All reports are made available on the website for the public to access apart from anything confidential as laid down by The Corporate Plan is published on an annual basis and made available on the website. All information is made available in accordance with the Transparency Agenda. Where Freedom of Information requests are made and it is beneficial to publish the data on the website, this is completed
What is missing	Nothing identified
Supporting Principle	Reporting at least annually on performance, value for money and the stewardship of its resources.
What Assurance Do We Want	Formal annual report which includes key points raised by external scrutineers and service users' feedback on service delivery. Annual financial statements
What Assurance Do We Get	The Corporate Plan are produced on an annual basis. The financial statements are produced in accordance with the timetable. The External Auditors produce the Annual Audit Letter and the Audit Findings Report.
What is missing	Nothing identified
Supporting Principle	Ensuring members and senior management own the results.
What Assurance Do We Want	Appropriate approvals
What Assurance Do We Get	Approved by Cabinet and Full Council Accounts (including AGS) approved by Audit & Governance Committee
What is missing	Nothing identified

Supporting Principle	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement).
What Assurance Do We Want	Annual Governance Statement
What Assurance Do We Get	Results and actions arising from this assessment will go in the Annual Governance Statement for approval by Audit & Governance Committee
What is missing	Nothing identified
Supporting Principle	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.
What Assurance Do We Want	Annual Governance Statement
What Assurance Do We Get	The Annual Governance Statement is prepared by the Governance Group which is made up of lead officers within the Authority. The revised Personal Development Review document will include reference to the core principles of Corporate Governance.
What is missing	Nothing identified
Supporting Principle	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.
What Assurance Do We Want	Format follows best practice
What Assurance Do We Get	High level corporate plan projects/programmes and corporate risk register included in the Statement of Accounts Financial statements prepared in line with the CIPFA Code of Practice (as all Councils should) including relevant performance information from the Corporate Plan.
What is missing	Nothing identified

Supporting Principle	Ensuring that recommendations for corrective action made by external audit are acted upon Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon
What Assurance Do We Want	Recommendations have informed positive improvement Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010) Compliance with Public Sector Internal Audit Standards
What Assurance Do We Get	All recommendations acted upon. Compliant and supporting evidence in the review of governance arrangements Compliant – annual self-assessment and 5 yearly external assessment (completed February 2017)
What is missing	Nothing identified
Supporting Principle	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.
What Assurance Do We Want	Recommendations have informed positive improvement
What Assurance Do We Get	LGA Peer Assessment undertaken and action plan developed
What is missing	Nothing identified
Supporting Principle	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.
What Assurance Do We Want	Annual Governance Statement
What Assurance Do We Get	Partnership guidance Policy and toolkit in place This is designed to help the Council work with its partners to ensure that all partnerships have good systems of governance. We define governance as the processes, procedures and policies that deal with important issues like accountability, probity and audit. It is crucial that all members of partnerships should conform to codes of practice for the good of all involved. Informed by Corporate Risk register.
What is missing	Nothing identified


Supporting Principle	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.
What Assurance Do We Want	Community Strategy
What Assurance Do We Get	Partnership guidance Policy and toolkit in place This is designed to help the Council work with its partners to ensure that all partnerships have good systems of governance. We define governance as the processes, procedures and policies that deal with important issues like accountability, probity and audit. It is crucial that all members of partnerships should conform to codes of practice for the good of all involved.
What is missing	Nothing identified


Action Plan Arising From The 2016/17 Assurance Process


Report Type: Actions Report


Report Author: Angela Struthers

Generated on: 13 April 2017

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS1 1718	Review of E-induction programme	Low		<input type="text" value="0%"/>	31-Mar-2018		Zoe Wolicki
Description	Review of the E-induction programme						
All Notes	Angela Struthers 13-Apr-2017 The ASTUTE e-learning package has now been deployed which allows the current module to be updated. Training for users will commence shortly.						

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS2 1718	Personal Development Review	Low		<input type="text" value="0%"/>	31-Mar-2018		Zoe Wolicki
Description	Personal Development Review						
All Notes	Angela Struthers 13-Apr-2017 The current PDR process is not used fully throughout the council but will form part of the further deployment of the ASTUTE e-learning package (as mentioned in E-Induction). The PDR document will include the core principles of corporate governance						

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS3 1718	Tell Us Policy	Medium		<input type="text" value="0%"/>	31-Mar-2018		Tracey Tudor
Description	Review of Tell Us Policy						
All Notes	Angela Struthers 13-Apr-2017 The Tell Us Policy is currently being reviewed to incorporate a feedback mechanism to ensure that action has been taken						

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS4 1718	Scrutiny Committees	Medium		<input type="text" value="0%"/>	31-Mar-2018		Jane Hackett
Description	Review of the effectiveness of the Scrutiny Committees						
All Notes	Angela Struthers 13-Apr-2017 On-going review of the effectiveness of the Scrutiny Committees						

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS5 1718	Communication Strategy	Medium		<input type="text" value="0%"/>	31-Mar-2018		Anica Goodwin
Description	Review of the Communication Strategy						
All Notes	Angela Struthers 13-Apr-2017 Communication Strategy currently being reviewed						

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS6 1718	Workforce Plan	Medium		<input type="text" value="0%"/>	31-Mar-2018		Zoe Wolicki
Description	Review of Workforce Plan						
All Notes	Angela Struthers 13-Apr-2017 Workforce Plan to be presented to CMT May 2017						

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS7 1718	Organisational Development Plan	Medium		<input type="text" value="0%"/>	31-Mar-2018		Zoe Wolicki
Description	Review of Organisational Development Plan						
Notes	Angela Struthers 13-Apr-2017 Organisational Development Plan to be presented to CMT May 2017. the PDR document will include the core principles of corporate governance						

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Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

AUDIT & GOVERNANCE COMMITTEE

THURSDAY 1 JUNE 2017

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

FRAUD AND CORRUPTION UPDATE REPORT

EXEMPT INFORMATION

None

PURPOSE

To provide Members with an update of Counter Fraud work completed during the financial year 2016/17.

RECOMMENDATIONS

That the Committee:

- 1 Considers this report and raises any issue it deems appropriate;**
- 2 Endorses the Fraud Risk Register Summary (Appendix 1); and**
- 3 Endorses the Self-Assessment Against Counter Fraud & Corruption Best Practice (Appendix 2).**

EXECUTIVE SUMMARY

The abolition of the National Fraud Authority in 2014 and the closure of the Audit Commission in 2015 saw professional counter fraud bodies, institutes and other concerned stakeholders from across the public and private sector including the former Counter Fraud Team of the Audit Commission come together to form 'The European Institute for Combating Corruption And Fraud' (TEICCAF). TEICCAF have carried on from the Audit Commission in the Protecting the Public Purse annual publications. CIPFA launched a Counter Fraud Centre and have recently increased their guidance material including checklists which they recommend that Authorities should measure against. The assessment against these guidance documents is detailed in **Appendix 2**.

In line with good practice, a Fraud Risk Register is maintained and reviewed on a quarterly basis. The latest Fraud Risk Register Summary is attached as **Appendix 1**.

Work has progressed on the data matches identified through the National Fraud Initiative (NFI) in the 2016/17 run which was released in February 2017 with additional updates released periodically. In total, 1510 matches were identified with 402 of these being recommended for investigation by the Council. So far, 989 of the matches have been processed and closed and 15 remain in progress. All of the recommended matches have been investigated and closed. Seven frauds were identified relating to housing benefits claims totalling £4,338 and the amounts are being recovered. These figures relate to the 2017/18 financial year.

Following the move of the Housing Benefits Fraud Investigations to the Single Fraud Investigation Service at the Department of Work and Pensions, the Authority has a dedicated Corporate Anti-Fraud Investigations Officer who has been in post since September 2015. This ensures that the Authority is taking a more proactive approach to fraud rather than a reactive approach previously adopted. As well as continuing with the work on the NFI matches previously identified and new matches as they are identified, the Corporate Anti-Fraud Investigations Officer's current case load includes ongoing investigations into potential fraud in these areas – NNDR, Council Tax Reduction, Single Persons Discount, illegal subletting of council housing and non-residence of council housing. Investigations concluded have identified 23 cases of fraud (the housing benefit frauds identified through the NFI are not included in this figure as they relate to the 2017/18 financial year). Details of the types of fraud, number investigated, proven and the monetary value is detailed below.

Type of Fraud Case	Number of cases investigated	Number of cases proven	Value £
Council Tax Reduction	1	1	8400
Council Tax Single Persons Discount	31	14	8342
Council Tax - other	4	0	
Housing Benefits	11	6	12801
Council Tenancy Subletting	1	0	
Council Tenancy – non residence	1	1	24000*
Council Tenancy - Other	1	0	
NNDR - empty	4	1	1181
NNDR – change of use	1	0	
Internal	2	0	
Right to Buy	1	0	
Total	58	23	54,724

“*” The figure of £24,000 is made up of £18,000 which is the amount that the Audit Commission estimated in their publication “Protecting the Public Purse 2010” . This is derived by estimating the need to house homeless families in temporary accommodation; annual safety, repair, adaptation and maintenance costs; social housing administration and housing management costs; and any long-term borrowing costs incurred to provide social housing.

We will use this figure as an estimate of fraud costs until more detailed guidance is made available. Once detailed guidance is made available, figures will be adjusted accordingly. The additional £6,000 saving relates to a compensation payment that could have been made if the tenant was resident.

RESOURCES IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

There is a risk that the Authority will not have sound governance processes in place.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 -	Fraud Risk Register Summary
Appendix 2	Self-Assessment Against Counter Fraud & Corruption Best Practice






















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Fraud & Corruption Risk Register 2016/17
















Report Type: Risks Report

















Report Author: Angela Struthers




Generated on: 16 May 2017

Risk Title	Risk Description	Gross Risk	– Assessment	Current Risk	– Assessment	Last Review Date
Staffing (internal)						
Credit Income	Misappropriation of income		4 significant-unlikely		2 significant-very unlikely	16-May-2017
Assets	Theft of fixed assets		9 serious-likely		4 significant-unlikely	16-May-2017
Assets	Theft of Council information/intellectual property		12 major – likely		8 major – unlikely	16-May-2017
Assets	Inappropriate use of Council assets for private use		8 significant – very likely		6 significant-likely	16-May-2017
Petty cash/imprest accounts	Theft of takings disguised by manipulation of accounts		2 minor-unlikely		2 minor-unlikely	16-May-2017
Expenses claims	Inflated claims		6 significant-likely		4 significant-unlikely	16-May-2017
Corruption	Disposal of assets – land and property		6 serious-unlikely		3 serious-very unlikely	16-May-2017
Corruption	Award of planning consents and licences		9 serious-likely		3 serious-very unlikely	16-May-2017
Corruption	Acceptance of gifts, hospitality, secondary employment		6 significant-likely		4 significant-unlikely	16-May-2017
Car parking	Theft of takings		9 serious-likely		6 serious-unlikely	16-May-2017




Risk Title	Risk Description	Gross Risk	– Assessment	Current Risk	– Assessment	Last Review Date
Treasury management	Falsifying records to gain access to loan or investment monies		12 major – likely		6 serious–unlikely	16–May–2017
Money laundering	Using the council to hide improper transactions		8 major – unlikely		4 significant–unlikely	16–May–2017
ICT fraud	Improper use of council ICT equipment		12 major – likely		9 serious–likely	16–May–2017
Employee – general	Abuse of flexi system Falsification of car loans		6 significant–likely		4 significant–unlikely	16–May–2017
Payment of grants to the public	Grants fraudulently claimed		12 major – likely		6 serious–unlikely	16–May–2017
Loans & Investments	Misappropriation of funds Fraudulent payment or investment of funds		12 major – likely		4 significant–unlikely	16–May–2017
Regeneration Development corruption	Regeneration development corruption		12 major – likely		6 serious–unlikely	16–May–2017
Financial statements	The financial statements may be materially misstated due to fraud		6 serious–unlikely		4 significant–unlikely	16–May–2017
New starter	Fraudulent job application		9 serious–likely		4 significant–unlikely	16–May–2017
ICT abuse	Improper use of IT equipment		9 serious–likely		4 significant–unlikely	16–May–2017
Benefits fraud – internal	Fraudulent claim by member of staff		9 serious–likely		6 serious–unlikely	16–May–2017
Cash theft	Theft of takings disguised by manipulation of accounts		4 significant–unlikely		2 significant–very unlikely	16–May–2017
Cash theft	Theft of cash without disguise		4 significant–unlikely		1 minor – very unlikely	16–May–2017
Payroll	Payment to non-existent employees		2 significant–very unlikely		3 serious–very unlikely	16–May–2017

Risk Title	Risk Description	Gross Risk	– Assessment	Current Risk	– Assessment	Last Review Date
Payroll	Over claiming hours worked		6 significant–likely		2 minor–unlikely	16–May–2017
Payroll	Manipulation of standing data		6 serious–unlikely		2 significant–very unlikely	16–May–2017
Assets	Theft of current assets		6 significant–likely		4 significant–unlikely	16–May–2017
Sheltered schemes	Theft of customer monies		4 significant–unlikely		2 significant–very unlikely	16–May–2017
Procurement & Contract Management						
Selection process	Senior staff influencing junior staff involved in a selection process		6 serious–unlikely		4 significant–unlikely	16–May–2017
Lack of awareness of the procurement process	Lack of awareness of risks and issues in the procurement process		6 significant–likely		4 significant–unlikely	16–May–2017
Lack of anti-fraud culture	No anti-fraud culture – no due diligence/risk registers		6 significant–likely		2 significant–very unlikely	16–May–2017
Contract awarded prior to specification being agreed	Contract awarded prior to specifications being fully agreed and developed; meaning the organisation becomes responsible for additional development and training expenses		6 significant–likely		4 significant–unlikely	16–May–2017
Manipulation of preferred bidders list	Manipulation of preferred bidders list		4 significant–unlikely		2 significant–very unlikely	16–May–2017
No formal contract in place	No formal contract in place		8 significant – very likely		6 significant–likely	16–May–2017
Prices reworked	Prices reworked to enable the successful bidder to move up the		6 significant–likely		4 significant–unlikely	16–May–2017

Risk Title	Risk Description	Gross Risk	– Assessment	Current Risk	– Assessment	Last Review Date
	proposal list following initial bidding					
Value of contract disaggregated	Value of contract disaggregated to circumvent organisation/EU regulations		12 serious – very likely		6 significant–likely	16-May-2017
Inappropriate high value purchase	Inappropriate high value purchase for an unauthorised purpose		6 significant–likely		4 significant–unlikely	16-May-2017
Inappropriate use of single tender acceptance	Inappropriate use of single tender acceptance		6 significant–likely		4 significant–unlikely	16-May-2017
Using agency staff or consultants	Inappropriate use of agency staff or consultants.		4 significant–unlikely		1 minor – very unlikely	16-May-2017
Initial commercial consultations	Procurement staff being side-lined during initial commercial consultations and subsequently being presented with a "done deal".		12 major – likely		6 serious–unlikely	16-May-2017
Contract signing	Contracts signed by member of staff not authorised to do so		12 major – likely		6 serious–unlikely	16-May-2017
Diversion of funds	Diversion of funds: the risk that a member of staff diverts funds through the setup of non-existent supplier/freelancer		12 major – likely		6 serious–unlikely	16-May-2017
Bogus vendor	An individual could authorise the setup of a bogus vendor and raise and authorise a purchase order		16 major – very likely		8 major – unlikely	16-May-2017
Sale of confidential information	A member of staff could disclose information on bids to other		12 major – likely		6 serious–unlikely	16-May-2017

Risk Title	Risk Description	Gross Risk	– Assessment	Current Risk	– Assessment	Last Review Date
	contract bidders					
Creditor payments	Fraudulent requests for creditor payments		9 serious–likely		4 significant–unlikely	16–May–2017
Fraudulent use for one off payment	Staff use the cheque payment process to send to a bogus vendor		6 serious–unlikely		2 significant–very unlikely	16–May–2017
Declaration of interests	Lack of declarations of interests		9 serious–likely		4 significant–unlikely	16–May–2017
Housing tenancy/homelessness						
Housing allocations	Housing allocated for financial reward fraudulent allocation of property		9 serious–likely		4 significant–unlikely	16–May–2017
Illegal sub letting	Illegal sub–letting of council property		4 significant–unlikely		2 minor–unlikely	16–May–2017
Homelessness	False claim of homelessness		6 significant–likely		2 minor–unlikely	16–May–2017
Right to Buy	Fraudulent claim of right to buy discount		6 significant–likely		4 significant–unlikely	16–May–2017
Council Tax						
Single Persons Discount	Single persons discount fraudulently claimed		6 significant–likely		6 significant–likely	16–May–2017
Discounts/exemptions	Discounts and exemptions falsely claimed		3 minor–likely		2 minor–unlikely	16–May–2017
Refund fraud	Claim of refunds to different bank account.		3 minor–likely		2 minor–unlikely	16–May–2017
Suppressed recovery action	Suppressed recovery action		3 minor–likely		2 minor–unlikely	16–May–2017

Risk Title	Risk Description	Gross Risk	– Assessment	Current Risk	– Assessment	Last Review Date
NDR						
Void exemption	Void exemption falsely claimed		6 significant–likely		4 significant–unlikely	16–May–2017
Occupation dates	Occupation dates incorrectly notified		6 significant–likely		4 significant–unlikely	16–May–2017
Changes to property	Changes to property increase the rateable value		6 significant–likely		4 significant–unlikely	16–May–2017
Insurance						
Insurance claims	Claiming for non–existent injuries Claiming at another establishment for the same injury over claiming		9 serious–likely		4 significant–unlikely	16–May–2017
Other						
Elections	Fraudulent voting Fraudulent acts by canvassers		12 major – likely		6 serious–unlikely	16–May–2017
External funding	Fraudulently claiming/using external funding		1 minor – very unlikely		1 minor – very unlikely	16–May–2017
Housing Benefits/Council Tax Reduction Scheme						
Benefits fraud – claimant	Claimant fraudulently claims benefits		12 serious – very likely		8 significant – very likely	16–May–2017
Benefits fraud – third party eg landlord	fraudulent claim by third party		4 significant–unlikely		4 significant–unlikely	16–May–2017

Risk Title	Risk Description	Gross Risk – Assessment	Current Risk – Assessment	Last Review Date
Cyber	Risk of loss, disruption or damage to the reputation of the Authority from some sort of failure of Information Technology systems			
Cyber risk		 6 serious-unlikely	 6 serious-unlikely	16-May-2017

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Self-Assessment Against Counter Fraud & Corruption Best Practice

Fighting Fraud & Corruption Locally Checklist

Standard to measure against	Current position
The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them, and regularly reports to its senior Board and its members.	There is a fraud and corruption risk register in place. This is reviewed on a regular basis by the Head of Internal Audit Services. There are no significant high risks highlighted in the risk register but audit work will be completed to ensure that risks identified are mitigated. Fraud and corruption risks will be reported to the Corporate Management Team and the Audit & Governance Committee.
The local authority has undertaken an assessment against the risks in Protecting the Public Purse: Fighting Fraud Against Local Government (2014) and has also undertaken horizon scanning of future potential fraud and corruption risks.	An assessment has been completed. Potential future risks of fraud and corruption are noted through peer groups, membership of the Midlands Fraud Forum and other professional bodies. As risks are identified, they are recorded on the fraud risk register.
There is an annual report to the Audit Committee, or equivalent detailed assessment, to compare against FFCL 2016 and this checklist.	This is completed and reported.
There is a counter fraud and corruption strategy applying all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.	The Counter Fraud and Corruption Strategy is approved by the Audit & Governance Committee. Copies are available on the intranet. There is also an e-learning solution which covers counter fraud and corruption.
The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	There are registers in place for gifts & hospitality, declaration of interests. There are also Codes of Conduct in place for both members and officers.
The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	There is a fraud and corruption risk register in place.
Counter fraud staff are consulted to fraud proof new policies, strategies and initiatives across departments and this is reported upon to committee.	Guidelines have been drafted for the fraud proof of policies and are available on the intranet.

<p>The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.</p>	<p>There are policies and procedures in place which are made available on the website. The website also has a fraud referral form to report internal frauds</p>
<p>The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:</p> <ul style="list-style-type: none"> • Codes of conduct including behaviour for counter fraud, anti-bribery and corruption • Register of interests • Register of gifts & hospitality 	<p>The Authority has in place: Codes of Conduct for Members and Officers Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes Whistleblowing Policy A Register of Interests Gifts & Hospitality Register</p>
<p>The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2016 to prevent potential dishonest employees from being appointed.</p>	<p>A recruitment vetting process is in place</p>
<p>Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.</p>	<p>Members and staff are aware of the need to make appropriate disclosures of gifts & hospitality. Internal Audit will look at the system and controls in place as part of the audit programme of work – so this is not completed annually.</p>
<p>There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.</p>	<p>Counter fraud work including awareness is completed by internal audit</p>
<p>Successful cases of proven fraud/corruption are routinely publicised to raise awareness.</p>	<p>Successful cases are published on the website</p>
<p>There is an independent whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.</p>	<p>The Whistleblowing Policy is in place and names various officers within the Authority as well as prescribed regulators who can be contacted.</p>
<p>Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.</p>	<p>Those working as an employee will sign up to the whistleblowing policy as part of the induction process – as the policy is aimed at employees as per the Enterprise & Regulatory Reform Act 2013</p>

Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	There is a fraud risk register in place which highlights the potential areas of fraud the authority may face
There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	The Fraud Response Plan forms part of the Counter Fraud & Corruption Statement, and details the amount of resources dedicated to fraud areas.
Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	Statistics are maintained by Internal Audit and reported under the Transparency Agenda
Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	Internal Audit have such access
There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communication team.	These will be published as and when they are known
All allegations of fraud and corruption are risk assessed.	Initial assessments are undertaken to see what the risk is
The fraud and corruption response plan covers all areas of counter fraud work: <ul style="list-style-type: none"> • Prevention • Detection • Investigation • Sanctions • Redress. 	The fraud and corruption response plan covers the areas identified
The fraud response plan is linked to the audit plan and is communicated to senior management and members.	The fraud response plan is linked to the audit plan which is communicated to the Corporate Management Team and the Audit & Governance Committee
Asset recovery and civil recovery is considered in all cases.	These are considered if appropriate
There is zero tolerance approach to fraud and corruption which is always reported to committee.	There is zero tolerance to fraud which is detailed in the Policy

There is a programme of proactive counter fraud work which covers risks identified in assessment.	The proactive fraud work is centred around prevention and detection
The fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	This is completed as necessary
The local authority shares data across its own department and between other enforcement agencies.	Data is shared with other enforcement agencies in accordance with the Data Protection Act
Prevention measures and projects are undertaken using data analytics where possible.	This is completed as part of the NFI project
The local authority actively takes a part in the NFI and promptly takes action arising from it.	Actions are taken to ensure that as many as possible of the data matches identified by the NFI are investigated but that all of the high risk ones are.
There are professionally accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	Staff are professionally accredited to complete counter fraud work
The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	Adequate knowledge of all areas of the authority for all staff
The counter fraud team has access (through partnership/other local authorities/or funds to buy in) to specialist staff for: <ul style="list-style-type: none"> • Surveillance • Computer forensics • Asset recovery • Financial investigations. 	This will be completed following an assessment of the need
Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems.	Weaknesses revealed are reported through the audit recommendation process.

Fighting Fraud & Corruption Locally – The Local Government Counter Fraud & Corruption Strategy

Recommendations for Local Authorities	Current Position
There should be a structured programme on fraud and corruption awareness for elected members and managers.	There is an e-learning solution in place which will be rolled out to members and officers
Local authorities should undertake up-to-date fraud and corruption awareness programmes and use the fighting fraud & corruption locally good practice bank	This will be reviewed and completed during 2017/18
Local authorities should collaborate where it is appropriate to do so and should place examples of useful outcomes in the fighting fraud and corruption locally good practice bank and use this as a conduit to exchange information with each other	Examples of useful outcomes will be shared via the good practice bank
Local authorities should profile their fraud and corruption risks using the section on risks from the fighting fraud and corruption locally companion document as a starting point.	Fraud and corruption risks identified and recorded
Local authorities should ensure that they have the right resources in place by having made an assessment of the risks on fraud and corruption which should be reported to the Audit Committee or similar.	Assessment made of the fraud and corruption risks and will be reported to the Audit & Governance Committee.
Senior officers within local authorities should ensure that officers working in the counter fraud team should be provided with appropriate accredited training.	One member of the Audit team has an appropriate accredited qualification in fraud investigations.
Senior officers within local authorities should ensure that officers who work in areas where they might encounter fraud and corruption have appropriate training.	One member of the Audit team has an appropriate accredited qualification in fraud investigations.
Local authorities should continue to work together on counter fraud hubs, or, should investigate the benefits of joining hubs, and should share information where possible to help each other increase resilience to fraud and corruption and establish best practice.	Shared learning and practice is completed where possible.

Local authorities should participate in data technology pilots to improve their efforts to detect and prevent fraud and corruption.	The Authority Takes part in the National Fraud Initiative and investigates the matches identified.
Local authorities should publicise and celebrate successes. Press stories should be collated on the fighting fraud and corruption locally good practice bank and, where possible, publicity should be endorsed and promoted by DCLG	Any frauds investigated and proven will be publicised
Local authorities should make an assessment using the fighting fraud and corruption locally companion checklist, increasing awareness of the UK's anti-corruption plan, make themselves aware of the NCA advice, ensure that staff are trained on anti-bribery and corruption, and report this to their Audit Committee together with actions to meet the criteria set out in the plan.	An assessment against the checklist is completed which is reported to the Audit Committee. Staff are trained in Anti-bribery through the induction process.
Local authorities should use the free CIPFA Code of Practice on Managing the Risk of Fraud & Corruption to ensure a common standard.	The Code of Practice is used to ensure that standards are maintained
Local authorities should make sure that they have in place robust reporting procedures including whistleblowing and that these include assessment through the BSU or Public Concern at Work and that staff are trained in this area.	Whistleblowing procedures are in place. The Policy is reviewed and updated on a regular basis. Details of contacts within the Authority and prescribed regulators are detailed in the Policy. The policy is made available to staff on the intranet. E-learning package on fraud and corruption is to be rolled out to staff.
Local authorities that do not have their own housing stock should consider working with their housing partners, in return for nomination rights, to prevent and detect social housing fraud.	Some joint working in place for nomination rights
Where appropriate local authorities should consider participating in the Tenancy Fraud Forum.	CIPFA Code of Practice on Managing the Risk of Fraud & Corruption
Local authorities should work with partners on relevant procurement projects and pilots and disseminate information as appropriate.	Will be completed as appropriate

<p>Local authorities should look at insider fraud and consider using the Internal Fraud Database at CIFAS following the London Borough of Ealing pilot.</p>	<p>The membership will be evaluated – no other local authorities are members at this time</p>
<p>Local authorities should horizon scan and explore new areas, e.g. cyber and identity issues and explore new methods to detect fraud, e.g. behavioural insights.</p>	<p>Horizon scanning completed on a regular basis through peer groups etc.</p>
<p>Local authorities should use the FFCL Companion checklist to ensure that they have the right counter fraud and anti-corruption measures in place and should report the results of this to their Audit Committee and the External Auditor.</p>	<p>Completed</p>

Code of Practice on Managing the Risk of Fraud and Corruption

<p>Acknowledge Responsibility</p> <p>The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.</p>	
<p>The organisation's leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users.</p>	<p>The Policy statement acknowledges the risk of fraud by the Chief Executive</p>
<p>The organisation's leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.</p>	<p>This is acknowledged in the Statement.</p>
<p>The governing body acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports.</p>	<p>This is acknowledged in the Policy</p>
<p>The governing body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention.</p>	<p>Proactive fraud work is completed</p>

<p>Identify risks</p> <p>Fraud identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and potential consequences to the organisation and its service users.</p>	
<p>Fraud risks are routinely considered as part of the organisation's risk management arrangements.</p>	<p>There is a fraud and corruption risk register in place</p>
<p>The organisation identifies the risks of corruption and the importance of behaving with integrity in its governance framework</p>	<p>This risk of corruption is identified in the fraud and corruption risk register.</p>
<p>The organisation uses published estimates of fraud loss, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposures.</p>	<p>Published fraud loss estimates are taken into account to aid the evaluation of the fraud risk exposure.</p>
<p>The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause.</p>	<p>These are identified in the fraud and corruption risk register.</p>
<p>Develop a strategy</p> <p>An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.</p>	
<p>The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation's acknowledged responsibilities and goals.</p>	<p>A counter fraud and corruption strategy is in place.</p>
<p>The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate.</p>	<p>This will be included when appropriate</p>
<p>The strategy includes both proactive and responsive approaches that are best suited to the organisation's fraud and corruption risks. Proactive and responsive components of a good practice response to fraud risk management are set out below.</p>	<p>The strategy sets both proactive and responsive approaches as detailed below</p>

<p>Proactive</p> <ul style="list-style-type: none"> • Developing a counter fraud culture to increase resilience to fraud. • Preventing fraud through the implementation of appropriate and robust internal controls and security measures. • Using techniques such as data matching to validate data. • Deterring fraud attempts by publicising the organisation’s anti-fraud and corruption stance and the actions it takes against fraudsters. 	<p>An anti-fraud culture is developed by the continual review and update of the counter fraud and corruption strategy, which is made available to staff and also through training and awareness.</p> <p>Internal controls are tested by internal audit. Data matching is completed through the NFI exercise.</p> <p>The anti-fraud stance is detailed within the Strategy and is made available to the public</p>
<p>Responsive</p> <ul style="list-style-type: none"> • Detecting fraud through data and intelligence analysis. • Implementing effective whistleblowing arrangements. • Investigating fraud referrals. • Applying sanctions, including internal disciplinary, regulatory and criminal. • Seeking redress, including the recovery of assets and money where possible. 	<p>Data analysis is completed through the use of the NFI data matching – the risk to the authority is minimal and does not warrant data intelligence analysis</p> <p>All frauds referred are investigated as required. Sanctions are applied as appropriate and redress sought where appropriate.</p>
<p>The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.</p>	<p>The responsibility for delivery of the strategy and for providing oversight is completed by the Head of Internal Audit Services and is detailed in the strategy.</p>
<p>Provide resources</p> <p>The organisation should make arrangements for appropriate resources to support the counter fraud strategy.</p>	
<p>An annual assessment of whether the level of resources invested to counter fraud and corruption is proportionate for the level of risk.</p>	<p>The resources to be invested in counter fraud work are detailed in the strategy</p>
<p>The organisation utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation.</p>	<p>Internal audit staff complete counter fraud work. One member of staff is counter fraud accredited</p>
<p>The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes.</p>	<p>Internal audit have unhindered access to employees, information and other resources.</p>

The organisation has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity.	Data sharing protocols in place
<p>Take action</p> <p>The organisation should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.</p>	
<p>The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy. As a minimum the framework includes:</p> <ul style="list-style-type: none"> • Counter fraud policy • Whistleblowing policy • Anti-money laundering policy • Anti-bribery policy • Anti-corruption policy • Gifts and hospitality policy and register • Pecuniary interest and conflicts of interest policies and register • Codes of conduct and ethics • Information security policy • Cyber security policy 	The policy framework is in place
Plans and operations are aligned to the strategy and contribute to the achievement of the organisation’s overall goal of maintaining resilience to fraud and corruption.	A counter fraud plan forms part of the strategy.
Making effective use of national or sectorial initiatives to detect fraud and prevent fraud, such as data matching or intelligence sharing.	Use of the NFI is completed
Providing for independent assurance over fraud risk management, strategy and activities.	Independent assurance provided by Internal Audit
There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s) designated in the strategy. Conclusions are featured in the annual governance report.	A report will be presented to the Audit & Governance Committee

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THURSDAY, 1 JUNE 2017

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

FINANCIAL GUIDANCE REVIEW 2017

EXEMPT INFORMATION

None

PURPOSE

To seek Member endorsement of the recently reviewed Financial Guidance which forms an important part of the Council's regulatory framework, and to provide an opportunity for Members of the Committee to raise any issues they consider appropriate on the subject.

