



Borough of Tamworth

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AUDIT AND GOVERNANCE COMMITTEE

6 February 2019

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 14th February, 2019 at 6.00 pm.** Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'AJS', followed by a long horizontal line extending to the right.

CHIEF EXECUTIVE

A G E N D A

NON CONFIDENTIAL

- 1 Minutes of the Previous Meeting (Pages 5 - 8)**
- 2 Minutes of Meetings of Sub-Committee (Pages 9 - 16)**

To receive and approve the Minutes of the Standards Sub-Committee meetings dated 22 October 2018 and 21 November 2018

- 3 Apologies for Absence**
- 4 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.

- 5 Audit Report on Certification Work** (Pages 17 - 20)
(Report of the External Auditors)
- 6 Audit Plan** (Pages 21 - 36)
(Report of the External Auditors)
- 7 Risk Management Quarterly Report** (Pages 37 - 80)
(Report of the Assistant Director Finance)
- 8 Internal Audit Update Report 2018/19 Quarter 3** (Pages 81 - 98)
(Report of the Head of Audit & Governance)
- 9 Regulation of Investigatory Powers Act 2000** (Pages 99 - 102)
(Report of the Assistant Director Partnerships)
- 10 Audit and Governance Committee Timetable** (Pages 103 - 106)
(Discussion Item)

Access arrangements

If you have any particular access requirements when attending the meeting, please contact Democratic Services on 01827 709267 or e-mail democratic-services@tamworth.gov.uk. We can then endeavour to ensure that any particular requirements you may have are catered for.

Filming of Meetings

The public part of this meeting may be filmed and broadcast. Please refer to the Council's Protocol on Filming, Videoing, Photography and Audio Recording at Council meetings which can be found [here](#) for further information.

The Protocol requires that no members of the public are to be deliberately filmed. Where possible, an area in the meeting room will be set aside for videoing, this is normally from the front

of the public gallery. This aims to allow filming to be carried out whilst minimising the risk of the public being accidentally filmed.

If a member of the public is particularly concerned about accidental filming, please consider the location of any cameras when selecting a seat.

FAQs

For further information about the Council's Committee arrangements please see the FAQ page [here](#)

To Councillors: M Summers, R Kingstone, R Claymore, C Cooke, J Faulkner, M Gant
and M Greatorex

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MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 25th OCTOBER 2018

PRESENT: Councillor M Summers (Chair), Councillors R Claymore, C Cooke, J Faulkner, M Gant and M Greatorex

Officers Angela Struthers (Head of Audit & Governance), Stefan Garner (Executive Director Finance), Joanne Sands (Assistant Director Partnerships) and Lynne Pugh (Assistant Director Finance)

Visitors John Gregory

32 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 26th July 2018 were approved and signed as a correct record.

(Moved by Councillor C Cooke and seconded by Councillor M Summers)

33 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor R Kingstone

34 REGULATION OF INVESTIGATORY POWERS ACT 2000

The Chair changed the order of business in the agenda, Moving item 9 up.

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

RESOLVED That Audit and Governance Committee:

Endorsed the RIPA monitoring report for the quarter to 30 September 2018.

Agreed move to information only if nil report

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

35 DECLARATIONS OF INTEREST

There were no declarations of Interest.

**36 MEMBER TRAINING - ROLE OF THE AUDIT AND GOVERNANCE
COMMITTEE**

The role of the Audit and Governance Committee was presented to the Committee by Mr J Gregory on Behalf of Grant Thornton (External Auditor) It was also mentioned that this would be the last meeting he would be attending and will be replaced by Mr P Jones.

The Audit and Governance Committee Thanked Mr Gregory for his work.

37 ANNUAL AUDIT LETTER 2017-2018

The Annual Audit Letter 2017/18 of Grant Thornton (External Auditor) was considered.

RESOLVED: That Members endorsed the Annual Audit Letter for Tamworth Borough Council .

*(Moved by Councillor M Summers and seconded by
Councillor M Gant)*

38 AUDIT PROGRESS REPORT

RESOLVED: The progress report was presented to members by Grant Thornton and discussion followed.

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

**39 ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND
ACTUAL PRUDENTIAL INDICATORS 2017/18**

The Executive Director Finance Presented the Annual Report on the Treasury Management Service and Actual Prudential Indicators 2017/18 approved by Council on 11th September 2018

RESOLVED That Members:

Considered the Annual Report on the Treasury

Management Service and Actual Prudential Indicators 2017/18, as detailed at Annex 1, and highlighted any proposed changes for recommendation to Cabinet

(Moved by Councillor M Gant and seconded by Councillor R Claymore)

40 RISK MANAGEMENT QUARTERLY UPDATE

The Assistant Director Finance reported on the Risk Management process and progress to date for the current financial year.

RESOLVED That the Committee:

Endorsed the Corporate Risk Register

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

41 LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW

The Executive Director People advised the committee of the contents of the Local Government and Social Care Ombudsman's Annual Report Letter for the year ended 31st March 2018 in relation to complaints against the Council

RESOLVED That the Committee:

endorsed the Annual Review Letter and summary of complaints, enquiries and decisions made

(Moved by Councillor C Cooke and seconded by Councillor M Greatorex)

42 INTERNAL AUDIT UPDATE REPORT 2018/19 QUARTER 2

The Head of Audit and Governance reported on the outcome of Internal Audit's review of the Internal Control, Risk Management and Governance framework in the 2nd quarter of 2018/19 – 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.

RESOLVED: That the Members considered the report and requested

that an update was provided on the reported implementation reviews to the next meeting.

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

43 COUNTER FRAUD UPDATE

The Head of Audit and Governance provided members with an update on the Counter Fraud work completed to date during the 2018/19 financial year.

RESOLVED

That the Committee:

Considered this report and had no issues to raise

Endorsed the Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes (Appendix 1).

Endorsed the Whistleblowing Policy (Appendix 2)

Endorsed the Fraud Risk Register summary (Appendix 3)

(Moved by Councillor M Summers and seconded by Councillor M Greatorex)

44 AUDIT AND GOVERNANCE COMMITTEE TIMETABLE

The Committee reviewed and agreed the timetable.

Chair



**MINUTES OF A MEETING OF THE
STANDARDS SUB COMMITTEE, AUDIT AND
GOVERNANCE COMMITTEE
HELD ON 22nd OCTOBER 2018**

PRESENT: Councillors R Claymore, C Cooke and J Faulkner and M Summers

Officers Angela Struthers (Head of Audit & Governance), Ryan Keyte (Head of Legal & Democratic Services) and Jo Hutchison (Democratic and Elections Officer)

Attendees the Councillor's Representative, the Independent Person, Angela Wakefield (the Legal Adviser to the Sub-Committee), Stuart Evans (the Independent Investigator) and the Councillor.

28 APPOINTMENT OF CHAIR

RESOLVED that Councillor Summers be appointed as Chair.

(Moved by Councillor Faulkner and seconded by Councillor Summers).

29 APOLOGIES FOR ABSENCE

There were no apologies for absence.

30 DECLARATIONS OF INTEREST

For openness and transparency Councillor C Cooke reported that the Councillor's Representative was a relative, however, he did not consider that this affected his impartiality nor amounted to a conflict of interest.

The Legal Adviser to the Sub Committee reported that it was a matter for each individual Councillor to decide whether or not he had an interest and provided that Councillor Cooke can assure the meeting that he had an open mind, there was no reason why he could not be present for this procedural meeting.

Accordingly Councillor Claymore left the meeting as her attendance as reserve was not required.

31 EXCLUSION OF THE PRESS AND PUBLIC

Councillor Cooke requested the Legal Adviser's view on excluding the press and public and proceeding to hold the meeting in private. The Sub Committee was advised that it was incumbent on the authority to weigh in the balance whether or not it was in the public interest to hold the meeting in public notwithstanding the fact that there was the ability to hold the meeting in private. This was a matter which the members were entitled to vote on.

RESOLVED: That members of the press and public be now excluded from the meeting on the grounds that the business involves the likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended)

(Moved by Councillor Summers and seconded by Councillor Faulkner)

32 STANDARD COMPLAINT AGAINST COUNCILLOR

Report of the Deputy Monitoring Officer and Head of Legal and Democratic Services which submitted for the Sub Committee's attention the Councillor's representative's "Procedural Issues of Concern" document plus attachments, the Council's response plus attachments and the Independent Investigators report.

RESOLVED That the Sub Committee made the following recommendations:

That Council create a mechanism to automatically refer standards complaints to Audit & Governance after a period of one year from the date of complaint if not resolved.

That submissions from the Councillor's representative be considered during the annual review of the Constitution.

That advice be given by the Complaints Procedure that representation could be given by whomever the subject member wishes.

(Moved by Councillor Summers and seconded by Councillor Cooke)

RESOLVED That, in terms of the directions to be given to the next Committee, both parties be given opportunities to make submissions verbally at the Committee and have the opportunity to be asked and ask questions of those present.

(Moved by Councillor Summers and seconded by Councillor Faulkner)

Chair

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**MINUTES OF A MEETING OF THE
AUDIT & GOVERNANCE STANDARDS
SUB-COMMITTEE
HELD ON 21st NOVEMBER 2018**

PRESENT: Councillors C Cooke, J Faulkner and M Summers and R Claymore (reserve)

ATTENDEES: Mr C Cooke Snr (the Councillor's Representative), Mr S Orton (the Independent Person), Angela Wakefield (the Legal Adviser to the Sub-Committee), Stuart Evans (the Independent Investigator) and Councillor R Bilcliff.

The following officers were present: Ryan Keyte (Head of Legal & Democratic Services) and Jo Hutchison (Democratic and Elections Officer)

1 APPOINTMENT OF CHAIR

RESOLVED that Councillor Summers be appointed as Chair.

(Moved by Councillor Faulkner and seconded by Councillor Summers).

2 APOLOGIES FOR ABSENCE

There were no apologies for absence.

3 DECLARATIONS OF INTEREST

For openness and transparency Councillor C Cooke reported that the Councillor's Representative was a relative, however, he did not consider that this affected his impartiality nor amounted to a conflict of interest.

Accordingly the reserve, Councillor Claymore, was not required and therefore she did not take any part in the meeting.

4 EXCLUSION OF THE PRESS AND PUBLIC

The Chair reported that representations had been received to hold the meeting in public.

Accordingly the Chair proposed that, in this instance, the following motion to exclude the Press and the Public not be moved.

That in accordance with the provisions of the Local Authorities (Executive Arrangements) (Meeting and Access to Information) (England) Regulations 2012, and Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1 and 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

(The above motion was not moved)

5 STANDARD COMPLAINT AGAINST COUNCILLOR

Report of the Deputy Monitoring Officer and Head of Legal and Democratic Service to bring before for the Sub Committee a complaint in respect of the conduct of Councillor Bilcliff.

The following decisions were unanimous and made in consultation with the Independent Person.

RESOLVED that:

- Councillor Bilcliff was acting in his official capacity;
- Councillor Bilcliff gave the impression of acting as a Councillor according to the Livingstone test;
- Councillor Bilcliff breached the following principles of the Members' Code of Conduct:
 - Principle 5** – Councillor Bilcliff had not exercised independent judgement as he had propagated the views of those who would seek to undermine confidence in the democratic system;
 - Principle 6** – Councillor Bilcliff did not adequately respond to advice from the Monitoring Officer and acted dismissively;
 - Principle 7** – Councillor Bilcliff had not been accountable for his decision to post the meme online;
 - Principle 10** – Councillor Bilcliff did not engage with Council officers, particularly the Monitoring Officer and devalued and undermined the work of Council staff and officers;
 - Principle 11** – Councillor Bilcliff did not treat Tamworth Borough Council staff that were part of the democratic process with respect;
 - Principle 12** – by virtue of the breaches of the above principles, Councillor Bilcliff had failed to provide leadership in the manner prescribed by the Members' Code of Conduct
- Having found a breach of the Code of Conduct, the Sub-Committee made the following decisions that:

- a) the findings in respect of the member's conduct be published;
- b) the Sub-Committee report its findings to full Council for information;
- c) it be recommended to full Council that Councillor Bilcliff be issued with a formal censure or be reprimanded.

Chair

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Dear Stefan

Certification work for Tamworth Borough Council for the year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by Tamworth Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments Ltd (PSAA) took on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit subsidy claim for the financial year 2017/18 relating to subsidy claimed of £18.7 million. Further details are set out in Appendix A.

We identified several issues from our certification work which we wish to highlight for your attention. There was one error from the extended testing that we carried out on this year's subsidy return, which recurred from 2016/17. The extrapolated financial impact on the claim, which we have reported to the DWP, was relatively insignificant compared to the total subsidy receivable.

As a result of the errors identified, the claim was amended and qualified, and we reported our findings to the DWP. The DWP may require the Council to undertake further work or to provide assurances on the errors we have identified.

The indicative fee for 2017/18 for the Council was based on the actual 2015/16 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by PSAA for the Council for 2017/18 was £11,074. This is set out in more detail in Appendix B.

Yours sincerely

Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2017/18

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£18,699,071	Yes	(£2)	Yes	See below

Findings from certification of housing benefits subsidy claim

Claimant income

We identified one error where assessors had incorrectly calculated claimants' earned income from evidence provided in respect of claims in receipt of HRA rent rebates. We found 1 error out of 49 cases tested, leading to an extrapolated overpayment of £90.

Recommended actions for officers

We recommend that the Council, as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing.

Appendix B: Fees for 201718 certification work

Claim or return	2015/16 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£11,074	£11,074	£11,074	£nil	N/A
Total	£11,074	£11,074	£11,074	£nil	N/A

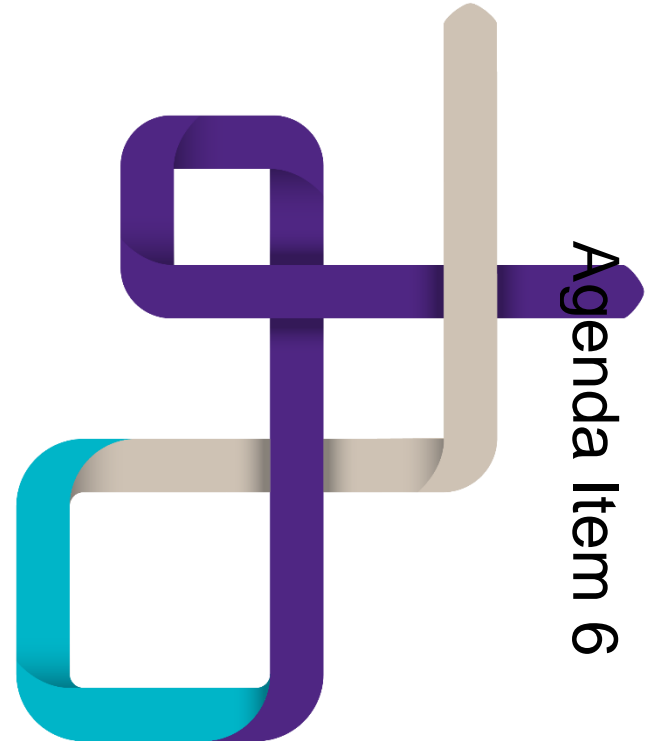
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External Audit Plan

Year ending 31 March 2019

Tamworth Borough Council
February 2019

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

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Tamworth Borough Council ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Tamworth Borough Council. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based. We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of land and buildings, both PPE and Investment Properties
- Valuation of the pension fund net liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £1,100k (PY £1,129k) for the Authority, which equates to 1.95% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £55k (PY £56k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- Financial sustainability

Audit logistics

Our interim visits will take place in February and March 2019 and our final visit will take place in June 2019. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £38,375 (PY: £49,838) for the Authority, subject to the Authority meeting our requirements set out on page 11.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents.

At a national level, the government continues its negotiation with the EU over Brexit, and future arrangements remain clouded in uncertainty. The Authority will need to ensure that it is prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.

Financial Pressures

Tamworth is forecasting a general fund underspend of £0.9m and a HRA underspend of £0.2m for 2018/19.

The Council has historically set and met balanced budgets, however pressures are unlikely to ease in coming years, due to ongoing financial challenge in the public sector, and particularly as the circumstances surrounding Brexit will start to take shape, and the Council must adapt to any impact this has on grant funding and the economy.

The draft medium term financial plan shows significant use of general fund reserves over the coming years.

Commercialisation

The scale of investment activity by local authorities has increased in recent years as they seek to maximise income generation. These investments are often discharged through a company, partnership or other investment vehicle.

In future years the Authority will need to ensure that any commercial activity is presented appropriately, in compliance with the CIPFA Code of Practice and statutory framework, and that any borrowing to finance these activities is compliant with CIPFA's Prudential Code.

Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

Our response

We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.

We will consider whether your financial position leads to material uncertainty about the going concern of the Authority and will review related disclosures in the financial statements.

We will consider your arrangements relating to decision making and business planning as part of our work in reaching our Value for Money conclusion.

We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.

As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Management override of controls</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 25</p>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
<p>The revenue cycle includes fraudulent transactions</p>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including the Authority, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for Tamworth Borough Council.</p>

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Valuation of land and buildings</p>	<p>The Authority revalue PPE land and buildings on a rolling five-yearly basis, and investment properties every year.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus and investment assets) at the financial statements date, where not all assets are valued in the financial year.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • communicate with the valuer to confirm the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • test revaluations made during the year to see if they had been input correctly into the Authority's asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.
<p>Valuation of the pension fund net liability</p>	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£41 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

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Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

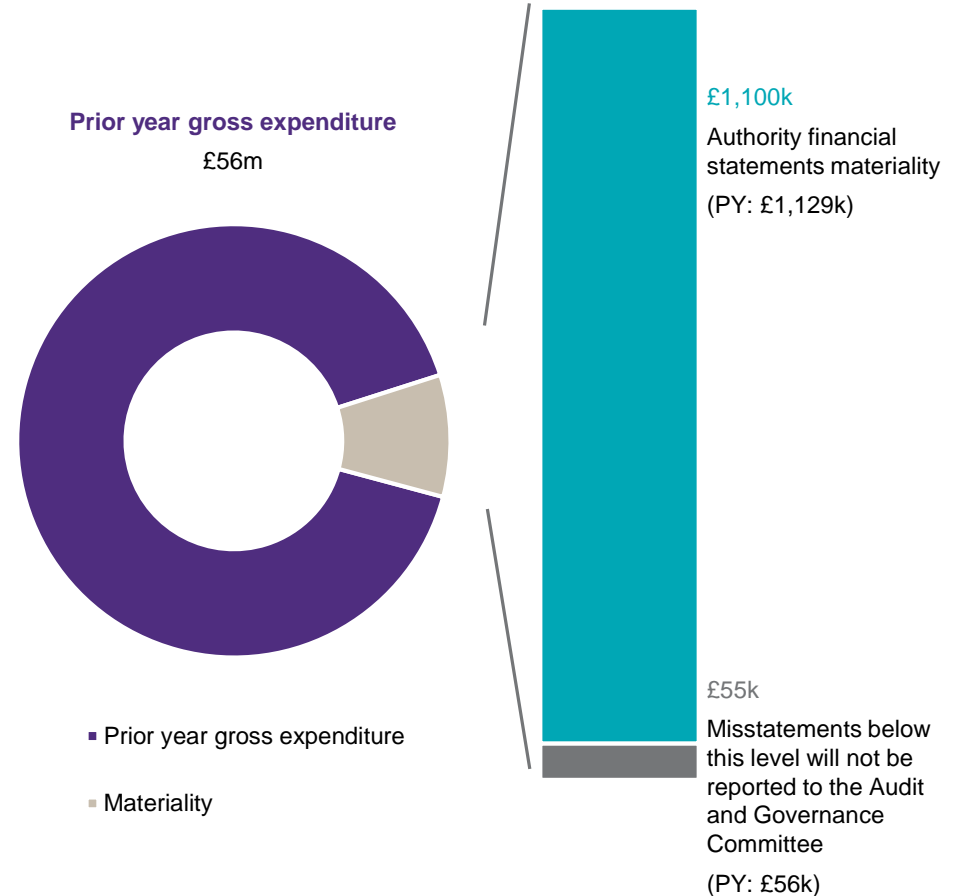
We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1,100k (PY £1,129k) for the Authority, which equates to 1.95% of your prior year gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £100k for disclosures of Senior Officer Remuneration and Exit Packages.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit and Governance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £55k (PY £56k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

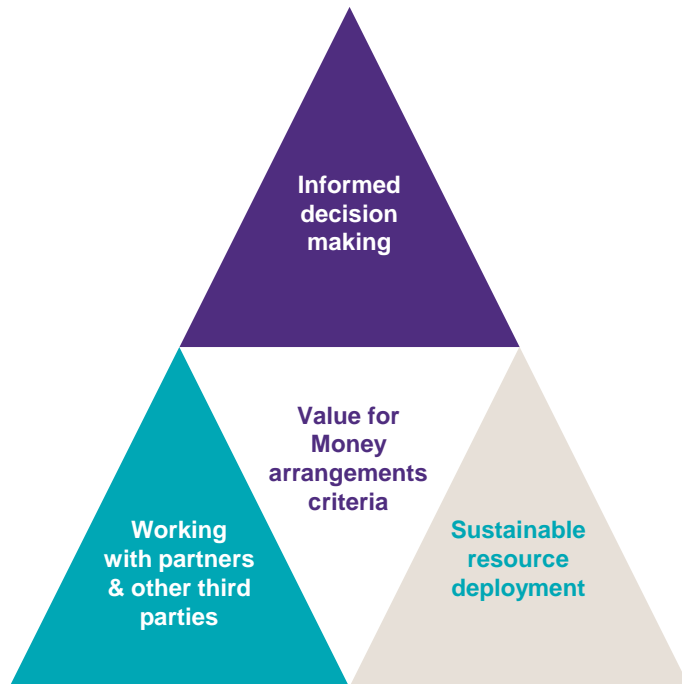
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



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Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.