RECOMMENDATIONS

Members endorse the changes to Financial Guidance.

EXECUTIVE SUMMARY

As part of the core functions under the terms of reference, this Committee is empowered to maintain an overview of the Council's Financial Guidance.

The last review of Financial Guidance was approved by this Committee in March 2016. This review has identified the following changes:

- 6.2.12 All tenders/quick quotes with an estimated value exceeding £25,000 must also be advertised on the Crown Commercial Services Contracts Finder e-procurement portal.**
- 8.2 New section for Intermediaries Legislation (IR35) included**
- 10.1 Fees and charges to be reviewed annually in line with the Fees and Charges Policy.**

Other minor changes are tracked within the guidance.

The updated version of Financial Guidance is attached as **Appendix A**.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers – Head of Internal Audit Services ex 234

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix A – Financial Guidance

FINANCIAL GUIDANCE

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Section A

Financial Regulation Policy

FINANCIAL REGULATION POLICY

Adopted by Tamworth Borough Council on 22 May 2001.

Purpose

The financial regulation framework within the Council aims to:

- a) Promote best value, service delivery and delivery of the Council's vision;
- b) Provide sound arrangements for all the Council's financial affairs and to be able to demonstrate that proper controls are in place;
- c) Safeguard Members and officers by setting out procedures which meet the Council's expected standards.

Financial regulations are not intended to inhibit creativity but to provide the parameters within which creativity may be exercised. They are intended to guide and support managers and their staff. Financial control at a corporate level is achieved primarily through transparency and accountability. Managers and especially Chief Officers and budget holders occupy key roles. Managers are given appropriate authority to deploy resources in pursuit of agreed objectives. Their activities are expected to adhere to specified standards and they are required to report upon and be accountable for their actions. Those engaged in support functions (for examples, Accountancy) do not themselves directly exert control. Their responsibilities are to support frontline services and to monitor activities. Where necessary they must act as whistle-blowers (See Whistleblowing Policy).

Controls

The financial regulation framework comprises this policy document, financial regulations and contract standing orders approved by Council and detailed guidance issued by the Council's Executive Director Corporate Services, to support these documents. They contain a mixture of:

- a) Responsibilities;
- b) Instructions;
- c) Expected standards of behaviour;
- d) Discretionary powers.

Instructions and responsibilities are clearly set out. All employees and Members are required to comply where they are applicable. The expected standard of behaviour and discretionary powers are guidelines to aid employees and Members in their day to day activities. They cannot cover all potential circumstances. All employees and all Members are therefore required at all times when engaged on Council activities to act reasonably, having regard to this framework, and to act within the spirit of the framework.

A review of the policy and guidance is to be completed annually.

Section B

Financial Regulations

FINANCIAL REGULATIONS

Adopted by Tamworth Borough Council on 22 May 2001.

1. All employees and all Members must at all times when engaged on Council activities act in the interests of the Council as a whole.
2. All employees and all Members must comply at all times with these regulations wherever they apply.
3. All employees and all Members must act reasonably and within the spirit of the financial regulation framework.
4. All relevant financial interests must be declared to the Solicitor of the Council (Monitoring Officer).
5. All activities must be in accordance with:
 - a) Legislation;
 - b) Approved service plans or corporate plans;
 - c) Approved service net revenue budgets or capital programmes;
 - d) Relevant Council policies and adopted codes of practice.

Any material departures (actual or potential) must be reported formally to Members as soon as practicable.

6. Where practicable all activities should be in accordance with accepted best practice.
7. Best value and value for money must be sought in all activities, including the procurement of goods and services.
8. Budgets at an appropriate level of detail must be prepared by the start of each financial year for all activities and units of the Council.
9. Material changes to financial policy or the distribution of resources must be referred to Council for approval.
10. Service managers have primary responsibility for the control and management of all resources of all kinds made available to them.
11. All managers must ensure and regularly check that there is a full set of controls in every system under their management, including an adequate segregation of duties and an assessment of risk in all activities and decisions.
12. All employees must consider the need to seek appropriate views, advice and guidance before embarking on a course of action and particularly on a new course of action. This includes seeking advice from managers in other services, for example consulting the Director Technology & Corporate Programmes on the procurement of information technology or **the Executive Director Corporate**

Services on the arrangement of leases, rentals or agreements involving the use of assets to or from the authority.

13. All managers must ensure that all assets and personnel must be adequately secured or protected and appropriate insurance arranged where necessary.
14. Adequate records must be maintained of all transactions in all systems (a complete audit trail) and unrestricted access must be allowed to all assets and records for:
 - a) The Chief Executive;
 - b) The Executive Director Corporate Services;
 - c) The Head of Internal Audit Services;
 - d) External Auditors and other statutory inspectors;
 - e) Officers designated by any of the above.

Employees must supply information to those officers on request.

15. Managers must routinely monitor all activities under their control and report on any significant variations from expected standards.
16. Managers must report at regular intervals on performance on planned activities and on financial performance against approved budgets.
17. All employees and all Members must report any suspected:
 - a) Failure in any system;
 - b) Failure to comply with financial regulations;
 - c) Suspected criminal act, including fraud or corruption.

The report should normally be made to the line manager. Full guidance is provide in the Council's [Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes](#).

Any manager who suspects such an occurrence must take any immediate action necessary to rectify any failure in a control system and report the position to a relevant senior manager, who may include the Chief Executive, Executive Director Corporate Services, Monitoring Officer or Head of Internal Audit Services.

18. The Executive Director Corporate Services shall, with the agreement of the Chief Executive and Solicitor to the Council (Monitoring Officer), issue detailed guidance on procedures to be followed in compliance with these regulations.
19. All employees must comply with any applicable instructions or responsibilities specified in the guidance. In other respects all employees must act reasonably, having regard to the guidance and within the spirit of the guidance.

CONTRACT STANDING ORDERS

Adopted by Tamworth Borough Council on 22 May 2001.

1. All employees must comply with these standing orders, the relevant regulations relating to Public Contracts and with financial regulations when procuring goods and services.
2. All Directors have primary responsibility for ensuring compliance within their service areas.
3. Best value and value for money must be sought in all procurement activities. Competition must be sought in accordance with issued guidance.
4. Where the value of the goods and services is likely to be £50,000 (cumulative amount) or more the following requirements apply:
 - a) Tenders must be sought from suitably qualified suppliers;
 - b) The supply must be governed by a formal written contract.

The only exception to these requirements shall be where the Cabinet has given authority in order to achieve best value.

5. Reasonable steps must be taken to manage risk throughout the procurement process and employees must have regard to the guidance that is issued for this purpose.
6. All potential suppliers of goods and services must be treated equitably.
7. In all procurement activities, arrangements must be clear regarding:
 - a) The goods or services to be supplied and the supply mechanisms;
 - b) The amount to be paid and the payment mechanisms;
 - c) The rights and responsibilities of all parties.
8. Employees must consider the need to seek appropriate views, advice and guidance before making a decision or embarking on a course of action related to procurement.
9. The Executive Director Corporate Services shall, with the agreement of the Chief Executive and Solicitor to the Council (Monitoring Officer), issue detailed guidance on procedures to be followed in compliance with these standing orders. Such guidance shall include procedures for securing competition, for regulating the manner in which tenders are invited and for managing risk.
10. Employees must comply with any applicable instructions or responsibilities specified in the guidance. In other respects employees must act reasonably, having regard to the guidance and within the spirit of the guidance.

Section C

Financial Guidance

1. FINANCIAL MANAGEMENT

1.1 Introduction

1.1.1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

1.2 The Full Council

1.2.1 Only the Council will exercise the following functions:

- a) Adopting and changing the Constitution;
- b) Approving or adopting the policy framework, the budget and any application to the Secretary of State in respect of any Housing Land Transfer;
- c) Subject to the urgency procedure contained in the Access to Information Procedure Rules in Part 4 of the Constitution, making decisions about any matter in the discharge of an executive function which is covered by the policy framework or the budget where the decision maker is minded to make it in a manner which would be contrary to the policy framework or contrary to/or not wholly in accordance with the budget;
- d) Appointing the Leader;
- e) Agreeing and/or amending the terms of reference for committees, deciding on their composition and making appointments to them (except where the appointment to a committee is required to give effect to the wishes of a political group) and ensuring that, with the exception of the Mayor, Members are appointed to at least two committees (one of which shall not include the Budget Review Joint Scrutiny Committee; except for executive Members who are appointed to one committee;
- f) Appointing representatives to outside bodies unless the appointment is an executive function or has been delegated by the Council;
- g) Adopting an allowances scheme under Article 2.25;
- h) Changing the name of the areas, conferring the title of honorary alderman, Freeman or freedom of the borough;
- i) Confirming the appointment or dismissal of the Head of Paid Service, Monitoring Officer and S151 Officer;
- j) Making, amending, revoking, re-enacting or adopting bylaws and

promoting or opposing the making of local legislation or personal Bills;

- k) Approving the Council's Code of Conduct;
- l) Approving the Senior Officer Pay Scheme;
- m) All local choice functions set out in Part 3 of this Constitution which the Council decides should be undertaken by itself rather than the executive; and
- n) All other matters which, by law, must be reserved to Council.

CONTACT: Solicitor to the Council

1.3 The Executive

1.3.1 The Executive will carry out all of the local authority's functions which are not the responsibility of any other part of the local authority, whether by law or under the Constitution.

CONTACT: Solicitor to the Council

1.4 The Audit & Governance Committee

1.4.1 The Audit & Governance Committee will have the following roles and functions:

- a) Audit Activity
 - Receive, but not direct, internal audit's strategy and audit plan;
 - Consider reports dealing with the management and performance of Internal Audit;
 - Consider the Head of Internal Audit's annual report and opinion, and the level of assurance Internal Audit can give over the Council's corporate governance arrangements;
 - Consider periodic reports from Internal Audit on the main issues arising from their work and "high priority" recommendations not implemented within a reasonable timescale, and seek assurance that action has been taken where necessary;
 - Consider the final external audit Annual Audit and Inspection letter and any other relevant reports to "those charged with governance".
- b) Regulatory Framework
 - Maintain an overview of the Council's Constitution, including Contract Standing Orders, Financial Regulations and Codes of Conduct;

- Consider the internal control environment and the level of assurance that may be given as to its effectiveness, to include the review of the Annual Governance Statement and the recommendation to the Council of its adoption;
 - Satisfy itself that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;
 - Monitor the effectiveness of the authority's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management;
 - Monitor the effective development and operation of the corporate governance framework in the Council and to recommend to the Cabinet or the Council, as appropriate, the actions necessary to ensure compliance with best practice;
 - Monitor the effectiveness of the Council's policies and arrangements for anti-fraud and corruption, whistle-blowing, complaints handling, RIPA and Ombudsman investigations.
- c) Accounts
- Approve the annual statement of accounts, external auditor's opinion and reports to Members and monitor management action in response to the issues raised by external audit.
- d) Reports to Council
- Reports in the form of minutes detailing action taken by the Committee and recommendations will be submitted to Council on an annual basis.
- e) Delegated Powers
- The Committee is empowered to deal with the functions detailed above.
- f) Standards of Conduct

This Committee shall exercise all the functions of the Council relating to Codes of Conduct as provided by the Localism Act 2011 except for those functions which under Chapter 7 of the Localism Act 2011 may only be exercised by the full Council.

CONTACT: Solicitor to the Council

1.5 Overview & Scrutiny Committees

1.5.1 The Overview & Scrutiny Committees general roles are to:

- Review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions including consideration at each meeting of the Forward Plan;
- Prepare an annual scrutiny work plan covering two successive

periods of six months and to make reports and/or recommendations bi-annually to the full Council and/or the executive and/or any policy, joint or area committee in connection with the discharge of any functions;

- Liaise regularly with each other to ensure that there is no duplication between them in respect of scrutiny and review activity;
- Consider any matter affecting the area or its inhabitants;
- Exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the executive and/or any policy or area committees; and
- Appoint Task and Finish Groups as and when required with no more than two operating at any one time. Normally the Chair and Vice-Chair of the Committee would Chair these groups and there would be an expectation that these groups would co-opt external expertise.

In addition to their general role, each Overview and Scrutiny Committee has a primary scope and specific functions as detailed in the Constitution.

CONTACT: Solicitor to the Council

1.6 The Statutory Officers

1.6.1 Head of Paid Service (Chief Executive)

The Head of Paid Service will:

- Determine and publicise a description of the overall departmental structure of the Council showing the management structure and deployment of officers as set out in part 7 of the Constitution;
- Report to full Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers.

1.6.2 Monitoring Officer (Solicitor to the Council)

The Monitoring Officer will:

- Maintain an up-to-date version of the Constitution and will ensure that it is widely available for consultation by Members, staff and the public;
- After consultation with the Head of Paid Service and Chief Finance Officers, the Monitoring Officer will report to the full Council or the executive in relation to an executive function if s/he considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered in accordance with the Local Government & Housing Act 1989;

- Contribute to the promotion and maintenance of high standards of conduct through provision of support to the relevant committee;
- Conduct investigations or take other action into matters referred by the Audit & Governance Committee in accordance with the complaints procedure;
- Ensure that executive decisions, together with the reasons for those decisions and relevant officer reports and background papers are made publicly available as soon as possible and will advise upon issues relating to confidential and exempt information;
- Advise whether decisions of the executive are in accordance with the budget and policy framework;
- Provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors.

1.6.3 Chief Finance Officer (Executive Director Corporate Services)

The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972;
- The Local Government Finance Act 1988;
- The Local Government and Housing Act 1989;
- The Accounts and Audit Regulations (Amendment) England 2009;
- Section 73 of the Local Government Act 1985 (c.51);
- The Local Government Act 2003.

The Chief Finance Officer will:

- After consulting with the Head of Paid Service and the Monitoring Officer, report to the full Council or to the executive in relation to an executive function – and the Council’s external auditor if s/he considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully;
- Have responsibility for the administration of the financial affairs of the Council;
- Contribute to the corporate management of the Council, in particular through the provision of professional financial advice;
- Provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors and will support and advise councillors and officers in their respective roles;
- Provide financial information to the media, members of the public and the community.

Section 114 of the Local Government Finance Act 1988 requires the

Chief Finance Officer to report to the full Council, executive and external auditor if the authority or one of its officers:

- Has made, or is about to make, a decision which involves incurring unlawful expenditure;
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority;
- Is about to make an unlawful entry in the authority's accounts.

Section 114 of the 1988 Act also requires:

- The Chief Finance Officer to nominate a properly qualified member of staff to deputise should they be unable to perform the duties under section 114 personally;
- The authority to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

CONTACT: Solicitor to the Council

1.7 Scheme of Delegation

1.7.1 The Local Government Act 1972 as amended provides for a Scheme of Delegation where Council delegates to certain officers powers to undertake functions and duties on behalf of the authority. This delegation is completed annually.

1.7.2 Chief Officers must ensure that they comply with the approved Scheme of Delegation.

CONTACT: Solicitor to the Council

1.8 Accounting Policies

1.8.1 The Executive Director Corporate Services is responsible for the preparation of the authority's statement of accounts, including Whole of Government Accounts, in accordance with proper practices as set out in the format required by the *Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC)* based on International Financial Reporting Standards, for each financial year ending 31 March.

1.8.2 Key Controls

The key controls for accounting policies are:

- a) Systems of internal control are in place that ensure that financial transactions are lawful;
- b) Suitable accounting policies are selected and applied consistently;
- c) Proper accounting records are maintained;
- d) Financial statements are prepared which present fairly the

financial position of the authority and its expenditure and income.

1.8.3 Responsibilities of the Executive Director Corporate Services

To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year, and covers such items as:

- a) Separate accounts for capital and revenue transactions;
- b) The basis on which debtors and creditors at year end are included in the accounts;
- c) Details on substantial provisions and reserves;
- d) Fixed assets;
- e) Depreciation;
- f) Capital charges;
- g) Work in progress;
- h) Stocks and stores;
- i) Deferred charges;
- j) Accounting for value added tax;
- k) Government grants;
- l) Leasing/pensions.

1.8.4 Responsibilities of Chief Officers

To adhere to the accounting policies and guidelines approved by the Executive Director Corporate Services.

CONTACT: Director of Finance

2. GENERAL GUIDANCE

2.1 Introduction

- 2.1.1 This guidance aims to help employees in their day to day work. Employees are required to comply at all times with the Council's financial regulations, and this guidance will help to ensure they do.
- 2.1.2 In this guidance there are three levels of requirements:
- i) In some cases the guidance states that employees **MUST** comply with the requirement and therefore 100% compliance is expected;
 - ii) In other cases employees **SHOULD** comply, but there will be times when compliance would not be possible or desirable; and
 - iii) In the remaining cases it is stated that employees **MAY** wish to follow the guidance if it would be helpful, but it is purely at their discretion.
- 2.1.3 Employees must therefore take careful note whether the wording used in each section is **MUST**, **SHOULD** or **MAY**.
- 2.1.4 **If the guidance states a requirement MUST be complied with, employees should consult the Executive Director Corporate Services if there is particular difficulty. The Executive Director Corporate Services has authority to waive compliance and limits where necessary. In the absence of the Executive Director authority is passed to the Director of Finance and then the Chief Executive.**
- 2.1.5 Employees needing help to interpret or apply the guidance should contact their Chief Officers, Head of Internal Audit Services, or Executive Director Corporate Services.
- 2.1.6 The review and updating of Financial Regulations, Standing Orders and Financial Guidance will be completed by the Executive Director Corporate Services.
- 2.1.7 Throughout the guidance, reference is made to Chief Officers. A Chief Officer includes the Chief Executive, Executive Director Corporate Services, the Solicitor to the Council and Directors.

CONTACT: Head of Internal Services

2.2 Employee Responsibilities

- 2.2.1 Each Chief Officer must ensure that all his/her employees and any other agents acting on behalf of the Council are aware of the sections of this guidance that relate to their areas of work.

2.2.2 Chief Officers may delegate to other employees duties shown in this guidance, but the Chief Officer retains primary responsibility. Where the guidance places a duty on an employee, it is the Chief Officer's responsibility to ensure the existence of adequate procedures, documentation and supervision.

2.3 Miscellaneous

2.3.1 Chief Officers must ensure that lists of officers authorised to certify or approve orders, payments and records are updated at least on an annual basis. They must advise the Executive Director Corporate Services of changes such as **authorised signatories** leaving and propose new names, specimen signatures and monetary limits (where needed);

2.3.2 Any employees required to carry out checks such as **checks of documents** or calculations must sign/initial and date the relevant document (or use an electronic signature on electronic documents). The employee who prepares the document should also sign or initial, and date it.

2.3.3 Chief Officers must ensure that all **financial records** are completed promptly and accurately. Any amendment to a financial record or a document required in a payment process, including expense claims, timesheets and official returns must be made in ink. The original entry should be struck through with a single bold line and the correct entry written alongside. It must then be initialled and dated. Correction fluid or tape must never be used.

2.3.4 Chief Officers must ensure that all financial records are kept securely, and retained for the periods specified in the appendix attached. At the end of the period the records must be securely disposed of, e.g., by shredding. Arrangements for the disposal of any obsolete or surplus records, including unused items, should be agreed with the Executive Director Corporate Services.

2.3.5 All bank accounts relating to the Authority's transactions will be controlled and reconciled by the Executive Director Corporate Services. No other bank accounts are to be used.

2.3.6 If an employee is requested to give any **indemnities, guarantees or warranties** on behalf of the Council they must consult the Solicitor to the Council before taking any action.

2.3.7 Where there is a suspected fraud or other significant **criminal act**, the Chief Officer must consult the Head of Internal Audit Services or Executive Director Corporate Services on whether/when the Police should be informed. Employees should follow the Council's advice on fraud and corruption ([Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes](#)).

- 2.3.8 All employees must comply with the Information Security Policy.
- 2.3.9 All employees must comply with the Officer's Code of Conduct subject to any conflict with professional codes, which in such circumstances the professional obligations subsist over the Officer's Code of Conduct.
- 2.3.10 In order to comply with the International Financial Reporting Standards, managers are required to consult with the Executive Director Corporate Services prior to entering into an agreement on **any rentals, leases or use of assets to or from the authority**, especially where financial/operating leases are entered into as more advantageous financing could be sought.

CONTACT: Director of Finance, Head of Internal Audit Services

3. RISK MANAGEMENT AND CONTROL OF RESOURCES

3.1 Risk Management

- 3.1.1 Risk Management is the planned and systematic approach to the identification, evaluation and control of risk. The Cabinet shall approve a Risk Management Policy Statement and Strategy for the Council and shall promote a culture of risk management awareness throughout the Council.
- 3.1.2 Key decisions taken must include an assessment of the risk.
- 3.1.3 The Head of Internal Audit Services is the focal point for developing and implementing the Risk Management Strategy throughout the authority. Their role is to advise others. All staff have a duty to co-operate so that risk is effectively managed in their areas, ensuring that all issues that they cannot resolve directly are brought to the attention of their managers.
- 3.1.4 The Corporate Management Team will be the forum where risk is performance managed.
- 3.1.5 Chief Officers are responsible for risk management and must have regard to advice from the Head of Internal Audit Services and other specialist employees (e.g. crime prevention, fire prevention, health & safety, cash handling and internal controls of various types).
- 3.1.6 Chief Officers are responsible for ensuring that regular and appropriate reviews of risk within their departments are completed and entered onto the Corporate Risk Register, held within the Covalent software system. Additional guidance can be sought from the Head of Internal Audit Services on risk management issues.
- 3.1.7 The Audit & Governance Committee will review the management of risk within the Authority.

CONTACT: Head of Internal Audit Services

3.2 Insurances

- 3.2.1 The Executive Director Corporate Services is responsible for the arrangement of appropriate insurance cover through external insurance and internal funding. They shall, after such consultation as they think appropriate with other employees, settle all claims within individual policy excesses, and pass on all claims over individual policy excesses to the relevant insurer.
- 3.2.2 Chief Officers shall:
- a) Give prompt notification to the Executive Director Corporate

Services of all new risks, properties, vehicles, activities, functions, or any other assets which require to be insured and of any alteration affecting existing insurances (for example – safe limits being exceeded, loss of safe keys, temporary disablement of alarms).

- b) Promptly notify the Executive Director Corporate Services in writing of any loss, liability or damage or any event likely to lead to a claim against the Council together with any information or explanation required by them or the Council's insurer's, and inform the police where necessary;
- c) Ensure that all appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance;
- d) Consult the Executive Director Corporate Services in respect of any indemnity which the Council is requested to give;
- e) Ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

3.2.3 It is the responsibility of the Executive Director Corporate Services to:

- a) Maintain a register of all insurance arranged by the Council and the property and risk covered by them;
- b) At least annually, furnish Chief Officers with details of all insurances in force affecting their departments. Each Chief Officer shall review all such insurances, and any risks not insured against, or inadequately insured against, shall be notified immediately to the Executive Director Corporate Services;
- c) Ensure the adequacy of all insurances entered into by contractors of the Council. An employee shall not authorise work to commence by a Contractor until the Executive Director Corporate Services has advised such an employee that the appropriate insurances have been effected to their satisfaction.

CONTACT: Operations Accountant

3.3 Internal Controls

3.3.1 The Council accepts that controls and control systems must be in place to ensure that its financial and other activities are carried out in a secure environment, in a manner that complies with the law and that fulfils its stewardship obligations. To achieve this the following key controls and control objectives and systems shall be in place:

- a) Key controls shall be reviewed on a regular basis and the Council

shall make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively which will feed into the Annual Governance Statement. Chief Officers are required to produce an annual statement in respect of the level of assurance on the adequacy of internal controls within their service areas in accordance with the Accounts & Audit Regulations 2011;

- b) Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
- c) Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;
- d) An effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline "Guidance for Internal Auditors", "Public Sector Internal Audit Standards" and with any other statutory obligations and regulations and professional standards.

3.3.2 Chief Officers are responsible for ensuring that they manage their processes to ensure that established controls are being adhered to and to evaluate their effectiveness, in order that they can be confident of the proper use of resources, achievement of objectives and management of risks.

3.3.3 They should also review existing controls in the light of changes affecting the authority and establishing and implementing new ones. Chief Officers are also responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.

3.3.4 Chief Officers must ensure that their staff have a clear understanding of the consequences of lack of control.

CONTACT: Head of Internal Audit Services

3.4 Internal Audit

3.4.1 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts & Audit Regulations (Amendment) (England) 2011, regulation 6, more specifically requires that "a relevant body must undertake an adequate and effective system of internal audit of its accounting records and of its

system of internal control in accordance with the proper practices in relation to internal control”.

- 3.4.2 Internal Audit 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.
- 3.4.3 Internal Audit is independent in its planning and operation. The Head of Internal Audit Services shall have direct access to the Head of Paid Service, all levels of management and elected members.
- 3.4.4 Internal Audit will comply with the Public Sector Internal Audit Standards (PSIAS).
- 3.4.5 Internal Auditors have the authority to:
- a) Enter at all reasonable times any Council establishment;
 - b) Have access to all records, documents, information and correspondence relating to any financial and other transaction as considered necessary;
 - c) Evaluate the adequacy and effectiveness of internal controls designed to secure assets and data to assist management in preventing and deterring fraud;
 - d) Request explanations as considered necessary to satisfy themselves as to the correctness of any matter under examination;
 - e) Require any employee of the Council to produce cash, materials or any other Council property in their possession or under their control;
 - f) Access records belonging to third parties, such as contractors or partners, when required and appropriate;
 - g) Direct access the Chief Executive and Members.
- 3.4.6 The Head of Internal Audit Services will prepare the strategic and operational audit plans, which will take account of the relative risks of the audit areas and present this to the Audit & Governance Committee for approval.
- 3.4.7 Chief Officers have the responsibility:
- a) Of reporting any circumstances which may suggest the possibility or irregularity affecting cash, stocks or other property of the Council and any fraud or corrupt activities to the Executive Director Corporate Services. Further guidance can be found in the Counter

Fraud and Corruption Policy Statement, Strategy & Guidance Notes;

- b) For ensuring that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purpose of their work;
- c) For ensuring that auditors are provided with any information and explanations that they seek in the course of their work;
- d) To consider and respond promptly to recommendations in audit reports; and
- e) For ensuring that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

3.4.8 The Head of Internal Audit Services will develop and maintain a Quality Assurance & Improvement Programme (QAIP) that covers all aspects of the internal audit activity and is designed to evaluate conformance with the PSIAS definition of Internal Audit and Code of Ethics. The QAIP must be an internal on-going assessment report to the Audit & Governance Committee, with an external assessment to be completed in accordance with the frequency as determined by the Audit & Governance Committee (minimum at least every 5 years).

CONTACT: Head of Internal Audit Services

3.5 Treasury Management

3.5.1 The Council will conduct its Treasury Management Activities in accordance with the provisions laid down in statute and specifically as contained within the Local Government Act 2003.

CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following four clauses:

1. This organisation will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities;
 - The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such

amendments will not result in the organisation materially deviating from the Code's key principles.

2. This organisation (i.e. full Council) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
 3. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management and practices to full Council and for the execution and administration of treasury management decisions to the Executive Director Corporate Services, who will act in accordance with the organisation's policy statement and TMPs and, if they are a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
 4. This organisation nominates Audit & Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 3.5.2 The Executive Director Corporate Services may report to Council at any time, as they consider necessary, upon matters relating to treasury management activities.
- 3.5.3 The Executive Director Corporate Services shall ensure that all treasury management transactions are recorded and that there is an effective division of duties between operations.
- 3.5.4 All securities which are the property of or in the name of the Council or its nominees shall be held in the custody of the Solicitor to the Council, except in the case of externally managed funds which shall be held by an independent custodian approved by the Executive Director Corporate Services.
- 3.5.5 Loans must not be made to third parties and interests must not be acquired in companies, joint ventures or other enterprises without the approval of the Cabinet, following consultation with the Executive Director Corporate Services.

CONTACT: Director of Finance

3.6 Prudential Code

- 3.6.1 Interlinked with the CIPFA Code of Practice for Treasury Management is the Prudential Code for Capital Finance in Local Authorities which plays a key role in capital finance to support Local Authorities in taking their decisions.
- 3.6.2 The Council is required by regulation to have regard to the said code when carrying out its duties under part 1 of the Local Government Act

2003.

- 3.6.3 The Prudential Code sets out a clear governance procedure for the setting and revising of prudential indicators. This is done by the full Council.
- 3.6.4 The Executive Director Corporate Services will be responsible for ensuring that all matters required to be taken into account are reported to the full Council for consideration, and for establishing procedures to monitor performance.
- 3.6.5 In setting or revising their prudential indicators, the Council is required to have regard to the following matters:
- Affordability, e.g., implications for Council Tax/housing rents, including consideration of the impact for all resources (capital and ongoing revenue costs);
 - Prudence and sustainability, e.g., implications for external borrowing and whole life costing;
 - Value for money/potential 'spend to save' schemes, option appraisal;
 - Stewardship of assets, e.g., asset management planning;
 - Service objectives, e.g., strategic planning;
 - Risk and uncertainty needs to be considered;
 - Practicality, e.g., achievability of the forward plan.
- 3.6.6 The Executive Director Corporate Services is required to establish procedures to monitor both performance against all forward looking prudential indicators and the requirement that Council has adopted the CIPFA 'Treasury Management in the Public Services: Code of Practice and Cross-Sectional Guidance Notes'. The Executive Director Corporate Services also needs to establish a measurement and reporting process that highlights significant deviations from expectations.
- 3.6.7 When considering capital spending Chief Officers must have regard to the capital process guidance, which includes the requirement to complete a capital appraisal. This appraisal ensures that consideration is given to:
- Full capital cost, including regard to external funding considerations;
 - The revenue implications associated with the project – including costs and any additional income generation;

- Any implications with regard to the prudential code/use of prudential borrowing (including payback periods etc);
- Staffing implications;
- Alternatives which could be considered e.g., leasing;
- Consultation with other officers/organisations;
- Project management and planning in order to ensure delivery in line with approved timescales;
- Evaluation of the project outcomes;
- An assessment of the risks associated with the project – a full risk assessment is required;
- The contribution the project makes towards the achievement of the Council's corporate priorities, corporate capital strategy objectives and Government priorities.

3.6.8 In order to ensure that over the medium term, net borrowing will only be for capital purposes, the Council should ensure that net external borrowing does not, except in the short-term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

3.6.9 The Council shall set and monitor against the specified prudential indicators for capital expenditure, external debt and treasury management in accordance with the due processes to be followed, the matters required to be taken into account, affordability, prudence and in accordance with the definitions specified.

CONTACT: Director of Finance

4. REVENUE BUDGETS AND EXPENDITURE

4.1 Introduction

The key controls for budgets and medium-term planning are:

- a) Specific budget approval for all expenditure;
- b) Budget managers/Heads of Service to be consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the executive for their budgets and the level of service to be delivered;
- c) A monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

4.2 Incurring Expenditure

4.2.1 Chief Officers and Heads of Service are authorised to incur expenditure:

- a) In accordance with approved Council and service policies; and
- b) In line with the service net revenue budget.

Chief Officers and Heads of Service are authorised to make budget changes.

4.3 Budget Monitoring and Variances

4.3.1 The service net revenue budget is the key point for budget monitoring and reporting. The detail contained within the budget book is mainly to assist budget holders manage their budgets. Strict compliance with the detailed budget is not necessarily expected. **The main requirement is that Chief Officers and Heads of Service must seek approval for any change in approved service policy, standards or delivery, or other material departure from the service plan.**

4.3.2 Chief Officers and Heads of Service must monitor their budgets regularly throughout the year. The Director of Finance and Accountants will provide suitable regular reports giving details of actual expenditure and income compared to the budget. They will notify the Chief Officer/Head of Service of any significant variance which appears to require further attention.

4.3.3 The Chief Officer or Head of Service is responsible for dealing with actual or likely variances from budget and must take appropriate action. For example, they may decide to:

- a) Freeze spending on a discretionary item such as furniture and equipment to deal with a net overspend; or
- b) Meet an overspend under one expenditure heading from one or

- more actual or planned underspends elsewhere (see below); or
- c) Meet an overspend from increased income (within limits set below);
or
- d) Do nothing in the case of a windfall increase in income.

In the case of b) & c) the manager should consider whether to adjust the budget through a virement (see below).

- 4.3.4 There is no limit for budget transfers within individual expenditure headings (cost centres) if there is no change in service policy, no detriment to service standards or delivery and no material departure from the service plan.
- 4.3.5 Where a significant variance is expected (even after taking appropriate action) the Chief Officer or Head of Service must report the circumstances formally to Members as soon as practicable. The report should indicate the options open to Members and their implications. For example in the case of an overspend it might suggest:
 - a) Reducing activity levels, with an impact on service standards, to reduce expenditure; or
 - b) Increasing activity on income-generating services or increasing prices to increase income; or
 - c) Providing additional resources from an alternative source, e.g. balances.
- 4.3.6 The report should take into account the likely position in future years as well as the current year.

CONTACT: Director of Finance

4.4 Virement

- 4.4.1 A virement is defined as “the planned transfer of a budget approved for one purpose for use on a different purpose to that originally intended or approved”. A virement does not create additional budget; it changes the purpose for which the budget will be used compared to that originally intended.
- 4.4.2 A Chief Officer or Head of Service may authorise the transfer of up to £50,000 of budget (this is a cumulative amount i.e., in total for each cost centre for the year and not per transaction) to or from any individual expenditure heading (cost centre) within their service. The Director can approve a virement (up to £50,000) across budgets within service activities within their Directorate and between Directorates with the approval of the Executive Director Corporate Services. The Chief Officer or Head of Service must notify the Executive Director Corporate Services in writing of all virements. **No further approval is needed if**

there is no change in service policy, no detriment to service standards or delivery, and no material departure from the service plan.

4.4.3 The Executive Director Corporate Services also has authority to approve virements in excess of the above £50,000 limit – up to a total virement of £100,000 (this is a cumulative amount ie. in total for each cost centre for the year and not per transaction).

4.4.4 **Virements can only be applied to direct expenditure and not to support service costs, capital charges and indirect income (ie. recharges).**

4.4.5 Virements which fall outside of the above criteria will require Cabinet approval.

4.4.6 **Specific Contingency Budget**

Where a budget is identified as contingency and is intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- a) The amount is used in accordance with the purposes for which it has been established;
- b) The Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits must be authorised by Cabinet;
- c) The release of funding for specific identified contingency items is delegated to the Corporate Management Team in consultation with the Leader of the Council (Scheme of Delegation log);
- d) The release of the contingency is approved by the S.151 Officer (Executive Director Corporate Services).

4.4.7 **Capital Contingency Budget (Block Allocation)**

- a) Where amounts are required for transfer from Specific Contingency/General Contingency then Cabinet approval must be obtained, including approval of a capital appraisal form detailing the financial and organisational impact of the scheme;
- b) Please note that the impact of drawing from this contingency budget has to be highlighted to Members in order for them to make an informed decision;
- c) These reports will also require S.151 Officer (Executive Director Corporate Services) sign off (due to their impact on the 5-year budget/ balances/forecast).

CONTACT: Director of Finance

4.5 **Income Generation**

4.5.1 Income may be received above the budget level in a number of circumstances. The potential uses for the extra income (within the limits set below) depend on the situation:

- a) Pure windfall income, which is received without any additional service activity or conditions is not available for use by the Chief Officer or Head of Service and they should not normally authorise any additional expenditure from that windfall. The main exception would be to meet an unavoidable overspend. In other cases the excess income would return to Council balances;
- b) Where an increase in demand results in increased service workload, additional income may be used to offset the impact of the extra workload. For example the manager may appoint temporary employees or purchase additional or improved equipment to improve efficiency or working conditions;
- c) Where the Chief Officer or Head of Service expects an increase in income to result from increased activity, the Chief Officer or Head of Service may approve additional expenditure where it will generate enough income to cover the costs;
- d) Where 'ring fenced' grant income is received which requires specific actions/spending, the Chief Officer or Head of Service may approve additional expenditure, where there is no net additional cost to the Council.

4.5.2 Chief Officers/ Heads of Service have authority to approve budget adjustments for excess income up to a limit of £50,000 per occasion. The excess income and additional expenditure must be reported explicitly within the monthly budget monitoring variance analysis;

4.5.3 The Executive Director Corporate Services also has authority to approve budget adjustments in excess of the above £50,000 limit – up to a total budget adjustment of £100,000 per occasion;

4.5.4 Any budget adjustments above this amount will require Chief Officers and Heads of Service to ask Members for formal budget adjustment to reflect the revised position.

CONTACT: Director of Finance

5. CAPITAL BUDGETS AND PROJECTS

5.1 Definition of Capital

5.1.1 Capital projects include the purchase or construction of assets such as buildings, vehicles and computer equipment and major repairs/refurbishment, which extend the life of an asset or increase its value. In each case the Council must get the benefit from the new or refurbished asset over more than one year. The total cost of the project must also exceed £10,000. This figure includes amounts spent on design and supervision and other fees for professional services (whether provided by Council employees or external contractors). Spending of up to £10,000 on a single project should be treated simply as revenue (except where it forms part of a minor works programme which exceeds £10,000).

5.1.2 The [Capital Process Guidance](#) is included within the Corporate Capital Strategy and can be found on the intranet.

CONTACT: Director of Finance

5.2 Leasing/Rental Agreements

5.2.1 Chief Officers and Heads of Service must consult the Executive Director Corporate Services before entering into **any** leasing or rental agreement to or from the Authority in order to comply with the International Financial Reporting Standards.

5.2.2 **All** lease/hire of equipment/rental agreements, for the use of assets that the Authority has not bought, must be signed by the Executive Director Corporate Services.

5.2.3 Obtaining an asset through a finance lease is regarded as capital expenditure and as such it must be included in the capital programme.

CONTACT: Director of Finance

5.3 Authority to Incur Capital Spend

5.3.1 The law requires Councils to treat capital spending differently from revenue so different authorisation procedures are used. Chief Officers and Heads of Service are authorised to spend money on a capital project only if the project [is](#) included in the capital programme, or for minor projects, they have sufficient revenue funds. In either case special rules apply.

5.3.2 The Executive Director Corporate Services is responsible for ensuring that a capital programme is prepared on an annual basis for

consideration of the full Council's policy framework.

- 5.3.3 All capital projects and spending must comply with the guidance on Procurement and Contracts. Expenditure must be in line with the approved scheme (Capital Programme) as agreed by Council and will require an adequately detailed Capital Appraisal Form including any revenue implications arising from the scheme. The Appraisal Form should identify any key processes/deliverables to be incurred with appropriate financial information (i.e., sub projects within the main programme). The detail of projects above £50,000 must comply with the Procurement Strategy. In the event that as part of an approved scheme, there is a contingency amount in excess of £20,000, then prior approval must be obtained from Cabinet for the spend to go ahead. Chief Officers or Heads of Service must then notify the relevant portfolio holder of the preferred tenderer. The Procurement and Contracts Section gives further guidance.
- 5.3.4 If a Chief Officer or Head of Service wishes to incur minor new capital spend (i.e. between £10,000 and £50,000) from a revenue budget the Executive Director Corporate Services must first be informed in writing and there must be no change in service policy, or detriment to service standards or delivery. If these conditions are not met, Council must be asked to add the project to the capital programme.
- 5.3.5 Council have delegated authority to Cabinet to approve/add new capital schemes to the capital programme where grant funding is received and there is no net additional cost to the Council.
- 5.3.6 Some Chief Officers and Heads of Service are responsible for several capital projects at the same time. Where any single scheme needs up to £50,000 above its capital allocation to complete it, the Chief Officer or Head of Service may approve a virement for the additional spend provided other schemes within his/her control will under-spend by at least that amount.
- 5.3.7 A Chief Officer or Head of Service may authorise the virement of up to £50,000 of budget per occasion to or from any individual scheme within their service. The Director can approve a virement (up to £100,000) across budgets within service activities within their Directorate and between Directorates **with** the approval of the Executive Director Corporate Services. The Chief Officer or Head of Service must notify the Executive Director Corporate Services in writing of all virements. **No further approval is needed if there is no change in service policy, no detriment to service standards or delivery, and no material departure from the service plan.**
- 5.3.8 Where 'ring fenced' grant income is received for an existing scheme which requires specific actions/ spending, the Chief Officer or Head of Service may approve additional expenditure up to £50,000 (with a further £50,000 only with the Executive Director Corporate Services approval), where there is no net additional cost to the Council.

Spending of grants which fall outside of the above criteria will require Cabinet approval.

CONTACT: Director of Finance

5.4 Monitoring

- 5.4.1 Chief Officers and Heads of Service are responsible for delivering capital projects within agreed timescales and within budget. Chief Officers and Heads of Service must therefore continuously monitor both the progress of projects and spend against budget.
- 5.4.2 The Executive Director Corporate Services and Service Accountants will provide suitable regular reports giving details of actual expenditure and income compared to the budget. They will notify the Chief Officer and Heads of Service of any significant variance which appears to require further attention.
- 5.4.3 Chief Officers and Heads of Service are responsible for dealing with actual or likely variances from budget or from the project delivery plan.
- 5.4.4 Where a significant variance is expected (even after taking appropriate action) the Chief Officer and Heads of service must report the circumstances formally to Members as soon as practicable. The report should indicate the options open to Members and their implications. For example in the case of a projected overspend it might suggest amending the specification to come within budget.
- 5.4.5 Outstanding expenditure relating to the previous financial year should be notified to the Executive Director Corporate Services as soon as possible after 31st March in line with the timetable determined by the Executive Director Corporate Services.
- 5.4.6 It is required that a post implementation review (PIR) is completed for all capital projects where learning is identified which could assist future projects or where there is a significant financial or political impact. The Asset Strategy Group will decide, on an annual basis, the projects that require a PIR to be completed. Results of the review should be circulated to CMT and, if appropriate Cabinet and/or Scrutiny Committees. More detailed guidance on the Post Implementation Review process can be found in the Capital Process Guidance.

CONTACT: Director of Finance

5.5 External Funding

- 5.5.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private

service providers. Funds from external agencies such as the National Lottery provide additional resources to enable the authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the authority's overall plan.

- 5.5.2 Where external funding may be available for a project in the capital programme the Chief Officer or Head of Service is responsible for submitting any bid required. Consultation with the Executive Director Corporate Services is required before submission.
- 5.5.3 Any bid must match the capital programme approval in all material respects. If the bid differs materially from the capital programme or the project is not in the capital programme, then should the bid be successful, Council approval must be obtained to add the project to the capital programme.
- 5.5.4 Where a project relies on external funding, it must not commence until final written confirmation has been received that the external funding will be provided.
- 5.5.5 If the external funding approval differs materially from the bid, Council approval must be received before any spending on the project is committed. The Chief Officer or Head of Service should seek advice from the Executive Director Corporate Services as to whether any difference should be regarded as material.
- 5.5.6 Council has delegated authority to Cabinet to approve/ add new capital schemes onto the capital programme where grant funding is received and there is no net additional cost to the Council.
- 5.5.7 Claims for payment must be made as soon as practicable. The budget manager who submitted the bid is responsible for submitting the claim by the due date, unless otherwise agreed with the Executive Director Corporate Services.
- 5.5.8 The Chief Officer or Head of Service should ensure that the project progresses in accordance with the agreed project delivery plan and that all expenditure is properly incurred and recorded.
- 5.5.9 Copies of all documentation such as bids, approvals, claims and correspondence must be sent immediately to the Executive Director Corporate Services to ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts and to ensure that audit requirements are met.
- 5.5.10 The Chief Officer or Head of Service must ensure that the key conditions of funding and any statutory requirements are complied with and the responsibilities of the accountable body are clearly understood. Funds should only be acquired to meet the priorities

approved in the policy framework by the full Council. Any match-funding requirements should be given due consideration prior to entering into long-term agreements and future revenue budgets should reflect these requirements.

- 5.5.11 Further details on external funding can be found in the External Funding Strategy.

CONTACT: Director of Finance

5.6 Disposal of Capital Assets

- 5.6.1 Disposals require the same level of approval as capital spend. Chief Officers and Heads of Service should therefore propose any necessary capital disposals for inclusion in the capital programme. All disposals are required to be approved by the Budget Review Group and Cabinet.

- 5.6.2 Chief Officers and Heads of Service must obtain the best possible price for disposals, in accordance with section 123 of the Local Government Act 1972 (where relevant), which will normally be the market value. Chief Officers and Heads of Service must consult with the relevant specialist officer before commencing a disposal, e.g. the Director of Assets & Environment for land or buildings and the Director of Technology & Corporate Programmes for IT equipment. In most cases the specialist manager should assume responsibility for the disposal.

- 5.6.3 The disposal of low value items is dealt with in the Assets and Equipment chapter.

CONTACT: Director of Finance

6. PROCUREMENT AND CONTRACTS

6.1 Introduction

- 6.1.1 This section supplements the Council's contract standing orders and Procurement Strategy and Procurement Guidance and Procedures on the Intranet (which provide more detailed guidance and requirements on purchasing, procurement and contracting processes).
- 6.1.2 Each Chief Officer/Head of Service is under a duty to "Promote greater efficiency and value for money in all activities including the procurement of goods and services" (Financial Regulation 7).
- 6.1.3 The essence of the system, which must be maintained by all Chief Officers/Heads of Service is to demonstrate that:
- a) Best value for public money spend is achieved;
 - b) No favouritism is shown to any potential supplier; "brand names" or any potential discriminatory requirements/standards are not used;
 - c) The highest standards of integrity are consistently applied;
 - d) There is compliance to legal requirements;
 - e) Non-commercial considerations do not influence any contracting decision;
 - f) Corporate and departmental aims and policies are supported;
 - g) Compliance with the Procurement Strategy is maintained; and
 - h) The arrangements for supply and payment are clear to all parties.
- 6.1.4 This guidance applies to all procurement and purchasing activities undertaken for, or by, the Council including cases where the Council either acts as an agent (e.g. work for Staffordshire County Council) or employs an agent such as an external architect or clerk of works, or acts on behalf of other organisations and bodies working in partnership (for example the Local Strategic Partnership and Crime & Disorder Partnership).
- 6.1.5 Values quoted in this guidance should be considered as the estimated spend on an item, service, or material for the period over which the known requirements exist, or the total value of a one-off supply. Consideration should be given to the "whole life cost" which includes, for example, the cost of associated consumables required, cost of disposal/ decommissioning, etc. In some cases, it is clear that a grouping together of items is both sensible and within the spirit of the regulations. For example, it is appropriate to consider the purchase of desks and chairs as office furniture rather than as individual items. The guidance applies to both revenue and capital items. For more significant items of expenditure it is reasonable to consider the sum total of the Council's requirements for works, services and supplies across Directorates when assessing the estimated value and whole life costs of these requirements.

- 6.1.6 All IT purchases (software and hardware) must be approved by the Director of Technology & Corporate Programmes.
- 6.1.7 All potential contracts and partnership agreements (whether formal or informal) which utilise the handling of the Council's data/information (paper based or electronic) by a third party must ensure formal, contractual provision is made outlining the obligations placed on that third party. The Corporate Information Security Manager must be consulted in any such case at the outset of the process.
- 6.1.8 All proposals, developments, capital works, contracts and changes affecting the information we use, hold and process must have the agreement of the Director of Technology & Corporate Programmes or deputy, and, where appropriate, be monitored for compliance.
- 6.1.9 All suppliers, partners, third-party organisations and contractors with whom we have/will have a relationship by which they have access to or process (as defined by the Data Protection Act 1998) personal or commercially sensitive information belonging to or under the control of the Council will be required to comply with the relevant principles (e.g. Cyber Security Essentials/ISO27001) either by production of certification or by submission of a statement of compliance. In addition, they must acknowledge and agree their responsibilities and obligations to the Council in relation to Principle 7 of the Data Protection Act (1998) in relation to Information Security. Any request to waive these requirements requires the agreement of both the Security Management Group and Cabinet. Implementation of these arrangements is immediate in relation to all contracts not yet let, Invitation to Tenders not yet published, agreements not yet implemented, or proposed contract extensions. At the end of the contract, all information used by the contractor but belonging to the Council will be returned to the Council. Chief Officers are responsible for ensuring that the contractor provides assurance that they do not hold any personal or commercially sensitive information – either manually or electronically, that belongs to the Council. Advice can be obtained from the Corporate Information Security Manager.
- 6.1.10 Any consultants, agents, contractual partners used by the Council shall be appointed in accordance with the requirements of Contract Standing Orders and Financial Guidance. Where the Council uses consultants to act on its behalf in relation to any procurement, the Chief Officer shall ensure that the consultants also comply with these requirements. No consultant shall make any decision on whether to award a contract or to whom a contract should be awarded. The Chief Officer shall ensure that the consultant's performance is monitored.
- 6.1.11 Some definitions of terms used and a list of officers who can provide assistance are shown at 6.17 and 6.18.

- 6.1.12 Quotations/ estimates must be obtained for one-off spends of up to £4,000, these may be verbal for up to £1,999. Any spend between £2,000 and £3,999 must have a minimum of 3 written quotations/ estimates.

All tenders or invitations to quote of £4,000 or above, for works, services, supplies, utilities and design contracts, will be tendered electronically through the e-tendering system, ~~in-tTend~~. Where a tender warrants a detailed specification, then the quick quote process must be used. All transactions associated with such invitations to quote or tenders above £4,000 will be conducted via the e-tendering system from the initial advertisement, expressions of interest, invitation to tender/quote or negotiate submission of quotations/tenders, quotation/tender opening, contract award and subsequent contract management.

The Procurement Team must be notified in writing at least six months before the commencement of any tendering exercise with an expected value of £50,000 or over and will give direction as to the procurement route to be followed. This notification will include information for both capital and revenue expenditure proposals as is required under the capital appraisal process, so that an accurate assessment of the requirements can be made. Where the procurement is likely to exceed EU thresholds the period of notice will be at least six months in order to allow compliance with EU timescales.

- 6.1.13 Electronic or e-auctions via the InTend system will be made available to service areas by agreement with the Director of Finance. E-auctions can be a useful way of securing savings and efficiencies and are best applied where the product or service is capable of being specified accurately and can be provided by a range of suppliers with a common understanding of what the requirement is, for example, paper, IT hardware and consumables, and utilities. E-bidding is another variant, where “once only” bids are sought electronically.
- 6.1.14 The e-tendering/quotation system includes a browser based supplier website where any supplier wishing to register an interest in doing business with the Council can do so electronically, with a password protected, secure area of the website for them to fill out their company details (this includes information on their company, address, contact points, business types, banking, insurance, certificates, accreditation and other details). The supplier is able to update these details whenever it logs on to the e-tendering system. This, together with the introduction of corporate contracts, and partnering arrangements with suppliers, supersedes the practice of having and maintaining an “Approved Supplier” list or lists.
- 6.1.15 Chief Officers should ensure that current and potential suppliers register their company details on the supplier website which can be found at the following internet site <https://in-tendhost.co.uk/tamworthbc>. Relevant

suppliers are also able to use Constructionline to maintain and update key corporate information.

- 6.1.16 New business opportunities are to be advertised on the website via the Procurement Team and therefore must be notified in accordance with the timescales noted above.
- 6.1.17 Where Tamworth BC is conducting a tendering or quotation exercise in partnership with another public or private body (for examples joint procurement of services) then the e-tendering system can be used as part of the normal procurement processes followed by the Council by agreement with the Director of Finance.
- 6.1.18 Where the Council is funding/assisting a body such as the Local Strategic Partnership or the Crime and Disorder Partnership and there is an expectation on the part of the Council to ensure probity in the use of monies on projects which are publicly funded/routed via Tamworth BC then the e-tendering system can be used as part of the assistance provided by the Council by agreement with the Director of Finance.

CONTACT: Corporate Procurement Officer

6.2 Summary of Requirements

- 6.2.1 The following tables show the action needed at differing values. Further detail follows. Before initiating any tender/quote process officers should review the Contract Register to see if there are any comparable contracts or agreements in place which must be used unless there is an auditable reason not to.
- 6.2.2 Please see overleaf.

Value	Contact Other Officers	Process for Obtaining Prices	Contract Issues	Supply Process
£0 - £3,999	Should contact Procurement Team if similar expenditure is likely to be incurred by others to check if a corporate contract is in place or desirable	Should obtain at least 3 quotations or estimates – these may be verbal up to £1,999. £1,999 is cumulative within the financial year.	No requirement for formal written contract. Standard form may be considered in some cases and an annual supply arrangement may be appropriate	Must be via official order generated by General Ledger or as per contract
£4,000 - £9,999	Must consult the Procurement Team to seek guidance as to the appropriate procurement route to follow	Tendering must be considered, alternatively, written quotations must be obtained using Quick Quote (QQ) on the in-tt system using the correct <u>current</u> invitation to quote template. The authorisation form must be completed and returned to the Procurement Team	Abridged Condensed contract format to be used No requirement for contract but used and of standard quotation documents must be used especially where access to personal/confidential information is involved or warranties or indemnities are given/received	Must be via official order generated by General Ledger or as per contract
£10,000 - £49,000	Must consult the Procurement Team to seek guidance as to the appropriate procurement route to follow	Advice from Procurement and, where appropriate, Legal must first be obtained. Tendering must be considered. Must use the standard quotation/ tender documents. The Authorisation Form must be completed and returned to the Procurement Team	Depending on the complexity, risk and value, a written contract is required, subject to consultation with the Procurement Team and Legal. Above £20,000 a formal written contract which can be signed by the relevant CMT member MUST be used. Consult with Procurement Team as to the relevant type of contract	Must be via printed official order generated by General Ledger or as specified in the contract

Value	Contact Other Officers	Process for Obtaining Prices	Contract Issues	Supply Process
£50,000 and over	Must advise Procurement Team in writing as soon as the spend requirement is identified – this is at least a 6 month period and where spend is going to exceed the EU threshold, a longer period of notice would be expected – the Procurement Team must be contacted for guidance as to the appropriate procurement route to follow. The Procurement Team may direct and/or administer the whole process	Member endorsement of contract brief required. Use of the Invitation to Tender Documentation must be used. The Authorisation Form must be completed and returned to the Procurement Team	Must be a formal written contract duly approved by the Solicitor to the Council and executed as a Deed under Seal	As specified in formal contract

- 6.2.3 Any of the guidance may be applied for purchases at a lesser value. For example, it may be appropriate for certain low value requirements to be purchased by inviting tenders. Similar procedures to those outlined should then be followed. (The guidance does not necessarily cover such situations in full).
- 6.2.4 If there is an existing contract available for the required goods, services or works, it must be used in the first instance. Some contracts let by other public authorities may also be available (see 6.3.1).
- 6.2.5 A list of corporate contracts can be found on Covalent. If it is intended not to use a corporate contract, the Procurement Team must be consulted at the outset.
- 6.2.6 A suitable contract specification must be completed in all cases. The level of detail required within the specification will be commensurate with the complexity, risk and value of the purchase.
- See the following section on Alternative Purchasing Arrangements. Advice in either case is available from the Procurement Team.
- 6.2.7 Chief Officers **should** maintain a register to record all quotations and estimates (including verbal estimates) up to £3,999. Copies of written versions must be securely retained, and entries should be signed and dated by both the recording officer and the authorising officer. The details contained in any quotation or estimate must not be made known to any other party. All quotations and estimates received should be retained in the register until the Accounts have been signed off for that financial year. The Quick-Quote and Contract registers on Covalent will be used to record details of tenders/contracts awarded.
- 6.2.8 The most economically advantageous tender must be accepted. Advice on how to determine this can be sought from the Procurement Team.

CONTACT: Corporate Procurement Officer

Further Guidance

6.2.9 Under £4,000

Different practices will apply at different levels:

- The petty cash procedure may be used for very minor items. See the section on cash advances etc;
- The three estimates for a supply up to £1,999 may come from telephone contact with companies advertising in the local paper, trade journal or yellow pages;

- Verbal quotations/estimates may only be sought for goods/services up to a cumulative value of £1,999 within the financial year.

6.2.10 £4,000 - £9,999

The Chief Officer must contact the Procurement Team if further similar expenditure is also likely to be incurred by themselves or others to check if a corporate contract is in place or is desirable. Tendering must be considered and the Procurement Team will advise on the suitability of tendering. Alternatively, written quotations must be obtained by using Quick Quote on the ~~iIn-tTend~~ system and using the correct Invitation to Quote template/specification. The Authorisation Form must be completed and authorised, and received by the Procurement Team, and a tender/ QQ reference number established, before the procurement process is initiated on ~~iIn-tTend~~.

6.2.11 The standard form of contract is particularly recommended in situations where protection against a poorly performing supplier is important or where the procurement carries particular risks e.g. where the supplier would have access to confidential/personal information, or where price is not the only criteria being considered.

6.2.12 £10,000 - £49,999

The Chief Officer should appoint a Project Officer with overall responsibility for the procurement. The Procurement Team must be advised in writing in all cases and guidance sought on the appropriate procurement route to be followed. Tendering must be considered and the Procurement Team will advise where tendering is not necessary. ~~Alternatively~~Where agreed with the Procurement Team, written quotations ~~must~~may be obtained ~~via~~using the Quick Quote on the ~~iIn-tTend~~ system using the correct Invitation to Quote template. All tenders/ QQs with an estimated value exceeding £25,000 must also be advertised on the Crown Commercial Service's Contracts Finder e-procurement portal. The Authorisation Form must be completed and returned to the Procurement Team, and a tender/ QQ reference number established, before the procurement process is initiated on ~~iIn-tTend~~. A written specification must be included on the Invitation to Quote/Tender document. *Formal Terms and Conditions of Contract* must be used.

6.2.13 £50,000 plus

The Chief Officer must appoint a Project Officer with overall responsibility for the procurement. The Procurement Team must be advised in writing in all cases, at the initiation of the project, and guidance sought on the appropriate procurement route to follow.

This is to enable an assessment of whether or not the European Union regulations come into play and to ensure the most appropriate procurement solutions are sought. Where the EU threshold is expected to be exceeded, the Procurement Team should be contacted in the first instance. A supply for an individual Service area may be below the threshold, but similar needs in another Service area may mean EU aggregation rules apply. EU procedures **must** be followed if they apply, and, due to their complexity, the Procurement Team **must** be involved in such projects. A formal tender exercise is compulsory, as is a formal written contract.

The Solicitor to the Council must have a minimum of 2 weeks notice to consider the draft contract before engrossment.

CONTACT: Corporate Procurement Officer

6.3 Alternative Purchasing Arrangements

- 6.3.1 Other organisations in the public sector are also under a duty to secure value for money in terms of purchasing. In the right circumstances and where provision has been made for the agreement to be used by other authorities, *i.e.*, where it will provide best value and is consistent with other key requirements such as on contract terms and conditions, managers may use their purchasing arrangements.
- 6.3.2 These other organisations may include Crown Commercial Services, ESPO, YPO, Central Government (via their G-Cat or S-Cat, and L-Cat processes), local authorities such as Staffordshire County Council and bodies such as the National Health Service. Chief Officers/Heads of Service may contract directly with such suppliers but **must** consult with/involve the Procurement Team because of potential issues such as ensuring the agreement has been conducted in full accordance with Public Contract Regulations 2015 for use by other authorities; the requirement to conduct a mini-competition under a framework agreement, delivery charges, minimum order levels and so on. Contract details will also need to be recorded on Covalent for monitoring purposes and to ensure that details can be reported as part of our obligations under the Local Government Transparency Code.
- 6.3.3 Goods or services may also be procured jointly with other such organisations to obtain best value but must meet the requirements of the Council's own rules on procurement.
- 6.3.4 Other variations of procurement may be considered but officers must approach the Procurement Team for guidance before the commencement of alternative procurement routes.

CONTACT: Corporate Procurement Officer

6.4 Appraisal of Potential Contractors

- 6.4.1 It is important that potential suppliers are able to meet the Council's needs. Suppliers should, therefore, be vetted in financial and performance terms (including health and safety) to various levels commensurate with the criticality and risk of the purchase/supply, prior to any firm commitment. **Please contact the Procurement Section for guidance.**
- 6.4.2 The financial appraisal checks that the supplier operates on a sound financial footing by assessment profit levels, the ability to pay bills and so on. It will also assess the supplier's capacity to deliver a contract without incurring unreasonable financial risk and recommend a maximum value contract that should be considered in order to protect the contractor from becoming too reliant on the Council for its business. The Executive Director Corporate Services will undertake or arrange these appraisals on receipt of the last two years audited accounts. The appropriate Chief Officer is responsible for ensuring that all relevant documents are submitted to the Executive Director Corporate Services in a timely manner. The Chief Officer must advise the Executive Director Corporate Services if the contract value exceeds £100,000 since a high level appraisal is then required.
- 6.4.3 In addition to the financial details submitted, the contractor is also required to submit details of Employers Liability, Public Liability Insurance and Professional Indemnity cover which must be appropriate and proportionate to the contract type, size and the nature of the contract, copies of which should be submitted along with the financial details to the Executive Director Corporate Services. The Chief Officer must check that the certificates are valid for the period of work. If they expire during the period the Chief Officer must check before expiry that they have been renewed. Further advice and guidance can be sought from the Director of Finance.
- 6.4.4 In terms of performance appraisal, the Chief Officer needs to satisfy themselves that the contractor has a history of sound performance of similar supplies in the recent past. The Chief Officer should therefore request bank references, trade references and make other enquiries deemed necessary to become satisfied.
- 6.4.5 Some contractors are required to hold a valid tax exemption certificate. Certificates should be checked prior to the start of the contract and a copy of the certificate should be forwarded to the Executive Director Corporate Services. The Chief Officer must check that the certificate is valid for the period of work. If it expires during the period of work the Chief Officer must check before

expiry that it has been renewed. Further guidance is available from the Executive Director Corporate Services.

- 6.4.6 In addition to the specific issues referred to within this section, the Chief Officer must ensure that appropriate steps are taken in all cases to assess the suitability of prospective suppliers. The risks involved in the procurement should advise the necessary level of assessment. For instance, even for lower value purchases Chief Officer should still consider the need to obtain assurance that a business is bona fide, or has appropriate health and safety arrangements and insurance cover.

CONTACT: Corporate Procurement Officer

6.5 Supplier Register

- 6.5.1 The names of contractors who have expressed an interest in doing work for the Council are retained on a supplier register within the e-tendering system (i-tend). Any contractor who expresses an interest to be included is automatically added to the Supplier Register. There is no pre-set requirement for contractors when signing up to the register. Appropriate appraisal criteria should be considered at the start of the tendering/quotation stage.

- 6.5.2 All Supplier Registers shall be maintained in an open, fair and transparent manner and be open to public inspection.

CONTACT: Corporate Procurement Officer

6.6 Framework Agreements

- 6.6.1 The terms of a Framework Agreement must not generally exceed four years and, while an agreement may be entered into with one provider, where an agreement is concluded with several organisations, there must be at least three in number.