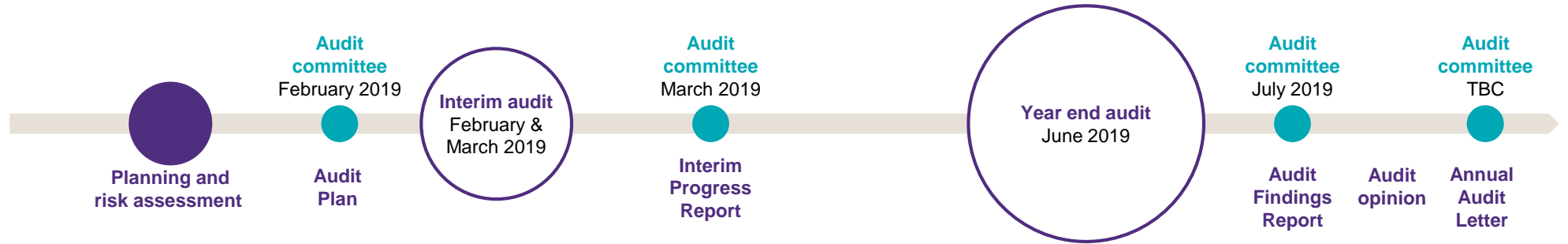


Financial sustainability

The Council's draft medium term financial strategy shows a significant decline in the available General Fund reserves balance over the next three years. In addition to this, future funding arrangements for local authorities are not known, and the UK's exit from the European Union will potentially have a significant impact.

We will maintain a watching brief on the Council's progress in setting its budget for the 2019/20 year, and the updated medium term financial strategy, and consider the appropriateness of the process followed, including any actions taken to mitigate the Council's risk.

Audit logistics, team & fees



Phil Jones, Engagement Lead

Phil will be the main point of contact for the Chair, Chief Executive and Committee members. He will share his wealth of knowledge and experience across the sector providing challenge and sharing good practice. Phil will ensure our audit is tailored specifically to you, and he is responsible for the overall quality of our audit. Phil will sign your audit opinion.



Laurelin Griffiths, Engagement Manager

Laurelin will work with senior members of the finance team ensuring testing is delivered and any accounting issues are addressed on a timely basis. She will attend Audit and Governance Committees with Phil, and supervise the In Charge Auditor in leading the on-site team. Laurelin will undertake reviews of the team's work and draft clear, concise and understandable reports.

Audit fees

The planned audit fees are £38,375 (PY: £49,838) for the financial statements audit completed under the Code, which is in line with the scale fee published by PSAA. In setting your fee, we have assumed that the scope of the audit, and the Authority and its activities, do not significantly change.

Where additional audit work is required to address risks relating to changes in year, we will consider the need to charge fees in addition to the audit fee on a case by case basis. Any additional fees will be discussed and agreed with management and require PSAA approval.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

The Council successfully achieved early close in 2017/18.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 10). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified.

Service	£	Threats	Safeguards
Audit related			
Certification of Housing Benefits claim	12,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,000 in comparison to the total fee for the audit of £38,375 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level
Certification of Pooled Capital Receipts grant	2,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £2,500 in comparison to the total fee for the audit of £38,375 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level

Non-audit related

No non-audit related services identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the group's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Governance Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit. None of the services provided are subject to contingent fees.

Appendices

A. Audit Approach

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Audit approach

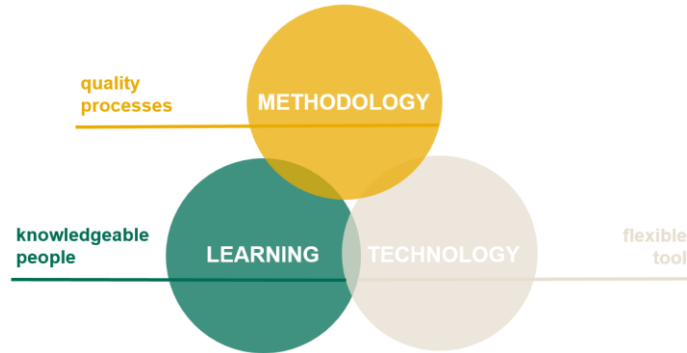
Use of audit, data interrogation and analytics software

LEAP



Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- cloud-based industry-leading audit tool developed in partnership with Microsoft



Inflo



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST & SHARE

- Communicate & transfer documents securely
- Extract data directly from client systems
- Work flow assignment & progress monitoring



ASSESS & SCOPE

- Compare balances & visualise trends
- Understand trends and perform more granular risk assessment



VERIFY & REVIEW

- Automate sampling requests
- Download automated work papers



INTERROGATE & EVALUATE

- Analyse 100% of transactions quickly & easily
- Identify high risk transactions for investigation & testing
- Provide client reports & relevant benchmarking KPIs



FOCUS & ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons

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IDEA



- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

Appian



Business process management

- Clear timeline for account review:
 - disclosure dealing
 - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on

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AUDIT AND GOVERNANCE COMMITTEE

THURSDAY, 14 FEBRUARY 2019

REPORT OF THE ASSISTANT DIRECTOR FINANCE

RISK MANAGEMENT UPDATE

EXEMPT INFORMATION

None

PURPOSE

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

RECOMMENDATIONS

That the Committee endorses the Corporate Risk Register

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. To ensure the process provides effective meaningful control in line with the new organisational approach, and that the latest methodology is employed, a review of this process has been initiated. The progress and outcome of this review will be reported at future meetings.

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 summary Corporate Risk Register is attached as **Appendix 1** and the detailed risk register for information is attached as **Appendix 2**.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Lynne Pugh, Assistant Director Finance, extn 272

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 Summary Corporate Risk Register













Appendix 2 Detailed Corporate Risk Register

Corporate Risk Register 2018/19





Generated on: 25 January 2019









Title	Description
Finance	To ensure that the Council is financially sustainable as an organisation

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Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Funding gaps		12 major – likely		9 serious–likely	15–Jan–2019
Business Rates Retention		12 major – likely		9 serious–likely	15–Jan–2019
New Homes Bonus		9 serious–likely		6 serious–unlikely	15–Jan–2019
Brexit		16 major – very likely		12 serious – very likely	15–Jan–2019
Welfare and Benefit Reform		12 serious – very likely		9 serious–likely	15–Jan–2019
Failure to manage budgets		12 major – likely		6 serious–unlikely	15–Jan–2019











Title	Description
Modernisation & Commercialisation Agenda	Develop and implement continuous improvement and develop employees to perform the right work

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Contract Management & Procurement		6 serious–unlikely		4 significant–unlikely	15–Jan–2019
Management of Assets		6 significant–likely		4 significant–unlikely	15–Jan–2019

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
New Revenue Streams		12 serious – very likely		9 serious–likely	15–Jan–2019
Workforce Planning Challenges		9 serious–likely		6 serious–unlikely	24–Jan–2019
Continuous Improvement		6 serious–unlikely		4 significant–unlikely	24–Jan–2019
Partnerships fail		9 serious–likely		6 serious–unlikely	16–Jan–2019







Title	Description
Governance	Ensure that processes, policies and procedures are in place and the authority is held to account

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Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Democratic Process		9 serious–likely		9 serious–likely	16–Jan–2019
Assurance Process		9 serious–likely		6 significant–likely	16–Jan–2019
Legislation		12 serious – very likely		6 serious–unlikely	16–Jan–2019
Policies & Procedures		12 serious – very likely		6 serious–unlikely	24–Jan–2019
Ethics		12 serious – very likely		4 significant–unlikely	16–Jan–2019

Title	Description
Community Focus	To ensure the safety, health and wellbeing of the citizens of the borough





Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
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Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Community Cohesion & Engagement		12 serious – very likely		9 serious–likely	23-Jan-2019
Safeguarding Children & Adults (including Modern Slavery)		12 major – likely		6 significant–likely	23-Jan-2019
Emergency Planning		12 major – likely		6 serious–unlikely	23-Jan-2019

Title	Description
Economic Growth & Sustainability	To ensure that the economic growth and sustainability of the borough is maintained

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Regeneration		12 serious – very likely		9 serious–likely	09-Jan-2019
Housing Needs		12 serious – very likely		9 serious–likely	23-Jan-2019
Economic Changes		12 major – likely		9 serious–likely	09-Jan-2019
Demographics		9 serious–likely		9 serious–likely	09-Jan-2019



Title	Description
Information Safeguarding	To ensure that our data is protected


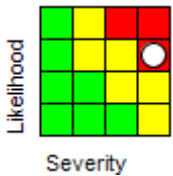
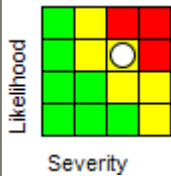
Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Data Protection		16 major – very likely		12 major – likely	23-Jan-2019
Cyber Security		12 major – likely		8 major – unlikely	23-Jan-2019

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Business Continuity		12 major – likely		9 serious–likely	21-Jan-2019


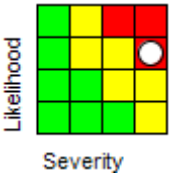
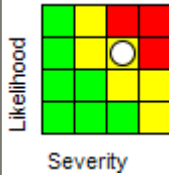
Corporate Risk Register 2018/19


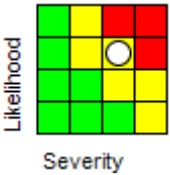
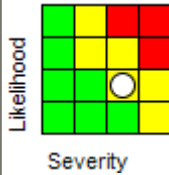
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Risk Code	CPR1819 1	Risk Title	Finance	Current Risk Status	
Description of Risk	To ensure that the Council is financially sustainable as an organisation			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					


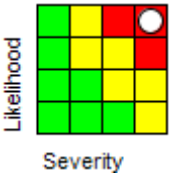
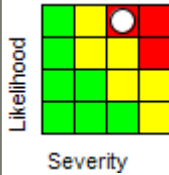
Risk Code	CPR1819 1.1	Risk Title	Funding gaps	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	12	Medium term financial strategy in place - approved annually	Current Risk Matrix		
Gross Severity	4	Quarterly healthcheck to CMT / Cabinet including MTFS update	Current Risk Score	9	
Gross Likelihood	3	Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels	Current Severity	3	
Gross Risk Review Date	15-Jan-2019	Monitoring of the situation / regular reporting	Current Likelihood	3	
Page 14 of 14		A robust & critical review of savings proposals is required / undertaken before inclusion within the forecast	Last Risk Review Date	15-Jan-2019	
		Robust management of DFG referrals / funding levels			
		Prudent approach to forecasting of Government Funding (NDR/RSG/New Homes Bonus) post 2020/21 - including redistribution of growth in business rates since 2013			
Consequences	<p>Inability to plan long term due to MTFS</p> <p>There is a high risk that this will have a significant effect on the Council's funding level from 2020/21.</p> <p>Increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities.</p> <p>Shortfall in DFG grant funding / impact on General Fund revenue</p>				
Vulnerabilities/causes	<p>Austerity cuts/Major variances to the level of grant/subsidy</p> <p>Business rates retention – 75% retention of business rates collected from 2020/21 rather than 100% as previously planned.</p> <p>Review of the distribution methodology, the 'Fair Funding Review' as well as the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed) together with the Spending Review 2019 - which will also take effect from 2020/21.</p>				

	<p>In addition, the next planned national Business Rates Revaluation will take effect from 2021/22 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2021 valuation list</p> <p>Non achievement/delivery of substantial savings</p> <p>Review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance has been carried out by DCLG - however, planned CIPFA review of Prudential code may lead to a potential restriction of investments by Councils given increased risk exposure.</p> <p>Disabled Facilities Grants - increased demand / costs not in line with grant levels impacting on other funding sources, uncertainty over funding.</p>
Risk Notes	



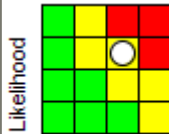
Risk Code	CPR1819 1.2	Risk Title	Business Rates Retention	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	12	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels	Current Risk Matrix		
Gross Severity	4		Current Risk Score	9	
Gross Likelihood	3		Current Severity	3	
Gross Risk Review Date	15-Jan-2019	Prudent approach to forecasting of Government Funding (NNDR/RSG/New Homes Bonus) post 2020/21 - including redistribution of growth in business rates since 2013	Last Risk Review Date	15-Jan-2019	
Consequences	Reduced levels of business rates income and impact on MTFS				
Vulnerabilities/causes	<p>Uncertainty over level of appeals following 2017 Revaluation and implementation of new approach to 'Check, Challenge and appeal' Impact on collection levels Uncertainty / changes in S31 grants Void property levels Uncertainty due to: Business rates retention – 75% retention of business rates collected from 2020/21 rather than 100% as previously planned.</p> <p>Review of the distribution methodology, the 'Fair Funding Review' as well as the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed) together with the Spending Review 2019 - which will also take effect from 2020/21.</p> <p>In addition, the next planned national Business Rates Revaluation will take effect from 2021/22 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2021 valuation list</p>				
Risk Notes					


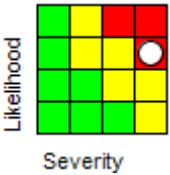
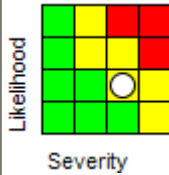
Risk Code	CPR1819 1.3	Risk Title	New Homes Bonus	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	9	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers Given uncertainty over the review of the distribution methodology, the 'Fair Funding Review' as well as the Spending Review 2019 - which will take effect from 2020/21 a revised risk based approach was introduced in 2018 for 2019/20 onwards.	Current Risk Matrix		
Gross Severity	3		Current Risk Score	6	
Gross Likelihood	3		Current Severity	3	
Gross Risk Review Date	15-Jan-2019		Current Likelihood	2	
Last Risk Review Date				Last Risk Review Date	15-Jan-2019
Consequences	Reduced levels of New Homes Bonus grant funding & Growth in Council tax Income				
Vulnerabilities/causes	Not achieving anticipated growth in new homes within the Borough and the associated dependency on the New Homes Bonus income				
Risk Notes	Uncertainty over the ongoing funding for the <i>New Homes Bonus scheme</i> , local growth in housing numbers and share of the national pool (including potential increases to the 'deadweight' for which Council's no longer receive grant). Deadweight confirmed unchanged at 0.4% for 2019/20 but future years uncertain.				

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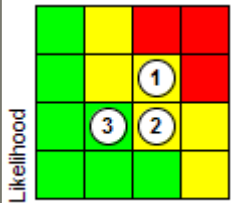
Risk Code	CPR1819 1.4	Risk Title	Brexit	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	16	Implications reassessed as part of the budget setting process and quarterly MTFS updates		Current Risk Score	12
Gross Severity	4			Current Severity	3
Gross Likelihood	4			Current Likelihood	4
Gross Risk Review Date	15-Jan-2019			Last Risk Review Date	15-Jan-2019
Consequences	<p>Reduced level of economic growth and further austerity/prosperity/downturn in the economy Changes to central government policy EU grants cease Reduced base interest rate NNDR / Council Tax targets not achieved with increased bankruptcy / Liquidations</p>				
Vulnerabilities/causes	<p>Uncertainty over the severity of Brexit has increased the financial uncertainty for the UK - reduced levels of economic growth, changes to central government policy, EU grants ceased, reduced interest, employment uncertainty</p>				
Risk Notes					


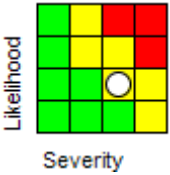
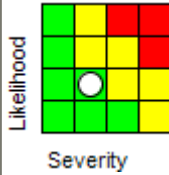
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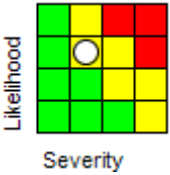
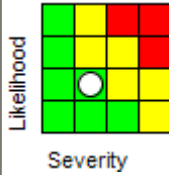
Risk Code	CPR1819 1.5	Risk Title	Welfare and Benefit Reform	Current Risk Status	
Description of Risk	Welfare and Benefit Reform			Assigned To	Rob Barnes; Stefan Garner; Tina Mustafa; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Proactive management & monitoring of corporate income levels i.e. council tax, business rates (monthly review of target achievement) & housing rent Extensive preparation including staff training Task and Finish Group Regular CMT updates Provision of financial advice / Personal Budgeting support Working with CAB / Commissioning to discuss approach post 1/4/19		Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	15-Jan-2019			Last Risk Review Date	15-Jan-2019
Consequences	Reduced income / increased bad debts Additional impact arising from increased need for services - eg homelessness Greater demand on 3rd sector and statutory agency services Additional resource requirement to meet demand				
Vulnerabilities/causes	Reduced income corporately due to welfare reform changes (including council tax support scheme and Universal Credit with further austerity measures from Welfare Reform Act 2015) - impact on council tax, rent income etc Implementation of Government policy at local level Household hardship PBS/ADS transferring to CAB from 1/4/19				
Risk Notes					


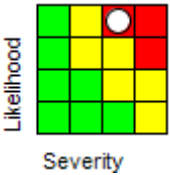
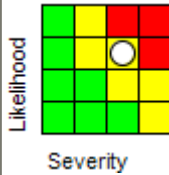
Risk Code	CPR1819 1.6	Risk Title	Failure to manage budgets	Current Risk Status	
Description of Risk	Failure to manage budgets			Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Budget planning & monitoring (Monthly report to CMT) Training Monthly budget monitoring meetings with Accountants and Managers Budget monitoring information available through Collaborative Planning (updated monthly) Annual review of unspent budgets feeds into budget setting process	Current Risk Score	6	
Gross Severity	4		Current Severity	3	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date	15-Jan-2019		Last Risk Review Date	15-Jan-2019	
Consequences	Cuts in front line service provision Quality of service declines Inability to meet on-going costs Budget overspends/underspends Reputational issues				
Vulnerabilities/causes	Lack of involvement / ownership by Managers Information not updated / provided on a regular basis				
Risk Notes					


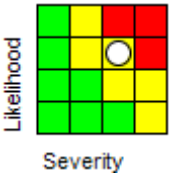
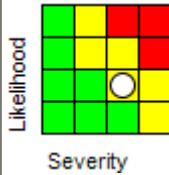
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Risk Code	CPR1819 2	Risk Title	Modernisation & Commercialisation Agenda	Current Risk Status	
Description of Risk	Develop and implement continuous improvement and develop employees to perform the right work		Assigned To		
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					


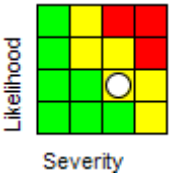
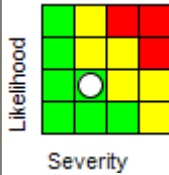
Risk Code	CPR1819 2.1	Risk Title	Contract Management & Procurement	Current Risk Status	
Description of Risk	Contract Management & Procurement			Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6	Procurement function Financial Guidance requirements / Contract standing orders in place Contracts review under GDPR legislation to ensure due diligence and obligations met		Current Risk Score	4
Gross Severity	3		Current Severity	2	
Gross Likelihood	2		Current Likelihood	2	
Gross Risk Review Date	15-Jan-2019		Last Risk Review Date	15-Jan-2019	
Consequences	Services not delivered Damage to reputation Loss of quality service High exit costs Efficiencies not gained Regulations not met				
Vulnerabilities/causes	Failure to meet service delivery expectations Partner has financial failure Service delivery collapses Third party supply chain failure Contractor/partner under performs Failure to assess and manage the risks arising from the use of third parties Benefit not realised				
Risk Notes					


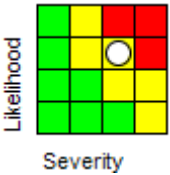
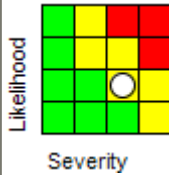
Risk Code	CPR1819 2.2	Risk Title	Management of Assets	Current Risk Status	
Description of Risk	Management of Assets			Assigned To	Rob Barnes; Stefan Garner; Lynne Pugh; Paul Weston
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6	Asset Strategy Steering Group in place Asset register updated regularly Potential to purchase land in other districts for development (subject to Potential government restraints in the future) Development of longer term Corporate Capital Strategy and Asset Management Planning including potential acquisition, investment and disposal		Current Risk Score	4
Gross Severity	2			Current Severity	2
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date	15-Jan-2019			Last Risk Review Date	15-Jan-2019
Consequences	Assets under utilised Income streams not maximised Decrease in asset value				
Vulnerabilities/causes	Assets not monitored Assets not maintained No land available for development opportunities				
Risk Notes					


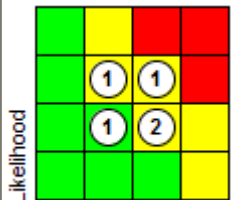
Risk Code	CPR1819 2.3	Risk Title	New Revenue Streams	Current Risk Status	
Description of Risk	New Revenue Streams			Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Monitoring of the situation / regular reporting Implementation of planned / potential investment and consequential income streams A robust & critical review of investment proposals is required / undertaken	Current Risk Score	9	
Gross Severity	3		Current Severity	3	
Gross Likelihood	4		Current Likelihood	3	
Gross Risk Review Date	15-Jan-2019		Last Risk Review Date	15-Jan-2019	
Consequences	Increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities				
Vulnerabilities/causes	Delivery of the planned Commercial Investment Strategy actions and associated improved investment returns of 4% p.a. arising from the investment of £24m from the capital receipt due to be received over the period 2016 – 2018 from the sale of the former golf course (to support the MTFS in the long term); Review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance has been carried out by DCLG - Cipfa currently reviewing the Prudential Code with a potential restriction of investments by Councils given increased risk exposure.				
Risk Notes					


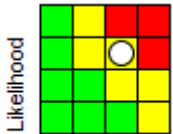
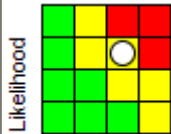
Risk Code	CPR1819 2.4	Risk Title	Workforce Planning Challenges	Current Risk Status	
Description of Risk	Workforce Planning Challenges			Assigned To	Anica Goodwin; Zoe Wolicki
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Service reviews Regular communication Regular ELT briefings, restructure, PDR Essential legislative/compliance/CPD Skills development HR policies and procedures reviewed Financial regulations/procedures Post entry training monitored Managing Attendance policy Healthshield and occupational health Pre employment checks Gender pay reporting Regular updates with Trade Unions Workforce plan succession planning Appraisals	Current Risk Score	6	
Gross Severity	3		Current Severity	3	
Gross Likelihood	3		Current Likelihood	2	
Next Risk Review Date	05-Sep-2018			Last Risk Review Date	24-Jan-2019
Consequences	Strain on remaining staff Risk to service delivery Industrial action Increase in fraud Increase in grievances from staff Inability to align skill levels Pay and conditions below market conditions Increased absence rates				
Vulnerabilities/causes	Staff become overloaded Low morale has impact on service delivery Industrial unrest Redundancy costs Failure to communicate effectively High sickness levels Leadership capacity insufficient to drive change & transformation Senior management review				


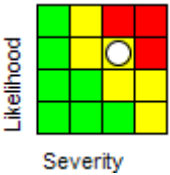
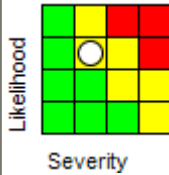
	Inequality Unable to recruit to essential vacant posts
Risk Notes	