- 6.6.2 Contracts based on Framework Agreements may be awarded by either:

- Applying the terms laid down in the Framework Agreement (where such terms are sufficiently precise to cover the particular call-off) and where value for money can be clearly determined without reopening competition, or
- Where the terms laid down in the Framework Agreement are not precise enough to complete for the particular call off, by holding a mini competition in accordance with the following procedure:

- Inviting the organisations within the framework

Agreement that are capable of executing the subject of the contract to submit written tenders;

- Fixing a time limit which is sufficiently long to allow Tenders for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract;
- Awarding each contract to the tenderer who has submitted the best Tender on the basis of the award criteria set out in the specifications of the Framework Agreement.

CONTACT: Corporate Procurement Officer

6.7 Tender Procedures

6.7.1 For contracts over £50,000 Chief Officers must advise the Procurement Team in writing at the outset but at least six months before the required commencement date. An Invitation to Tender advert is placed to invite potential contractors or suppliers to register their interest in tendering for the relevant requirement.

6.7.2 The Invitation to Tender should contain details of the principal elements of the procurement requirement in order that it primarily attracts those contractors who are in a position to satisfy these requirements. It should therefore contain as a minimum:

- A sufficiently detailed requirement or specification for the type of goods, services or works required;
- A price schedule;
- Standard conditions of contract that will apply in the event of a contract being awarded;
- Instructions to tenderers including the date of commencement of the contract and possible duration; technical and financial information; the closing date for tender submissions, and a list of the evaluation criteria and sub-criterion together with the weightings to be used.

6.7.3 The evaluation criteria together with the weightings must be referred to in the Invitation to Tender and must not be altered after the Invitation to Tender has been issued. All criteria chosen to be used in the evaluation of tenders must be relevant to the service and/or goods required.

6.7.4 The Chief Officer must set a detailed evaluation methodology prior to inviting tenders. They should set out explicitly how price and

quality elements will be balanced in the final decision in order to help demonstrate selection of the most economically advantageous tender. Appropriate and sufficient information must be required for inclusion in the supplier's submission to enable all criteria to be evaluated. Advice is available from the Procurement Team.

- 6.7.5 Large contracts may require the tenderers to submit a schedule of rates. To compare them properly and allow the total cost to be assessed, the Chief Officer should construct a model of work likely to be required over a set period, for example, one year. This model must be set before tenders are invited, and must be issued with the Invitation to Tender.
- 6.7.6 Contracts awarded will be required to be published in accordance with the Government's Transparency agenda.

European Union Procurement Procedures

- 6.7.7 The relevant EU Directives on procurement must be adhered to when awarding a contract where the anticipated value is close to or exceeds the thresholds indicated below.

Thresholds	Supplies (£)	Services (£)	Works (£)
Contract Value	£164,176	£164,176	£4,104,394

- 6.7.8 These figures apply from 1 January 2016. The Procurement Team must be advised in writing at least six months in advance of the supply and guidance sought as to the appropriate values and procedures used. Further information on EU Procurement Procedures and guidance on the use of the open, restricted, competitive dialogue, competitive dialogue with negotiation, innovation partnership and negotiated without prior publication procurement routes, together with design contests and works concessions, should be obtained from the Procurement Team. The Procurement Team must be involved in all procurement projects under EU regulations due to the complexities and legal implications involved.
- 6.7.9 In appropriate cases, Chief Officers may engage with the market prior to initiating the tendering process in order to make use of innovative approaches in achieving best value in the provision of a supply or service. This could involve consulting with stakeholders including customers, potential suppliers and interested groups. The Director of Finance must be fully consulted and involved in any such proposals, which must comply with corporate guidance and EU Procurement Procedures.

- 6.7.10 Under the provisions of the Public Services (Social Value) Act 2012, the Authority is required to have regard to economic, social and environmental well-being in connection with EU public service contracts.

This requires the Authority to consider:-

- a) How what is proposed to procure might improve the economic, social and environmental well-being of the relevant area;
- b) How, in conducting the process of procurement, it might act with a view to securing that improvement; and
- c) Whether to undertake any consultation regarding a) and b) above.

The provisions require that any actions are relevant and proportionate to the proposed procurement. Further advice and guidance should be obtained from the Corporate Procurement ~~Officer~~[Team](#).

Development of Contract Brief

- 6.7.11 Where there is a variation from the agreed budget each Chief Officer must seek Cabinet endorsement prior to tendering. The report should comment upon:
- a) The detailed proposals for the scheme, including objectives, targets, milestones, design details and its contribution to the corporate and service plans;
 - b) The financial appraisal of the revenue and capital implications, prepared in conjunction with the Executive Director Corporate Services, and compared to budgets;
 - c) Risk associated with the scheme;
 - d) The tender evaluation mechanism and the decision criteria.
- 6.7.12 Approval at this stage will normally include authority to invite tenders and to accept the most economically advantageous tender.
- 6.7.13 Chief Officers should consult the Director of Finance and the Solicitor to the Council for advice.

Extension to Tender Period

- 6.7.14 The Solicitor to the Council (or her nominated deputy) or the Executive Director Corporate Services (or his nominated deputy), may approve the extension of a tender period. The Corporate Procurement Officer is authorised to approve the extension of a tender period only if and when none of the above officers are available. The reasons for the extension of the tender period must be recorded on In-Tend and all potential tenderers must be informed of the extension to the tendering period.

Amendments to Tenders (by Contractors)

- 6.7.15 Any amendment a contractor wishes to make to a submitted tender must be received before the closing date and time for responses. In-Tend will provide this facility to suppliers.

Tender Opening – Electronic

- 6.7.16 All tenders for an individual contract must be opened at the same time by at least 2 officers. This should include a representative from Legal Services for purchases that are subject to EU procedures.
- 6.7.17 A tender received after the specified time may be only opened and considered at the discretion of the Solicitor to the Council.

Sub-Contractors and Nominated Suppliers

- 6.7.18 Nominated sub-contractors and suppliers must not be used where this would be anti-competitive, discriminatory or in breach of procurement regulations.
- 6.7.19 If a Chief Officer wishes to nominate a specific sub-contractor or supplier a written request must be sent to and be approved by the Director of Finance who will assess any risks involved. The request must show how this will give best value/value for money.

Amendments to Tender Documents (by the Authority)

- 6.7.20 Minor corrections and amendments to any part of the Invitation to Tender may be required during the tender period. Chief Officers must consult with Procurement, and where appropriate the Director of Finance, and if necessary the Solicitor to the Council on such matters, and all tenderers must be advised of all agreed amendments in writing at the same time. Acknowledgement of receipt of the amendments will be recorded on the electronic tendering system. In responding to clarifications and queries, the response should be addressed to all tendering organisations, and issued at the same time via the In-Tend system. All

correspondence will be sent electronically.

6.7.21 The Invitation to Tender amendments must not contain anything which may materially affect the tender process or unduly affect open and fair competition. No fundamental changes to the Invitation to Tender documentation should be made by the information contained within the amendment.

6.7.22 A record is retained electronically by ~~in-~~End of all correspondence with tenderers throughout the tender process ~~(including e-mails)~~.

Tender Evaluation

6.7.23 Chief Officers ~~must~~ensure that at least two people carry out the evaluation of tenders. For major contracts involving a project team, the Manager should consider involving the whole team. All tender evaluations carried out ~~must~~be evidenced with a full audit trail.

6.7.24 Tender evaluation must be completed using the spreadsheet available from the Procurement Team. The Procurement Team should be contacted to provide advice and guidance. The tender evaluation spreadsheet must be returned to the Procurement Team for review before the award of the contract, and must be retained with the procurement documents.

6.7.25 Tenders ~~must~~be checked to ensure they are complete and that all price calculations are correct. They must be evaluated objectively in line with the specified evaluation mode, ensuring fair and equitable treatment for each tender. Reasons for the scores given to each tenderer for each element of the evaluation must be recorded. Where a moderation process is used, any changes to scores ~~must~~be evidenced and a full audit trail retained.

6.7.26 If an arithmetical error is discovered in the financial submission, the Chief Officer should consult the Corporate Procurement ~~Officer-Team~~. The contractor must be notified in order to enable themselves to:

- a) Agree the amendment; or
- b) Allow the original figure to stand; or
- c) Withdraw the tender.

6.7.27 If a Tenderer notifies the Council of an error/amendment which materially affects the submission, the Chief Officer must consult with appropriate officers, for example, the Corporate Procurement ~~O~~fficer, Director of Finance, the Solicitor to the Council or Executive Director Corporate Services and should normally implement one of the following options:

- a) All other Tenderers are allowed to retender (in the case of the Council's error); or
- b) The Tenderer is required to stand by the original Tender; or
- c) The Tenderer withdraws the Tender; or
- d) (where an error is found before completion of tender evaluation) to correct an error which can be corrected simply by confirming which of two conflicting figures (eg., a multiplier or product, or carried forward or brought forward) is right; ~~or~~
- e) ~~(where the error is found before completion of tender evaluation) to correct an obvious omission (eg., a failure to insert any price where a space for a price is provided).~~

6.7.28 During the evaluation process, clarification may be sought on any of the tenders received. The questions and answers should always be submitted via the ~~in-T~~end system and incorporated into the tender documentation.

6.7.29 There must be no fundamental change to the contract specification or award criteria. Amendments to the specification or terms of the supply, which do not distort competition or are not considered material changes or fundamental to the contract can be made, and shall be put to all Tenderers prior to the submission deadline and in good time for them to make any necessary changes to their tender. Guidance is available from the Corporate Procurement ~~Officer~~Team, Director of Finance or Solicitor to the Council.

6.7.30 At the conclusion of the evaluation process, the Chief Officer should be able to, and is expected to, select the tender which is the most economically advantageous to the Council, as indicated by the evaluation model.

Post Tender Negotiation & Clarification

6.7.31 After the tenders have been returned and evaluated, further clarification from tenderers, in relation to the tender bid may be required. Clarifying information can include the following:

- Price
- Specification
- Delivery date/start date
- Payment Terms
- Software Licenses

6.7.32 All tender bids ~~which~~ are covered by the Public Contract Regulations ~~EU Directives are subject to the more restrictive approach specified by the European Union,~~ which states all negotiations with tenderers on fundamental aspects of contracts, variations of which are likely to distort competition and in particular on price, shall be ruled out. However, discussions with tenderers

may be held, only for the purpose of clarifying or supplementing the content of their tenders or the requirements of the contracting authorities, and provided this does not involve discrimination. There must be no fundamental change to the contract specification or contract award criteria.

~~6.7.33 The spirit of the above EU interpretation on post tender negotiation should also be followed for tenders under the EU threshold.~~

6.7.33 Where a tender return is unclear or there are minor sections which have been omitted with no explanation included, it is recommended that the tendering organisation is contacted for clarification, this must be done via the ~~in-tende~~electronic tendering system. In the case of numerous or sizable omissions, guidance must be sought from the Director of Finance and Procurement before clarification is requested.

6.7.35 All tendering organisations must be treated fairly and equally in all circumstances.

6.7.36 An electronic record will be kept of any query on a tender on ~~in-t~~end and any information supplied by the ~~tenderer~~company must also be ~~conducted~~firm~~ed~~ via the ~~in-tende~~electronic ~~tendering~~ system.

6.7.37 Where it is necessary to meet a tenderers to discuss their submission further, at least two authorised officers must be present and minutes taken. In all instances, the Procurement Team must be consulted.

6.7.38 In some cases it may be necessary to vary, by agreement, some minor details of the work required. Consultation with the Procurement Team and the Solicitor to the Council must be made prior to any agreement being made.

6.7.39 Advice should always be sought from the Procurement Team, Director of Finance or the Solicitor to the Council before entering into clarifications or negotiations.

6.7.40 Chief Officers must not enter into negotiations except:

- a) With the preferred tenderer(s) under the evaluation mode and after all unsuccessful tenderers have been informed; or
- b) When using the negotiated procedure under EU rules, in which case those procedures must be followed.

The Chief Officer must ensure that:

- c) Negotiations are carried out by at least two authorised officers, and guidance on separation of duties is followed;

- d) The decisions taken at relevant meetings are documented;
- e) Changes in specification and price are agreed by both parties; and
- f) All records are incorporated into contract documents.

6.7.44 Where post tender negotiation results in a fundamental or material change to the specification (or contract terms) the contract must not be awarded but re-tendered.

Tender Acceptance

Where the tender price exceeds the estimated budget by the lower of £10,000 or 5% the Executive Director Corporate Services MUST be informed and has the discretion to authorise that the tender be accepted and a contract entered into.

6.7.41 A Chief Officer may accept the winning tender after evaluation if it meets all material aspects of the specification and is within the budget provision. If the amount is higher than budgetary provision, the guidance on Budgets must be followed. If only one tender is received, advice and guidance MUST be obtained from the Solicitor to the Council and the Director of Finance of the process to be followed.

6.7.42 When requesting approval to procure contracts, officers must ensure that approval is obtained from Cabinet to award the contract to the successful tenderer (in compliance with delegated procedures). With all income generating projects, i.e., the disposal of material operating assets/activities, Cabinet must approve the preferred tenderer.

6.7.43 Where the procurement is conducted under EU procedures, advice **MUST** be sought from the Director of Finance or the Procurement Team prior to any notification of an award of contract being issued. All tenderers shall simultaneously be provided with a written standstill notice of the Authority's intention to award the contract to the successful tenderer. The standstill notice must be issued electronically to tenderers (via ~~in-T~~), in the name of the Solicitor to the Council, or, in her absence, the Director of Finance. The tenderers must be provided with a period of 10 calendar days to review, and, if considered necessary, to challenge the decision before the contract is awarded. Day one of the period shall commence on the day following issue of the standstill notice. The tenth day must fall on a working day and the 10 day standstill period ~~must~~ should be extended, where necessary, to ensure that this happens. If the decision is challenged, then the contract shall not be awarded and advice must immediately be sought from the Solicitor to the Council and the Corporate Procurement ~~Officer~~ Team.

6.7.44 The standstill notice must contain a precise statement of when the 10 day standstill period will end ie., midnight at the end of (date) together with the following information:

- The criteria for the award of the contract;
- Reasons for the decision including the characteristics and relative advantages of the successful tenderer;
- In conjunction with the above, the score of the unsuccessful tenderer (including criterion and sub-criterion) and that of the successful tenderer to be awarded the contract;
- The reasons why (if any) the unsuccessful tenderer did not meet the technical specifications;
- The name of the successful tenderer to be awarded the contract.

The standstill notice **must** always be prepared in consultation with the Corporate Procurement **OfficerTeam**.

CONTACT: Corporate Procurement Officer

6.8 Post Tender and Contracts

Preparation of Contract

6.8.1 Where a tender has been subject to EU procedures and the standstill period has been completed without a challenge, then all tenderers must be informed once the contract has been awarded. More generally, having decided to accept a tender/quotation the Chief Officer must advise the tenderers of the outcome of the process and must finalise a contract. This might involve simple acceptance of a standard form of contract, minor amendment agreed via correspondence or it might require meetings with the successful tenderer. Where an industry standard form of contract and terms and conditions are available, e.g., JCT or ICE contracts, they should be used in place of the Council's standard forms (but only if already and should be specified in the Invitation to Tender documents). All agreed amendments must be recorded in writing and formally incorporated into the contract. Advice should be sought from the Corporate Procurement **OfficerTeam**, and where necessary, the Solicitor to the Council.

6.8.2 The Chief Officer should ensure that all approvals that remain outstanding (such as planning permission) are obtained prior to the completion of the contract documents.

6.8.3 In addition, every relevant contract over £50,000 must also state clearly as a minimum:

Prices and/or rates together with any adjustment mechanisms that shall apply during the term of the contract;
Invoice procedures;
Performance indicators and/or service levels required;
Conditions of contract that shall include:

- That the contractor may not assign or sub-contract without prior written consent
- Insurance requirements
- Health and safety requirements
- Ombudsman requirements
- Data protection requirements, if relevant
- Charter standards are to be met, if relevant
- Equalities & Diversity Policy requirements
- Children & Vulnerable Adults Policy requirements, if relevant
- Conflict of Interests requirements
- Freedom of Information Act requirements
- Bribery act requirements
- Right of access to relevant documentation and records of the contractor for monitoring and audit purposes if relevant.

Where agents are used to let contracts, agents must comply with the Council's contract procedures rules.

Insurance

- 6.8.4 Chief Officers must ensure that the contract has Employers Liability and Public Liability insurance, **normally** to a minimum value of £10 million and £5 million respectively; and should seek the advice of the Executive Director Corporate Services wherever there is doubt. Other insurances, for example, professional indemnity may be desirable.
- 6.8.5 The responsibility for obtaining contractor insurance details including renewals lies with the appropriate Chief Officer. The Chief Officer should ensure that all insurance details are passed to the Executive Director Corporate Services without delay.

Bonds and Parent Companies Guarantees

- 6.8.6 The officer must consult the Executive Director Corporate Services about whether a Parent Company Guarantee is necessary when a contractor is a subsidiary of the parent company and:

The total value exceeds £250,000, or
The award is based on evaluation of the parent company, or
There is some concern about the stability of the contractor.

- 6.8.7 The Officer must consult the Executive Director Corporate Services about whether a bond is needed:

Where the total value exceeds £1,000,000, or
Where it is proposed to make stage or other payments in advance of receiving the whole of the subject matter of the contract and there is concern about the stability of the contractor.

Signing of Contracts

- 6.8.8 The Solicitor to the Council should check and endorse contracts before engrossment valued at £50,000 or above for signature. Contracts below £50,000 should be signed by the relevant member of the Corporate Management Team (CMT). If, in the latter case, a number of members of CMT are involved, then the contract should be signed by the main user.
- 6.8.9 The Officer signing the contract must notify all interested managers it has taken place. The Director of Finance must be notified in every case.

Site Possession

- 6.8.10 On completion of the contract documents the Chief Officer should where relevant arrange a site possession date. Chief Officers must not allow entry onto the Council's land or commencement of work prior to the completion of a written contract. In exceptional circumstances, this may be authorised by the Chief Executive.

Document Retention (all formal contracts)

- 6.8.11 Chief Officers must ensure the original copies of all formal contracts are placed in the Council's strong room for all contracts over 12 months/over £50,000. Where a consultant has been engaged to manage the contract on the Council's behalf, it must be ensured that both the contractor and Chief Officer have necessary access to contract documents to enable their functions to be performed.

Contract Amendments

- 6.8.12 Contracts may need amending after signing. The circumstances will dictate the level of approval needed for the change. The relevant Chief Officer should seek appropriate advice, for example, from the Solicitor to the Council, before proceeding.

CONTACT: Corporate Procurement Officer, Operations Accountant

6.9 Project/Contract Implementation & Payment

- 6.9.1 A separate file should be maintained by the relevant Chief Officer for each project, including copies of such contracts making up the project. The file should contain the following information:-
- a) A record of instalments due and paid;
 - b) The working papers substantiating payments; and
 - c) The details of payments to consultants, internal fees and other payments.
- 6.9.2 Chief Officers must only authorise payments that conform to the terms of the contract.
- 6.9.3 The Chief Officer must only make payments to contractors for Buildings & Engineering works on the basis of a valuation certificate detailing:
- a) The total value of the contract;
 - b) The value of work executed to date;
 - c) The amount paid to date;
 - d) The amount now certified;
 - e) Any retention monies;
 - f) Whether the work is subject to VAT or Liquidated and Ascertained Damages (together with details of the calculation of damages).
- 6.9.4 Where the work is subject to VAT the Chief Officer must ensure that either a VAT invoice or receipt is obtained in order to substantiate the VAT reclaimed.
- 6.9.5 Where liquidated and ascertained damages are to be deducted, the Chief Officer must ensure that the contractor is notified as soon as possible and given details of the basis of calculation. Any liquidated damages applied at any stage of the contract must be deducted from any subsequent valuation certificate before any payment is made.

Contract Monitoring and Variations (including claims)

- 6.9.6 The Chief Officer must monitor expenditure under a contract and take action where appropriate to ensure the final contract sum or the level of expense incurred in any financial year does not exceed the approved budget/available resources.

During the life of the contract, the officer must monitor in respect of:

- Performance;
- Compliance with specification and contract;
- Cost;
- Any Value for Money requirements;
- User satisfaction and risk management.

Contracts of a high value or high risk should be subject to formal monthly review with the contractor.

For contracts over £50,000, contract managers must:

- Maintain a risk register on the Covalent system during the contract period;
- Undertake appropriate risk assessments and for identified risks;
- Ensure contingency measures are in place.

6.9.7 Subject to the provisions of the contract, every extra cost or variation should be authorised in writing by the Chief Officer. Copies of the approved delegated decision that permits officers to authorise variations or extra costs should be forwarded to the Executive Director Corporate Services by the Chief Officer or the delegated officer.

6.9.8 If the revised project cost exceeds the budget/available resources, the guidance on capital budgets and projects must be followed.

6.9.9 Where a contract requires a contractor to meet specified outcomes or service levels (e.g. in a partnering-type arrangement) appropriate arrangements must be made by the Chief Officer to ensure that the expected outcomes/service levels are provided or that clear processes exist for reporting and approving any variations from these outcomes/service levels and their financial effect. Any proposals to provide financial incentives or profit sharing arrangements with partners must be subject to appropriate approval and budget processes. Such arrangements must provide appropriate levels of probity and transparency.

6.9.10 Where payment under a partnering arrangement is based upon an agreement of target prices between the Council and the external partner then written evidence shall be provided to demonstrate that the target price represents value for money.

6.9.11 Where a consultant is contracted to monitor a contract on the Council's behalf, the Chief Officer must ensure that the consultant contractor complies with this financial guidance.

CONTACT: Director of Finance, Head of Internal Audit Services

6.10 Final Account

6.10.1 Payment of the final account (where relevant) effectively closes the contract and it must be correct. The Chief Officer must ensure that adequate checks are carried out to ensure the final account/payment is correct and has been accurately calculated. They must also ensure there is adequate separation of duties in

preparing and agreeing the final account. Management within the relevant Directorate will, on an annual basis, review the Contract Register maintained by the Executive Director Corporate Services and sample test a number of payments (this process should be adequately evidenced).

6.10.2 For building and engineering work the relevant project manager must prepare a detailed statement of account before a final certificate (where required) is issued showing variations against the original contract price, payments made to date and any further payments due. It should be sent to the client Chief Officer within one month of the issue of the certificate of practical completion.

6.10.3 The client Chief Officer should approve and agree the contract final account within the retention period and ensure the final payment and certificate are sent to the contractor by the due date. In case of difficulty, advice should be sought from relevant officers, for example, the Solicitor to the Council or Executive Director Corporate Services.

6.10.4 Final account outturn should be reported in accordance with the Corporate Capital Strategy.

CONTACT: Director of Finance

6.11 Post Contract

6.11.1 Claims from the contract in respect of matters not clearly within the terms of any existing contract should be referred to the Solicitor of the Council for consideration of the authority's legal liability.

CONTACT: Solicitor to the Council

6.12 Partnerships

6.12.1 Partnerships have a key role in delivering community strategies and in helping to promote and improve the well-being of the area. The Authority is and will be increasingly working with others – public agencies, private companies, community groups and voluntary organisations.

6.12.2 The main reasons for entering into partnerships are:

- The desire to find new ways to share risk
- The ability to access new resources
- To provide new and better ways to deliver services
- To forge new relationships

6.12.3 A partner is either:

- An organisation (either private or public) undertaking, part funding or participating as a beneficiary in a project; or
- A body whose nature or status gives it a right or obligation to support the project.

6.12.4 Partners participate by:

- Acting as a project deliverer, provider or sponsor, solely or in connection with others;
- Acting as a project funder, part funder, commissioner or joint commissioner;
- Being a beneficiary group of the activity undertaken in a project.

6.12.5 Partners have common responsibilities:

- To be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;
- To act in good faith at all times and in the best interest of the partnership's aims and objectives;
- To be open about any conflict of interest that may arise;
- To encourage joint working and promote the sharing of information, resources and skills between the public, private and community sectors;
- To hold confidentially any information received as a result of the partnership activities or duties that is of a confidential or commercially sensitive nature;
- To act wherever possible as ambassadors for the project.

6.12.6 Chief Officers should be aware of:

- Their responsibilities with regard to the Authority's financial regulations and contract standing orders;
- The requirement for them to identify and evaluate all known risks associated with the partner arrangements, and take action deemed appropriate to deal with these risks;
- Ensuring that project appraisal techniques are in place to assess the viability of the project in terms of resources, staffing and expertise;
- Their role in agreeing and accepting formally the roles and responsibilities of each of the partners involved before the commencement of the project;
- Their need to communicate regularly throughout the project so that problems can be identified and shared to achieve their successful resolution.

6.12.7 Managers should ensure that:

- Potential partners are assessed for the financial viability in the same way as contractors;
- Internal audit roles and responsibilities are documented within the contract documentation;
- Partners and contractors are made aware of the Authority's Whistleblowing and Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes;
- Arrangements for ownership after the project has ended are identified and documented;
- Partnership agreements and arrangements are appropriately authorised and documented and do not impact adversely upon the services provided by the Authority;
- Appropriate information is provided to the Executive Director Corporate Services to enable a note to be entered into the Authority's statement of accounts concerning material matters;
- There are robust and transparent arrangements for partnership governance which comply in all material respects with the Council's own rules on such matters;
- There are sound arrangements for monitoring, reviewing and reporting upon the activities and performance of the partnership;
- They refer to the indemnity and conduct/conflict of interest issues;
- They maintain and update the partnership database for their significant partnerships.

6.12.8 Corporate processes for approving, reviewing and reporting upon partnership arrangements and commitments under these must be complied with.

CONTACT: Head of Partnerships & Commissioning

6.13 Orders for Supply from External Sources

6.13.1 Official orders must be issued for all work, goods or services to be supplied to the Council except:

- Where a contract specifies otherwise;
- Supplies of public utility services;
- Payments such as rent or rates;
- Petty cash purchases; or
- Other exceptions approved by the Executive Director Corporate Services.

6.13.2 Individuals must not use official orders to obtain goods or services for their private use.

6.13.3 Official orders to suppliers for goods and services must be raised on the Efinancials System and promptly issued to the

supplier/contractor. This ensures that the commitment is raised on the financial system and so aids the control and monitoring of budgets.

- 6.13.4 Verbal orders should only be given in urgent cases, and any such order must be confirmed by an official order and endorsed "Confirmation Order". All authorised signatories together with any restricting financial limits must be notified to the Executive Director Corporate Services.
- 6.13.5 Orders must detail the work/goods/services ordered, refer to appropriate terms and conditions, be priced in accordance with estimates, quotations and so on, and contain the delivery address which must be a Council property. Expenditure must be coded to the correct detailed budget heading, even if there is no budget under that heading or it has been committed, including those required by statute or court order.
- 6.13.6 Before authorising an order the authorising officer must be satisfied that best value has been achieved, goods/ services are appropriate to the service and genuinely required, appropriate quotations/tenders have been received and that there is appropriate budget provision. For guidance where there is insufficient budget provision, refer to the section on Budgets.

CONTACT: Director of Finance

6.14 Receiving Goods and Services

Deliveries

- 6.14.1 Any employee who accepts deliveries of goods must obtain a delivery note, which should be signed by the supplier and receiver at the time. The Chief Officer who ordered the supplies must ensure they are checked as to quantity, quality and compliance with specification at the time of delivery, or as soon as possible thereafter. Where it is not possible to carry out this check at the time of the delivery, the employee should ensure this is made clear on the delivery note.

Goods Receipting

- 6.14.2 As soon after delivery as possible, the financial system must be updated to show that the goods have been received (refer to the Guidance on Separation of Duties). Receipting goods on the financial system ensures that expenditure is accrued. This enables managers to monitor and control their budgets more effectively. The employee recording goods receipt on the financial system must be satisfied that the quality, quantity and specification of the goods/services delivered is as ordered.

CONTACT: Head of Internal Audit Services, Operations Accountant

6.15 Advance Payments

6.15.1 Advance payments should only be used for minor supplies such as course fees, seminars and publications. Chief Officers should consult the Executive Director Corporate Services for advice if in doubt. Where advance payment is made then the whole cost, including VAT, must be charged to the expenditure code. The Chief Officer must request an authenticated VAT receipt and send it to the Executive Director Corporate Services to correct the accounting entries.

CONTACT: Director of Finance

6.16 Funding to Voluntary & Community Sector Organisations

6.16.1 Funding to voluntary and community sector organisations can be paid in advance (where appropriate). Where the provision of services on behalf of Tamworth Borough Council is to be delivered in partnership between a voluntary and community sector organisation and a private sector organisation then, subject to an appropriate partnership agreement being in place, funding can be paid in advance. Performance management arrangements must be stipulated in each funding agreement or contract in accordance with the Tamworth Public Sector Commissioning Framework. Evidence must be obtained for expenditure incurred.

CONTACT: Head of Partnerships & Commissioning

~~6.17 Orders from Internal Suppliers~~

~~6.17.1 The same principles apply to orders from internal suppliers and they should, as far as possible, be treated the same as other orders.~~

~~**CONTACT:** Operations Accountant~~

6.18 Some Definitions

7

6.187. The following table gives the definition of terms used in this guidance.

Word	Definition
Quotation	A value for the supply of a service, goods or materials which must be held for a period of time.
Estimate	A value for the supply of a service, goods or materials which may be varied following the supply. This is appropriate where it is not possible to give a precise

	quotation prior to the supply.
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CONTACT: Operations Accountant

6.19 Further Advice & Guidance

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6.198. The Council employs a number of officers who have responsibilities in a variety of areas connected with procurement and purchasing. The following table is a quick reference guide.

Issue	Contact	Comments
Significant departure (either actual or potential) from this guidance	Executive Director Corporate Services, Director of Finance	
Issue	Contact	Comments
Procurement and purchasing – general procedures/EU procedures/joint procurement and partnerships	Director of Finance	Chief Officers must not enter into any arrangement for procuring works, goods or services over the £50,000 tender threshold without seeking guidance from the Director of Finance at least six months in advance of the proposed supply. The Procurement Team can provide relevant advice and guidance, including standard forms and procedure details
Advice on control systems and administration	Head of Internal Audit Services	
The law and legal opinion and sealing and retention of documents	Solicitor to the Council	
Printing Requirements	Communications Manager	Chief Officers must not commit to purchase external printing supplies without consulting with the Communications Manager
Information Technology	Director of Technology & Corporate Programmes	Chief Officers must not commit to purchase IT supplies (hardware and software) without consulting the Director of Technology & Corporate Programmes
Coding, budgets, insurance, VAT, general ledger issues and financial appraisals	Executive Director Corporate Services	

CONTACT: Director of Finance

7. Payment of Accounts

7.1 Introduction

- 7.1.1 One of the main requirements of a sound system of expenditure control is that at any point in time, a budget holder knows:
- a) What has been ordered, including the likely costs;
 - b) What has been received, and is therefore due for payment; and
 - c) What has been paid.
- 7.1.2 Small transactions can be dealt with from petty cash (see the section Cash Advances etc), and in some situations, payments can be made via direct debit or other electronic means – the Executive Director Corporate Services will advise on these processes. This section of the guidance deals with the most common form of payment, i.e. payment by BACS or cheque drawn on the Council's bank account.
- 7.1.3 All officers must encourage suppliers of goods and services to receive payment by BACS – this is the most economical means for the Authority.
- 7.1.4 Corporate credit cards can be used in the day to day business of the Authority and are intended to facilitate transactions only in limited circumstances. Corporate credit cards are to be used chiefly to provide an alternative means of sourcing and paying for goods/ services in connection with official business of the Authority, and may be used for purchases to obtain benefit of discount, payment via the Internet etc. The Corporate Credit Card Procedures must be followed.
- 7.1.5 All requests for direct debits against the Authority's bank account should be made via the Accountancy Section.

CONTACT: Director of Finance

7.2 Security & Good Practice

- 7.2.1 The Council's credit payment system is set up so that the 3 stages of order, goods receipt and payment to be separately processed with password input and authorisation controls in line with the appendix on Separation of Duties. Passwords are often used in place of actual initials and signatures and must not be made known to any other person (see also the Information Security Policy).
- 7.2.2 Each Chief Officer must inform the Executive Director Corporate Services, in writing, of the names of employees permitted to undertake each of the stages, to input orders, authorise orders and confirm goods receipt. The Manager must promptly notify the Executive Director Corporate Services of any changes, for example,

resignations. The Executive Director Corporate Services should annually prompt each Chief Officer to review the named employees.

- 7.2.3 Chief Officers may also wish to limit the values input or authorised by some employees, and/or restrict the expenditure codes which some employees can access. This information should also be passed to the Executive Director Corporate Services.
- 7.2.4 The Executive Director Corporate Services must ensure that the payments system:
 - a) Conforms with the controls contained in the appendix on Separation of Duties; and
 - b) Checks budget availability.

CONTACT: Operations Accountant

7.3 Invoice Processing

- 7.3.1 Each Chief Officer must ensure that the receipt of any service, material or item of goods is promptly recorded on the payment system, and that, where applicable, stock records and inventories are updated immediately.
- 7.3.2 Each Chief Officer must ensure that invoices received are promptly passed to Corporate Services Directorate for processing. Any disputed invoices should be notified to the Executive Director Corporate Services immediately to aid performance monitoring.
- 7.3.3 Before any order is goods receipted, the officer receiving the goods/services must satisfy themselves that the payment is properly due, and that the work, goods or services have been received and/or carried out in accordance with the order/contract/schedule of rates and this has been evidenced.
- 7.3.4 Officers must ensure that in respect of charges for gas, electricity, water etc adequate records are maintained to ensure the charges are correct and the following checks are undertaken:
 - i) Any standing charges are correct;
 - ii) Consumption is charged on the correct tariff;
 - iii) That the consumption recorded is reasonable in light of current and previous readings.
- 7.3.5 Officers should ensure that all credit notes are immediately claimed against invoices or a cheque reimbursement should be requested.
- 7.3.6 The Accountancy Section will check the payee, prices, quantities, trade discounts, other allowances, credits and tax are correct, not previously paid, properly incurred and within the budget provision.

They will also check any copy/facsimile invoices to ensure that they have not been previously paid and that payments are not made against suppliers' statement of accounts.

- 7.3.7 The Accountancy Section will ensure that where the invoice includes VAT, it is correctly calculated. Where a VAT invoice is not supplied, the full cost of the invoice including the VAT must be charged to the budget code. The Chief Officer must ensure that an authenticated VAT receipt is subsequently obtained to support this payment and passed to the Accountancy Section immediately on receipt so that the accounting entry can be adjusted.
- 7.3.8 The controls over invoice processing also applies to work done on our behalf by partners.

Amendments

- 7.3.9 VAT invoices must not be amended. If an incorrect VAT invoice is received, the supplier must be asked to send:
- a) A corrected invoice, or
 - b) A credit note.
- 7.3.10 Any amendment to a non-VAT invoice must be made in ink and initialled by the officer making it, stating reasons briefly where they are not self-evident.

Year End

- 7.3.11 Each Chief Officer must ensure that where goods and services (goods, materials, services and works, including electricity, gas, water etc) have been received by 31st March, that commitment orders and goods receipt notes have been processed within the financial system.
- 7.3.12 Each Chief Officer must, as soon as possible after 31st March and not later than 15th April in each year notify the Executive Director Corporate Services of all outstanding expenditure relating to the previous financial year. Outstanding expenditure consists of the value of all goods, materials, services and works (including electricity, gas, water etc) that has been received at 31st March, but has not yet been paid.

CONTACT: Operations Accountant

7.4 Electronic Payment Mechanisms

- 7.4.1 Payments to suppliers must be completed by BACS transfer, as it is the most cost effective payment method. Payments will be made by cheques in exceptional circumstances.

7.4.2 Information relating to suppliers bank details should be directed to the Executive Director Corporate Services.

CONTACT: Operations Accountant

8. Payment of Salaries & Allowances

8.1 Salaries

8.1.1 Salaries and other reimbursements are paid by the Director Transformation & Corporate Performance on behalf of each Chief Officer. The Director Transformation & Corporate Performance is responsible for maintaining the establishment list of the Authority, and for the details of standing payments to make. All forms of payment must conform with Council policy and Chief Officers should consult with the Director Transformation & Corporate Performance if change is sought.

8.1.2 It is the responsibility of Chief Officers to ensure that adequate and effective systems and procedures are operated so that:

- a) Payments are only authorised to bona fide employees;
- b) Payments are only made where there is a valid entitlement;
- c) Conditions and contracts of employment are correctly applied;
- d) Employees names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

8.1.3 Each Chief Officer must tell the Director Transformation & Corporate Performance immediately of any changes to their employees or the basis upon which they are employed. The Chief Officer is accountable for any losses to the Council or hardships incurred by an employee resulting from a failure to notify changes promptly.

Examples are:

- i Appointments, resignations, dismissals, suspensions, secondments and transfers;
- ii Sickness and other absences apart from approved leave with pay;
- iii Changes in pay etc, other than normal increments and general pay awards;
- iv Any changes that may affect pensions of employees/former employees.

8.1.4 Chief Officers must ensure that all forms used to generate payments are either as supplied by the Director Transformation & Corporate Performance or are reviewed and sent annually for approval to the Director Transformation & Corporate Performance. They must ensure that completed forms are checked, calculations confirmed and payments properly authorised. Otherwise payment will not be made. Claims for payroll payments more than three pay periods old, will not be considered unless approval is made by the Director Transformation & Corporate Performance or the Executive Director Corporate Services. Claims that do not meet pay deadlines (as

advised by the Director Transformation & Corporate Performance) may not be paid until the following pay period.

- 8.1.5 In exceptional circumstances, for example, if likely to suffer severe hardship, an employee may request their Chief Officer for an advance of salary. The Chief Officer may wish to seek advice from the Director Transformation & Corporate Performance or Executive Director Corporate Services. If the request is supported, the Chief Officer should ask the Director Transformation & Corporate Performance to make the arrangements. The Director Transformation & Corporate Performance should ensure that any advance is recovered from the next payment due.
- 8.1.6 A Chief Officer may certify payment of overtime to officers on spinal column point 35 and above only where prior written approval is obtained from a member of the Corporate Management Team. This would normally be in exceptional circumstances for work of a specific nature such as in covering for a long-term vacancy.
- 8.1.7 Chief Officers may request additional payments such as honoraria for additional responsibility incurred by employees. These must be approved by the Chief Executive for a period of up to six months who should inform the Director Transformation & Corporate Performance of the basis for such payments.
- 8.1.8 All payroll transactions should be processed through the payroll system. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. All such matters should be referred to the Director Transformation & Corporate Performance for guidance.
- 8.1.9 The Director Transformation & Corporate Performance must be notified of details of any employee benefits in kind, to enable full and complete reporting within the income tax self assessment system.

CONTACT: Payroll Manager

8.2 Intermediaries Legislation (IR35)

8.2.1 Changes to the way the current intermediaries' legislation (IR35) applied to off-payroll working in the public sector came in to effect from April 2017. Where the rules apply, people who work in the public sector through an intermediary will pay employment taxes in a similar way to employees.

8.2.2 Chief Officers are required to complete the following duties:

Determine whether off-payroll working rules should apply and when there are contractual changes

Where using an agency or other third party to provide labour, notifying them whether off-payroll working rules should apply to the contract they have with the worker

Where it does not reply to the written request from an agency or third party as to whether the off-payroll rules apply within 31 days, becoming responsible for accounting for PAYE as if it were a fee-payer

8.2.3 If you are requesting a supplier to carry out services or labour on your behalf you will need to carry out a check as to whether the supplier should be paid as if they were an employee under the IR35 legislation. Detailed guidance on IR35 is available here and must be followed.

8.23 Allowances and Expense Claims

8.23.1 Employees must submit expense claims in the pay period after which they were incurred in order to assist budget monitoring. Because of the difficulty in verifying old claims, claims more than three pay periods old, will not be considered unless approval is made by the Director Transformation & Corporate Performance or the Executive Director Corporate Services. Claims that do not meet pay deadlines (as advised by the Director Transformation & Corporate Performance) may not be paid until the following pay period. All car allowance claims must be supported with a VAT invoice for the fuel used.

8.23.2 Managers must only authorise claims they can certify as being correct – i.e. journeys were authorised, expenses necessarily incurred and claims are properly payable by the Council. The accuracy of any mileage claims and any calculations must be checked. Therefore, it is essential that all car allowance claims forms must show details of the trip undertaken, the duties carried out, both the opening and closing odometer readings and the deduction of any “ordinary commuting miles” (if applicable). Managers must also ensure that officers claiming both casual and essential allowances have appropriate and up to date documents to include a valid driving licence, certificate of motor insurance that covers business use, valid MOT and vehicle registration document.

8.32.3 Chief Officers should ensure that the most appropriate means of travel in terms of cost and benefit is used. For example, long journeys may be better undertaken by train, for example, to reduce the length of the working day or allow the employee to work during the journey (see guidance on Subsistence Policy).

8.32.4 Where subsistence and other associated travel expenses are claimed, they must be supported by VAT receipts. The Council will not reimburse any expenditure relating to alcohol. Guidance on

subsistence rates that can be claimed can be found in the Subsistence Policy which is appended to this guidance. The maximum limits will be updated on an annual basis in line with the RPI.

- | 8.32.5 Claims relating to Post Entry Training must be sent to the Director Transformation & Corporate Performance to authorise the claim. The Chief Officer must ensure the scheme is authorised and an agreement has been signed by the employee. Where the scheme provides for the repayment of expenses, the Director Transformation & Corporate Performance must arrange recovery of any sums due before the employee leaves. The Organisational Development Unit will supply guidance on amounts that can be claimed on an annual basis.
- | 8.32.6 Personal expenses incurred in entertaining guests will not be reimbursed without the prior approval of the Executive Director Corporate Services.

CONTACT: Payroll Manager

| 8.34 **Members Allowances**

- | 8.34.1 The Solicitor to the Council must check and certify claims submitted by Members. They must give the Director Transformation & Corporate Performance details of regular payments, such as responsibility allowances, and must immediately notify any changes. Expenses claims must be submitted monthly to aid budget monitoring. Expenses claim forms must be completed in full, e.g. detailing journeys made, opening and closing odometer readings and any other expenses claimed. Claims can only be made for approved duties as defined in the Constitution. All car allowance claims must be supported with a VAT invoice for the fuel used. Claims in excess of three months will not be considered unless approved by the Executive Director Corporate Services or the Chief Executive.
- | 8.43.2 Members wishing to attend a conference etc must advise the Solicitor to the Council, after consultation with the Cabinet if necessary, who may approve the payment of the cost of attendance at Conferences and training events and the payment of travelling, subsistence and attendance allowance(s) in the rates prescribed by the Secretary of State.
- | 8.43.3 Wherever possible the Chief Officer should arrange overnight conference accommodation on behalf of Members and ensure invoices are sent direct to the Council.

CONTACT: Solicitor to the Council

9. Cash Advances, Cash Floats and Petty Cash

9.1 Purpose

9.1.1 Small amounts of cash currently need to be held in service units to:

- a) Provide a cash float in tills;
- b) Pay minor expenses.

9.2 Processes

- 9.2.1 A Chief Officer needing a cash advance must send a written request to the Executive Director Corporate Services. The manager receiving the cash advance must sign for the receipt of all cash advances. A copy of the receipt must be forwarded to the Finance section for accounting purposes. They are responsible for the security of the cash and may be held responsible for making good any shortages.
- 9.2.2 Only minor items of expenditure may be paid out of petty cash. Petty cash must not be used to carry out recurring purchases of a similar nature. Chief Officers must not authorise any individual payment over £100 without the agreement of the Executive Director Corporate Services or the Director of Finance. Where reimbursement of expenditure exceeds £100, this should be processed through the payroll system. Claims for expenses should be completed using the expenses claim form. VAT receipts for all expenses must be attached. Expenses will be reimbursed through the Payroll system with salary payments.
- 9.2.3 Payments out of petty cash must be supported by a receipt or other voucher. Wherever possible a VAT receipt should be obtained. Income received must not be paid into a petty cash account.
- 9.2.4 The Chief Officer must keep full records of all transactions. Records must be kept fully up-to-date, showing the current balance in the account. The expenditure details and receipts/vouchers must be sent to the Executive Director Corporate Services with the claim for reimbursement.
- 9.2.5 The Chief Officer must ensure that the balance is checked at least monthly by an officer without other responsibilities for petty cash. All checks made should be evidenced. Any discrepancies must be investigated and reported as necessary.
- 9.2.6 At 31st March each year the officer carrying out the check must send written confirmation to the Executive Director Corporate Services of the balance held and an explanation of any discrepancy.
- 9.2.7 No float should be used to cash personal cheques or make personal loans. The only payments in to the account are for the reimbursement

of the float and any change relating to purchase where an advance has been made.

- 9.2.8 Any transfers of floats between officers should be evidenced by signature of both parties involved and a copy retained by the transferor. A copy should be sent to the Executive Director Corporate Services to ensure that records remain up to date.

CONTACT: Director of Finance

10. Income, Charging and Debts

10.1 Fees & Charges

10.1.1 Directors **must** consider charging policies and current levels of charge each year as part of the service and financial planning process. The presumption is that the value of fees and charges will be maintained in real terms over time and reviewed annually, as a minimum, with necessary adjustments.

The setting and reviewing of fees, charges and other income sources must be carried out annually in line with the requirements of the Fees and Charges Policy and must be authorised in accordance with the detail set out in the Constitution and the Scheme of Delegation.

10.1.2 Proposals for new fees and charges must be considered within the financial planning process, or, where necessary, as an in-year change authorised in accordance with the detail set out in the Constitution and the Scheme of Delegation.

Proposals for new fees and charges **must** be analysed using the guidance set out in the Fees and Charges Policy. This guidance is to be used as the authorisation process for the setting of fees and charges and **must** be authorised by an authorised officer in accordance with the Constitution and Scheme of Delegation.

10.1.~~32~~ Chief Officers must ensure that all relevant charges are clearly displayed at service payment points. Employees must charge all people using the service the approved amounts.

10.1.~~43~~ All VAT due should be correctly identified and accounted for.

CONTACT: Director of Finance

10.2 Receiving Payment

10.2.1 The Council accepts payment by cheque, debit card, credit card and cash (cash is only accepted at certain locations). Officers handling payments must follow the procedures below and any local procedures, including those needed for computerised systems. They must complete all records fully and accurately at the time. Chief Officers must ensure adequate local procedures are in place at all stages, having sought necessary advice from the Executive Director Corporate Services.

10.2.2 Ideally, subject to adequate controls, income should be received in advance or at the time of service provision.

- 10.2.3 Where possible, a forged note detector should be used.
- 10.2.4 Cash drawers should be closed in between transactions.
- 10.2.5 Supervisory keys for cash registers should be held by supervising officers and not by cashiers.
- 10.2.6 All voids, refunds and exceptions should be reviewed by the supervising officer and this review should be evidenced.

All Methods

- 10.2.7 The officer must immediately issue an official receipt or ticket. Change may only be given for payment of cash.
- 10.2.8 All official receipts should be properly controlled and accounted for.
- 10.2.9 All official receipts should be in a format approved by the Executive Director Corporate Services.
- 10.2.10 Transfers of cash between staff must be evidenced by signature of both staff involved and a copy retained by the transferor.

Cheque Payment Against An Invoice/Account

- 10.2.11 The officer must ensure the cheque is:
 - a) Made payable to "Tamworth Borough Council" (and should be crossed account payee only);
 - b) Dated correctly;
 - c) The correct amount;
 - d) Signed;And the officer must:
 - e) Record on the back of the cheque the receipt number (and location if necessary) and payment/invoice reference.

Cheque – Other Payment

- 10.2.12 As well as the above requirements the officer must ensure:
 - a) The cheque is signed at the counter;
 - b) The cheque card is presented with
 - The same signature
 - The same code number as the cheque
 - A valid expiry date
 - A limit sufficient to cover the chequeAnd the officer must:
 - c) Record the card number on the back of the cheque.

Debit and Credit Cards

10.2.13 For payments in person the officer must ensure:

- a) The card has not expired;
- b) The receipt signature matches the card signature;
- c) The card is not on a current stop listing (or if so, follow the instructions with the listing);
- d) The receipt number is recorded against the transaction;
- e) The credit card surcharge is recovered in line with approved policy.

10.2.14 For telephone payments the officer must ensure:

- a) That payments are processed at the time of call;
- b) All relevant security checks are completed.

CONTACT: Operations Accountant

10.3 Postal Payments

10.3.1 All post is to be opened centrally in the designated post room. Exceptions to this include private and confidential post and where it is deemed that post should not be opened.

10.3.2 Post must only be opened when two officers are present.

10.3.3 All income received through the post should be recorded immediately on to the cash receipting system.

CONTACT: Head of Customer Service

10.4 Cashing-Up Procedures

10.4.1 At each payment point, the Chief Officer must ensure there are adequate daily cashing-up procedures. The two stages should be carried out by two different employees. The cashier should total the contents of the till and, by deducting the cash float, find out the day's takings. A second officer should confirm the actual cash takings with the total takings recorded on the receipts given out. Signatures of both officers involved should be recorded on the paying in slip. The local supervisor must immediately investigate any material discrepancies and advise the Chief Officer, the Executive Director Corporate Services and the Head of Internal Audit Services. All discrepancies must be recorded in a cashier's over/unders book, signed daily by the supervisor.

CONTACT: Head of Internal Audit Services

10.5 Depositing Money

- 10.5.1 All money received must be banked direct. Employees must follow guidance from the Executive Director Corporate Services on cash collection, control, deposit and records.
- 10.5.2 Chief Officers/employees must ensure that all money received is deposited in full, without anything being deducted. For example cash from a till must never be used to meet petty cash expenses or to top-up petty cash.
- 10.5.3 If there is a need to depart from this rule, the Chief Officer must give the written authorisation of the Executive Director Corporate Services.
- 10.5.4 Takings should be banked daily. Where this is not practicable Chief Officers may agree an alternative arrangement with the Executive Director Corporate Services, provided:
- a) Takings are banked at least weekly; and
 - b) Maximum cash holdings specified by the Executive Director Corporate Services (for insurance purposes) are not exceeded.
- 10.5.5 The cashier must prepare a daily cash summary/ return and attach relevant till readings or equivalent. The return must detail the amount of cash and the amount in cheques. A supervising officer must verify this return.
- 10.5.6 Chief Officers must in any event ensure maximum cash holdings are not exceeded.
- 10.5.7 The cashier must certify the paying in slip, which should be checked and evidenced by a supervising officer.
- 10.5.8 Where banking bags are used, seals and the authority's details should be recorded in accordance with the collection company's procedures.

CONTACT: Operations Accountant

10.6 Money Laundering

- 10.6.1 Money laundering is the term used for a number of offences involving the proceeds of crime and terrorist funds. The following acts constitute the act of money laundering:
- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, or from Scotland, or from Northern Ireland;
 - Becoming concerned in an arrangement in which someone knowingly suspects or facilitates the acquisition, retention, use or

control of criminal property by or on behalf of another person;

- Acquiring, using or possessing criminal property.

10.6.2 Although the term “money laundering” is generally used when describing the activities of organised crime – for which the legislation and regulations were first and foremost introduced – to most people who are likely to come across it or be affected by it, it involves a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

10.6.3 A likely indicator that money laundering may be taking place is the deposit of large amounts of cash. ~~The limit on a payment made in cash is £5,000~~**To help prevent money laundering, the Council has set a cash payment limit of £5,000. No cash payments above £5,000 are to be accepted by any Council service.** Any large cash payments that raise concern below this amount should be brought to the attention of the Solicitor to the Council, however attempt to pay above this amount must be approved by the Solicitor to the Council or, the Executive Director Corporate Services. Formatted: Font: Bold

10.6.4 The Council will do all it can to prevent, wherever possible, the organisation and its staff from being exposed to money laundering to identify potential areas where it may occur, and to comply with all legal and regulatory requirements; especially with regard to the reporting of actual or suspected cases. However, it is every member of staff's responsibility to be vigilant.

10.6.5 The Solicitor the Council is the nominated officer to act as the Council's Money Laundering Reporting Officer.

10.6.6 If a case of money laundering is suspected, the Solicitor to the Council should be consulted immediately.

CONTACT: Solicitor to the Council

10.7 Invoices, Debtors and Other Sums Due

10.7.1 It is the responsibility of each Service Unit to ensure that income for services etc is received prior to the service being completed. Where payment in advance is not possible, all necessary information in order to raise an account should be obtained from the customer prior to the provision of the service, except where statute dictates otherwise.

10.7.2 All Service Units must maintain a record of why the account has been raised. All accounts must be accurately created either prior to the service being delivered or, in the case of post-service charging, within 5 working days of the delivery of the service. Where possible, debtor accounts should not be raised for less than £100 in accordance with the Corporate Credit Policy.

- 10.7.3 It is essential that all accounts issued are timely; therefore, accounts raised after the service has been completed should be raised within five working days.
- 10.7.4 Timescales for the recovery process are detailed in the Corporate Credit Policy.
- 10.7.5 At the start of each financial year, Chief Officers must promptly supply information to the Executive Director Corporate Services on amounts due where a debtors account has not yet been raised for the previous financial year within the required deadlines.

Credit Policy

- 10.7.6 Cabinet, on 25 April 2007, approved a new Corporate Credit Policy . Chief Officers must ensure appropriate local guidance is in place and employees must follow the Policy and the local guidance.

CONTACT: Head of Revenues

10.8 Debt Write-Off

- 10.8.1 Debts can only be written-off in line with the appropriate policy – e.g., the Corporate Credit Policy.
- 10.8.2 Except where an approved policy dictates otherwise, the following authorisations are needed to write-off debt:

<u>Authority</u>	<u>Limit</u>
Chief Officer (or authorised delegated officer)	Up to £5,000
Executive Director Corporate Services	£5,001 - £10,000
Cabinet	Over £10,000

Note that these limits apply to each transaction.

All write-offs should be completed with adherence to the Accounts & Audit Regulations 2011.

An annual report of write-offs between 5,001 and £10,000 should be submitted to Council for information.

CONTACT: Head of Revenues

11 Assets and Equipment

An up to date asset register is a pre requisite for proper fixed asset accounting and sound asset management. Assets need to be valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: (CIPFA/LASAAC based on International Financial Reporting Standards)*. Any assets purchased with a value of over £10,000 should be notified in writing to the Executive Director Corporate Services so that they can be added to the asset register.

CONTACT: Director of Finance

11.1 Responsibilities

11.1.1 Each Chief Officer is responsible for the records, use and storage of all assets and equipment within their control and/or used in their service delivery. Each Chief Officer must ensure that a physical check of all significant assets and equipment is undertaken on at least an annual basis to confirm their location and condition and to ensure that inventory records are accurate. This check should be evidenced.

11.1.2 Each Chief Officer must ensure that inventory records are maintained for all assets and equipment in any format specified by the Executive Director Corporate Services, to ensure the details shown below are included in each case and that all appropriate items are clearly and securely marked.

Inventory details:

- Description
- Purchase date
- Purchase price
- Serial number (if applicable)
- Asset number (if applicable)
- Condition
- Date of disposal

11.1.3 Chief Officers should ensure that contingency plans for the security of assets and continuity of service in the event of a disaster or system failure are in place.

11.1.4 In order to comply with the International Financial Reporting Standards, managers are required to consult with the Executive Director Corporate Services prior to entering into an agreement on **any rentals, leases or use of assets to or from the authority**, especially where financial/operating leases are entered into as more advantageous financing could be sought.

CONTACT: Director Of Finance

11.2 Scope

11.2.1 All furniture, fittings, equipment and plant and machinery with an original and individual value of £50 or more should be included, with the sole exception of Information Technology (IT) hardware and software, which must be recorded by the Director Technology & Corporate Programmes. Chief Officers should consider whether it is appropriate to include other items of a portable and desirable nature which may have a lower value.

11.2.2 Any change in the use or location of any IT hardware and software must be completed by the Technology & Corporate Programmes Service who will update their records accordingly.

11.3 Use

11.3.1 Items are only to be used on Council business and in line with accepted procedures and manufacturers instructions, and must not be removed without the specific approval of the Chief Officers.

11.4 Disposal

11.4.1 The disposal of all surplus items must be in line with the following guidelines which should be applied by:

- a) The Director Technology & Corporate Programmes for all IT equipment;
- b) The Chief Officer for all other items;
- c) The Executive Director Corporate Services for all other items with a value in excess of £1,000.

11.4.2 Each Chief Officer must record the disposal details on the inventory records and must maintain adequate records such as receipts and formal bids. Disposals should be notified to the Executive Director Corporate Services to ensure that appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds if appropriate.

Disposal Guidelines

11.4.3 A disposal policy is in place for the disposal of land and property (Asset Disposal Policy). The Asset Disposal Policy must be followed in these instances.

The disposal of any other surplus assets or equipment should be arranged in the manner most useful to the Council, taking into account the value, condition and usefulness of the item. Further guidance is appended.

11.4.4 All IT equipment must be passed to the Technology & Corporate Programmes Service for disposal to ensure that all information retained on disk drive is deleted in accordance with the Data Protection Act 1998.

11.4.5 Particular care must be taken to ensure the Council is not exposed to risk, for example by passing on unsafe items to another body. Any internal sale must be scrupulously fair and open. The guide to the disposal of assets (excluding land and buildings) is appended to this guidance. Advice is available from the Head of Internal Audit Services or Director Assets & Environment.

CONTACT: Director of Finance, Head of Internal Audit Services, Director of Assets & Environment

12. Stocks & Stores

12.1 Responsibilities

12.1.1 The aim of controls over stocks and stores is to ensure:

- a) Necessary materials are available when they are needed;
- b) Purchase costs are minimised;
- c) Stock holding costs are minimised;
- d) Waste and other loss is minimised;

To achieve this Chief Officers must ensure:

- a) The correct quantities are purchased at the correct times (to gain discounts and avoid delivery and administration costs);
- b) Excessive levels are not held (taking account of shelf life, storage costs and service needs);
- c) Stocks are held and handled securely;
- d) Adequate records are maintained including:
 - i) purchases and additions
 - ii) issues
 - iii) write-offs.

12.1.2 The Executive Director Corporate Services can advise on these matters, particularly on the financial records.

12.1.3 Chief Officers must also ensure that movements of stores are properly authorised and documented and that the records note the employee(s) involved in the process. The Head of Internal Audit Services can advise on these aspects.

CONTACT: Head of Internal Audit Services

12.2 Stocktaking

12.2.1 **All** stock must be checked at least once a year at the end of the financial year in order to compare actual levels to recorded levels and Chief Officers should consider more frequent checks of valuable, desirable and portable items. Large stores, such as those held at the depots, could achieve this by an agreed process of rolling stocktakes. The Head of Internal Audit Services will advise if necessary.

12.2.2 Stocktakes must be monitored and checked by employees who are independent of the storekeeping roles. This checking role must include the comparison of actual stocks to the recorded levels.

12.2.3 All discrepancies should be investigated by the line manager. Any material discrepancies (over £100 or desirable commodities) should be reported to the Executive Director Corporate Services who will advise

on the appropriate procedures to follow, and who may inform the Head of Internal Audit Services of the facts.

CONTACT: Head of Internal Audit Services

12.3 **Obsolete and Unserviceable stock**

12.3.1 The disposal of stocks and stores should be in line with the guidance contained in the section on Assets and Equipment.

12.3.2 Obsolete/damaged stock should be written off prior to year-end and should not be included in year-end stock balances.

12.4 **Intellectual Property**

12.4.1 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property.

12.4.2 Certain activities undertaken within the Authority may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

12.4.3 Chief Officers must ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property.

CONTACT: Head of Internal Audit Services, Director Technology & Corporate Programmes

13. Security

- 13.1 All staff must wear their ID pass at all times within Council establishments. Identification should be requested for all visitors to Council establishments. Where applicable, visitors must sign the visitors book both on entry and exit of the building. If appropriate, the visitor must be provided with an identification badge which must be returned on departure. The person issuing the badge should ensure that the badge is returned.
- 13.2 All temporary identification badges should be retained securely.
- 13.3 All building alarms should be linked to the Police Station or directly to the alarm company. Managers should ensure that these links are maintained.
- 13.4 The knowledge of alarm codes should be restricted to relevant staff. Each member of staff must have their own ID for the alarm. If a member of staff leaves the Authority, their ID should be deleted from the system.
- 13.5 Alarm usage reports should be generated on a regular basis. These reports should be reviewed by management who must evidence this review.
- 13.6 All cash handling areas should be secured. All access to cash areas should be locked and access restricted to authorised staff.
- 13.7 Safes should be located out of sight of the public and should be locked at all times. Access to safes must be restricted to authorised personnel. Each member of staff needing access to the safe must be issued with a key. The issue of safe keys should be documented detailing the date issued and the holder. The holder must sign for the receipt of the key. Safe keys **must not** be retained on the premises overnight. Retention of safe keys on unoccupied premises renders the insurance invalid.
- 13.8 Any transfer of keys between staff should be recorded. On termination or transfer of employment, all keys issued to that member of staff should be handed back to the line manager. The key register should be updated to reflect the hand over.
- 13.9 Managers are responsible for ensuring that the cash limit for the safe is not exceeded.
- 13.10 Where a cash collection company is used, managers are responsible for ensuring that the names and signatures of the cash collection staff are up to date.
- 13.11 Further guidance on physical and environmental security is contained within the Information Security Policy.

CONTACT: Director of Assets & Environment

14. Data Quality

- 14.1 All employees have a responsibility for ensuring the information we process is accurate and up to date. The Data Quality Policy addresses this.
- 14.2 The consequence of poor quality of data impacts not only the way the Council works, but also anyone who conducts their business with us.
- 14.3 Data Quality Standards possess six essential characteristics, these are:
- **Completeness** – Data quality systems should have in place monitoring to ensure that no data is missing, incomplete or invalid records included.
 - **Accurate** – Data should be accurate for the purpose it is intended, and to be captured as close to the source as possible.
 - **Validity** – Data should be compliant with requirements and within the parameters laid down in any criteria.
 - **Reliability** – Data should be consistent across all collection points and over time. Appropriate controls should be in place to check outputs/inputs, sampling and is compliant with the criteria set out.
 - **Timeliness** – Data should be captured as soon as possible, and available to recipients within the agreed timeframe.
 - **Relevance** – Data captured should be relevant to the purpose for which it is used. Reviews need to take place to ensure the quality reflects any changing needs.