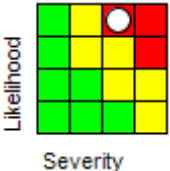
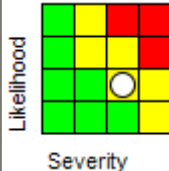
Risk Code	CPR1819 2.5	Risk Title	Continuous Improvement	Current Risk Status	
Description of Risk	Continuous Improvement			Assigned To	Andrew Barratt; Anica Goodwin
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6	Clear communications re change Effective project management On-going transformational programmes Post Implementation Reviews Leadership Long term planning for continuous improvement clarity of strategies/ purpose Peer Challenge		Current Risk Score	4
Gross Severity	3		Current Severity	2	
Gross Likelihood	2		Current Likelihood	2	
Gross Risk Review Date	20-Sep-2018		Last Risk Review Date	24-Jan-2019	
Consequences	Change is not completed No strategic direction				
Vulnerabilities/causes	No clarity around responsibilities and accountabilities Lack of leadership Work overload				
Risk Notes					


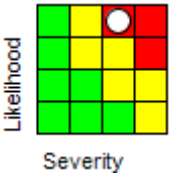
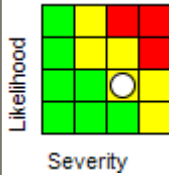
Risk Code	CPR1819 2.6	Risk Title	Partnerships fail	Current Risk Status	
Description of Risk	Partnerships			Assigned To	Rob Barnes; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Regular partnership service meetings Engagement with service realignments Development of collaborative working		Current Risk Score	6
Gross Severity	3			Current Severity	3
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date	16-Oct-2018			Last Risk Review Date	16-Jan-2019
Consequences	Inability to provide service to the required level Loss of service Lack of skilled resources				
Vulnerabilities/causes	Partnerships fail Inability to provide resources to partnership service arrangements Service arrangements provided by other partners cease				
Risk Notes	Partnership Co-ordination group established				


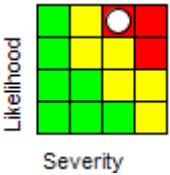
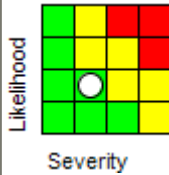
Risk Code	CPR1819 4	Risk Title	Governance	Current Risk Status	
Description of Risk	Ensure that processes, policies and procedures are in place and the authority is held to account		Assigned To		
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					


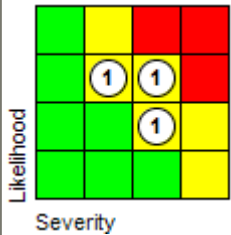
Risk Code	CPR1819 4.1	Risk Title	Democratic Process	Current Risk Status	
Description of Risk	Democratic Process			Assigned To	Andrew Barratt; Anica Goodwin; Ryan Keyte; Angela Struthers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Regular review and update of Constitution Scheme of Delegation Forward plan and key decisions Meetings open to the public Training for Members Audit & Governance Committee including Standards Committee) Scrutiny Committees Constitution increased access to services increase use of technology Reference to 'Every Voice Matters'	Current Risk Score	9	
Gross Severity	3		Current Severity	3	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	05-Sep-2018		Last Risk Review Date	16-Jan-2019	
Consequences	Damage to reputation Legal challenge Damage to reputation Financial impact on poor decisions				
Vulnerabilities/causes	Failure to match social and political expectations Failure to act on feedback Ultra vires decisions Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Failure to understand key decisions, legal/governance requirements Inappropriate decision making Changes to political control Members resign from duties/as a member				
Risk Notes	The risks have been reviewed by Andrew Barratt and he established that there are no changes to the Matrix required				


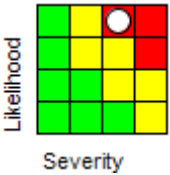
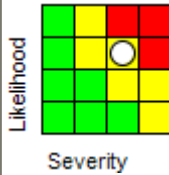
Risk Code	CPR1819 4.2	Risk Title	Assurance Process	Current Risk Status	
Description of Risk	Assurance Process			Assigned To	Andrew Barratt; Stefan Garner; Angela Struthers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Internal Audit External Audit Audit & Governance Committee including Standards Committee Scrutiny Committees Annual Governance Statement & Managers Assurance Statements Corporate fraud officer Section 151 Officer Monitoring Officer Policies and procedures	Current Risk Score	6	
Gross Severity	3		Current Severity	2	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	04-Sep-2018		Last Risk Review Date	16-Jan-2019	
Consequences	Erosion in trust and confidence Reputational damage Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Damage to reputation Increased demand for resources Poor inspection/audit comments				
Vulnerabilities/causes	Policies and procedures not followed Lack of resources Policies are not updated				
Risk Notes	The risks have been reviewed by Andrew Barratt and he established that there are no changes to the Matrix required				


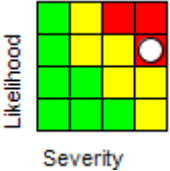
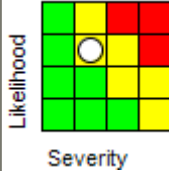
Risk Code	CPR1819 4.3	Risk Title	Legislation	Current Risk Status	
Description of Risk	Legislation			Assigned To	Rob Barnes; Andrew Barratt; Stefan Garner; Anica Goodwin; Ryan Keyte
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Constitution & Scheme of Delegation with regular review and update Solicitor to the Council Obligations under various legislation Monitoring of government reforms and changes in statute CPD Training Horizon Scanning consultation updates		Current Risk Score	6
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	2
Gross Risk Review Date	05-Sep-2018			Last Risk Review Date	16-Jan-2019
Consequences	Non-compliance with legal requirements Damage to reputation Prosecution, fines Legal challenge Ultra vires decisions				
Vulnerabilities/causes	Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Non compliance with legislation Lack of resources Loss of key staff/members				
Risk Notes	The risks have been reviewed by Andrew Barratt and he established that there are no changes to the Matrix required				


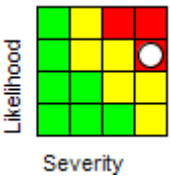
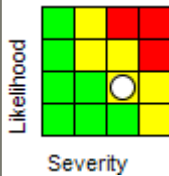
Risk Code	CPR1819 4.4	Risk Title	Policies & Procedures	Current Risk Status	
Description of Risk	Policies & Procedures			Assigned To	Corporate Management Team; Angela Struthers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Constitution & Scheme of Delegation with regular review and update Regular review and update of financial guidance Audit & Governance Committee including Standards Committee) Scrutiny Committees Annual Governance Statement & Managers Assurance Statements Whistleblowing Policy & Counter Fraud Policy Money Laundering Policy Section 151 Officer Monitoring Officer Partnership Guidance Policy NetConsent for policy management and acceptance RIPA Policy & staff training Data Protection Policy/Cyber Awareness & staff training GDPR Astute - e-learning	Current Risk Score	6	
Gross Severity	3		Current Severity	3	
Gross Likelihood	4		Current Likelihood	2	
Next Risk Review Date	05-Sep-2018		Last Risk Review Date	24-Jan-2019	
Consequences	Fraud Poor performance				
Vulnerabilities/causes	Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Lack of resources				
Risk Notes					

Risk Code	CPR1819 4.5	Risk Title	Ethics	Current Risk Status	
Description of Risk	Ethics			Assigned To	Andrew Barratt; Angela Struthers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Monitoring Officer Declaration of interests, gifts & hospitality Codes of Conduct for members and officers Policies and procedures		Current Risk Score	4
Gross Severity	3			Current Severity	2
Gross Likelihood	4			Current Likelihood	2
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	16-Jan-2019
Consequences	Reputational damage				
Vulnerabilities/causes	Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Lack of resources				
Risk Notes	The risks have been reviewed by Andrew Barratt and he established that there are no changes to the Matrix required				



Risk Code	CPR1819 5	Risk Title	Community Focus	Current Risk Status	
Description of Risk	To ensure the safety, health and wellbeing of the citizens of the borough			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					


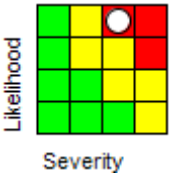
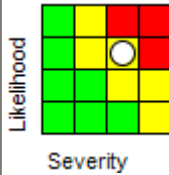
Risk Code	CPR1819 5.1	Risk Title	Community Cohesion & Engagement	Current Risk Status	
Description of Risk	Community Cohesion & Engagement			Assigned To	Rob Barnes; Tina Mustafa; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Neighbourhood working and collaborative arrangements ASB policy Partnership working Financial inclusion policy Community engagement - locality Corporate consultation database Participatory budgeting Tamworth advice centre Dementia friendly status		Current Risk Score	9
Gross Severity	3		Current Severity	3	
Gross Likelihood	4		Current Likelihood	3	
Gross Risk Review Date	16-Oct-2018		Last Risk Review Date	23-Jan-2019	
Consequences	Long term costs Not meeting/understanding users needs Increase in crime and disorder Poor use of funding Increased tensions in the community Failure to meet demand Fear of perception of crime				
Vulnerabilities/causes	Economic recession Poverty Welfare reforms Services withdrawn Communities become fragmented				
Risk Notes	The risks have been reviewed and there are no changes				


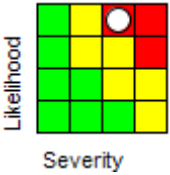
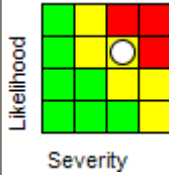
Risk Code	CPR1819 5.2	Risk Title	Safeguarding Children & Adults (including Modern Slavery)	Current Risk Status	
Description of Risk	Safeguarding Children & Adults at Risk of Abuse & Neglect m(including Modern Slavery)			Assigned To	Rob Barnes; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Policy in place Training for staff and members Appropriate risk assessments completed Senior leadership commitment Safe recruitment process Supervision of staff, contractors and volunteers	Current Risk Score	6	
Gross Severity	4		Current Severity	2	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	16-Oct-2018		Last Risk Review Date	23-Jan-2019	
Page 67 Consequences	Death, serious injury Legal challenge Loss of reputation Prosecution Increase in inspection Increase in demand				
Vulnerabilities/causes	Non-compliance with legislation Lack of appropriate policy and procedures Low awareness amongst staff and members Lack of joined up case management Case management systems unable to share data or support risk management Lack of appropriate services Gaps in service provision				
Risk Notes	The risks have been reviewed and no changes identified				


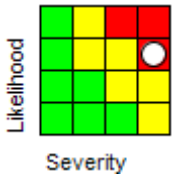
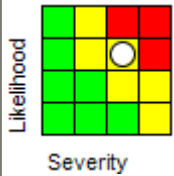
Risk Code	CPR1819 5.3	Risk Title	Emergency Planning	Current Risk Status	
Description of Risk	Emergency Planning			Assigned To	Rob Barnes; Tina Mustafa
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	<p>Emergency Plan in place</p> <p>Emergency planning training completed at various levels</p> <p>Business Continuity Plans in place</p> <p>Comprehensive review of corporate business continuity with representation across all directorates. Policy, terms of reference and testing schedule</p> <p>Active engagement in Exercises</p> <p>Insurance cover in place to cover exposure to financial loss.</p> <p>Advice and guidance on Risk Management and Business Continuity on the intranet</p> <p>Emergencies advice available on website</p> <p>Building- fire prevention controls in place and tested on a regular basis</p> <p>Adequate physical security controls in place and reviewed on a regular basis.</p> <p>IT business continuity plan in place and tested on a regular basis</p> <p>Service impact analysis completed to rank priority of services</p> <p>Corporate business continuity plan in place</p> <p>All communication plans tested on a regular basis</p> <p>Emergency plan tested on a regular basis</p> <p>Business Continuity Group</p> <p>Membership of Staffordshire CCU & Resilience Forum</p> <p>Effective communication /ICT tools/ infrastructure eg mobile phones, laptops</p> <p>Representation at newly formed CCU Strategic Leaders Meeting</p> <p>Successful no notice test</p> <p>Learning from recent incidents - informing preparedness</p> <p>Comprehensive internal audit across BC and EP resulting in a number of agreed management actions</p> <p>Emergency Planning Admin all brought into ICT</p> <p>Actual ICT Disaster recovered from within appropriate timescales</p> <p>Attendance at SRF meetings</p>		Current Risk Score	6
Gross Severity	4			Current Severity	3
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	23-Jan-2019
Consequences	<p>Services not delivered</p> <p>Damage to reputation</p> <p>Civil Contingency Act requirements not met</p> <p>Death</p> <p>Destruction of property</p>				