CONTACT: Corporate Information Security Manager

15 Equality Impact Assessment

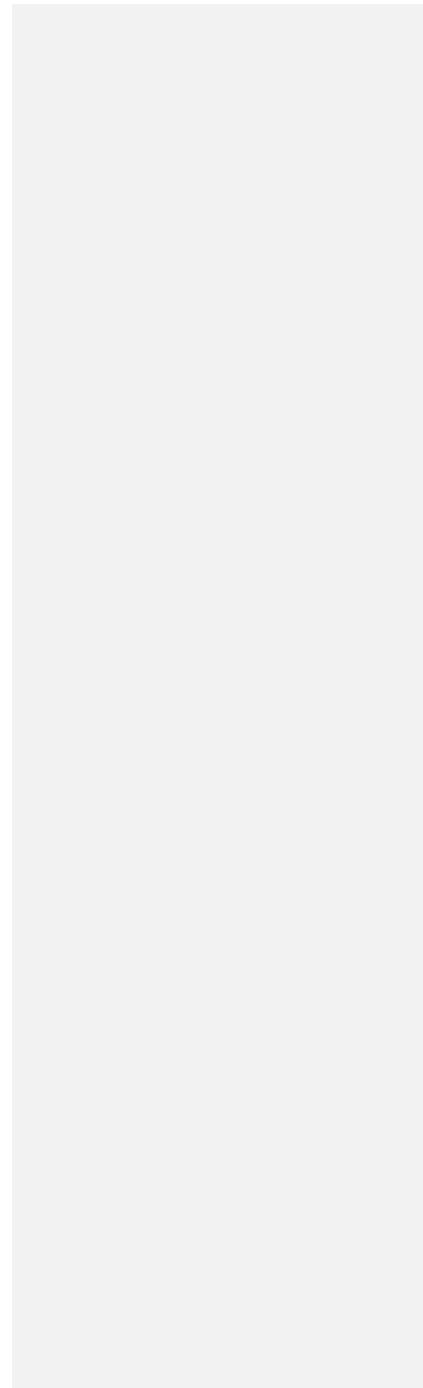
Is this a new or existing policy?	Existing
1. Briefly describe the aims, objectives and purpose of the policy?	To promote best value, service delivery and delivery of the Council's vision; To provide sound arrangements for all the Council's financial affairs and to be able to demonstrate that proper controls are in place; To safeguard Members and officers by setting out procedures which meet the Council's expected standards.
2. Are there any associated Policy/ procedure/ practice which should be considered whilst carrying out this equality impact assessment?	
3. Who is intended to benefit from this policy and in what way?	TBC Employees Council – improved efficiency, increased resilience Council customers – VFM
4. What are the desired outcomes from this policy?	Transparency, consistency of application
5. What factors/ forces could contribute/ detract from the outcomes?	Different management interpretations of the guidance ICT not available
6. Who are the main stakeholders in relation to the policy?	All employees and Chief Officers of TBC, members, contractors, partners and residents

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	of the borough	
7. Which individuals/ groups have been/ will be consulted with on this policy?	Chief Officers, members	
8. Are there concerns that the policy <u>could</u> have a differential impact on racial groups?		N
9. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to gender?		N
10. Are there concerns that the policy <u>could</u> have a differential impact due to them being transgender or transsexual?		N
11. Are there concerns that the policy <u>could</u> have a differential impact due to disability?		N
12. Are there concerns that the policy <u>could</u> have a differential impact due to sexual orientation?		N
13. Are there concerns that the policy <u>could</u> have a differential impact due to age?		N
14. Are there concerns that the policy <u>could</u> have a differential impact due to religious belief?		N
15. Are there concerns that the policy <u>could</u> have a differential		N

impact on Gypsies/ Travellers?			
16. Are there concerns that the policy <u>could</u> have a differential impact due to dependant/caring responsibilities?		N	
17. Are there concerns that the policy <u>could</u> have a differential impact due to them having an offending past?		N	
18. Are there concerns that the policy could have an impact on children or vulnerable adults?		N	
19. Does any of the differential impact identified cut across the equality strands (e.g. elder BME groups)?		N	
20. Could the differential impact identified in 8 – 19 amount to there being the potential for adverse impact in this policy/ procedure/ practice?		N	
21. Can this adverse impact be justified: <ul style="list-style-type: none"> • on the grounds of promoting equality of opportunity for one group? 	Y	N	N/A

• For any other reason?			
22. As a result of carrying out the equality impact assessment is there a requirement for further consultation?		N	
23 As a result of this EIA should this policy be recommended for implementation in its current state?	Y		



THURSDAY 1 JUNE 2017

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

INTERNAL AUDIT UPDATE REPORT 2016/17 4TH QUARTER AND ANNUAL REPORT**EXEMPT INFORMATION**

None

PURPOSE

To report on the outcome of Internal Audit's review of the Internal Control, Risk Management and Governance Framework in the 4th quarter and the 2016/17 financial year – to provide Members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought to the Committee's attention.

RECOMMENDATION

That the Committee considers the attached report and raises any issue it deems appropriate.

EXECUTIVE SUMMARY

The Accounts and Audit Regulations 2015 require each local authority to publish an Annual Governance Statement (AGS) with its Annual Statement of Accounts. The AGS is required to reflect the various arrangements within the Authority for providing assurance on the Internal Control, Risk Management and Governance Framework within the organisation, and their outcomes.

One of the sources of assurance featured in the AGS is the professional opinion of the Head of Internal Audit Services on the outcome of service reviews. Professional good practice recommends that this opinion be given periodically throughout the year to inform the Annual Governance Statement. This opinion is given on a quarterly basis to the Audit & Governance Committee.

Annual Audit Opinion

I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, control and governance processes. Overall in my opinion, based upon the reviews performed during the year, the Authority has:

- adequate and effective risk management arrangements;
- adequate and effective governance; and
- has adequate and effective control processes.

Specific Issues

No specific issues have been highlighted through the work undertaken by Internal Audit during 2016/17.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS

Failure to report would lead to non-compliance with the requirements of the Annual Governance Statement and the Public Sector Internal Audit Standards.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 Internal Audit Performance Report 2016/17

Appendix 2 Percentage of Management Actions Agreed 2016/17

Appendix 3 Implementation of Agreed Management Actions 2016/17

INTERNAL AUDIT REPORT – 4th QUARTER - 2016/17

1. INTRODUCTION

Internal Audit 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. (Public Sector Internal Audit Standards)

Internal Audit's role is to provide independent assurance to the Council that systems are in place and are operating effectively.

Every local authority is statutorily required to provide an adequate and effective internal audit function. The Internal Audit service provides this function at this Authority.

This brief report aims to ensure that Committee members are kept aware of the arrangements operated by the Internal Audit service to monitor the control environment within the services and functions of the authority, and the outcome of that monitoring. This is to contribute to corporate governance and assurance arrangements and ensure compliance with statutory and professional duties, as Internal Audit is required to provide periodic reports to "those charged with governance".

2. PERFORMANCE AND PROGRESSION AGAINST AUDIT PLAN

The Internal Audit service aims as one of its main Performance Indicators (PI's) to complete work on at least 90% of applicable planned audits by the end of the financial year, producing draft reports on these where possible/necessary. **Appendix 1** shows the progress at the end of 4th quarter of the year of the work completed against the plan and highlights the work completed. The original audit plan identified 55 audits to be completed, the plan has been revised to include 2 additional audits not originally identified on the audit plan and 2 audits that needed to be cancelled for operational reasons. At the end of the 4th quarter of the year, internal audit have commenced/completed 52 audits. This equates to 95% of the revised annual plan (specific reviews). 20 implementation reviews were identified in the original audit plan, the service has completed 32 up to the end of the fourth quarter of the financial year.

The service also reports quarterly on the percentage of draft reports issued within 15 working days of the completion of fieldwork. All (100%) of the draft reports issued in this quarter of the year were issued within this deadline.

3. AUDIT REVIEWS COMPLETED 2016/17

Appendix 2 details the number of recommendations made. A total of 31 recommendations were made in the fourth quarter with 31 (100%) of the recommendations being accepted by management.

The service revisits areas it has audited around 6 months after agreeing a final report on the audit, to test and report to management on the extent to which agreed actions have been taken. Four implementation reviews and three 2nd implementation reviews were completed during the 4th quarter of 2016/17. **Appendix 3** details the implementation progress to date for the 4th quarter of the financial year with 74% (43/58) implemented/partially implemented at 1st implementation review and 62% (8/13) implemented/partially implemented at 2nd implementation review. Two recommendations not implemented at 2nd implementation review were high priority and management have agreed revised implementation dates for all

outstanding recommendations. Internal Audit is fairly satisfied with the progress made by management to reduce the level of risk and its commitment to progress the outstanding issues.

Year End Summary Information 2016/17		Target
Percentage of Audit Plan completed	95%	90%
Draft reports issued within 15 working days	100%	100%
Percentage of recommendation accepted by management	98.7%	97%
Percentage of recommendations due implemented	84%	-

4. INDEPENDENCE OF THE INTERNAL AUDIT ACTIVITY

Attribute Standards 1110 to 1130 in the Public Sector Internal Audit Standards require that Internal Audit have organisational and individual independence and specifically state that the head of Internal Audit Services must confirm this to the Audit & Governance Committee at least annually. As performance is reported quarterly, this confirmation will be provided quarterly.

The Head of Internal Audit Services confirms that Internal Audit is operating independently of management and is objective in the performance of internal audit work.

5 DEVELOPMENTS DURING 2016/17

During 2016/17, Internal Audit has carried out the following:

- Completed the annual risk based audit plan in accordance with the Public Sector Internal Audit Standards;
- Produced a Quality Assurance and Improvement Programme;
- Given an assurance opinion for each audit completed, and a revised opinion on the completion of implementation reviews based upon Internal Audit's assessment of the control environment;
- Reported quarterly to the Audit & Governance Committee on progress against the audit plan;
- Continued to work with management to develop risk management;
- Provided an opinion on the internal control environment for the Annual Governance Statement;
- Continued to complete service enhancements mainly through the use of the Covalent Audit Module;
- Continued to Provide Audit Management Services to Lichfield District Council.

6 DEVELOPMENTS FOR 2017/18

The work of the Internal Audit Service will continue to be driven by the regulatory requirements of local government finance and the corporate and operational risks facing the Council. The Service is always looking to continuously improve its service and add value to management through regular audit to improve internal controls and identify efficiencies in their services. During 2017/18 we will complete the following:

- Comply with the Public Sector Internal Audit Standards; after the recently completed external assessment of the service, complete the service improvements identified;
- Complete the internal audit plan in accordance with the performance indicators;
- Continue to work with management to improve risk management;

- Continue to complete service enhancements to provide an efficient service;
- Continue to provide Internal Audit Management service to Lichfield District Council.

OVERALL CURRENT INTERNAL AUDIT OPINION

“I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation’s risk management, control and governance processes.

Overall in my opinion, based upon the reviews performed during the year, the Authority has:

- adequate and effective risk management arrangements;
- adequate and effective governance; and
- has adequate and effective control processes.

Specific issues:

There were no specific issues highlighted through the work of Internal Audit in the fourth quarter of the 2017/18 financial year that would need to be highlighted as a corporate risk

Angela Struthers,
Head of Internal Audit Services

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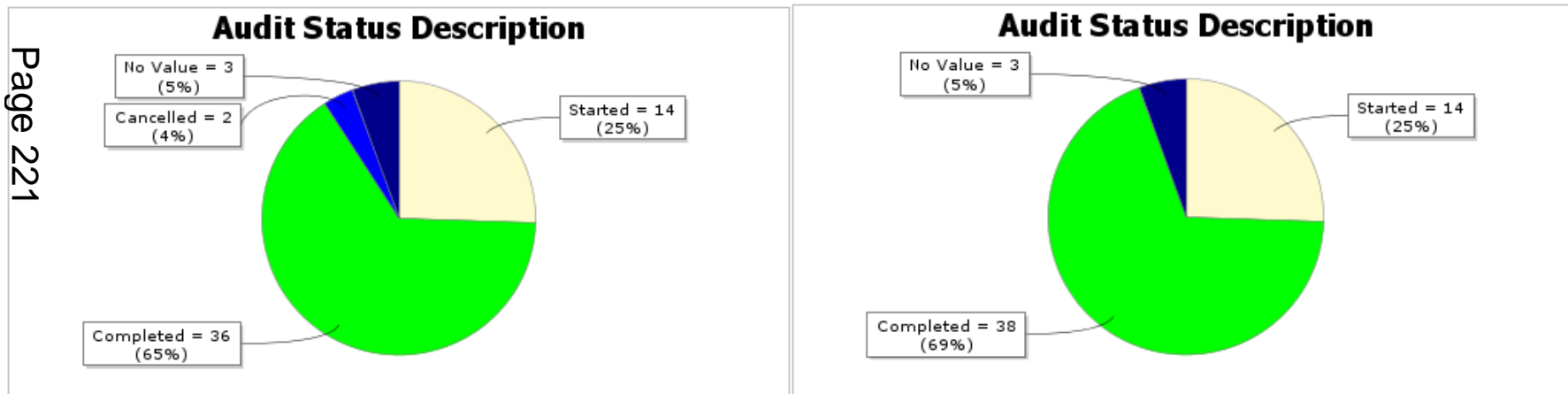
Internal Audit Performance Report 2016/17

Report Type: Audit File Report
 Report Author: Angela Struthers
 Generated on: 20 April 2017

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Original Plan

Revised Plan




Title	Directorate Description	Audit Status	Audit Assurance Type	Audit Assurance Level
NNDR	Finance	✓	Completed Main financial system – full	Reasonable ✓

Title	Directorate Description	Audit Status		Audit Assurance Type	Audit Assurance Level	
Bank Reconciliation & Cash Collection	Finance	✓	Completed	Main financial system – full	Substantial	✓✓
Housing Repairs QTR 4	Housing & Health	✓	Completed	Main financial system – interim	Limited	⚠
Treasury Management QTR 4 2015/16	Finance	✓	Completed	Main financial system – interim	Substantial	✓✓
Community Development	Communities, Planning & Partnerships			System based review	Cancelled	
IT Governance	Technology & Corporate Programmes	✓	Started	Information Technology		
DIP Application Review	Technology & Corporate Programmes	✓	Completed	Information Technology	Limited	⚠
Corporate Business Continuity	Technology & Corporate Programmes	✓	Completed	System based review	Limited	⚠
Telephony Project Implementation Review	Technology & Corporate Programmes	✓	Started	Information Technology		
Tell Us Policy	Transformation & Corporate Performance	✓	Completed	System based review	None	⛔
Castle	Communities, Planning & Partnerships	✓	Completed	System based review	Limited	⚠
Housing Rents	Housing & Health	✓	Completed	Main financial system – full	Reasonable	✓
Payroll	Transformation & Corporate Performance	✓	Completed	Main financial system – full	Reasonable	✓
Creditors & Procurement	Finance	✓	Completed	Main financial system – interim	Reasonable	✓
Housing Repairs QTR 1	Housing & Health	✓	Completed	Main financial system – interim	Reasonable	✓

Title	Directorate Description	Audit Status		Audit Assurance Type	Audit Assurance Level	
Housing Repairs QTR 2	Housing & Health	✓	Completed	Main financial system – interim	Reasonable	✓
Main Accounting & Budgetary Control	Finance	✓	Completed	Main financial system – interim	Substantial	✓✓
Property Contracts QTR 1	Assets & Environment	✓	Completed	Main financial system – interim	Reasonable	✓
Council Tax	Finance	✓	Completed	Main financial system – full	Reasonable	✓
Capital Strategy & Programme Management	Finance	✓	Started	Main financial system – interim		
Debtors	Finance	✓	Completed	Main financial system – interim	Reasonable	✓
Housing & Council Tax Benefits	Finance	✓	Completed	Main financial system – interim	Substantial	✓✓
Housing Repairs QTR 3	Housing & Health	✓	Completed	Main financial system – interim	Limited	⚠
Property Contracts QTR 4	Assets & Environment	✓	Completed	Main financial system – interim	Reasonable	✓
Property Contracts QTR 2	Assets & Environment	✓	Completed	Main financial system – interim	Reasonable	✓
Property Contracts QTR 3	Assets & Environment	✓	Completed	Main financial system – interim	Reasonable	✓
Treasury Management QTR 3 2016/17	Finance	✓	Completed	Main financial system – interim	Substantial	✓✓
Treasury Management QTR 1 2016/17	Finance	✓	Completed	Main financial system – interim	Substantial	✓✓
Treasury Management QTR 2 2016/17	Finance	✓	Completed	Main financial system – interim	Substantial	✓✓
Economic Development	Communities, Planning & Partnerships	✓	Started	Risk based review		

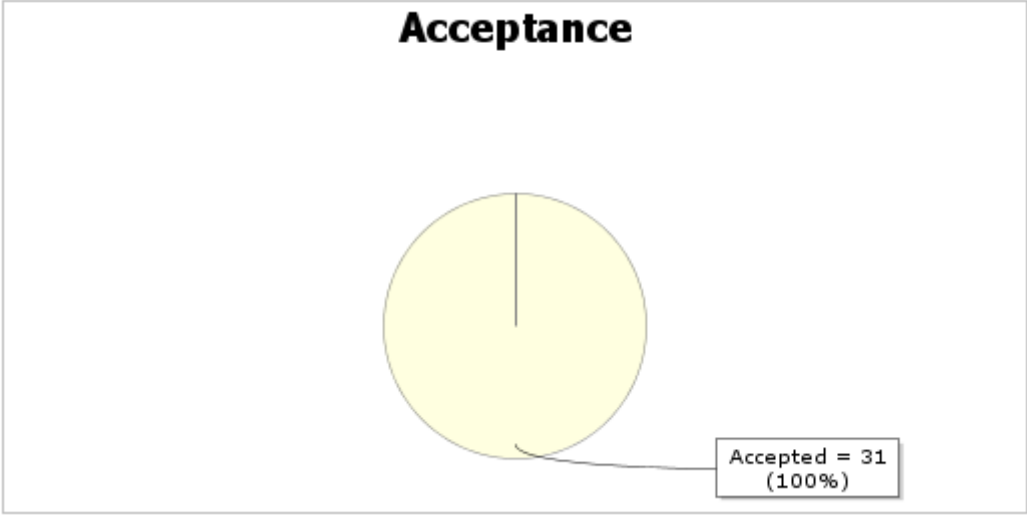
Title	Directorate Description	Audit Status		Audit Assurance Type	Audit Assurance Level	
Health & Safety	Transformation & Corporate Performance	✔	Completed	System based review	Limited	⚠
Building Security	Transformation & Corporate Performance	✔	Completed	System based review	Limited	⚠
Income Management	Finance	✔	Completed	System based review	Limited	⚠
IT Physical & Environmental Controls	Technology & Corporate Programmes	✔	Completed	Information Technology	Limited	⚠
Freedom of Information	Technology & Corporate Programmes	✔	Completed	Information Technology	Limited	⚠
Mobile Computing/BYOD	Technology & Corporate Programmes	✔	Started	Information Technology		
Change Management	Technology & Corporate Programmes	✔	Started	Information Technology		
Customer Services Programme Management	Transformation & Corporate Performance	✔	Started	System based review		
Gifts & Hospitality	Solicitor & Monitoring Officer	✔	Completed	System based review	Reasonable	✔
Standards & Declarations	Solicitor & Monitoring Officer	✔	Completed	Risk based review	Reasonable	✔
Travel & Subsistence	Transformation & Corporate Performance	✔	Completed	System based review	Limited	⚠
Tenant Participation	Housing & Health	✔	Completed	Risk based review	Substantial	✔✔
Scheme of Delegation	Solicitor & Monitoring Officer		Cancelled	System based review		
Land Charges	Solicitor & Monitoring Officer	✔	Started	System based review		

Title	Directorate Description	Audit Status		Audit Assurance Type	Audit Assurance Level
Risk Management	Corporate	✓	Started	Risk based review	
Housing Business Support	Housing & Health	✓	Started	Risk Workshop	
Street Scene	Assets & Environment			Risk based review	
Housing Services	Housing & Health	✓	Started	Risk Workshop	
Customer Services Transformation	Transformation & Corporate Performance	✓	Started	Consultancy	
Commercial & Industrial Properties	Assets & Environment	✓	Started	Consultancy	
Municipal Charities	Corporate	✓	Completed	Transactional	N/A
Pension Contributions	Transformation & Corporate Performance	✓	Completed	Compliance	N/A
Life Security		✓	Completed	Additional Consultancy	N/A
Review of Culture/ Ethics	Corporate	✓	Started	System based review	
Disabled Facilities Grants	Assets & Environment	✓	Completed	Additional System Based Review	Reasonable 

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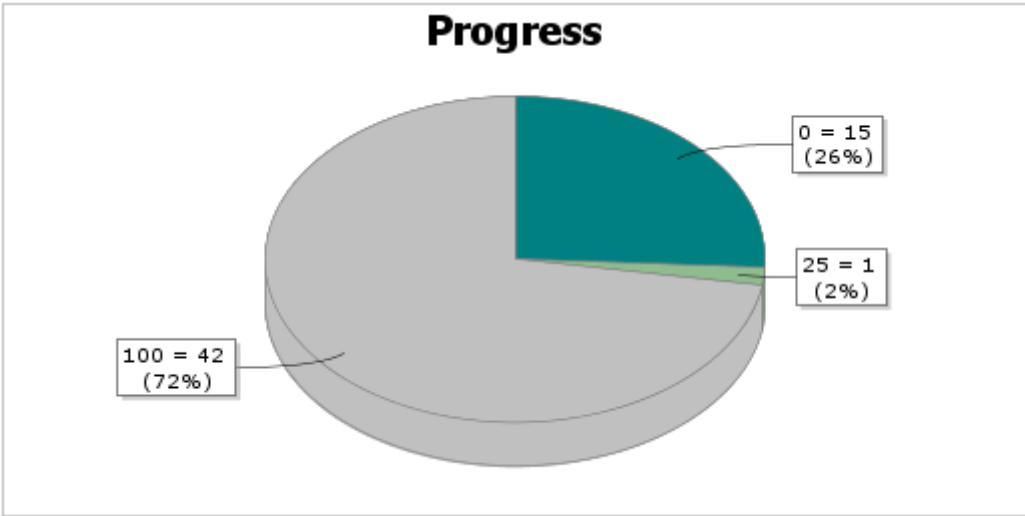
Percentage of Management Actions Agreed 2016/17 Qtr4



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Implementation Review of Agreed Management Actions 2016/17

Quarter 4 1st implementation reviews

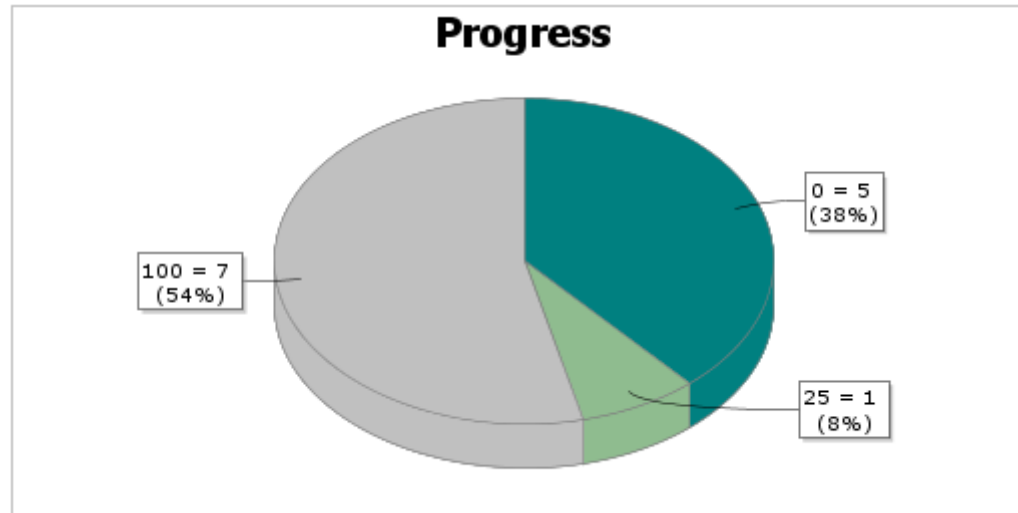


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Audit Recommendation Code & Title	Audit Recommendation Status	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Audit Recommendation Completed Date
1617 IM 2.07 Haven: Chip & Pin Devices		High Priority	<input type="text" value="0%"/>	Reliance on 3rd Party – Internal	1st implementation review completed	
1617 IM 2.15 Spektrix: Data Protection Statement		High Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1617 IM 2.17 Barcode		High Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation	

Audit Recommendation Code & Title	Audit Recommendation Status	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Audit Recommendation Completed Date
Invoices					review completed	
1617 ITP&EC 1.02 GCSx Accounts		High Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1516 ITrent 3.2 Audit log tables		Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1516 ITrent 4.2 System Checker		Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1516 ITrent 6.1 Recovery procedures		Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1516 ITrent 9.1 Contract		Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1617 G&H 1.01 Institution		Medium Priority	<input type="text" value="0%"/>	Reliance on 3rd Party – Internal	1st implementation review completed	
1617 IM 3.01 Fees & Charges		Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1617 IM 3.02 Financial Guidance		Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1617 IM 3.06 VAT		Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1617 ITP&EC 4.01 End of Life Assets		Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1617 ITP&EC 4.02 System Parameters		Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	
1617 ITP&EC 4.03 Disposed Asset Locations		Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	

Quarter 4 2nd implementation reviews



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Audit Recommendation Code & Title	Audit Recommendation Status	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Audit Recommendation Completed Date
1415 R Access 05 Roles & Responsibilities	?	High Priority	0%	Other Higher Priorities	2nd implementation review completed	
1516 PSL 5.02 Monthly Lease Payments	?	High Priority	0%	Other Higher Priorities	2nd implementation review completed	
1415 R Access 01 Contracts/ Agreements	?	Medium Priority	0%	Other Higher Priorities	2nd implementation review completed	
1516 V&L 2.02 Annual Lettings Plan	?	Medium Priority	0%	Other Higher Priorities	2nd implementation review completed	
1516 V&L 6.02 Decant Policy	●	Medium Priority	0%	Other Higher Priorities	2nd implementation review completed	

THURSDAY, 1 JUNE 2017

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

PUBLIC SECTOR INTERNAL AUDIT STANDARDS/QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

EXEMPT INFORMATION

None

PURPOSE

To report on the External Quality Assessment completed to ensure compliance with the Public Sector Internal Audit Standards and the Quality Assurance & Improvement Programme as required by the Public Sector Internal Audit Standards.

RECOMMENDATIONS

That the Committee endorses:

- The External Quality Assessment and the responses to the recommendations made;and
- The Quality Assurance & Improvement Programme.

EXECUTIVE SUMMARY

The Public Sector Internal Audit Standards (PSIAS) came in to force on the 1st April 2013. The Standards require that Internal Audit comply with professional best practice and assess themselves against the requirements on an annual basis and that an External Quality Assessment (EQA) should be completed at least every five years. The EQA has recently been completed and the report is attached at **Appendix 1**. The report identifies areas of good practice as well as identifying some issues and recommendations to enhance the service.

The overall assessment is

RESOURCES

Excelling – Processes in this area are fully embedded within every day practices and reflect best practice that is at least consistent with PSIAS expectations.

COMPETENCY

Established – Processes in this area are embedded within every day practices, the EQA has identified a number of areas in which further development is desirable.

DELIVERY

Established – Processes in this area are embedded within every day practices, the EQA has identified a number of areas in which

further development is desirable.

The report also benchmarks the Internal Audit Service (identified in the report as IASS) against other sectors for overall Resources, Competency and Delivery and includes a more detailed benchmark analysis showing how we compare within Local Government to specific standards. Both benchmark analyses show that the Internal Audit Service achieves above average.

The report details some recommended action for improvements to the Internal Audit Service which have been considered and the appropriate responses are detailed in **Appendix 2**.

Part of the requirement of the PSIAS is for the Head of Internal Audit Services to develop a Quality Assurance & Improvement Programme (QAIP). Under the QAIP, quality should be assessed at both an individual audit engagement level as well as at the broader internal audit level. A well-developed QAIP will ensure that quality is built in to rather than on to, the way internal audit activity operates. In essence, Internal Audit should not need to assess whether each individual engagement conforms to the Standards, but that engagements should be undertaken in accordance with an established methodology that promotes quality and, by default conforms to the Standards.

The QAIP should conclude on the quality of the Internal Audit activity and lead to recommendations for appropriate improvements. It enables an evaluation of:

- Conformance with Definition of Internal Auditing, the Code of Ethics and the Standards;
- The adequacy of the Internal Audit activity's charter, goals, objectives, policies and procedures;
- The contribution to the organisation's governance, risk management and control processes;
- Completeness of coverage of the entire audit universe;
- Compliance with applicable laws, regulations, and government or industry standards to which the Internal Audit activity may be subject;
- The risks affecting the operation of the Internal Audit activity itself;
- The effectiveness of continuous improvement activities and adoption of best practices; and
- Whether the Internal Audit activity adds value, improves the organisation's operations, and contributes to the attainment of objectives.

To achieve comprehensive coverage of all aspects of the Internal Audit activity, a QAIP must effectively be applied at three fundamental levels:

- Internal Audit Engagement Level – self assessment at the Audit Engagement or Operational Level;
- Internal Audit Activity Level – self assessment at the Internal Audit activity or Organisational Level; and
- External Perspective – independent external assessment of the entire Internal Audit activity including Individual Engagements.

Attached as **Appendix 3** is the Quality Assurance & Improvement Programme (QAIP) for the Authority's Internal Audit Service. This gives an overview of the QAIP in place.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

There is a risk that non-compliance with the PSIAS will mean that an effective system of internal control is not in place and therefore we are not complying with the Accounts and Audit (England) Regulations 2015.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 External Quality Assessment

Appendix 2 Responses to the Recommendations from the External Quality Assessment

Appendix 3 Quality Assurance & Improvement Programme

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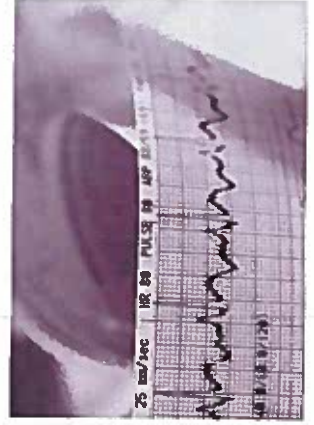


Tamworth Borough Council and Lichfield District Council

Internal Audit Managed Service

External Quality Assessment

March 2017



Purpose of assignment

The Internal Audit services for the Local Authorities of Tamworth Borough Council and Lichfield District Councils are provided by a managed service arrangement which under the leadership of Angela Struthers as Head of Internal Auditor (HoIA), and referred to as Audit Manager at Lichfield DC. The team have responded to the introduction of the Public Sector Internal Audit Standards and have increasingly worked to a common methodology for delivery of internal audit services since becoming a managed service. Performance against the standard has been self-assessed on an annual basis and appropriate reports provided to member authority committee meetings.

The purpose of this review is to provide an external and independent quality review in accordance with standard 1312. We see this as not merely a compliance exercise and have also highlighted aspects of the service that we regard as best practice as well as summarised our thoughts as to where further development can be made to enhance the value of the service being provided.

The teams have significant experience, with a range of relevant qualifications and it has been recognised that there is a need to ensure a consistent approach to delivering assurance, as this is beneficial regarding communication with clients, working practices, reporting and therefore associated supervision and training needs. At a corporate level, this is established through the presence of an Internal Audit Charter, which effectively defines the standards to which the managed service will carry out its work and is supported by a framework of standard templates and accepted processes to which the internal audit team work consistently. This is delivered through the use of Covellant, recognised software used by internal audit services on a global basis.

The report reflects our opinion regarding the services currently provided as measured against the Public Sector Internal Audit Standards (PSIAS), which we trust will be of benefit to individual staff, the team and the local authorities serviced by the Internal Audit Managed Service. Our observations and recommendations have been summarised within categories relating to the Resources, Competency, and Delivery and the team graded as being at one of three stages within each category, grades are related to our opinion as to whether the service is developing, established or excelling.

The outcome has been benchmarked against other provision in both the sector and the wider industry which shows that the team compares favourably with regard to its peers.

The internal audit service has responded to the introduction of the managed service arrangement, in which the two teams are moving towards a common approach that is consistent with the PSIAS.

The significant change within the PSIAS reflects the focus on a requirement to implement a risk based internal audit approach to all aspects of internal audit work – significantly in relation to planning at a strategic and assignment level as well as in reporting. The managed service does adopt a risk based approach through the development of its own risk assessment at a strategic planning level, at an assignment level through recognition of risk register content and in testing schedules, although further development would be beneficial both in terms of recognising inherent risk and in terms of reflecting wider sector risk experience of the internal audit team within audit planning documents and terms of reference.

Both of the Authorities with which the managed service is involved have developing risk management strategies and associated frameworks; as a consequence, it would be beneficial for internal audit to increasingly align its processes with those of the host Authority as this would promote effective communication, structure audit work on 'what really matters' and use risk as the basis for reporting. In this respect, we have recommended that future opinions and recommendations relate directly to established risk definitions within each Authority.

Increasing transparency within the Council systems regarding the inherent risks being faced and upon those assurances available would allow internal audit to clearly define risks and key mitigating controls and therefore provide a robust basis for communication with managers and with other assurance providers, although different perceptions of risk appetite exist within the Councils involved.

The internal audit managed service has benefitted from a period of stability during which staff have remained consistent, although two members of staff are currently on maternity leave and cover is shortly to be considered. The HoIA makes use of external support when appropriate to ensure delivery of internal audit assurance needs, particularly in relation to IT audit. A robust internal audit standard has therefore been maintained and delivered using an experienced team. This has allowed the service to demonstrate compliance with the PSIAS.

Nevertheless with increasing pressures on Council budgets, significant change to service delivery and as a result increasing risk; there is a need for the service to continue to enhance its delivery through greater awareness of the relevance of risk to both the Councils and its own approach, in order to ensure that it focuses on the most appropriate areas and as a result demonstrates that it provides a service that effectively contributes towards the achievement of each Council's objectives.

Compliance with PSIAS

- **Resources**
Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.
- **Competency**
Charter, Internal Audit Manual, Planning and Allocation of staffing, Recruitment (Numbers and skills), Training (Professional and Technical), Appraisal and Development
- **Delivery**
Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

Grading of recommendations

- The grading of recommendations is intended to reflect the relative importance to the relevant standard within the Public Sector Internal Audit Standards (PSIAS).

Recommendation grading	Explanation
Enhance	The internal audit managed service must enhance its practice in order to demonstrate transparent alignment with the relevant PSIAS in order to demonstrate a contribution to the achievement of the organisations objectives in relation to risk management, governance and control.
Review	The internal audit division should review its approach in this area to better reflect the application of the PSIAS.
Consider	The internal audit division should consider whether revision of its approach merits attention in order to improve the efficiency and effectiveness of the delivery of services

- In grading our recommendations, we have considered the wider environment within the Council in terms of both the degree of transformation that is currently taking place as well as our assessment of the level of risk maturity that currently exists as these will have a consequence for the conduct of internal audit planning as well as subsequent communication.



Summary of good practice identified within EQA




Standard	Good practice identified	Observation
1000	An Internal Audit Charter has been established and agreed with each Authority	The Charter is comprehensive and establishes an appropriate framework against which internal audit services can be delivered.
1312	The IASS has conducted annual self assessment exercises resulting in an annual development plan which is agreed by the host authorities.	Demonstrates a process and commitment to continuous improvement which is considered by Audit Committee
2020	Active engagement at officer and member level	Represents the establishment of a good understanding of key issues through interaction with positive feedback from officers.
2030	The IASS routinely assesses its training needs and discusses requirements with the S151 Officer.	This represents a firm basis for the consideration of training and recruitment needs as well as the use of external support
2040	A detailed internal audit manual is in place and is appropriately supported by recognised software	Provides for a consistent methodology, within the IASS this is delivered through a series of templates
2060	Reports are produced using a standard template which is consistently applied. Customer feedback is routinely obtained following conduct of an audit.	Demonstration of a consistent approach for communication which is well received by management and the Audit Committee
2300	Audits are performed using an approach which is consistently applied	This supports a view that the internal audit team understand the standard processes, receive supervision and are effectively trained.
2400	Reports are clear and express opinions in a manner that is understood by stakeholders. Reports containing more significant recommendations are presented to operational management meetings where felt appropriate	Reports are produced on a timely basis, with summaries being produced for Audit Committee attention



Resources



Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

	Issue identified	Recommended action
1	No observations	

	Issue identified	Recommended action
1	<p>Internal Audit Planning</p> <p>Whilst internal audit planning is being increasingly based upon a risk model as required by the PSIAS, the process largely depends at present on an assessment devised by internal audit, rather than reflecting wider risk issues identified by each Council.</p> <p>The analysis uses different definitions of risk impact to those approved within each Council's risk management strategy.</p> <p>There should be a direct and identified link between the internal audit plan content discussed with Management and the Audit Committees and the risk based reasoning for inclusion of the assignment in the audit plan as the plan finally approved should focus on the perceived needs of all parties for independent assurance regarding key policies, procedures, controls and assurances upon which the Council relies.</p> <p>In turn this should drive the preparation of the terms of reference for each assignment.</p> <p>The focus for assignments can therefore be shown to directly relate to the value of the 'control risk' and as a result an opinion based upon the robustness of the controls and assurances available to management and the Council.</p> <p>Tamworth BC and Lichfield DC both use an annual 'Managers Assurance Statement' process to support the Governance Statement.</p>	<p>a. Audit Plans should be constructed through using an audit needs assessment process which achieves the objectives of the service as set out in the Internal Audit Charter. The audit planning process should be designed to reflect the assurance needs of each Council through transparent alignment with the Council wide approach to risk management. </p> <p>b. The internal audit planning process should further identify and document other sources of assurance that are available and upon which Councils can place reliance, which may be available if formally recorded within the annual Governance process. </p> <p>c. The starting point for the development of the Terms of Reference is a preliminary discussion with management regarding the inherent and residual risks relevant to the audit area under review. This process could be more robust. It may aid assignment planning, if the management objectives for the area under review were also identified.</p> <p>This should result in the formation of a direct link with the Authority's risk register and the key mitigating controls highlighted, thereby aiding the understanding and ability of members of the Audit Committee to contribute to the assurance agenda. </p>

Competency continued


	Issue identified	Recommended action
2	<p>Approval of internal audit plans Current arrangements provide for the Audit Committee to 'receive, but not direct' the internal audit plan; this importantly retains the independence of internal audit.</p>	<p>The HoIA should continue to observe priorities that are discussed at Audit Committee and reflect on the degree to which attention should be given to these within the developing risk based planning process.</p>
3	<p>Audit Manual The internal audit manual represents a comprehensive record of the practices to be followed by internal audit staff and aligns with the PSIAS. Instruction regarding the use of Covalent also exists in a form which reflects a user guide. The significant emphasis of the PSIAS reflects the use of a risk based approach to internal audit work and in this respect it is felt that greater alignment with the risk management policies and appetite of the client local authorities would be beneficial.</p>	<p>a. The internal audit manual should be updated to reflect greater alignment with the risk management policies of the client authorities particularly in relation to the various aspects relating to planning and reporting (grading of recommendations and opinions) that have been identified within the EQA.</p>
4	<p>Performance and Development Review (PDR) The annual performance review of the Head of Internal Audit Services is to be undertaken by the line manager as S151 Officer at Tamworth Borough Council in accordance with the approved policy.</p>	<p>The PDR process should be informed by inviting the S151 Officer at Lichfield District Council and the Chairs of the two Audit Committees to provide input to the process.</p>

	Issue identified	Recommended action
1.	<p>Assignment Planning The service currently initiates each audit through engagement with management which provides for creation of Terms of Reference; this is then shared with management as an agreed basis for the audit.</p> <p>At present red priority recommendations are determined and laid in down in the pre meet document , albeit these are not necessarily aligned directly to the Councils risk management system.</p> <p>The assignment is then structured around a framework of expected controls and which is loosely related to risks which have been considered with management.</p>	<p>Internal audit working papers should focus on major risks to the Council that have been identified and discussed with the auditee; this should include an assessment of the inherent risks in each area (regardless of whether these are specifically recorded with the risk management system).</p> <p>Terms of Reference should be constructed based upon the principal risks identified and not expected controls. This will allow the audit to naturally reflect assurance regarding the risks identified within the 'Control Matrix'.</p> <p>The service should also seek to identify and record the other assurances available at an early stage in each assignment as this will aid staff when formulating an overall opinion.</p> <p>An example template is provided at Appendix A. </p>
2	<p>Focus on pre-identified controls Assignments are currently undertaken by reference to controls; there is a tendency for these to reflect KLOE based controls or those from previous audit work rather than be generated to reflect the materiality of the current risk involved. The service has more recently commenced consideration of wider risk aspects relating to the area subject to review.</p>	<p>The use of risk as a basis for the control matrix will allow auditors to focus on the key controls and assurances which reflect the most material control risk to the area under review.</p> <p>The service should continue to develop pre-audit communication with management to focus on significant risk and key controls. </p>

	Issue identified	Recommended action
3.	<p>Control Matrix templates Assignments commence with meetings with officers at which information is gathered relating to how the system works.</p> <p>The control matrix then contains a record of the information including actual controls. The manner and detail in which these notes are made varies considerably from 'brief to 'comprehensive'.</p> <p>Recording sufficient evidence is an important aspect of internal audit work however extremes are to be avoided if both professional standards and expectations regarding efficiency/effectiveness are to be realised.</p>	<p>Recording the system in note form and the essential detail of interviews is regarded as good practice.</p> <p>The managed service should discuss what is expected in terms of best local practice and provide appropriate instruction to staff regarding required practices.</p>
4	<p>Supervision Demonstration of effective supervision is necessary in order to both ensure the quality of the review and provide appropriate instruction to staff regarding the delivery of the internal audit methodology.</p> <p>Whilst it is recognised that the staff can consult each other regarding progress on work a common, formal and consistent process should exist in order to demonstrate supervision as each audit progresses.</p>	<p>The managed services should utilise the functionality of the Covalent software to provide a documented trail of supervision throughout the audit and cross reference to discussions and correspondence by email; in addition to the formal record that currently exists when approving the draft report.</p>
5	<p>Closing meetings At present the draft audit report is used as a basis for an exit meeting with management.</p>	<p>The HoIA should consider whether in using production of the draft report as the basis for the exit meeting, Auditors should scan in any notes taken as part of the exit meeting in order to support and evidence production and finalisation of the report.</p>

	Issue identified	Recommended action
6	<p>Audit Opinions - Recommendations</p> <p>These are currently developed and assessed by each internal auditor, prior to release of the draft report and which include a grading of the recommendations being made. Different grading structures are used by internal audit at the two Councils.</p> <p>The basis for grading of recommendations should influence the overall opinion for each audit directly, for example if a risk falling into a definition of the highest impact category is identified (potential for death, loss greater than £500k) then the assurance level given is reduced. Any risk of this nature should automatically trigger a negative audit opinion of 'limited assurance'.</p> <p>Aligning the grading of internal audit recommendations with the impact/likelihood gradings within the Councils risk management system provides a consistent understanding of the relative importance of findings within both the internal audit team and those being audited.</p> <p>At present the service prefers to retain a basis which provides flexibility for the CIA to determine the grading of the recommendations being made and the overall opinions. This does however lead to inconsistencies with regard to grading of recommendations and overall assurance opinions.</p>	<p>a) Risk definitions used by internal audit should be developed to reflect the risk appetite within each organisation, and the definitions of impact and likelihood used by the Council. Explanation of the use of these gradings should be included in all reports.</p> <p>It is recognised best practice to use terminology such as High, Medium and Low or Fundamental, Significant and Merits Attention and perhaps support this with RAG rated colours linked to the Council's risk management system.</p> <p>These should be used by each internal auditor to grade the recommendation and discuss the level of risk to which the organisation is exposed with each auditee at the exit meeting.</p> <p>b) Consideration should be given to removing the need to include 'low' rated recommendations in formal audit reports at Lichfield DC; alternatively reflecting on these in discussion at the closure meeting and confirmed in a side letter or email to the manager. This would aid the profile of internal audit through concentrating on things that really matter in relation to significant risk as defined within risk management policies.</p>

	Issue identified	Recommended action
7	<p>Audit Opinions - Overall opinions</p> <p>These are currently based upon the personal judgement of each auditor, within the definitions specified as relating and subject to review by the supervisor and CIA of the draft report prior to release.</p> <p>The overall opinion is based on the aggregate of the opinions on the control objectives and not the level of risk identified.</p> <p>Wider best practice provides for three levels of opinion being substantial, adequate (reasonable) or limited as this provides a clear indication to stakeholders of the level of assurance that can be gained. This opinion can then be aligned directly with the nature of the risks being identified and the grading of those recommendations being made.</p>	<p>a) The grading of reports should be based upon the level of risk exposure identified within the review and reflect the highest ranked recommendation being reported upon.</p> <p>Best practice would reflect:</p> <ul style="list-style-type: none"> - Where a fundamental risk (red) is identified that limited assurance is given. - Where significant risks (amber) are identified then adequate assurance is given, and - Where 'merits attention' (green) risks are identified these are not referred to in the report and substantial assurance is given. <p>Provide example as Appendix C.</p> <p>b) Reducing the levels of opinion to three at both Councils would provide a clearer indication of the assurance being provided and represent a more straight-forward and consistent approach for internal audit staff to administer.</p>

	Issue identified	Recommended action
9	<p>Annual Report The CIA produces an Annual Internal Audit report which summarises the years work and includes analysis of performance. The opinion should reflect a format that takes account of all information and sources of assurance available to the AM and therefore: <i>'must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board'.</i></p> <p>The report for Lichfield District Council in 2015/16 recorded: <i>"Based on the findings of our work undertaken during the year, our overall opinion on the soundness of the governance, risk management and control arrangements is that it was adequately controlled. The overall opinion for each review conducted is given in Appendices C and D, attached to this report; areas for improvement were identified in a number of reviews and action plans agreed.</i></p> <p>At Tamworth Borough Council the opinion was expressed as: <i>"Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion on the control environment for this quarter is the "reasonable" assurance can be given."</i></p> <p>Whilst this reflects a better position it could be beneficially structured to meet the requirements of the PSIAS.</p>	<p>In alignment with recommendations made earlier, the internal audit plan should be constructed to provide an explicit link to risk and the other assurances available so that the AM is able to provide wider assurance to each Authority in support of the governance statement.</p> <p>Best practice is that the Annual Report should also contain reference to all significant risks and therefore co-ordination with and an understanding of issues being raised by the range of assurance sources available is essential in order to meet this broader scope.</p> <p>An example of the words which may be used has been provided in Appendix B.</p> 

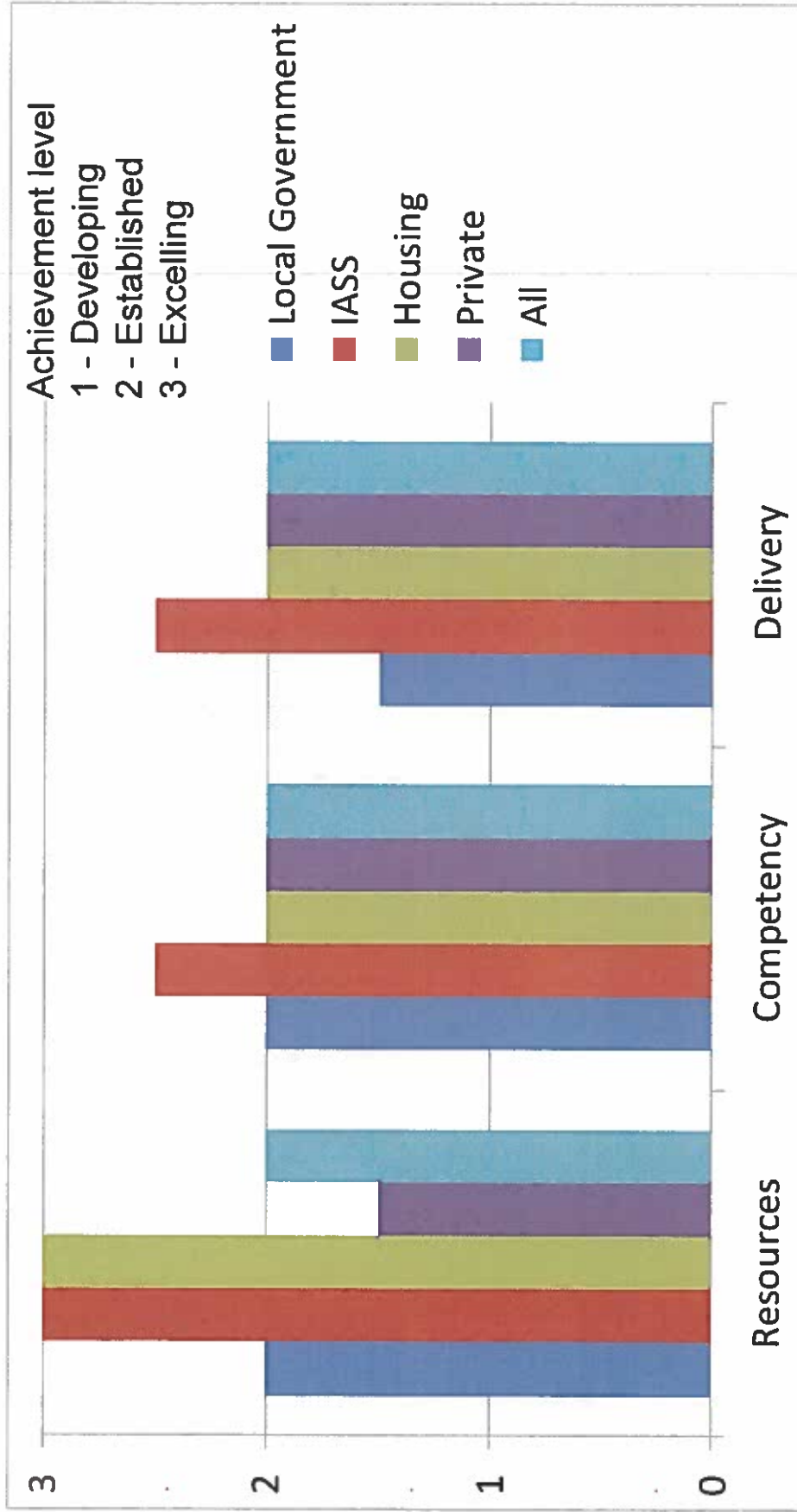
Question	A	B
Purpose	✓	✓
Understanding of Council requirements	✓	✓
Adequate assurance provided	✓	✓
Independence with contact outside of meetings	✓	✓
Status	✓	✓
Experience, skills and effective communication	✓	✓
Effective performance	✓	✓
Effective planning and priorities	✓	✓
Other relevant observations		

- a) Good contact with S151 on a regular basis
- b) Regular contact with departments and Senior Managers
- c) Assurance levels have been questioned by Audit Committee
- d) Involvement of Audit Committee in planning would be seen to be beneficial

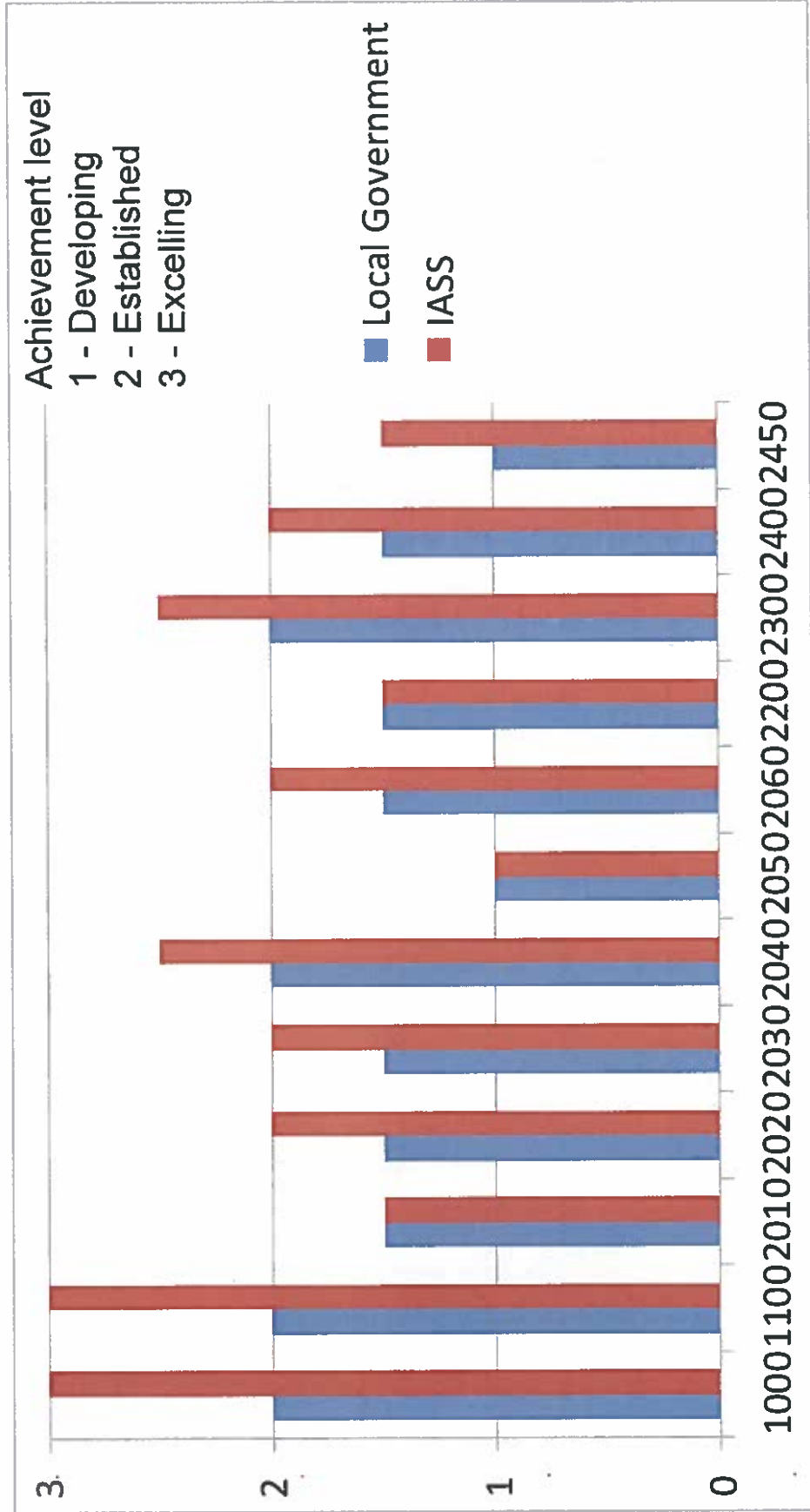
Overall assessment

1	RESOURCES		Excelling – Processes in this area are fully embedded within every day practices and reflect best practice that is at least consistent with PSIAS expectations.	
2	COMPETENCY		Established – Processes in this area are embedded within every day practices, the EQA has identified a number of areas in which further development is desirable.	
3	DELIVERY		Established – Processes in this area are embedded within every day practices, the EQA has identified a number of areas in which further development is desirable.	

Benchmarking Sector analysis



Benchmarking Industry analysis



Key PSIAS Standards assessed

(for benchmarking purposes)

Standard	Focus
1000	<p>Purpose, Authority and Responsibility</p> <p>The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.</p>
1100	<p>Independence and Objectivity</p> <p>The internal audit activity must be independent, and internal auditors must be objective in performing their work.</p>
2010	<p>Planning</p> <p>The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.</p>
2020	<p>Communication and approval</p> <p>The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.</p>
2030	<p>Resource Management</p> <p>The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.</p>
2040	<p>Policies</p> <p>The chief audit executive must establish policies and procedures to guide the internal audit activity.</p>
2050	<p>Co-ordination</p> <p>The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.</p>
2060	<p>Reporting</p> <p>The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.</p>
2200	<p>Engagement planning</p> <p>Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.</p>
2300	<p>Work programme</p> <p>Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.</p>
2400	<p>Communicating results</p> <p>Internal auditors must communicate the results of engagements</p>
2450	<p>Overall opinions</p> <p>When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.</p>

Conclusion

- The internal audit provision within Tamworth Borough Council and Lichfield District Council complies with the expectations of the Public Sector Internal Audit Standards.
- The introduction of the managed service has benefited both Councils and receives positive feedback from Executive Management.
- There are a number of areas in which the service can be further improved in relation to the use of risk based auditing which will provide increased levels of assurance to the Councils and assist in improving its profile and the subsequent feedback that is received from clients:
 - the service should continue to move to an approach that reflects full recognition of the risk factors recognised by the Councils both at a strategic planning level and when conducting assignments.
 - the use of opinions should be reviewed to better reflect the risk appetite of the Council and should reflect identification and escalation of recommendations graded as significant that match risk definitions graded as 'red' or 'amber' within the various risk management systems.
 - the Annual Report of the Chief Internal Auditor should be enhanced to reflect assurance related to awareness of the significant risks being faced by the Council.
- The further development of risk management systems within both Councils to reflect an Assurance Framework would enable greater recognition of key mitigating controls and the other sources of assurance with which internal audit effort should be co-ordinated in order to support the Governance Statements process.
- Some revisions to the internal audit processes may be beneficial in terms of improving efficiency and transparency of the assurance being provided.



Appendix A



Client
Assignment
Audit Year:

Assignment Brief

Audit Ref:

<p>Management Objective for the System</p>	<p>Key Risks: Identified from the Risk Register, discussed with management & knowledge base</p>	<p>Key Controls (to mitigate risk) To include expected controls, those identified through discussion with client and documentation of associated</p>	<p>Conclusion: in terms of mitigations and effective mitigation of the risk identified</p>	<p>Report Audience</p>
1				
2				
3				
4				
<p>Audit Approach</p>				

Example wording for positive annual opinion

- As the internal audit service provider to the organisation, I am required as the Head of Internal Audit to provide the organisation and the Chief Executive with a statement on the adequacy and effectiveness of the organisation's risk management, control and governance processes.
- In giving an opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the organisation is a reasonable assurance there are no major weaknesses in the organisation's risk management, control and governance processes.
- In assessing the level of assurance to be given, the following have been taken into account::
 - All audits undertaken during the year;
 - Any follow-up action taken in respect of audits from previous periods;
 - Significant recommendations not accepted by management or acted upon and the consequent risks;
 - The effects of any significant changes in the organisation's objectives or systems;
 - Matters arising from previous reports to the organisation;
 - Any limitations which may have been placed on the scope of internal audit;
 - The extent to which resources constraints may impinge on the Head of Internal Audit's ability to meet the full audit needs of the organisation;
 - What proportion of the organisation's audit need has been covered to date; and
 - The results of work performed by other assurance providers including the work of the financial statement auditors (if applicable).
- We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the organisation's risk management, control and governance processes.
- Overall in our opinion, based upon the reviews performed during the year, the organisation:
 - has adequate and effective risk management arrangements;
 - has adequate and effective governance; and
 - has adequate and effective control processes.

Appendix C

- an example 'Basis for opinions'

KEY FOR RECOMMENDATIONS (IN RELATION TO THE SYSTEM REVIEWED)

Fundamental (F)	- The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan. In the Authorities Risk Management Policy this approximates to the risk grading - intolerable .
Significant (S)	- Attention to be given to resolving the position as the organisation may be subject to significant risks. In the Authorities Risk Management Policy this approximates to the risk grading - significant .
Merits Attention (MA)	- Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness. In the Authorities Risk Management Policy this approximates to the risk grading - operational .

ASSURANCE LEVELS

OVERALL OPINION (ASSURANCE)	FRAMEWORK OF CONTROL	APPLICATION OF CONTROL	EXPLANATION	TYPICAL INDICATORS
Substantial (Positive opinion)	Good	Good	The control framework is robust, well documented and consistently applied therefore managing the business critical risks to which the system is subject.	There are no fundamental or significant recommendations attributable to either the Framework or Application of Control.
Adequate (Positive opinion)	Good	Adequate	As above however the audit identified areas of non-compliance which detract from the overall assurance which can be provided and expose areas of risk.	There are no fundamental recommendations surrounding the Framework of Control; coupled with no fundamental and no more than two significant recommendations attributable to the Application of those controls.
Limited (Negative opinion)	Adequate	Good	The control framework was generally considered sound but with areas of improvement identified to further manage the significant risk exposure; controls were consistently applied.	There are no fundamental recommendations attributable to the Framework of Control.
	Adequate	Adequate	As above however the audit identified areas of non-compliance which expose the organisation to increased levels of risk.	There are no fundamental recommendations attributable to the Framework and Application of Control.
	Good / Adequate	Weak	As above however the extent of non-compliance identified prevents the Framework of Control from achieving its objectives and suitably managing the risks to which the organisation is exposed.	There are more than two significant recommendations attributable to the Application of Controls.
	Weak	Good / Adequate	The control framework despite being suitably applied is insufficient to manage the risks identified.	There are more than two significant recommendations attributable to the Framework of Controls.
	Weak	Weak	Both the Framework of Control and its Application are poorly implemented and therefore fail to mitigate the business critical risks to which the organisation is exposed.	There are fundamental recommendation(s) attributable to either or both the Framework and Application of Controls which if not resolved are likely to have an impact on the organisations sustainability.