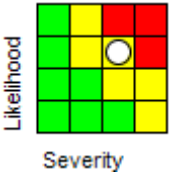
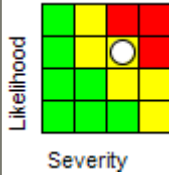
	<p>Damage to the environment Adverse affect on vulnerable groups Public expectations of service delivery not met Increased costs for alternative service delivery</p>
Vulnerabilities/causes	<p>Lack of integrated emergency arrangements making it difficult to react quickly to a disaster and provide the required support and essential service in line with the requirements of the Civil Contingencies Act. Failure to test plans Failure to undertake training Plans not activated plans do not accurately identify the staffing/resources required Implications of industrial action from other service providers ie Fire Service</p>
Risk Notes	<p>The emergency plans are in place but are currently being reviewed by Alex from the CCU - TM. System updated by RB as TM experiencing access issues</p>


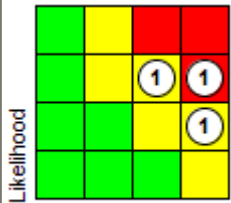
Risk Code	CPR1819 6	Risk Title	Economic Growth & Sustainability	Current Risk Status	
Description of Risk	To ensure that the economic growth and sustainability of the borough is maintained			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					


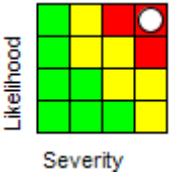
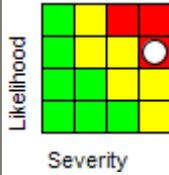
Risk Code	CPR1819 6.1	Risk Title	Regeneration	Current Risk Status	
Description of Risk	Regeneration			Assigned To	Andrew Barratt; Matthew Bowers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Long term investment Safe and secure estate Support to local businesses Tamworth and Lichfield for business Town centre and tourism development		Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	09-Jan-2019
Consequences	Deprivation Loss of footfall to retail areas Reputational damage				
Vulnerabilities/causes	Lack of investment in the borough No investment in the town centre				
Risk Notes	Continue to offer business grants and signposting to businesses. Investment in town centre site				


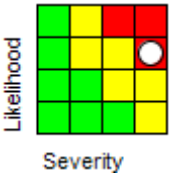
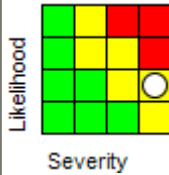
Risk Code	CPR1819 6.2	Risk Title	Housing Needs	Current Risk Status	
Description of Risk	Housing Needs			Assigned To	Rob Barnes; Tina Mustafa; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Homelessness prevention activity Homelessness services and preparation for HRA Third Sector support and early help development Investment and partnership to deliver new affordable homes		Current Risk Score	9
Gross Severity	3		Current Severity	3	
Gross Likelihood	4		Current Likelihood	3	
Gross Risk Review Date	10-Oct-2018		Last Risk Review Date	23-Jan-2019	
Consequences	Impact of housing need and homelessness on households Additional demand for Council services Additional demand on 3rd Sector Statutory agencies Overcrowding and wellbeing impact of poor housing				
Vulnerabilities/causes	Lack of accessible homes Lack of affordable homes Poor conditions in the Private Sector Increased homelessness				
Risk Notes	No changes required Reviewed by TM adequate controls still in place. system updated by RB as TM experiencing access issues				


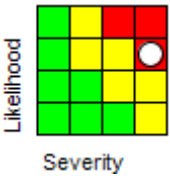
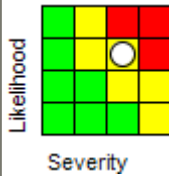
Risk Code	CPR1819 6.3	Risk Title	Economic Changes	Current Risk Status	
Description of Risk	Economic Changes			Assigned To	Andrew Barratt; Matthew Bowers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Support to local businesses Business and economic partnership Business growth programme Tamworth & Lichfield for business Growth hub Start up business grants for small business Tamworth enterprise centre	Current Risk Score	9	
Gross Severity	4		Current Severity	3	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	10-Oct-2018		Last Risk Review Date	09-Jan-2019	
Consequences	No external funding to aid economy and growth Economic prosperity declines Increased demand for social housing Increased costs to council services due to increased demand				
Vulnerabilities/causes	Failure to recognise economic changes Sudden economic downturn affecting businesses Loss of major employer in the region Failure to recognise opportunities Rapid increase in inflation Changes in government funding/grants Collapse/decline of property market				
Risk Notes	mindful of Brexit consequences in short and long term. working with partners to promote awareness and consider impacts. offer business grants and signposting to other agencies for support				

Risk Code	CPR1819 6.4	Risk Title	Demographics	Current Risk Status	
Description of Risk	Demographics			Assigned To	Andrew Barratt; Matthew Bowers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9			Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	3			Current Likelihood	3
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	09-Jan-2019
Consequences	Lower level of skills Lower level of health				
Vulnerabilities/causes	No investment in skills to the populous Lack of healthcare to the populous				
Risk Notes	successful in bringing a WMCA skills pilot to the area				

Risk Code	CPR1819 7	Risk Title	Information Safeguarding	Current Risk Status	
Description of Risk	To ensure that our data is protected			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					

Risk Code	CPR1819 7.1	Risk Title	Data Protection	Current Risk Status	
Description of Risk	Data Protection			Assigned To	Anica Goodwin; Zoe Wolicki
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	16	GDPR training Secure password protocol IT physical controls Encryption protocols secure wifi ICO protocol GDPR implemented & ongoing quarterly review & action plan in place Data Protection Officer in place & appropriate backup arrangements Senior management support Comprehensive training plan for staff and members Privacy impact assessments completed for new Projects/implementation/solutions Data sharing protocols		Current Risk Score	12
Gross Severity	4			Current Severity	4
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	05-Sep-2018			Last Risk Review Date	23-Jan-2019
Consequences	Reputational damage Fine				
Vulnerabilities/causes	Human error Virus/hacking				
Risk Notes					

Risk Code	CPR1819 7.2	Risk Title	Cyber Security	Current Risk Status	
Description of Risk	Cyber Security			Assigned To	Anica Goodwin; Zoe Wolicki
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	GDPR compliance and training GCSX PSN compliance Physical security Business continuity plans Penetration testing Firewalls Anti virus software Up to date patching of servers & desktops		Current Risk Score	8
Gross Severity	4			Current Severity	4
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date	05-Sep-2018			Last Risk Review Date	23-Jan-2019
Consequences	Fine Reputational damage Potential imprisonment Loss of data Inability to deliver service				
Vulnerabilities/causes	Insecure IT equipment Human error Loss of equipment/data Theft Equipment failure Hacking/viruses				
Risk Notes					

Risk Code	CPR1819 7.3	Risk Title	Business Continuity	Current Risk Status	
Description of Risk	Business Continuity			Assigned To	Rob Barnes; Paul Weston
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Emergency plan in place Business continuity plans in place Insurance cover Advice and guidance on risk management and business continuity Fire prevention controls Physical building controls on place Communication plan Business continuity group Membership of Staffordshire CCU & resilience forum Learning from previous incidents - informing level of preparedness Support from CCU Link Officer	Current Risk Score	9	
Gross Severity	4		Current Severity	3	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	10-Oct-2018		Last Risk Review Date	21-Jan-2019	
Consequences	Services not delivered Damage to reputation Civil contingency act obligations not met Death Destruction of property Damage to the environment Adverse affect on vulnerable groups Public expectations of service delivery not met Increased costs for alternative service delivery				
Vulnerabilities/causes	Lack of integrated emergency arrangement making it difficult to react Failure to test plans Failure to undertake training Plans not activated Plans do not accurately identify the staffing/resources required Implications of industrial action from other service providers eg fire service Lack of staff engagement in BC Group				
Risk Notes	No change from previous assessment. Programme of BC reviews to be implemented and will focus on priority areas. No changes as per PW				

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THURSDAY, 14 FEBRUARY 2019

REPORT OF THE HEAD OF AUDIT & GOVERNANCE

INTERNAL AUDIT UPDATE REPORT 2018/19 QUARTER 3

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 3rd quarter of 2018/19 – 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

It is recommended that:

1. 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 Audit & Governance 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.

The Head of Audit & Governance's quarterly opinion statement for October - December 2018 is set out in the attached document, and the opinion is summarised below.

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 third quarter of the 2018/19 financial year, the Authority has:

- Adequate and effective risk management arrangements;
- Adequate and effective governance; and
- Adequate and effective control processes.

Specific Issues

No specific issues have been highlighted through the work undertaken by Internal Audit during the third quarter of 2018/19 that would need to be highlighted as a corporate risk.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

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

EQUALITIES IMPLICATIONS

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Audit & Governance

LIST OF BACKGROUND PAPERS

APPENDICES

- Appendix 1 Internal Audit Performance Report 2018/19
- Appendix 2 Percentage of Management Actions Agreed 2018/19
- Appendix 3 Implementation of Agreed Management Actions 2018/19

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 for 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 reports on these where possible/necessary. **Appendix 1** shows the progress at the end of 3rd 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 in the 2018/19 financial year. The plan has been revised, and a total of 53 audits are now due to be completed by the end of the financial year. At the end of the 3rd quarter of the year, internal audit have commenced/completed 41 audits. This equates to 77% of the revised annual audit plan (specific reviews). In addition to the specific reviews, a total of six implementation reviews and eight further implementation reviews have been completed for the financial year to date. One implementation review and two further implementation reviews were completed in the third quarter.

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 2018/19

Thirteen audits were finalised within the quarter. **Appendix 2** details the number of recommendations made. A total of 82 recommendations were made in the second quarter with 80 (98%) 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. One first implementation review was completed – CCTV and 43% - (3/7) of the recommendations were implemented. The Assistant Director Neighbourhoods has confirmed that the outstanding recommendations will be a key feature of the full service review being complete for CCTV. Two second implementation reviews – Freedom of Information & Land Charges were completed during the third quarter of 2018/19. 32% (10/31) of the recommendations were implemented/partially implemented at second implementation review. Ten recommendations not implemented at 2nd implementation

review were high priority. The Assistant Director – People has confirmed that with regard to the recommendations for Freedom of Information, some recommendations have now been completed and those that remain outstanding, work is progressing to complete them. The Head of Legal & Democratic Services has confirmed that the majority of recommendations relating to Land Charges have since been implemented. Internal Audit only complete two implementation reviews in accordance with the internal audit protocol, it is then management's responsibility to ensure that the risks are managed effectively. Details of the implementation reviews completed are at **Appendix 3**. 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.

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 Audit & Governance 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 Audit & Governance confirms that Internal Audit is operating independently of management and is objective in the performance of internal audit work.

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 third quarter of the 2018/19 financial year, the Authority has:

- Adequate and effective risk management arrangements;
- Adequate and effective governance; and
- Adequate and effective control processes.

Specific issues:

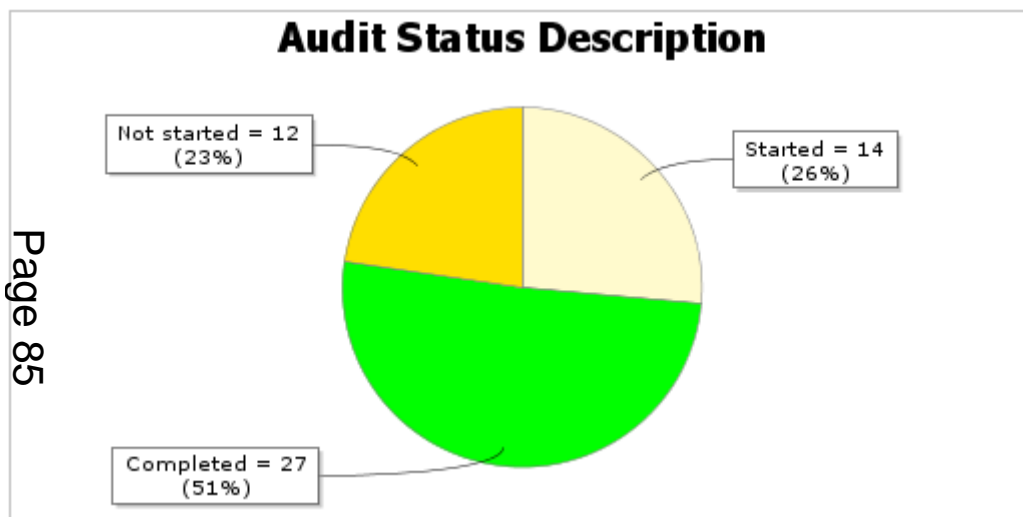
There were no specific issues highlighted through the work of Internal Audit in the third quarter of the 2018/19 financial year that would need to be highlighted as a corporate risk.

Angela Struthers,
Head of Audit & Governance

Internal Audit Performance report 2018/19 Quarter 3

Report Type: Audit File Report
 Report Author: Angela Struthers
 Generated on: 08 January 2019

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Title	Directorate Description	Audit Status Icon	Progress	Progress Icon	Progress Text	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon	Audit Assurance Level Status
Taxi Licences	Directorate – Growth & Regeneration	✓	Complete	✓	Complete	Completed	Risk based review	✓	OK
Joint Service Provision/ SLA's	Corporate	●	Overdue	●	Start Date Overdue	Not started	System based review		

Title	Directorate Description	Audit Status Icon	Progress	Progress Icon	Progress Text	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon	Audit Assurance Level Status
Performance Management	Directorate – People		In Progress		In Progress	Started	System based review		
IT Governance	Directorate – People		Complete		Complete	Completed	Information Technology		Alert
Main Accounting & Budgetary Control	Directorate – Finance		In Progress		Pre-meet date Issue Due	Started	Main financial system – interim		
Treasury Management QTR 4 2017/18	Directorate – Finance		Complete		Complete	Completed	Main financial system – interim		OK
Treasury Management QTR 1 2018/19	Directorate – Finance		Complete		Complete	Completed	Main financial system – interim		OK
Treasury Management QTR 2 2018/19	Directorate – Finance		Complete		Complete	Completed	Main financial system – interim		OK
Treasury Management QTR 3 2018/19	Directorate – Finance		Complete		Complete	Completed	Main financial system – interim		OK
Creditors & Procurement	Directorate – Finance		In Progress		In Progress	Started	Main financial system – full		
Debtors	Directorate – Finance		In Progress		Prelim Assessment Issue Due	Started	Main financial system – interim		
Council Tax	Directorate – Finance		Complete		Complete	Completed	Main financial system – interim		OK

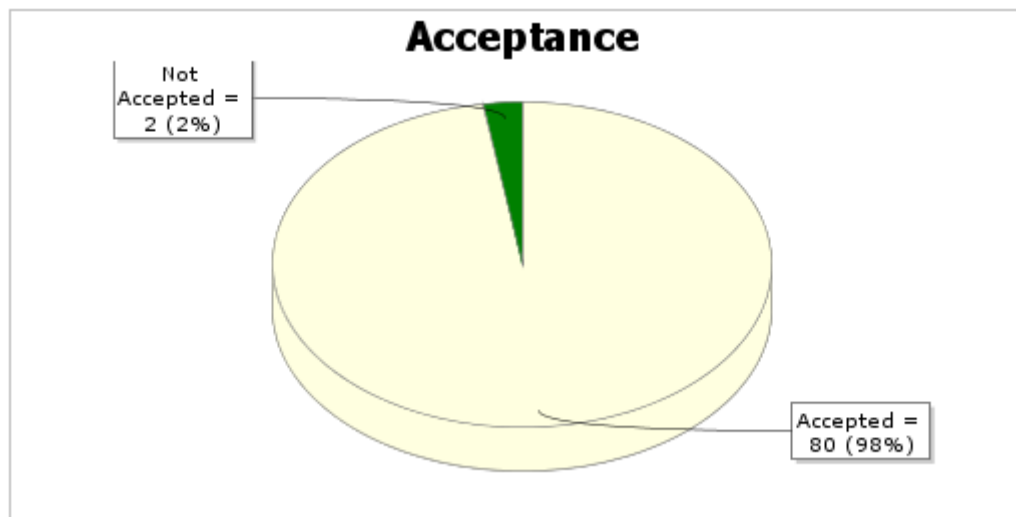
Title	Directorate Description	Audit Status Icon	Progress	Progress Icon	Progress Text	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon	Audit Assurance Level Status
NNDR	Directorate – Finance	✓	Complete	✓	Complete	Completed	Main financial system – interim	✓	OK
Payroll	Directorate – People	✓	In Progress	▶	Pre-meet date Issue Due	Started	Main financial system – interim		
Bank Reconciliation & Cash Collection	Directorate – Finance	✓	Complete	✓	Complete	Completed	Main financial system – interim	✓	OK
Housing & Council Tax Benefits	Directorate – Finance	✓	In Progress	▶	Pre-meet date Issue Due	Started	Main financial system – interim		
Capital Strategy & Programme Management	Directorate – Finance	✓	In Progress	▶	Pre-meet date Issue Due	Started	Main financial system – interim		
Housing Rents	Directorate – Neighbourhoods	✓	Complete	✓	Complete	Completed	Main financial system – interim	⚠	Warning
Property Contracts QTR 1	Directorate – Assets	✓	Complete	✓	Complete	Completed	Main financial system – interim	✓	OK
Property Contracts QTR 2	Directorate – Assets	✓	Complete	✓	Complete	Completed	Main financial system – interim	⚠	Warning
Property Contracts QTR 3	Directorate – Assets	✓	In Progress	▶	In Progress	Started	Main financial system – interim		
Property Contracts QTR 4	Directorate – Assets	●	Overdue	●	Start Date Overdue	Not started	Main financial system – interim		
Housing Repairs QTR 1	Directorate – Assets	✓	Complete	✓	Complete	Completed	Main financial system – interim	✓	OK
Housing Repairs	Directorate –	✓	Complete	✓	Complete	Completed	Main financial	⚠	Warning

Title	Directorate Description	Audit Status Icon	Progress	Progress Icon	Progress Text	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon	Audit Assurance Level Status
QTR 2	Assets						system – interim		
Housing Repairs QTR 3	Directorate – Assets	✓	In Progress	▶	In Progress	Started	Main financial system – interim		
Housing Repairs QTR 4	Directorate – Assets	⊘	Overdue	⊘	Start Date Overdue	Not started	Main financial system – interim		
Organisation Transformation	Corporate	⊘	Overdue	⊘	Start Date Overdue	Not started	System based review		
Health & Safety	Directorate – Ops & Leisure	⊘	Overdue	⊘	Start Date Overdue	Not started	System based review		
CCTV	Directorate – Neighbourhoods	✓	Complete	✓	Complete	Completed	Risk based review	✓	OK
Training & Development	Directorate – People	✓	Complete	✓	Complete	Completed	Risk based review	⚠	Warning
Housing Regeneration & Affordable Housing	Directorate – Partnerships	✓	Complete	✓	Complete	Completed	Risk based review	⊘	Alert
Food Safety	Directorate – Growth & Regeneration	⊘	Overdue	⊘	Start Date Overdue	Not started	Risk based review		
Tourism & Town Centre	Directorate – Growth & Regeneration	✓	Complete	✓	Complete	Completed	Risk based review	⊘	Alert
PR & Communication	Directorate – People	✓	Complete	✓	Complete	Completed	System based review	✓	OK

Title	Directorate Description	Audit Status Icon	Progress	Progress Icon	Progress Text	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon	Audit Assurance Level Status
Sheltered Housing	Directorate – Neighbourhoods		In Progress		Management Response Due	Started	Risk based review		
Outdoor Events	Directorate – Ops & Leisure		Complete		Complete	Completed	Consultancy		
TIC	Directorate – People		Complete		Complete	Completed	System based review		OK
Safeguarding	Directorate – Partnerships		In Progress		In Progress	Started	System based review		
Parks & Open Spaces, Nature Reserves & Sports Pitches	Directorate – Ops & Leisure		In Progress		In Progress	Started	System based review		
Committee Decisions & Reporting	Corporate		Complete		Complete	Completed	System based review		Warning
Mobile Telephones	Directorate – People		Overdue		Start Date Overdue	Not started	System based review		
Licences	Directorate – Growth & Regeneration		Complete		Complete	Completed	System based review		OK
Pentana Application Review	Technology & Corporate Programmes		Complete		Complete	Completed	Information Technology		Warning
Academy Application Review	Directorate – People		Overdue		Start Date Overdue	Not started	Information Technology		

Title	Directorate Description	Audit Status Icon	Progress	Progress Icon	Progress Text	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon	Audit Assurance Level Status
Self Service Technology	Directorate – People		Overdue		Start Date Overdue	Not started	Information Technology		
GDPR	Directorate – People		Overdue		Start Date Overdue	Not started	Information Technology		
Cloud	Directorate – People		Overdue		Start Date Overdue	Not started	Information Technology		
Social Media	Directorate – People		Complete		Complete	Completed	Information Technology		Warning
I Trent Application Review	Directorate – People		Overdue		Start Date Overdue	Not started	Information Technology		
Consent Contributions	Directorate – People		Complete		Complete	Completed	Compliance		OK
CCP	Directorate – Assets		Complete		Complete	Completed	Compliance		OK
Commercialism	Corporate		In Progress		In Progress	Started	Consultancy		
Commercial & Industrial Properties	Directorate – Growth & Regeneration		In Progress		In Progress	Started			