Responses to Recommendations from the External Quality Assessment

Generated on: 11 May 2017

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
<p>Page 261 Competency</p>	<p>Audit Planning</p> <p>Whilst internal audit planning is being increasingly based upon a risk model as required by the PSIAS, the process largely depends at present on an assessment devised by internal audit; rather than reflecting wider risk issues identified by each Council. The analysis uses different definitions of risk impact to those approved within each Council's risk management strategy. There should be a direct and identified link between the internal audit plan content discussed with Management and the Audit Committees and the risk based reasoning for inclusion of the assignment in the audit plan as the plan finally approved should focus on the perceived needs of all parties for independent assurance regarding key policies, procedures, controls and assurances upon which the Council relies. In turn this should drive the preparation of the terms of reference for each assignment. The focus for assignments can therefore</p>	<p>Audit Plans should be constructed through using an audit needs assessment process which achieves the objectives of the service as set out in the Internal Audit Charter. The audit planning process should be designed to reflect the assurance needs of each Council through transparent alignment with the Council wide approach to risk management.</p>	<p>Medium Priority</p>	<p>Agreed.</p> <p>Where risk registers are in place, they are included in the audit needs assessment. It is recognised that this is the correct way to assess the audit needs, but until all risk registers are in place, this cannot be achieved. This is a long term objective to improve risk registers.</p>	<p>31-Mar-2019</p>	<p>Angela Struthers</p>

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
	<p>be shown to directly relate to the value of the 'control risk' and as a result an opinion based upon the robustness of the controls and assurances available to management and the Council.</p> <p>Tamworth BC and Lichfield DC both use an annual 'Managers Assurance Statement' process to support the Governance Statement.</p>					
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 262</p> <p>Competency</p>	<p>Audit Planning</p> <p>Whilst internal audit planning is being increasingly based upon a risk model as required by the PSIAS, the process largely depends at present on an assessment devised by internal audit; rather than reflecting wider risk issues identified by each Council.</p> <p>The analysis uses different definitions of risk impact to those approved within each Council's risk management strategy.</p> <p>There should be a direct and identified link between the internal audit plan content discussed with Management and the Audit Committees and the risk based reasoning for inclusion of the assignment in the audit plan as the plan finally approved should focus on the perceived needs of all parties for independent assurance regarding key policies, procedures, controls and assurances upon which the Council relies.</p> <p>In turn this should drive the preparation</p>	<p>The internal audit planning process should further identify and document other sources of assurance that are available and upon which Councils can place reliance, which may be available if formally recorded within the annual Governance process.</p>	<p>Medium Priority</p>	<p>Agreed.</p> <p>Other assurance sources identified are recorded on the audit needs assessment. Will review the assurance gathering process for the Annual Governance Statement to ensure that additional sources of assurance are identified.</p>	<p>31-Mar-2018</p>	<p>Angela Struthers</p>

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
	<p>of the terms of reference for each assignment.</p> <p>The focus for assignments can therefore be shown to directly relate to the value of the 'control risk' and as a result an opinion based upon the robustness of the controls and assurances available to management and the Council.</p> <p>Tamworth BC and Lichfield DC both use an annual 'Managers Assurance Statement' process to support the Governance Statement.</p>					
<p>Page 263</p> <p>Competency</p>	<p>Audit Planning</p> <p>Whilst internal audit planning is being increasingly based upon a risk model as required by the PSIAS, the process largely depends at present on an assessment devised by internal audit; rather than reflecting wider risk issues identified by each Council.</p> <p>The analysis uses different definitions of risk impact to those approved within each Council's risk management strategy.</p> <p>There should be a direct and identified link between the internal audit plan content discussed with Management and the Audit Committees and the risk based reasoning for inclusion of the assignment in the audit plan as the plan finally approved should focus on the perceived needs of all parties for independent assurance regarding key policies, procedures,</p>	<p>The starting point for the development of the Terms of Reference is a preliminary discussion with management regarding the inherent and residual risks relevant to the audit area under review.</p> <p>This process could be more robust. It may aid assignment planning, if the management objectives for the area under review were also identified.</p> <p>This should result in the formation of a direct link with the Authority's risk register and the key</p>	<p>Medium Priority</p>	<p>Agreed.</p> <p>Risks are identified on the prelim audit assessment and the audit pre meet document.</p> <p>Whilst some risk based audits are being completed, it is recognised these need to increase. The audit templates will be changed to show the risks to the area being audited rather than control objectives</p>	<p>31-Mar-2018</p>	<p>Angela Struthers</p>

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
Page 264	controls and assurances upon which the Council relies. In turn this should drive the preparation of the terms of reference for each assignment. The focus for assignments can therefore be shown to directly relate to the value of the 'control risk' and as a result an opinion based upon the robustness of the controls and assurances available to management and the Council. Tamworth BC and Lichfield DC both use an annual 'Managers Assurance Statement' process to support the Governance Statement.	mitigating controls highlighted, thereby aiding the understanding and ability of members of the Audit Committee to contribute to the assurance agenda.				
	Approval of Internal Audit Plans Current arrangements provide for the Audit Committee to 'receive, but not direct' the internal audit plan; this importantly retains the independence of internal audit.	The HoIA should continue to observe priorities that are discussed at Audit Committee and reflect on the degree to which attention should be given to these within the developing risk based planning process.	Medium Priority	Agreed. Already in place		Angela Struthers
	Audit Manual The internal audit manual represents a comprehensive record of the practices to be followed by internal audit staff and aligns with the PSIAS. Instruction regarding the use of Covalent also exists in a form which reflects a user guide.	The internal audit manual should be updated to reflect greater alignment with the risk management policies of the client authorities particularly in relation to the various aspects	Low Priority	Agreed The manual will be updated to reflect the risk management policy	31-Mar-2018	Angela Struthers

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
	The significant emphasis of the PSIAS reflects the use of a risk based approach to internal audit work and in this respect it is felt that greater alignment with the risk management policies and appetite of the client local authorities would be beneficial.	relating to planning and reporting (grading of recommendations and opinions) that have been identified within the EQA.				
Competency	Performance and Delivery Review (PDR) The annual performance review of the Head of Internal Audit Services is to be undertaken by the line manager as S151 Officer at Tamworth Borough Council in accordance with the approved policy.	The PDR process should be informed by inviting the S151 Officer at Lichfield District Council and the Chairs of the two Audit Committees to provide input to the process.	Low Priority	Not agreed This will be too complicated to complete		
Delivery	Assignment Planning The service currently initiates each audit through engagement with management which provides for creation of Terms of Reference; this is then shared with management as an agreed basis for the audit. At present red priority recommendations are determined and laid in down in the pre meet document , albeit these are not necessarily aligned directly to the Councils risk management system. The assignment is then structured around a framework of expected controls and which is loosely related to risks which have been considered with management.	Internal audit working papers should focus on major risks to the Council that have been identified and discussed with the auditee; this should include an assessment of the inherent risks in each area (regardless of whether these are specifically recorded with the risk management system). Terms of Reference should be constructed based upon the principal risks	Medium Priority	Agreed The terms of reference will be updated to reflect this	31-May-2017	Angela Struthers

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
Page 266		<p>identified and not expected controls. This will allow the audit to naturally reflect assurance regarding the risks identified within the 'Control Matrix'.</p> <p>The service should also seek to identify and record the other assurances available at an early stage in each assignment as this will aid staff when formulating an overall opinion.</p> <p>An example template is provided at Appendix A.</p>				
Delivery	<p>Focus on Pre-identified Controls</p> <p>Assignments are currently undertaken by reference to controls; there is a tendency for these to reflect KLOE based controls or those from previous audit work rather than be generated to reflect the materiality of the current risk involved. The service has more recently commenced consideration of wider risk aspects relating to the area subject to review.</p>	<p>The use of risk as a basis for the control matrix will allow auditors to focus on the key controls and assurances which reflect the most material control risk to the area under review. The service should continue to develop pre-audit communication with management to focus on significant risk and</p>	Medium Priority	<p>Agreed</p> <p>Development in this area will continue</p>	31-May-2017	Angela Struthers

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
		key controls.				
Delivery Page 267	<p>Control Matrix Templates</p> <p>Assignments commence with meetings with officers at which information is gathered relating to how the system works. The control matrix then contains a record of the information including actual controls. The manner and detail in which these notes are made varies considerably from 'brief' to 'comprehensive'. Recording sufficient evidence is an important aspect of internal audit work however extremes are to be avoided if both professional standards and expectations regarding efficiency/effectiveness are to be realised.</p>	<p>Recording the system in note form and the essential detail of interviews is regarded as good practice. The managed service should discuss what is expected in terms of best local practice and provide appropriate instruction to staff regarding required practices.</p>	Medium Priority	<p>Agreed</p> <p>This will be reviewed to ensure that the most efficient and sufficient detail is recorded</p>	31-Aug-2017	Angela Struthers
Delivery	<p>Supervision</p> <p>Demonstration of effective supervision is necessary in order to both ensure the quality of the review and provide appropriate instruction to staff regarding the delivery of the internal audit methodology. Whilst it is recognised that the staff can consult each other regarding progress on work a common, formal and consistent process should exist in order to demonstrate supervision as each audit progresses.</p>	<p>The managed services should utilise the functionality of the Covalent software to provide a documented trail of supervision throughout the audit and cross reference to discussions and correspondence by email; in addition to the formal record that currently exists when approving the draft report.</p>	Low Priority	<p>Agreed</p> <p>The current practice will be increased to take into account intermediate supervision</p>	31-May-2017	Angela Struthers

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
Delivery	<p>Closing Meetings</p> <p>At present the draft audit report is used as a basis for an exit meeting with management.</p>	<p>The HoIA should consider whether in using production of the draft report as the basis for the exit meeting, Auditors should scan in any notes taken as part of the exit meeting in order to support and evidence production and finalisation of the report.</p>	Low Priority	<p>Agreed</p> <p>The draft report is used as the basis for the exit meeting. The notes taken here will be scanned and attached to the audit file</p>	31-May-2017	Angela Struthers
Page 268 Delivery	<p>Audit Opinions - Recommendations</p> <p>These are currently developed and assessed by each internal auditor, prior to release of the draft report and which include a grading of the recommendations being made. Different grading structures are used by internal audit at the two Councils.</p> <p>The basis for grading of recommendations should influence the overall opinion for each audit directly, for example if a risk falling into a definition of the highest impact category is identified (potential for death, loss greater than £500k) then the assurance level given is reduced. Any risk of this nature should automatically trigger a negative audit opinion of 'limited assurance'.</p> <p>Aligning the grading of internal audit recommendations with the</p>	<p>Risk definitions used by internal audit should be developed to reflect the risk appetite within each organisation, and the definitions of impact and likelihood used by the Council.</p> <p>Explanation of the use of these gradings should be included in all reports.</p> <p>It is recognised best practice to use terminology such as High, Medium and Low or Fundamental, Significant and Merits Attention and perhaps support this with RAG rated colours linked to</p>	Medium Priority	<p>Not Agreed</p> <p>The grading of recommendations is included in the pre-audit brief. High, medium and low priority are built into the audit system. An enhancement request has been made to the software supplier to also include the RAG rated colours. The risk appetites within the risk management system are felt to be too far from the audit recommendations and as such the majority of the recommendations will be low and therefore not followed up. The risk management appetites will be reviewed in line with the audit recommendations</p>	31-Mar-2018	Angela Struthers

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
	<p>impact/likelihood gradings within the Councils risk management system provides a consistent understanding of the relative importance of findings within both the internal audit team and those being audited.</p> <p>At present the service prefers to retain a basis which provides flexibility for the CIA to determine the grading of the recommendations being made and the overall opinions. This does however lead to inconsistencies with regard to grading of recommendations and overall assurance opinions.</p>	<p>the Council's risk management system. These should be used by each internal auditor to grade the recommendation and discuss the level of risk to which the organisation is exposed with each auditee at the exit meeting.</p>		assessment and aligned		
<p>Page 269</p> <p>Delivery</p>	<p>Audit Opinions - Recommendations</p> <p>These are currently developed and assessed by each internal auditor, prior to release of the draft report and which include a grading of the recommendations being made. Different grading structures are used by internal audit at the two Councils.</p> <p>The basis for grading of recommendations should influence the overall opinion for each audit directly, for example if a risk falling into a definition of the highest impact category is identified (potential for death, loss greater than £500k) then the assurance level given is reduced. Any risk of this nature should automatically trigger a negative audit opinion of 'limited assurance'.</p> <p>Aligning the grading of internal audit</p>	<p>Consideration should be given to removing the need to include 'low' rated recommendations in formal audit reports at Lichfield DC; alternatively reflecting on these in discussion at the closure meeting and confirmed in a side letter or email to the manager. This would aid the profile of internal audit through concentrating on things that really matter in relation to significant risk as defined within risk</p>	Low Priority	<p>Agreed</p> <p>Already implemented</p>	10-May-2017	Angela Struthers

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
Page 270 Delivery	<p>recommendations with the impact/likelihood gradings within the Councils risk management system provides a consistent understanding of the relative importance of findings within both the internal audit team and those being audited.</p> <p>At present the service prefers to retain a basis which provides flexibility for the CIA to determine the grading of the recommendations being made and the overall opinions. This does however lead to inconsistencies with regard to grading of recommendations and overall assurance opinions.</p>	management policies.				
	<p>Audit Opinions - Overall Opinions</p> <p>These are currently based upon the personal judgement of each auditor, within the definitions specified as relating and subject to review by the supervisor and CIA of the draft report prior to release.</p> <p>The overall opinion is based on the aggregate of the opinions on the control objectives and not the level of risk identified.</p> <p>Wider best practice provides for three levels of opinion being substantial, adequate (reasonable) or limited as this provides a clear indication to stakeholders of the level of assurance that can be gained. This opinion can then be aligned directly with the nature of the risks being identified and the</p>	<p>The grading of reports should be based upon the level of risk exposure identified within the review and reflect the highest ranked recommendation being reported upon. Best practice would reflect:</p> <ul style="list-style-type: none"> - Where a fundamental risk (red) is identified that limited assurance is given. - Where significant risks (amber) are identified then adequate assurance 	Medium Priority	<p>Not agreed</p> <p>The current practice reflects an acceptable approach</p>		Angela Struthers

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
	grading of those recommendations being made.	is given, and - Where 'merits attention' (green) risks are identified these are not referred to in the report and substantial assurance is given. Provide example as Appendix C.				
Page 271 Delivery	<p>Audit Opinions - Overall Opinions</p> <p>These are currently based upon the personal judgement of each auditor, within the definitions specified as relating and subject to review by the supervisor and CIA of the draft report prior to release.</p> <p>The overall opinion is based on the aggregate of the opinions on the control objectives and not the level of risk identified.</p> <p>Wider best practice provides for three levels of opinion being substantial, adequate (reasonable) or limited as this provides a clear indication to stakeholders of the level of assurance that can be gained. This opinion can then be aligned directly with the nature of the risks being identified and the grading of those recommendations being made.</p>	Reducing the levels of opinion to three at both Councils would provide a clearer indication of the assurance being provided and represent a more straight-forward and consistent approach for internal audit staff to administer.	Low Priority	<p>Not agreed</p> <p>The four opinions are felt to be acceptable. Lichfield District Council's opinions have been reduced from 5 to 4</p>		Angela Struthers
Delivery	<p>Annual Report</p> <p>The CIA produces an Annual Internal</p>	In alignment with recommendations made earlier, the	High Priority	<p>Agreed</p> <p>The suggested opinion will be</p>	31-May-2017	Angela Struthers

PSIAS Compliance Area	Findings	Recommendation	Priority	Management Response	Implementation Date	Assigned To
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 272</p>	<p>Audit report which summarises the years work and includes analysis of performance. The opinion should reflect a format that takes account of all information and sources of assurance available to the AM and therefore: 'must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board'. The report for Lichfield District Council in 2015/16 recorded: "Based on the findings of our work undertaken during the year, our overall opinion on the soundness of the governance, risk management and control arrangements is that it was adequately controlled. The overall opinion for each review conducted is given in Appendices C and D, attached to this report; areas for improvement were identified in a number of reviews and action plans agreed. At Tamworth Borough Council the opinion was expressed as: "Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion on the control environment for this quarter is the "reasonable" assurance can be given." Whilst this reflects a better position it could be beneficially structured to meet the requirements of the PSIAS.</p>	<p>internal audit plan should be constructed to provide an explicit link to risk and the other assurances available so that the AM is able to provide wider assurance to each Authority in support of the governance statement. Best practice is that the Annual Report should also contain reference to all significant risks and therefore co-ordination with and an understanding of issues being raised by the range of assurance sources available is essential in order to meet this broader scope. An example of the words which may be used has been provided in Appendix B</p>		used		

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Internal Audit Services Quality Assurance & Improvement Programme

1 Introduction

Internal Audit's Quality Assurance Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders (the Board, Senior Management, the External Auditor and Operational Managers etc) that Internal Audit:

- Conforms with the Definition of Internal Auditing, the Code of Ethics and the Standards;
- Has an adequate Internal Audit Activity's Charter, Goals, Objectives, Policies and Procedures;
- Contributes to the organisation's governance, risk management and control processes
- Has complete coverage of the audit universe
- Complies with applicable laws, regulations and other standards that the internal audit activity may be subject to
- Has identified the risks affecting the operation of the internal audit activity itself
- Has an effective continuous improvement activity in place and adopts best practice
- Adds value to improve the organisations operations and contributes the attainment of the organisation's objectives.

The Chief Audit Executive (CAE) is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including consultancy. The QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments must be undertaken at least once every five years.

The QAIP is reviewed on an annual basis.

2 Internal Assessments

Internal Assessments are made up of both ongoing reviews and periodic reviews.

Ongoing reviews

Ongoing reviews provide assurance that the processes in place are working effectively to ensure that quality is delivered on an audit by audit basis. This includes continuous monitoring of:

- Engagement planning and supervision (preapproval of the audit scope, innovative best practices, budgeted hours, and assigned staff),
- Standard working practices (including working paper procedures, sign off, report review, checklists to ensure that the audit process has been followed)
- Feedback from other clients and stakeholders
- Analysing performance metrics to measure audit plan completion and stakeholder value.

Periodic reviews

Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Standards, Definition of Internal Auditing, the Code of Ethics, the quality of the audit work and supervision, policies and procedures supporting the internal audit activity, the added value to the organisation and the achievement of performance standards.

Periodic assessments will be conducted through:

- Working paper reviews for conformance to the definition of Internal Auditing, the Code of Ethics, the Standards, and internal audit policies and procedures
- Self-assessment of the internal audit activity with objectives established as part of the QAIP components – Governance, Professional Practice and Communication
- Review of internal audit performance measures and benchmarking of best practices. Periodic activity and performance reporting to the board and other stakeholders as deemed necessary.
- Annual self-review of conformance to the PSIAS.

The periodic self assessment should identify the quality of ongoing performance and opportunities for improvement and to check and validate the objectives and criteria used in the QAIP. The self assessment will be completed on an annual basis and the results reported to the Board and Senior Management.

3 External Assessment

The External Assessment will consist of a broad scope of coverage that includes the following:

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, and Internal Audit's Charter, plans, policies, procedures, practices, and any applicable legislative and regulatory requirements
- Expectations of Internal Audit as expressed by the Board and Senior Management
- Integration of the Internal Audit activity into the governance process
- The mix of staff knowledge, experiences, and disciplines, including use of tools and techniques, and process improvements
- A determination whether Internal Audit adds value and improves the Council's operations.

An external assessment will be conducted every five years by a qualified, independent assessor from outside the Council. The assessment will be in the form of a full external assessment, or a self-assessment with independent external validation. The format of the external assessment will be agreed with the Board.

4 Assessment Scale

The scale to assess the level of conformance of the Internal Audit activity with the standards is as follows:

Generally Conforms/Partially Conforms/Does Not Conform
(IIA Quality Assessment Manual Scale)

5 Reporting on the Quality Program

Internal Assessments – reported to the Board and Senior Management on an annual basis. The internal assessment report will be accompanied by a written action plan in response to significant findings and recommendations contained in the report.

External Assessments – reported to the Board and Senior Management. The external assessment report will be accompanied by a written action plan in response to significant findings and recommendations contained in the report.

Follow up – The CAE will implement appropriate follow up actions to ensure that recommendations made in the reports and action plans developed are implemented in a reasonable timeframe.

Quality Assurance & Improvement Programme			
Ongoing Monitoring of Performance			
Activity	Frequency	Responsibility	Reporting
Review of the audit universe to ensure complete	Annual	Head of Internal Audit Services	N/A
Identification of risks affecting the operation of the Internal Audit Service	Quarterly	Head of Internal Audit Services	N/A
Review of audit engagements	Each engagement	Head of Internal Audit Services/Principal Auditor	N/A
Progress against the audit plan	Monthly	Head of Internal Audit Services/Principal Auditor	Quarterly report to Audit & Governance Committee
Progress against Key Performance Indicators	Quarterly	Head of Internal Audit Services	Quarterly report to Audit & Governance Committee
Discuss performance of internal audit activity	Monthly	Head of Internal Audit Services and Executive Director Corporate Services	Annual report to Audit & Governance Committee
Customer survey/questionnaire	For each engagement	Principal Auditor	Annual report to Audit & Governance Committee
Review of Internal Audit Charter, goals, policies & procedures	Annual	Head of Internal Audit Services	Annual report to Audit & Governance Committee
Personal Development Review	Annual	Appropriate line manager	Documentation to HR
Continuous improvement activity and adoption of best practice	Continuous	Head of Internal Audit Services/Principal Auditor	Annual report to the Audit & Governance Committee
Identification of added value to the authority's operations	Continuous	Head of Internal Audit Services/Principal Auditor	Annual report to the Audit & Governance Committee

Periodic Self Assessments			
Self assessment against the Public Sector Internal Audit Standards (PSIAS)	Annual	Head of Internal Audit Services	Annual report to the Audit & Governance Committee
Compliance with applicable laws, regulations and other standards that the Internal Audit activity may be subject to	Continuous review	Head of Internal Audit Services	Report to Audit & Governance Committee when applicable
Benchmarking review of Internal Audit Services	Every 3 years	Head of Internal Audit Services	Report to Audit & Governance Committee
External Assessments			
Assessment against the PSIAS	Every 5 years	Head of Internal Audit Services and external reviewer	Report to the Audit & Governance Committee

THURSDAY 1 JUNE 2017

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

RISK MANAGEMENT UPDATE 2016/17

EXEMPT INFORMATION

None

PURPOSE

To report on the Risk Management process and progress to date for the current financial year.

RECOMMENDATIONS

That the Committee:

- 1 Endorses the Corporate Risk Register and Risk Management Plan update.**

EXECUTIVE SUMMARY

One of the functions of the Audit & Governance Committee is to monitor the effectiveness of the authority's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management. Corporate risks are identified and managed and monitored by the Corporate Management Team (CMT) on a quarterly basis. Corporate risks have been assigned to relevant members of the Corporate Management Team. Through regular review, risks may be added or removed from the Corporate Risk Register. The Corporate Risk Register is attached as **Appendix 1** for information.

Work is continually completed by Internal Audit with Service Units to ensure that the operational risk register entries are aligned to the corporate risks. This will also identify areas where operational risk registers need to be updated to ensure that operationally, the corporate risks are managed. The Risk Management Action Plan for 2016/17 is attached as **Appendix 2** and shows status to date.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services ex 234

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 – Corporate Risk Register
















Appendix 2 – Risk Management Action Plan 2016/17

















Corporate Risk Register 2016/17

Report Type: Risks Report

Report Author: Angela Struthers

Generated on: 17 May 2017

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
Corporate Risk Register 2016/17	-- enter risk details here --					
Medium Term Financial Planning & Sustainability Strategy	Loss of Funding and Financial Stability & application of uncertainties of Brexit		12 major - likely		8 major - unlikely	16-May-2017
Reputation	Damage to Reputation		9 serious-likely		4 significant-unlikely	16-May-2017
Governance & Regulatory Failure	Failure to achieve adequate Governance Standards and statutory responsibilities		9 serious-likely		4 significant-unlikely	16-May-2017
Partnership Working and Supply Chain Challenges	Failure in partnership working, shared services or supply chain		9 serious-likely		4 significant-unlikely	16-May-2017
Emergency & Crisis Response Threats	Failure to manage an external or internal emergency/disaster situation		9 serious-likely		4 significant-unlikely	16-May-2017
Economic Changes	Failure to plan and adapt services to economic changes within the community		6 serious-unlikely		3 serious-very unlikely	16-May-2017
Information Management &	Failure to secure and manage data and IT infrastructure		12 major - likely		6 serious-unlikely	16-May-2017


Risk Title	Risk Description	Gross Risk	– Assessment	Current Risk	– Assessment	Last Review Date
Information Technology						
Loss of Community Cohesion	Failure to achieve community cohesion		12 major – likely		9 serious–likely	16–May–2017
Workforce Planning Challenges	Failure to manage workforce planning challenges		9 serious–likely		4 significant–unlikely	16–May–2017
Health & Safety	Failure to manage Health & Safety		12 major – likely		6 serious–unlikely	16–May–2017
Corporate Change	Failure to manage corporate change		4 significant–unlikely		4 significant–unlikely	16–May–2017
Safeguarding Children & Vulnerable Adults	Failure to safeguard children and vulnerable adults		12 serious – very likely		9 serious–likely	16–May–2017
Inability to manage the impact corporately of the Government Austerity measures and new legislative requirements	Inability to manage the impact corporately of the Government Austerity measures and new legislative requirements		16 major – very likely		8 major – unlikely	16–May–2017
Taxi Licences	Taxi Licensing process not followed, giving rise to licenses being issued to persons who are not fit and proper		12 major – likely		4 major – very unlikely	21–Feb–2017
Implementation of response to GDPR Legislation	General Data Protection Regulations (GDPR) coming into effect in May 2018 resulting in significant change for the organisation, including substantial penalties for failing to adhere and breaches		12 major – likely		8 major – unlikely	17–Mar–2017


Risk Management Action Plan 2016/17


Report Type: Actions Report


Report Author: Angela Struthers

Generated on: 17 May 2017






Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM1	Risk Management Policy		<div style="width: 100%;"><div style="width: 100%; background-color: #4f81bd; color: white; text-align: center;">100%</div></div>	30-Sep-2016	05-Jan-2017	Angela Struthers
Description	Risk Management Policy Review					
All Notes	Angela Struthers 03-Aug-2016 1st review of policy completed.					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM2	Risk Management Training		<div style="width: 0%;"><div style="width: 0%; background-color: #4f81bd; color: white; text-align: center;">0%</div></div>	31-Mar-2017		Angela Struthers
Description	Roll out of e-learning risk management module					
All Notes	Angela Struthers 16-May-2017 No further action completed - delayed due to roll out of new system.					
All Notes	Angela Struthers 05-Jan-2017 Delayed due to roll out of other modules					
All Notes	Angela Struthers 28-Jul-2016 Roll out of e-learning module delayed due to purchase of upgraded package by HR. Will need to evaluate and test to see if the training we have written can be migrated to the new system.					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM3	Opportunities Risk Register		<div style="width: 50%;"><div style="width: 50%; background-color: #4f81bd; color: white; text-align: center;">50%</div></div>	31-Mar-2017		Angela Struthers
Description	Introduce an opportunities risk register					
All Notes	Angela Struthers 16-May-2017 To be rolled out with the training					
All Notes	Angela Struthers 28-Jul-2016 A work around has been achieved so that an opportunities risk register can be recorded on the Covalent system. An opportunities risk matrix has been set up and will be rolled out for use in relevant areas. Guidance on it use has been reviewed and updated					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM4	Benchmarking Action Plan		<div style="width: 50%;"><div style="width: 50%; background-color: #4f81bd; color: white; text-align: center;">50%</div></div>	31-Mar-2017		Angela Struthers
Description	Review the action plan arising from the benchmarking results and look at the viability of implementing actions					

All Notes	Angela Struthers 17-May-2017 Analysis to be completed and reported to the next Audit & Governance Committee
	Angela Struthers 05-Jan-2017 Benchmarking completed and results received beginning of January 2017. Analysis to be completed to identify improvements

Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

Audit & Governance Committee Self Assessment 2016/17

	Area	Yes	No	Part
1	Terms of Reference			
1.1	Have the Committee's terms of reference been approved by the full Council and do they follow the CIPFA model?	✓		
1.2	Does the Committee report to the directly to the Full Council on an annual basis?	✓		
2	Internal Audit Process			
2.1	Does the Committee approve the strategic audit approach and the annual programme?	✓		
2.2	Is the performance of Internal Audit reviewed regularly?	✓		
2.3	Are summaries of quality questionnaires on the work of Internal Audit from managers reviewed?	✓		
2.4	Does the Committee receive the Internal Annual Report which includes an opinion and information on conformance with the Public Sector Internal Audit Standards?	✓		
2.5	Does the Committee ensure that officers are acting on and monitoring action taken to implement recommendations?	✓		
3	External Audit Process			
3.1	Are reports on the work of External Audit and other inspection agencies presented to the committee?	✓		
3.2	Does the Committee input into the external audit programme?	✓		
3.3	Does the Committee monitor management actions in response to the issues raised by the External Auditor?	✓		

	Area	Yes	No	Part
4	Regulatory Framework			
4.1	Does the Committee take a role in overseeing <ul style="list-style-type: none"> • Risk management strategies and the actions taken to manage the risks • Annual Governance Statement • Counter-fraud arrangements – including the Counter Fraud Policy and Whistleblowing Policy • Financial Guidance – including Financial Regulations & Contract Standing Orders • Constitution • Complaints handling/ombudsman's report • RIPA Policy and updates? 	✓ ✓ ✓ ✓ ✓ ✓ ✓		
5	Accounts			
5.1	Does the Committee take a role in overseeing the annual statement of accounts?	✓		
6	Standards of Conduct			
6.1	Does the Committee exercise all the functions of the Council relating to Codes of Conduct as provided by the Localism Act 2011 except for those that may only be exercised by Full Council?	✓		
7	Membership			
7.1	Has the membership of the committee been formally agreed and a forum set?	✓		
7.2	Is the chair free from executive or scrutiny (chair) functions?	✓		
7.3	Are members sufficiently independent of the other key committees of the council?	✓		

	Area	Yes	No	Part
7.4	Have all members' skills and experiences been assessed and training given for identifying gaps? Individual assessments felt to be useful and to include all members. AS to email out to all members			✓
7.5	Can the committee access other committees as necessary?	✓		
8	Meetings			
8.1	Does the committee meet regularly?	✓		
8.2	Are separate, private meetings held with the external auditor and internal auditor? Can be completed when appropriate	✓		
8.3	Are meetings free and open without political influence being displayed?	✓		
8.4	Are decisions reached promptly?	✓		
8.5	Are agenda papers circulated in advance of meetings to allow adequate preparation by members?	✓		
8.6	Does the committee have the benefit of attendance of appropriate officers at its meetings?	✓		
8.7	Can special meetings be organised to allow a quick response to emergencies?	✓		
8.8	Does External Audit regularly attend meetings and update members on their progress/external audit issues?	✓		
9	Training			
9.1	Is induction training provided to members? Induction training provided to new members	✓		
9.2	Is more advanced training available as required?	✓		

	Area	Yes	No	Part
10	Administration			
10.1	Does the authority's s151 officer or deputy attend meetings?	✓		
10.2	Are key officers available to support the committee?	✓		
10.3	Do reports to the Committee communicate relevant information at the right frequency and in a format that is effective?	✓		

PLANNED REPORTS TO AUDIT AND GOVERNANCE COMMITTEE 2017 - 2018

	Report	Committee Date	Report Of	Comments
1	Role of the Audit Committee	June	Grant Thornton	Presentation/training
2	Audit and Governance Committee Update	June	Grant Thornton	
3	Fee Letter	June	Grant Thornton	
4	Review of the Constitution and Scheme of Delegation for Officers	June	Solicitor to the Council and Monitoring Officer	
5	RIPA Quarterly Report	June	Solicitor to the Council and Monitoring Officer	
6	Members/Standards x 2	June	Solicitor to the Council and Monitoring Officer	
7	Internal Audit Annual and Quarterly Update	June	Head of Internal Audit	
8	Public Sector Internal Audit Standards/Quality Assurance and Improvement Programme	June	Head of Internal Audit	
9	Financial Guidance	June	Head of Internal Audit	
10	Annual Governance Statement and Code of Corporate Governance	June	Head of Internal Audit	

1	Audit Findings Report	July	Grant Thornton	
2	Management Representation Letter	July	Grant Thornton	
3	Annual Statement of Accounts	July	Executive Director Corporate Services	
4	Annual Treasury Outturn	July	Executive Director Corporate Services	
5	RIPA Quarterly Report	July	Solicitor to the Council and Monitoring Officer	
6	Risk Management Quarterly Update	July	Head of Internal Audit	
7	Counter and Corruption Fraud Update	July	Head of Internal Audit	
8	Internal Audit Customer Satisfaction Survey	July	Head of Internal Audit	
9	Internal Audit Quarterly Update	July	Head of Internal Audit	
1	Local Government Ombudsman's Annual Review and Report 2016/17	September	Solicitor to the Council and Monitoring Officer	
1	RIPA Quarterly Update	October	Solicitor to the Council and Monitoring Officer	
2	Internal Audit Quarterly Update	October	Head of Internal Audit	
3	Risk Management Quarterly Update	October	Head of Internal Audit	

4	Annual Governance Statement Update	October	Head of Internal Audit	
1	Audit Report on Certification Work	February	Grant Thornton	
2	Audit Progress Report	February	Grant Thornton	
3	Annual Audit Letter	February	Grant Thornton	
4	RIPA Quarterly Report	February	Monitoring Officer Solicitor to the Council and	
5	Internal Audit Quarterly Update	February	Head of Internal Audit	
6	Risk Management Quarterly Update	February	Head of Internal Audit	
7	Counter Fraud Update	February	Head of Internal Audit	
1	Draft Audit Plan	March	Grant Thornton	
2	Draft Certification Work Plan	March	Grant Thornton	
3	Audit Committee Update	March	Grant Thornton	
4	Auditing Standards	March	Grant Thornton	
5	Informing the Audit Risk Assessment	March	Grant Thornton	
6	Review of the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement	March	Executive Director Corporate Services	

	and the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report			
7	Final Accounts – Action Plan	March	Director of Finance	
8	Internal Audit Charter and Audit Plan	March	Head of Internal Audit	
9	Audit and Governance Committee Self-Assessment	March	Head of Internal Audit	
10	Review of Financial Guidance	March	Head of Internal Audit	

The Portfolio Holder for Assets and Finance