Percentage of Management Actions Agreed 2018/18 Quarter 3



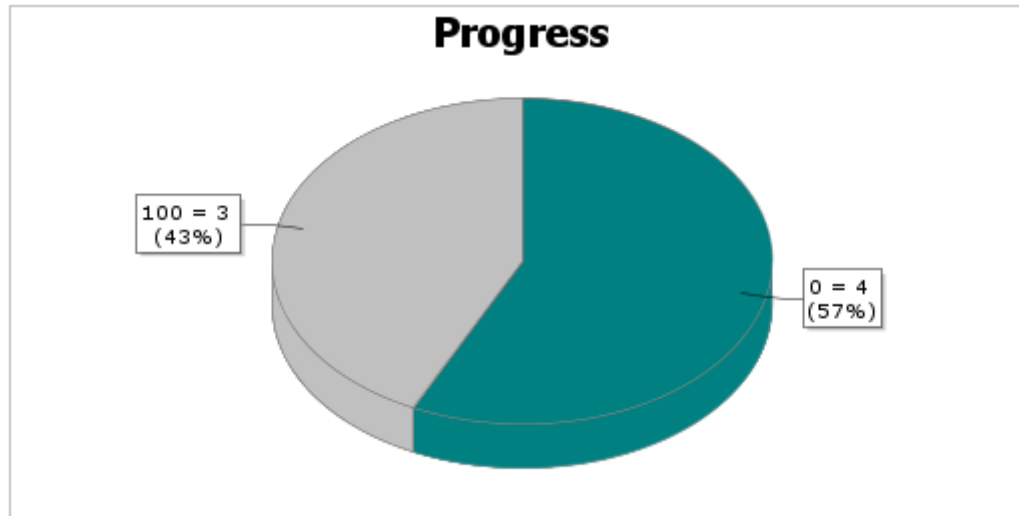
Audit Recommendation Code & Title	Audit Recommendation Priority	Audit Recommendation Acceptance
1819 Lice 2.02 Change of Address Rejection	Medium Priority	Not Accepted
1819 Taxi 1.02 Photocopies	Medium Priority	Not Accepted

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Implementation of Agreed Management Actions 2018/19

First Implementation Review 2018/19 Quarter 3

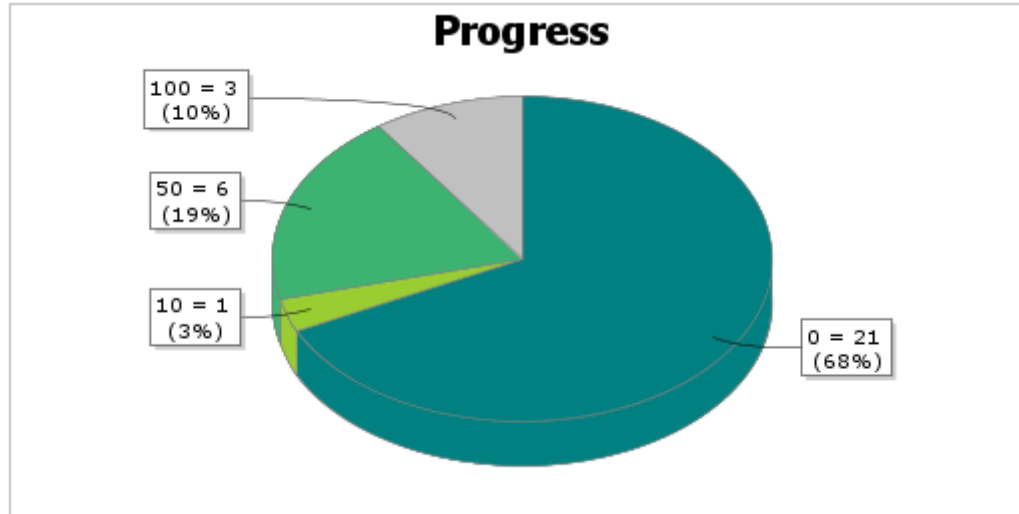
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Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
1819 CCTV 3.01 One Staffordshire Data Sharing Protocol	High Priority	0%	Other Higher Priorities	1st implementation review completed	31-Mar-2019
1819 CCTV 1.01 ADT Maintenance Agreement	Medium Priority	0%	Other Higher Priorities	1st implementation review completed	31-Mar-2019
1819 CCTV 1.02 ADT Maintenance Costs	Medium Priority	0%	Other Higher Priorities	1st implementation review completed	31-Dec-2018

Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
1819 CCTV 9.01 Risk Review	Medium Priority	0%	Other Higher Priorities	1st implementation review completed	31-Mar-2019

Further Implementation Review 2018/19 Quarter 3



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Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
1617 FOI 02.02 Process Efficiency	High Priority	10%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 FOI 03.01 Publication Scheme	High Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 FOI 05.01 Complaints	High Priority	0%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 FOI 10.01 Records Management Policy	High Priority	0%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 FOI 10.02 Retention	High Priority	50%	Other Higher Priorities	2nd implementation review	31-Mar-2019

Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
of documents				completed	
1617 FOI 11.01 Fees & Charges	High Priority	0%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 FOI 15.01 Training	High Priority	0%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 FOI 15.02 All staff training	High Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 FOI 16.01 Procedures	High Priority	50%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 FOI 16.02 Policies	High Priority	0%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 LC 1.02 Procedures	High Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 LC 5.01 Review of fees	High Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 LC 7.01 System Admin	High Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 FOI 01.01 Guidance to the public	Medium Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 FOI 01.01 Information	Medium Priority	50%	Other Higher Priorities	2nd implementation review completed	31-Dec-2018
1617 FOI 02.05 Monitoring	Medium Priority	50%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 FOI 04.01 Code of Practice	Medium Priority	0%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 FOI 07.02	Medium Priority	50%	No evidence provided	2nd implementation review	31-Mar-2019

Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
Performance Review				completed	
1617 FOI 08.01 Business Continuity Arrangements	Medium Priority	0%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 FOI 09.01 Review	Medium Priority	0%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 FOI 17.01 Service Standards	Medium Priority	0%	No evidence provided	2nd implementation review completed	31-May-2019
1617 FOI 18.01 Public Interest Test Group	Medium Priority	50%	No evidence provided	2nd implementation review completed	31-Mar-2019
1617 LC 1.01 Procedure updates	Medium Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 LC 2.01 Guidance	Medium Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 LC 3.01 Performance	Medium Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 LC 4.01 Retention of Documents	Medium Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 LC 6.01 Additions & Deletions to the register	Medium Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019
1617 LC 6.02 Retention of requests	Medium Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Mar-2019

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AUDIT & GOVERNANCE COMMITTEE
14 FEBRUARY 2019
REPORT OF THE ASSISTANT DIRECTOR – PARTNERSHIPS
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.

Report for information

Recommendation

That Audit and Governance Committee endorse the RIPA monitoring report for the quarter to 31 December 2018 circulated for information.

Executive Summary

The Council has a number of statutory functions that involve officers investigating the conduct of others with a view to bringing legal action against them. The Council has also been given powers under the Regulation of Investigatory Powers Act 2000 (RIPA) which enable it to carry out Directed Surveillance in certain strict circumstances. RIPA provides a legal framework for the control and regulation of surveillance and information gathering techniques which public bodies such as Tamworth Borough Council have to comply with. These powers have been amended and changed in accordance with various pieces of legislation. The last change resulted in a revised RIPA Policy being approved by the Council on 12 December 2017.

The Protection of Freedoms Act 2012 now requires that local authority authorisations under RIPA for Directed Surveillance or CHIS can only become effective on the granting of an order approving the authorisation by a Justice of the Peace. Further a local authority can now only have an authorisation under RIPA for the use of Directed Surveillance where the local authority is investigating criminal offences which attract a maximum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco under the Licensing Act 2003 or the Children and Families Act 2014.

No Directed Surveillance has been carried out by the Council since 2011 and it is not envisaged that there will be any appreciable change in the foreseeable future. By adhering to Policy the Council ensure that the acquisition and disclosure of data is lawful, necessary and proportionate so that the Council will not be held to be in breach of Article 8 (the right to respect for private family life, home and correspondence) of the European Convention on Human Rights.

In July 2017 the Office of the Surveillance Commissioner (OSC) conducted an inspection into the RIPA policy, procedures, documentation and training utilised at the Council. Arising from the inspection it has been recommended that guidance regarding use of internet and SNS for research of persons and how this might meet the requirement as directed surveillance or CHIS should be drawn up, inserted into our policy and procedures and actively disseminated to staff.

Training took place in October 2017 for officers who previously had no RIPA training and for members with refresher training being delivered for those officers previously trained. Further training will be arranged through Netconsent. The feedback from the training has been positive and going forward training for RIPA has been added to the Corporate Training Programme.

Further update training will be provided to members of the Corporate Management Team in January 2019.

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 there 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, home and 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 and updated in January 2016 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 October 2018 to 31 December 2018.

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 and 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 current quarterly period there were no outstanding authorisations.

There have been no authorisations for the use of CHIS.

Financial year 2018/19

No applications to 31 December 2018

Background papers

None

If Members would like further information or clarification prior to the meeting please contact Jo Sands, Assistant Director - Partnerships on Ext.585

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PLANNED REPORTS TO AUDIT AND GOVERNANCE COMMITTEE 2018 - 2019

	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	Head of Audit & Governance	
5	RIPA Quarterly Report	June	Assistant Director - Partnerships	
6	Members/Standards x 2	June	Head of Audit & Governance	
7	Internal Audit Customer Satisfaction Survey	June	Head of Audit & Governance	
8	Internal Audit Annual and Quarterly Update	June	Head of Audit & Governance	
9	Public Sector Internal Audit Standards/Quality Assurance and Improvement Programme	June	Head of Audit & Governance	
10	Financial Guidance	June	Head of Audit & Governance	

11	Annual Governance Statement and Code of Corporate Governance	June	Head of Audit & Governance	
1	Audit Findings Report	July	Grant Thornton	
2	Management Representation Letter	July	Grant Thornton	
3	Annual Statement of Accounts	July	Executive Director Finance	
4	RIPA Quarterly Report	July	Assistant Director - Partnerships	
5	Risk Management Quarterly Update	July	Assistant Director – Finance	
6	Counter and Corruption Fraud Update	July	Head of Audit & Governance	
7	Internal Audit Quarterly Update	July	Head of Audit & Governance	
8	Internal Audit Charter	July	Head of Audit & Governance	
1	Local Government Ombudsman’s Annual Review and Report 2017/18	October	Assistant Director - People	
2	RIPA Quarterly Update	October	Assistant Director - Partnerships	
3	Internal Audit Quarterly Update	October	Head of Audit & Governance	
4	Risk Management Quarterly Update	October	Assistant Director – Finance	

5	Annual Treasury Outturn	October	Executive Director Finance	
6	Counter Fraud Update	October	Head of Audit & Governance	
1	Audit Report on Certification Work	February	Grant Thornton	
2	Audit Plan	February	Grant Thornton	
3	RIPA Quarterly Report	February	Assistant Director – Partnerships	
4	Internal Audit Quarterly Update	February	Head of Audit & Governance	
5	Risk Management Quarterly Update	February	Assistant Director – Finance	
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 and the Treasury Management Strategy	March	Executive Director Finance	

	Statement and Annual Investment Strategy Mid-Year Review Report			
7	Final Accounts – Action Plan	March	Assistant Director of Finance	
8	Internal Audit Charter and Audit Plan	March	Head of Audit & Governance	
9	Audit and Governance Committee Self-Assessment	March	Head of Audit & Governance	
10	Review of Financial Guidance	March	Head of Audit & Governance	
11	Anti-Money Laundering Policy	March	Head of Audit & Governance	

The Portfolio Holder for Assets and Finance